

**PRIZE MINING CORPORATION**  
**Financial Statements**  
**November 30, 2010**  
*(Unaudited – prepared by management)*

**PRIZE MINING CORPORATION**  
**Index to Consolidated Financial Statements**  
**November 30, 2010**  
*(Unaudited – prepared by management)*

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	Page
MANAGEMENT’S COMMENTS ON UNAUDITED INTERIM FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Consolidated Balance Sheets	2
Consolidated Statements of Operations, Comprehensive Income (Loss) and Deficit	3
Consolidated Statements of Changes in Shareholders’ Equity (Deficiency)	4
Consolidated Statements of Cash Flows	5
Notes to the Consolidated Financial Statements	6-15

**MANAGEMENT'S COMMENTS ON  
UNAUDITED INTERIM FINANCIAL STATEMENTS**

The accompanying unaudited interim consolidated financial statements of Prize Mining Corporation as at November 30, 2010 and for the three months ended November 30, 2010 and 2009 have been prepared by and are the responsibility of the Company's management. In accordance with National Instrument 51 – 102, the company discloses that its auditors have not reviewed the accompanying unaudited interim consolidated financial statements for the three months ended November 30, 2010.

**PRIZE MINING CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
*(Unaudited – Prepared by Management)*

	November 30, 2010	August 30, 2010
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 106,642	\$ 34,787
Marketable securities	375,000	-
Receivables	41,465	25,347
Reclamation bond	25,000	-
Prepaid expenses and deposits	<u>10,982</u>	<u>2,156</u>
	559,089	62,290
<b>Investments</b>	125,000	3,792
<b>Equipment</b>	3,530	3,792
<b>Mineral properties and deferred exploration costs</b>	1	1
<b>Assets held for sale</b>	<u>-</u>	<u>800,000</u>
	<b>\$ 687,620</b>	<b>\$ 866,083</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIENCY)</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 230,680	\$ 426,837
Accounts payable to related parties	<u>461,421</u>	<u>392,428</u>
	<b>692,101</b>	<b>819,265</b>
<b>Shareholders' equity (deficiency)</b>		
Capital stock	33,531,416	33,531,416
Contributed surplus	1,484,185	1,484,185
Deficit	<u>(35,020,082)</u>	<u>(34,968,783)</u>
	<b>(4,481)</b>	<b>46,818</b>
	<b>\$ 687,620</b>	<b>\$ 866,083</b>

**APPROVED ON BEHALF OF THE BOARD:**

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*"James Glass"* Director \_\_\_\_\_ *"Feisal Somji"* Director \_\_\_\_\_

**PRIZE MINING CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME (LOSS) AND DEFICIT**  
*(Unaudited – Prepared by Management)*

	Three Months Ended November 30, 2010	Three Months Ended November 30, 2009
<b>EXPENSES</b>		
Administrative	\$ 7,500	\$ 7,500
Amortization of deferred financing costs	-	4,463
Amortization of equipment	262	366
Interest and bank charges	429	10,020
Management fees	57,000	49,000
Office and miscellaneous	5,155	3,085
Professional fees	26,430	16,439
Rent	3,815	-
Shareholder communications	15,365	140
Transfer agent and regulatory fees	9,829	-
Travel and related costs	1,089	-
<b>Loss before other items</b>	<u>(126,874)</u>	<u>(91,013)</u>
<b>OTHER ITEMS</b>		
Impairment recovery (provision)	(24,425)	306,995
Unrealized gain on marketable securities	75,000	-
Unrealized gain on investments	25,000	-
	<u>75,575</u>	<u>306,995</u>
<b>Net income (loss) and comprehensive income (loss) for the period</b>	(51,299)	215,982
<b>Deficit, beginning of period</b>	<u>(34,968,783)</u>	<u>(30,267,544)</u>
<b>Deficit, end of period</b>	<u>\$(35,020,082)</u>	<u>\$(30,051,562)</u>
<b>Basic and diluted earnings (loss) per common share</b>	\$ (0.01)	\$ 0.05
<b>Weighted average number of common shares outstanding</b>	4,032,951	3,959,842

PRIZE MINING CORPORATION  
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICINECY)  
(Unaudited – Prepared by Management)

