PRIZE MINING CORPORATION

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED MAY 31, 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 May 31, 2017 and for the nine months ended May 31, 2017 and 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 nine months ended May 31, 2017.

PRIZE MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION (unaudited)
(Expressed in Canadian dollars)

	May 31, 2017	August 31, 2016
ASSETS		
Current assets		
Cash	$ 4,266,273	$ 10,122
Marketable securities (Note 3)	18,449	35,532
Receivables	24,566	4,628
Prepaid expenses	553,763	-
	4,863,051	50,282
Non-current assets		
Deposits	2,000	2,000
Loan receivable (Note 4)	52,870	52,789
Exploration and evaluation assets (Note 5)	11,753,444	-
TOTAL ASSETS	$ 16,671,365	$ 105,071
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 213,097	$ 170,706
Accounts payable to related parties (Note 6)	45,000	127,352
Deferred flow-through liability (Note 7)	150,015	-
	408,112	298,058
Shareholders' equity		
Share capital (Note 7)	53,817,809	36,648,604
Reserves (Note 7)	2,116,267	1,767,173
Deficit	(39,670,823)	(38,608,764)
	16,263,253	(192,987)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 16,671,365	$ 105,071

Nature and continuance of operations (Note 1)
Commitments (Note 12)
Subsequent Events (Note 14)

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

PRIZE MINING CORPORATION
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (unaudited)
(Expressed in Canadian dollars)
FOR THE NINE MONTHS ENDED MAY 31, 2017

	Three Month Period Ended May 31, 2017	Three Month Period Ended May 31, 2016	Nine Month Period Ended May 31, 2017	Nine Month Period Ended May 31, 2016
GENERAL AND ADMINISTRATIVE EXPENSES				
Accounting and audit	$ 21,886	$ 15,500	$ 52,886	$ 48,340
Administration	8,000	7,500	23,000	22,500
Consulting fees	199,000	-	224,000	-
Interest and bank charges	908	515	2,275	1,733
Investor Relations	251,436	-	251,436	-
Legal	28,528	-	38,188	2,185
Management fees	39,500	22,500	84,500	90,000
Office and miscellaneous	48,927	2,756	59,713	9,668
Rent	8,024	-	8,024	-
Shareholder communications	-	262	593	1,691
Transaction costs & Business Development	141,231	1,491	195,866	120,340
Transfer agent and regulatory fees	57,436	3,018	70,333	12,002
Travel and related costs	7,484	-	13,188	715
Loss before other items	(812,360)	(53,542)	(1,024,002)	(309,174)
OTHER ITEMS				
Interest income	759	674	2,218	2,085
Impairment of receivables and receivables from related parties (Notes 6 and 12)	-	(10,086)	(23,192)	(23,205)
Net realized gain on settlement of accounts payable for marketable securities (Note 3)	-	-	-	104,834
Realized loss on marketable securities	-	-	-	(358,405)
Unrealized gain (loss) on marketable			-	
securities (Note 3)	(23,008)	33,537	(17,083)	(178,451)
	(22,249)	24,125	(38,057)	(453,142)
Net income (loss) and comprehensive income (loss) for the period	(834,610)	29,417	(1,062,059)	(762,316)
Basic and diluted income (loss) per common share	$ (0.03)	$ 0.00	$ (0.08)	$ (0.03)
Weighted average number of common shares Outstanding	30,133,444	28,591,351	13,404,323	26,433,103

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 NINE MONTHS ENDED MAY 31, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	$ (1,062,059)	$ (762,316)
Items not affecting cash:		
Accrued interest income on loan receivable	(80)	(2,046)
Impairment of receivables and receivables from related parties	-	(23,204)
Net gain on settlement of accounts payable for marketable securities	-	(104,834)
Realized loss on marketable securities	-	358,406
Unrealized loss on marketable securities	17,083	178,451
Changes in non-cash working capital items:		
Decrease (Increase) in receivables	(7,481)	8,884
Decrease in receivables from related parties	-	16,254
Increase in prepaid expenses	(553,763)	-
Increase in accounts payable and accrued liabilities	28,862	45,982
Decrease in accounts payable to related parties	(82,352)	1,113
Net cash used in operating activities	(1,659,790)	(283,310)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of capital stock	6,223,951	254,000
Share issuance costs	(393,512)	(4,641)
Net cash provided by financing activities	5,830,439	249,359
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan advance	-	(50,000)
Acquisition of subsidiary	122,480	-
Exploration and evaluation of assets	(36,979)	-
Net cash provided by investing activities	85,501	(50,000)
Decrease in cash during the period	4,256,150	- (83,951)
Cash, beginning of period	10,123	95,582
Cash, end of period	$ 4,283,774	$ 11,631