	<u>Capital Stock</u>		Equity Component of Convertible Debenture	Contributed Surplus	Deficit	Shareholders' Equity (Deficiency)
	Number of Shares	Amount				
Balance, at August 31, 2009	3,959,842	32,406,256	191,667	1,484,185	(30,267,544)	3,814,564
Shares issued for convertible debenture	73,109	1,150,000	-	-	-	1,150,000
Equity portion of convertible debenture	-	191,667	(191,667)	-	-	-
Future income taxes on exploration expenditures renounced to shareholders	-	(216,507)	-	-	-	(216,507)
Net loss for the year	-	-	-	-	(4,701,239)	(4,701,239)
Balance, August 31, 2010	4,032,951	33,531,416	-	1,484,185	(34,968,783)	46,818
Net loss for the period	-	-	-	-	(51,299)	(51,299)
Balance, November 30, 2010	<u>4,032,951</u>	<u>\$ 33,531,416</u>	<u>\$ -</u>	<u>\$ 1,484,185</u>	<u>\$ (35,020,082)</u>	<u>\$ (4,481)</u>

**PRIZE MINING CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
*(Unaudited – Prepared by Management)*

	Three Months Ended November 30, 2010	Three Months Ended November 30, 2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss) for the period	\$ (51,299)	\$ 215,982
Items not affecting cash:		
Amortization of equipment	262	366
Amortization of deferred financing costs	-	4,463
Accretion of liability component of convertible debt	-	9,557
Impairment provision (recovery)	24,425	(306,995)
Unrealized gain on marketable securities	(75,000)	-
Unrealized gain on investments	(25,000)	-
Changes in non-cash working capital items:		
Increase in receivables	(16,118)	(501)
Increase in prepaid expenses and deposits	(8,826)	(12,203)
Decrease in accounts payable and accrued liabilities	(196,157)	(45,172)
Increase in accounts payable to related parties	<u>68,993</u>	<u>63,748</u>
Net cash used in operating activities	<u>(278,720)</u>	<u>(70,755)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Deferred exploration costs	(24,425)	(3,900)
Recovery of costs	-	30,000
Proceeds from disposition of assets held for resale	375,000	-
Repayment of overdraft by Joint Venture	<u>-</u>	<u>67,183</u>
Net cash provided by investing activities	<u>350,575</u>	<u>93,283</u>
<b>Increase in cash during the period</b>	71,855	22,528
<b>Cash, beginning of period</b>	<u>34,787</u>	<u>63,882</u>
<b>Cash, end of period</b>	<u>\$ 106,642</u>	<u>\$ 86,410</u>
<b>Supplementary information:</b>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

**PRIZE MINING CORPORATION**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2010  
(Unaudited – Prepared by Management)

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**1. BASIS OF PRESENTATION**

Prize Mining Corporation (the “Company”) was incorporated under the Business Corporations Act (Alberta) on August 16, 1996 and is in the process of exploring its resource properties in Canada.

During the year ended August 31, 2010, the Company’s shareholders approved the consolidation of the Company’s common shares on a twenty-old-shares-for-one-new basis. The effective date of the consolidation is November 2, 2010. All references to number of common shares and per common share amounts have been retroactively restated to reflect this common share consolidation.

The Company is in the process of exploring and developing its Canadian resource properties and has not yet determined whether the properties contain ore reserves that are economically recoverable. The recoverability of the amounts shown for resource properties and related deferred exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production.

These interim consolidated financial statements should be read in conjunction with the consolidated financial statements of the company’s most recently completed year ended August 31, 2010. These statements do not include all disclosures required in annual financial statements but rather are prepared in accordance with recommendations for interim financial statements in conformity with Canadian generally accepted accounting principles. These statements follow the same accounting policies and methods of their application as those followed in the August 31, 2010 consolidated financial statements.

**2. CONTINUANCE OF OPERATIONS**

These consolidated financial statements have been 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 for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing on reasonable terms and to commence profitable operations in the future. Management is actively targeting sources of additional financing through alliances with financial, exploration and mining entities, or other business and financial transactions which would assure continuation of the Company’s operations and Exploration programs. To the extent financing is not available, lease payments, work commitments, rental payments and option payments may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company. Management is closely monitoring commodity prices of precious metals, individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company. The consolidated financial statements do not include any adjustments to the recoverability and classification of reduced asset amounts and classification of liabilities that might be necessary should the Company be unable to continue operations.

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	November 30, 2010	August 31, 2010
Working capital deficiency	\$ (133,012)	\$ (756,975)
Deficit	(35,020,082)	(34,968,783)

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### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### Recent accounting pronouncements

##### *i) Business combinations*

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations, Section 1601 – Consolidated Financial Statements and 1602 – Non-controlling Interests which replaces CICA Handbook Sections 1591 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards (“IFRS”). Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 is applicable for the Company’s interim and annual financial statements for its fiscal year beginning September 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these sections, the other two sections must also be adopted at the same time. The Company is not considering an early adoption of these sections.

##### *ii) International Financial Reporting Standards (“IFRS”)*

In 2006, the Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of September 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

### **4. CAPITAL MANAGEMENT**

The Company considers its capital to be the components of shareholders’ equity and the convertible debenture. 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. This is done primarily through debt and equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future.