Supplemental disclosure with respect to cash flows (Note 11)

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 MAY 31st, 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
Shares issued for cash	528,000	264,000	-	-	-	264,000
Share issuance costs	-	(4,641)	-	-	-	(4,641)
Share subscriptions received in advance	-	-	(10,000)	-	-	(10,000)
Loss and comprehensive loss for the period	-	-	-	-	(762,316)	(762,316)
Balance, May 31, 2016	2,859,135	36,654,079	-	1,767,173	(38,526,198)	(104,946)
Share issuance costs		(5,475)	-	-	-	(5,475)
Loss and comprehensive loss for the period	-	-	-	-	(82,566)	(82,566)
Balance, at August 31, 2016	2,859,135	36,648,604	-	1,767,173	(38,608,764)	(192,987)
Shares issued for cash	19,307,729	6,223,951	-	-	-	6,223,951
Flow-through premium liability	-	(150,015)				(150,015)
Share issuance costs	-	(742,606)	-	349,094		(393,512)
Shares issued to acquire subsidiary	28,525,000	11,837,875	-	-	-	11,837,875
Loss and comprehensive loss for the period		-	-	-	(1,062,059)	(1,062,059)
Balance, May 31, 2017	50,691,864	$ 53,817,809	$ -	$ 2,116,267	$ (39,670,823)	$ (16,263,253)

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

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 address is Suite 645 – 706 7th Avenue SW, Calgary, AB, T2P 4G8.

The consolidated 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.

On April 11, 2017, the Company completed its acquisition of 1994845 Alberta Ltd. ("199"). 199 entered into an option agreement with Apex Resources Inc., pursuant to which it has an option to earn an 80-per-cent interest in Apex's Kena and Daylight gold-copper properties (the "Kena Project") located in the Nelson area of British Columbia, Canada. See "Exploration and Evaluation Assets" below. Subsequent to May 31, 2017, the Company entered into an option agreement to acquire a 100-per-cent interest in the Toughnut property, located in southeastern British Columbia. See "Subsequent Events" below. The Company continues its work 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 May 31, 2017, the Company had a working capital of $4,454,939, had not yet achieved profitable operations and has an accumulated deficit of $39,860,432 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 nine months ended May 31, 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, 2016 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, 2016 annual consolidated financial statements.

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 nine-month periods ended May 31, 2017, the Company recorded an unrealized loss of $17,083 (2016 – loss of $178,451) and a realized loss of $nil (2016 – $253,571), 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 is 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.

4. LOAN RECEIVABLE (cont'd…)

As at May 31, 2017, the Company accrued $2,218 of interest on the Principal Sum, which is included in the loan receivable balance. During the period ended May 31, 2017, the Company did not receive an installment of interest payment.

5. EXPLORATION AND EVALUATION ASSETS

Kena Project

On April 11, 2017, the Company completed its acquisition of 1994845 Alberta Ltd. ("199"). 199 entered into an option agreement with Apex pursuant to which it has an option (the "Option") to earn an 80-per-cent interest in Apex's Kena and Daylight gold-copper properties (previously referred to as the "Kena Project") located in the Nelson area of British Columbia, Canada. The Option has a term of 4 years commencing from September 23, 2016 (the "Effective Date"). The obligations and rights of 199 under the Option have been assigned to the Company. To exercise the Option and earn its 80% interest in the Kena Project, the Company 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 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;

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 were paid and issued by 199 to Apex prior to the completion by the Company of 199. The Company issued 375,000 common shares to Apex in exchange for its 375,000 common shares of 199 as part of the Company's acquisition of 199.

After earning its 80% interest in the Kena Project, the Company 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 the Company in consultation with Apex's geologists. The Company manages and directs the Kena Project exploration programs.

(Expressed in Canadian dollars)

5. EXPLORATION AND EVALUATION ASSETS

Daylight Property

The Daylight property is a contiguous land package located in the northwest corner of Prize's approximately 8,000-hectare Kena Project. The Daylight property hosts four historical producing gold mines: Starlight, Victoria, Great Eastern and Daylight. A detailed desktop compilation carried out by TerraLogic has identified and prioritized four highly prospective gold-bearing zones based on previous fieldwork, including geochemistry, geophysics, prospecting, surface sampling and limited diamond drilling.

The primary mandate for 2017 exploration program on the Daylight property is to define promising gold trends that would be amenable to a bulk sample in the summer of 2018. To this end, a three-phase exploration program has been designed for the 2017 field season.

Acquisition and Exploration Expenditures

The following table sets out the Company acquisition and exploration expenditures on exploration and evaluation assets.