There were no changes to the Company’s approach to capital management during the year. The Company does not currently have adequate sources of capital to repay its current liabilities and will need to raise adequate capital by obtaining equity financing or debt financing.

**5. FINANCIAL RISK FACTORS**

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Fair values

As at November 30, 2010, the carrying values of cash, marketable securities, receivables, investments, accounts payable and accrued liabilities and accounts payable to related parties approximate their fair values due to their short term to maturity.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at November 30, 2010, the Company had cash balances of \$106,642 (August 31, 2010 - \$34,787) and current liabilities of \$692,101 (August 31, 2010 - \$819,265). The Company does not have adequate financial resources to settle its current liabilities.

The Company has historically relied on equity financings and convertible debt to satisfy its capital requirements and will continue to depend heavily upon equity capital and convertible debt to finance its activities. There can be no assurance the Company will be able to obtain the required financing in the future on acceptable terms. The ability of the Company to arrange additional financing in the future will depend, in part, on the prevailing market conditions. With the economy slowly recovering from recession, the Company may continue to face significant challenges in 2011.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. The Company has cash and no interest-bearing debt and therefore is not exposed to risk in the event of interest rate fluctuations.

Foreign currency risk

The Company is not exposed to foreign currency risk.

Price risk

The Company is exposed to price risk with respect to commodity prices. The ability of the Company to explore its mineral properties and future profitability of the Company are directly related to the market price of gold and other precious metals. The Company monitors commodity prices to determine appropriate actions to be undertaken.

**PRIZE MINING CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2010**  
*(Unaudited – Prepared by Management)*

**6. EQUIPMENT**

	November 30, 2010			August 31, 2010		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 31,142	\$ 28,467	\$ 2,675	\$ 31,142	\$ 28,250	\$ 2,892
Furniture and equipment	<u>2,491</u>	<u>1,636</u>	<u>855</u>	<u>2,491</u>	<u>1,591</u>	<u>900</u>
	\$ 33,633	\$ 30,103	\$ 3,530	\$ 33,633	\$ 29,841	\$ 3,792

**7. ASSETS HELD FOR SALE**

On March 27, 2009, the Company entered into a purchase and joint venture agreement with Eagle Plains Resources Ltd. (“Eagle”). Pursuant to the agreement the Company sold its 40% of its interest in its Atlin mining equipment and property option agreement to Eagle for \$1,640,000. The Company recognized an \$890 loss on sale of equipment with a \$575,000 value. An additional \$3,590,123 loss was realized on the sale of the mineral property option agreement which had a value of \$1,065,000.

Eagle also has the option of increasing its working interest by making the following payments:

- i) Pay \$500,000 to acquire an additional 5% interest by March 27, 2012;
- ii) Pay \$500,000 to acquire an additional 5% interest by March 27, 2013;
- iii) Pay \$500,000 to acquire an additional 5% interest by March 27, 2014; and
- iv) Pay \$500,000 to acquire an additional 5% interest by March 27, 2015.

On June 1, 2010, the Company entered into the Yellowjacket Project Purchase Agreement, whereby the Company agreed to dispose its remaining beneficial right, title and interest in the Yellowjacket Project Joint Venture in exchange for a cash payment of \$400,000 (received) and 2,000,000 common shares (issued) of Eagle. The Agreement provides for the disposition of the Company’s remaining interest in the Atlin Claims and 100% interest in the Pine Creek Placer Claims.

As a result of the proposed disposition, the Company wrote down its interest in the Atlin Claims and Pine Creek Placer Claims and advances to the Joint Venture to net realizable value and reclassified the amount as assets held for sale.

**PRIZE MINING CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2010**  
*(Unaudited – Prepared by Management)*

**8. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS**

November 30, 2010	Nunavut Claims	Pine Creek Placer Claims	Atlin Claims	Total
Acquisition costs	\$ 1	\$ -	\$ -	\$ 1
Total mineral properties and deferred exploration costs	\$ 1	\$ -	\$ -	\$ 1

August 31, 2010	Nunavut Claims	Pine Creek Placer Claims	Atlin Claims	Total
Acquisition costs, beginning balance	\$ 1	\$ 255,664	\$ 1,343,588	\$ 1,599,253
Transfer of asset held for sale	-	-	(800,000)	(800,000)
Impairment provision	-	(255,664)	(543,588)	(799,252)
Acquisition costs, ending balance	1	-	-	1
Deferred exploration costs, beginning balance	-	276,644	2,841,882	3,118,526
Additions during the year				
Storage	-	-	15,600	15,600
	-	276,644	2,857,482	3,134,126
Costs recovered	-	(120,000)	-	(120,000)
Impairment provision	-	(156,644)	(2,857,482)	(3,014,126)
Deferred exploration costs, ending balance	-	-	-	-
Total mineral properties and deferred exploration costs	\$ 1	\$ -	\$ -	\$ 1

Title to mining properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many mining properties. The Company has diligently investigated rights of ownership of all of the mineral licences in which it has an interest and, to the best of its knowledge, all agreements relating to such ownership rights are in good standing. However, this should not be construed as a guarantee of title. These mineral licences may be subject to prior claims, agreements or transfers and rights of ownership may be affected by undetected defects.

**PRIZE MINING CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2010**  
*(Unaudited – Prepared by Management)*

**9. CONVERTIBLE DEBENTURE**

	November 30, 2010	August 31, 2010
<p>The Company issued an unsecured, non-interest bearing convertible debenture in the amount of \$1,150,000. The principal amount of the debenture is due and payable on January 22, 2010, however right before Maturity time, the amount outstanding shall be deemed converted at the conversion price. At any time prior to the maturity date, the holder may convert the principal amount, in whole or in part, into units of the Company. Each unit consists of one common share of the Company and one common share purchase warrant. The units are convertible at a conversion price of \$13.20 of principal outstanding until January 22, 2008 (not converted), at \$14.30 of principal outstanding until January 22, 2009 (not converted), and \$15.73 of principal outstanding until January 22, 2010. Each warrant will entitle the holder to purchase one common share at an exercise price equal to the conversion price of the convertible debenture. The warrants will expire on the earlier of one year from the date of issue of the warrants or January 22, 2010. On issuance, the relative fair value of \$191,667 attributed to the equity component of the debenture was classified as shareholders' equity on the balance sheet. The debt component will be accreted to its face value over the term of the debenture by recording interest expense.</p> <p>During the year ended August 31, 2010, the debenture holders converted their debentures of \$1,150,000 into 73,109 common shares of the Company and the warrants expired on January 22, 2010 unexercised.</p>		
<p>Balance to be accreted</p>	<p>_____ -</p>	<p>_____ -</p>
	<p>-</p>	<p>1,150,000</p>
<p>Converted to common shares</p>	<p>_____ -</p>	<p>_____ (1,150,000)</p>
	<p>\$ -</p>	<p>\$ -</p>

**PRIZE MINING CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2010**  
*(Unaudited – Prepared by Management)*

**10. CAPITAL STOCK**

Authorized

Unlimited number of voting common shares without par value

Unlimited number of preferred shares, issuable in series

**November 30, 2010**

On November 2, 2010, the Company completed a consolidation of the common shares on a basis of one new common share for every twenty old common shares then outstanding. As a result, 80,659,020 old common shares were consolidated to 4,032,951 new common shares.

**August 31, 2010**

On January 11, 2010 the debenture in the amount of \$1,150,000 was converted into 73,109 units of the Company, each consisting of one common share and one share purchase warrant at a conversion price of \$15.73 per unit.

**Share Purchase Warrants**

Share purchase warrant transactions are summarized as follows:

	November 30, 2010		August 31, 2010	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	115,750	\$ 2.40	651,625	\$ 5.58
Issued	-	-	73,109	15.73
Exercised	-	-	-	-
Expired	-	-	(608,984)	7.42
Balance, end of period	115,750	\$ 2.40	115,750	\$ 2.40

The following share purchase warrants to acquire common shares of the Company were outstanding at November 30, 2010:

Number of Warrants	Exercise Price	Expiry Date
115,750	\$ 2.40	July 20, 2011

**PRIZE MINING CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2010**  
*(Unaudited – Prepared by Management)*

**10. CAPITAL STOCK (continued)**

**Share Purchase Warrants (continued)**

Finders' share purchase warrant transactions are summarized as follows:

	November 30, 2010		August 31, 2010	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Balance, beginning of period	18,520	\$ 1.60	67,375	\$ 3.77
Issued	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	(48,855)	4.59
Balance, end of period	18,520	\$ 1.60	18,520	\$ 1.60

The following finders' warrants were outstanding at November 30, 2010:

Number of Warrants	Exercise Price	Expiry Date
18,520	\$ 1.60	July 20, 2011

**PRIZE MINING CORPORATION**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**NOVEMBER 30, 2010**  
*(Unaudited – Prepared by Management)*

**10. CAPITAL STOCK (continued)**

**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 of the Company's stock as calculated immediately preceding the day of the grant. The options can be granted for a maximum term of 5 years and are subject to vesting provisions determined by the board of directors.