	Acquisition	Exploration	Total
Balance, August 31, 2016	$ -	$ -	$ -
Acquisition costs (note 7)	11,631,101	-	11,631,101
Exploration costs	-	122,343	122,343
Balance, May 31, 2017	**$ 11,631,101**	**$ 122,343**	**$ 11,754,444**

(Expressed in Canadian dollars)

6. RELATED PARTY TRANSACTIONS

During the period ended May 31, the Company carried out the following transactions with related parties:

a) Purchase of services:

	May 31, 2017	May 31, 2016
Administration and accounting fees to a company controlled by an officer and director of the Company	$ 56,000	$ 54,000

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:

	May 31, 2017	May 31, 2016
Fees reported as management fees to companies controlled by officers and directors	$ 84,500	$ 90,000

c) Accounts payable, accrued liability and amounts due to related parties:

	May 31, 2017	August 31, 2016
Companies controlled by key management for management and support services and related out-of-pocket expenses	$ -	$ 114,314
Consulting fees and related out-of-pocket expenses to a company controlled by a director of the Company	$ -	$ 13,038
	$ -	$ 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.

During the period, the Company paid outstanding accounts payable and accrued liabilities with related parties amounting to $136,256.

(Expressed in Canadian dollars)

7. SHARE CAPITAL

Authorized
Unlimited number of voting common shares without par value
Unlimited number of preferred shares, issuable in series

May 31, 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 April 11, 2017, 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. The Company recognized a deferred flow-through premium of $150,015. 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. The attached warrants were valued at $928,348 using residual method. Finders’ fee was $317,159 paid in cash and 881,343 warrants with fair value of $349,094 calculated using Black-Scholes method.

Furthermore, 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 1994854 Alberta Ltd. See “Exploration and Evaluation Assets” above. 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. 199 is a private Alberta company. 199 entered into option agreement with Apex Resources Inc. (TSXV: APX) (“Apex”) pursuant to which 199 has an option to earn an 80% interest in Apex's Kena and Daylight Gold-Copper Properties (the "Kena Project") located in the Nelson area of British Columbia, Canada by making annual cash and share payments and completing $3,000,000 in Kena Project related exploration expenditures over four years. 199 does not have any interests in any other mining assets. The obligations and rights of 199 under the Option have been assigned to the Company.

The allocation of the fair value of the consideration transferred is as follows:

Consideration transferred (28,525,000 shares at a price of $0.415 per share)	$ 11,837,875
Net assets (liabilities) of 199	706,773
Property acquisition cost (note 5)	**$ 11,131,102**

(Expressed in Canadian dollars)

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.

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	8,023,985	$ 0.75
Expired	(264,000)	
Balance, May 31, 2017	8,023,985	$ 0.75

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 is 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, 2016	-	
Granted	5,190,000	$0.52
Expired	-	-
Outstanding at May 31, 2017	5,190,000	-
Options exercisable at May 31, 2017	5,190,000	$0.52

8. LOSS PER SHARE

The calculation of basic and diluted net loss per share for the nine months ended May 31, 2017 was based on net loss of $12,382,770 (2016 – 762,316 -)) and a weighted average number of common shares outstanding of 13,404,323 (2016 – 26,433,103).

9. CAPITAL MANAGEMENT

The Company's capital structure consists of items in equity. 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.

10. SEGMENTED INFORMATION

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

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

During the nine months ended May 31, 2017, the Company:

a) Recognized interest of $2,218 on the loan receivable, which was added to the loan receivable amount (Note 4).

b) Issued 28,525,000 common shares $0.415 per share for acquisition of subsidiary.

During the nine months ended May 31, 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 $2,046 on the loan receivable, which was added to the loan receivable amount.

(Expressed in Canadian dollars)

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	$ 11,781

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 nine month period ended May 31, 2017, the Company recovered office lease payments of $26,768 (2016 - $13,119).

13. FAIR VALUE MEASUREMENT

The carrying value of receivables, accounts payable, accrued liabilities and accounts payable to related parties approximate fair value because of the short term nature of their investments.

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. SUSEQUENT EVENT

Subsequent to May 31, 2017, the Company entered into an option agreement to acquire a 100-per-cent interest in the Toughnut property, located in southeastern British Columbia. To acquire the Toughnut property, the Company must, on an aggregate basis, pay $150,000, issue 250,000 common shares and incur $750,000 of exploration expenditures over a five-year period. The Toughnut property will be subject to a 2-per-cent net smelter royalty on its acquisition by the Company. The Company shall have the right to purchase one-half of the 2-per-cent NSR for the purchase price of $2-million on or before the date on which commercial production commences. As of July 4, 2017, All conditions precedent for the Toughnut property option transaction including the acceptance of the TSX Venture Exchange, have been satisfied, and the initial option payments of $30,000 and 50,000 common shares to the optionors of the Toughnut property have been made.