	Number of Options		Weighted Average Exercise Price
Outstanding at August 31, 2010	50,000	\$	7.10
Expired/cancelled	<u>(5,000)</u>		5.00
Outstanding at November 30, 2010	45,000	\$	7.33
<hr/>			
Options exercisable as of November 30, 2010	45,000	\$	7.33

The following stock options were outstanding at November 30, 2010:

Number of Options	Exercise Price	Expiry Date
12,500	\$ 11.00	June 16, 2011
10,000	8.00	September 1, 2011
<u>22,500</u>	5.00	January 2, 2012
45,000		

**PRIZE MINING CORPORATION**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
NOVEMBER 30, 2010  
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**11. RELATED PARTY TRANSACTIONS**

Accounts payable to related parties at November 30, 2010 and 2009, are owing to a director and companies controlled by directors.

The Company entered into the following transactions with related parties:

- a) Paid or accrued \$45,000 (2009 - \$45,000) in management fees to companies controlled by directors and a former director.
- b) Paid or accrued \$7,500 (2009 - \$7,500) in administration fees to a company controlled by a director.
- c) Paid or accrued \$15,120 (2009 - \$10,500) in accounting fees to a company controlled by a director.
- d) Paid or accrued \$3,815 (2009 - \$3,815) in rent to a public company with a director in common.
- e) Paid or accrued \$15,225 (2009 - \$Nil) in shareholder communication fees to a company controlled by a director.

These transactions with related parties were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the parties.

**PRIZE MINING CORPORATION**  
**FORM 51-102F1**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**THREE MONTHS ENDED NOVEMBER 30, 2010**

The following discussion and analysis, prepared as of January 24, 2011, should be read together with the unaudited financial statements for the three months ended November 30, 2010 and related notes attached thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in Canadian dollars unless otherwise indicated.

Additional information related to the Company is available for view on the Company's website at [www.prizemining.com](http://www.prizemining.com) and SEDAR at [www.sedar.com](http://www.sedar.com).

### **Forward Looking Statements**

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Company's future performance. All statements, other than statements of historical fact, may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "propose", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary.

These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement.

In particular, this MD&A contains forward-looking statements, pertaining to the following:

- capital expenditure programs;
- development of resources;
- treatment under governmental and taxation regimes;
- expectations regarding the Company's ability to raise capital;
- expenditures to be made by the Company to meet certain work commitments; and
- work plans to be conducted by the Company.

With respect to forward-looking statements listed above and contained in the MD&A, the Company has made assumptions regarding, among other things:

- the British Columbian legislative and regulatory environment;
- the impact of increasing competition;
- unpredictable changes to the market prices for minerals;
- that costs related to development of the Yellowjacket Zone will remain consistent with historical experiences;
- availability of additional financing and farm-in or joint venture partners;
- anticipated results of exploration activities; and
- the Company's ability to obtain additional financing on satisfactory terms.

The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this MD&A:

- volatility in the market prices for minerals;
- uncertainties associated with estimating resources;
- geological, technical, drilling and processing problems;
- liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations;
- fluctuations in currency and interest rates;
- incorrect assessments of the value of acquisitions;
- unanticipated results of exploration activities;
- competition for, among other things, capital, undeveloped lands and skilled personnel;
- lack of availability of additional financing and farm-in or joint venture partners; and
- unpredictable weather conditions.

Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

## **Description of Business**

Prize Mining Corporation (the "Company") was incorporated under the Business Corporations Act (Alberta) on August 16, 1996 and is in the process of evaluating options for the exploration and development of its remaining resource property located in Canada. The Company has not yet determined whether the property contains ore reserves that are economically recoverable.

## **Overall Performance**

To date, the Company has not yet realized profitable operations and has relied on debt and equity financings and trade credit to fund the losses. The Company currently requires additional financing to continue in business and there can be no assurances that such financing will be available or if available, will be on reasonable terms.

The Company generated a net loss of \$51,299 (2009 – \$(215,982)) during the three months ended November 30, 2010. The net loss is primarily comprised of management fees of \$57,000 (2009 - \$49,000) and impairment provision of \$24,425 (2009 - \$(306,995)) related to disposition of the Company's interest in the Yellowjacket joint venture. The Company generated unrealized gains of \$75,000 on marketable securities and \$25,000 on investments.

On September 28, 2010, the Company announced that, subject to filing final documentation with the TSX Venture Exchange, it had closed its previously announced sale of the remainder of its beneficial right, title and interest in the Yellowjacket Project, including mineral and placer rights and all equipment and infrastructure currently in place on the Yellowjacket mine site to Eagle Plains Resources Ltd. ("Eagle Plains"). The effective closing date of the transaction was October 19, 2010. On September 27, 2010, Eagle Plains issued 2,000,000 common shares to the Company subject to release as follows:

- i.) 500,000 common shares of Eagle Plains were released to the Company on December 1, 2010;
- ii.) 500,000 common shares of Eagle Plains will be released to the Company on February 18, 2011;
- iii.) 500,000 common shares of Eagle Plains will be released to the Company August 18, 2011 and
- iv.) 500,000 common shares of Eagle Plains will be released to the Company February 18, 2012.

On November 2, 2010, the Company completed the consolidation of its common shares on the basis of one (1) new post-consolidation share for every twenty (20) current pre-consolidation common shares, as previously announced on July 14, 2010.

At November 30, 2010, the Company had \$106,642 (2010 - \$34,787) cash. The Company has a deficiency in working capital of \$133,012 (2010 - \$756,975).

Operating expenses of \$126,874 (2009 - \$91,013) were incurred during the period. The net cash used in operations is primarily attributed to the decrease in accounts payable and accrued liabilities.

During the period the Company received \$Nil (2009 - \$Nil) from financing activities.

The Company received \$350,575 (2009 – \$93,283) from investing activities during the period. The Company incurred total exploration expenditures of \$24,425 (2009 – \$3,900) during the period on the Atlin property. During the period the Company received cash proceeds of \$375,000 (2009 - \$Nil) from Eagle Plains Resources Ltd (“Eagle Plains”) related to disposition of the Company’s interest in Yellowjacket joint venture. During the period the Company received \$Nil (2009 - \$30,000) for lease payments on the Pine Creek Property.

The following table provides a brief summary of the Company’s financial operations. For more detailed information, refer to the Company’s financial statements.

	Year Ended August 31, 2010	Year Ended August 31, 2009	Year Ended August 31, 2008
Total interest income	\$ -	\$ -	\$ 1,679
Net loss before extraordinary items	(4,701,239)	(19,688,532)	(1,441,568)
Net loss	(4,701,239)	(19,688,532)	(1,441,568)
Basic and diluted loss per share <sup>(1)</sup>	(1.17)	(5.27)	(0.46)
Total assets	866,083	5,605,931	26,550,595
Total long-term liabilities	-	-	2,700,225
Cash dividends	-	-	-

(1) On November 2, 2010, the Company effected the consolidation of its common shares on a twenty-old-shares-for-one-new basis. All references to per common share amounts have been retroactively restated to reflect this common share consolidation.

## Results of Operations

The Company had a net loss of \$51,299 (2009 - \$(215,982)) during the three months ended November 30, 2010.

Some of the significant expenses were as follows:

Administration fees of \$7,500 (2009 - \$7,500) remained the same as compared to the prior year period.

Professional fees of \$26,430 (2009 – \$16,439) increased compared to the prior year period. The increase is mainly due to additional accounting and legal work related to disposition of the Company’s interest in Yellowjacket joint venture.

Equipment amortization expense of \$262 (2009 - \$366) is lower than the comparative period.

Office and miscellaneous expense of \$5,155 (2009 – \$3,085) increased during the current period.

Management fees of \$57,000 (2009 - \$49,000) increased during the current period.

Interest and bank charges of \$429 (2009 - \$10,020) are lower than the comparative period. The decrease is mainly due to interest expense accrued on liability component of convertible debt in the comparative period.

Shareholder communications of \$15,365 (2009 - \$140) increased during the current period. The increase is mainly due to late invoicing from Ascenta Capital Partners Inc. in the prior year period and expenses were recorded in the following quarter.

Transfer agent and regulatory fees of \$9,829 (2009 - \$Nil) increased during the current period. The increase is mainly due to additional work related to disposition of the Company’s interest in Yellowjacket joint venture and the consolidation of its common shares.

## Yellowjacket Project

On June 1, 2010, the Company entered into the Yellowjacket Project Purchase Agreement, whereby the Company agreed to dispose its remaining beneficial right, title and interest in the Yellowjacket Project Joint Venture in exchange for a cash payment of \$400,000 (received) and 2,000,000 common shares (issued) of Eagle. The Agreement provides for the disposition of the Company's remaining interest in the Atlin Claims and 100% interest in the Pine Creek Placer Claims.

As a result of the proposed disposition, the Company wrote down its interest in the Atlin Claims and Pine Creek Placer Claims and advances to the Joint Venture to net realizable value.

## Summary of Quarterly Results

### For the Quarters Ended

	November 30, 2010	August 31, 2010	May 31, 2010	February 28, 2010
Total assets	\$ 687,620	\$ 866,083	\$ 709,923	\$ 5,603,557
Working capital deficiency	(133,012)	(756,975)	(649,963)	(420,153)
Shareholders' equity (deficiency)	(4,481)	46,818	(5,804)	5,083,578
Interest Income	-	(11,344)	3,059	8,269
Net income (loss)	(51,299)	269,129	(5,089,382)	(96,968)
Earnings (loss) per share <sup>(1)</sup>	(0.01)	(0.07)	(1.27)	(0.20)

### For the Quarters Ended

	November 30, 2009	August 31, 2009	May 31, 2009	February 28, 2009
Total assets	\$ 5,537,098	\$ 5,605,931	\$ 25,042,660	\$ 26,661,507
Working capital deficiency	(1,368,525)	(1,662,654)	(24,933)	(1,346,907)
Shareholders' equity	4,030,546	3,814,564	21,759,677	22,490,228
Interest Income (Expense)	16	103	8	(131)
Net Income (loss)	215,982	(18,371,181)	(734,549)	(373,437)
Earnings (loss) per share <sup>(1)</sup>	0.05	(4.91)	(0.20)	(0.10)

(1) On November 2, 2010, the Company effected the consolidation of its common shares on a twenty-old-shares-for-one-new basis. All references to per common share amounts have been retroactively restated to reflect this common share consolidation.

The Company's deficiency in working capital decreased to \$133,012 (August 31, 2010 - \$756,975) at November 30, 2010.

The Company has not paid any dividends on its common shares. The Company has no present intention of paying dividends on its common shares, as it anticipates that all available funds will be invested to finance the growth of its business.

## Liquidity and Capital Resources

To date, the Company has not yet realized profitable operations and has relied on debt and equity financings and trade credit to fund the losses. The Company currently requires additional financing to continue in business and there can be no assurances that such financing will be available or if available, will be on reasonable terms.

	November 30, 2010	August 31, 2010
Working capital deficiency	\$ (133,012)	\$ (756,975)
Deficit	(35,020,082)	(34,968,783)

There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. If adequate financing is not available when required, the Company may be required to delay, scale back or eliminate various programs and may be unable to continue in operation. The Company may seek such additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests.

The Company's revenues, if any, are expected to be in large part derived from the mining and sale of gold or base metals or interests related thereto. The economics of developing and producing gold properties are affected by many factors including the cost of operations, variations in the grade of ore mined and the price of gold. Depending on the price of gold, the Company may determine that it is impractical to continue commercial production. The price of gold has fluctuated widely in recent years. Gold prices are affected by many factors beyond the Company's control including anticipated changes in international investment patterns and monetary systems, economic growth rates, political developments, extent of sales of reserves by governments and shifts in the private supply of and demand for gold. The supply of gold consists of a combination of new mine production and existing stocks held by governments, producers, financial institutions and consumers. If the market price for gold falls below the Company's full production costs and remains at such levels for any sustained period of time, the Company will experience losses and may decide to discontinue operations or other development of a project or mining at one or more of its properties.

The Company does not have sufficient funds to cover anticipated administrative expenses, liabilities and property payments presently throughout the upcoming calendar year. Management intends to conduct debt or equity financings to satisfy operating costs and obligations. There is no assurance such financings will be available. The Company will continue to focus its exploration and development efforts on its mineral property.

## Related Party Transactions

Accounts payable to related parties at November 30, 2010 and 2009, are owing to directors and companies controlled by directors.

The Company entered into the following transactions with related parties:

- Paid or accrued \$45,000 (2009 - \$45,000) in management fees to companies controlled by directors.
- Paid or accrued \$7,500 (2009 - \$7,500) in administration fees to a company controlled by a director.
- Paid or accrued \$15,120 (2009 - \$10,500) in accounting fees to a company controlled by a director.
- Paid or accrued \$3,815 (2009 - \$3,815) in rent to a public company with a director in common.
- Paid or accrued \$15,225 (2009 - \$Nil) in shareholder communication fees to a company in which two directors are principals.

These transactions with related parties were in the normal course of operations and were measured at the exchange value, which represented the amount of consideration established and agreed to by the parties.

## **New accounting pronouncements**

### *Business combinations*

In January 2009, the CICA issued Handbook Sections 1582 – Business Combinations, Section 1601 – Consolidated Financial Statements and 1602 – Non-controlling Interests which replaces CICA Handbook Sections 1591 – Business Combinations and 1600 – Consolidated Financial Statements. Section 1582 establishes standards for the accounting for business combinations that is equivalent to the business combination accounting standard under International Financial Reporting Standards (“IFRS”). Section 1582 is applicable for the Company’s business combinations with acquisition dates on or after January 1, 2011. Early adoption of this Section is permitted. Section 1601 is applicable for the Company’s interim and annual financial statements for its fiscal year beginning September 1, 2011. Early adoption of this Section is permitted. If the Company chooses to early adopt any one of these sections, the other two sections must also be adopted at the same time. The Company is not considering an early adoption of these sections.

### *International Financial Reporting Standards (“IFRS”)*

In 2006, the Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada’s own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of September 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended August 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

## **Financial Instruments Risk Exposure and Management**

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk, currency risk and interest rate risk. Where material, these risks are reviewed and monitored by the Board of Directors.

### **Liquidity risk**

Liquidity risk is managed by the Company by maintaining sufficient cash balances to meet current working capital requirements. The Company is considered to be in the exploration stage and is dependent on obtaining regular funding in order to continue its exploration programs. Despite previous success in acquiring this funding, there is no guarantee of obtaining future funding. The Company’s cash is invested in business accounts with quality financial institutions primarily in Canada and are available on demand for the Company’s programs. The Company is not invested in any asset backed commercial paper or auction rate securities.

### **Credit risk**

The Company’s credit risk is primarily attributable to its liquid financial assets and would arise from the non-performance by counterparties of contractual financial obligations. The Company limits its exposure to credit risk on liquid assets by maintaining its cash and reclamation bonds with high-credit quality financial institutions. Receivables are minimal at this time and are not considered a material credit risk.

### **Currency risk**

The Company operates in Canada only and therefore is not exposed to foreign exchange risk arising from transactions denominated in a foreign currency.

### **Interest risk**

The Company’s exposure to interest rate risk arises from the interest rate impact on its cash. Cash has been invested in short-term investments to maintain liquidity and achieve a satisfactory return for shareholders. There is no interest rate risk on the convertible debenture as the debenture is non-interest bearing.

## Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements as at November 30, 2010.

## Critical Accounting Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and form the basis for the following discussion and analysis of critical accounting policies and estimates. The Company makes estimates and assumptions that affect the reported amounts of assets, liabilities and expenses and related disclosure of contingent assets and liabilities during the course of preparing these financial statements. On a regular basis, the Company evaluates estimates and assumptions including those related to the recognition of stock-based compensation.

Estimates are based on historical experience and on various other assumptions that the Company believes to be reasonable. These estimates form the basis of judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

## Outstanding Share Data

The following table summarizes the outstanding share capital as of the date of this Management Discussion and Analysis.

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Common shares	4,032,951
Stock options	45,000
Warrants	115,750
Finders' warrants	18,520

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## **Disclosure Controls and Procedures**

The Chief Executive Officer and Chief Financial Officer (“CFO”) are responsible for designing internal controls over financial reporting in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company’s consolidated financial statements for external purposes in accordance with Canadian GAAP. The design of the Company’s internal control over financial reporting was assessed as of the date of this Management Discussion and Analysis.

Based on this assessment, it was determined that certain weaknesses existed in internal controls over financial reporting. As indicative of many small companies, the lack of segregation of duties and effective risk assessment were identified as areas where weaknesses existed. The existence of these weaknesses is to be compensated for by senior management monitoring, which exists. The officers will continue to monitor very closely all financial activities of the Company and increase the level of supervision in key areas. It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased costs of such hiring could threaten the Company’s financial viability, management has chosen to disclose the potential risk in its filings and proceed with increased staffing only when the budgets and work load will enable the action. The Company has attempted to mitigate these weaknesses, through a combination of extensive and detailed review by the CFO of the financial reports, the integrity and reputation of senior accounting personnel, and candid discussion of those risks with the audit committee.

## **Business Risks**

Natural resources exploration, development, production and processing involve a number of business risks, some of which are beyond the Company’s control. These can be categorized as operational, financial and regulatory risks.

- Operational risks include finding and developing reserves economically, marketing production and services, product deliverability uncertainties, changing governmental law and regulation, hiring and retaining skilled employees and contractors and conducting operations in a cost effective and safe manner. The Company continuously monitors and responds to changes in these factors and adheres to all regulations governing its operations. Insurance may be maintained at levels consistent with prudent industry practices to minimize risks, but the Company is not fully insured against all risks, nor are all such risks insurable.
- Financial risks include commodity prices, interest rates and the Canadian / United States exchange rate, all of which are beyond the Company’s control.
- Regulatory risks include the possible delays in getting regulatory approval to the transactions that the Board of Directors believe to be in the best interest of the Company, and include increased fees for filings, the introduction of ever more complex reporting requirements the cost of which the company must meet in order to maintain its exchange listing.

The Company currently requires additional financing to continue in business and there can be no assurance that such financing will be available or, if available, that it will be on reasonable terms. If financing is obtained by issuing common shares from treasury, control of the Company may change and investors may suffer additional dilution. To the extent financing is not available, lease payments, work commitments, rental payments and option payments, if any, may not be satisfied and could result in a loss of property ownership or earning opportunities for the Company.

## **Outlook**

The Company’s primary focus for the foreseeable future will be on raising additional debt or equity financing to improve the Company’s financial position.