

PRIZE MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2005

(unaudited)

NOTICE TO READER

The financial statements have been prepared by management and have not been reviewed by an auditor

PRIZE MINING CORPORATION
CONSOLIDATED BALANCE SHEETS
AS AT NOVEMBER 30, 2005

	November 2005	August 2005
ASSETS		
Current		
Cash and equivalents	\$ 313,142	\$ 238,554
Short-term investment (Note 3)	75,000	155,394
Receivables	42,370	286,269
Prepaid expenses and deposits	<u>130,123</u>	<u>114,196</u>
	560,635	794,413
Exploration advances receivable (Note 4)	492,566	492,566
Equipment (Note 5)	15,943	22,121
Resource properties (Note 6)	17,320,832	16,697,790
Deferred financing costs (Note 7)	<u>74,187</u>	<u>78,662</u>
	\$ 18,464,163	\$ 18,085,552
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 197,650	\$ 99,969
	991,126	981,543
Convertible debenture (Note 8)	<u>991,126</u>	<u>981,543</u>
Future income taxes (Note 9)	<u>1,149,566</u>	<u>1,149,566</u>
	<u>2,338,341</u>	<u>2,231,078</u>
Shareholders' equity		
Capital stock (Note 10)	22,546,575	22,071,575
Equity component of convertible debenture (Note 8)	191,667	191,667
Contributed surplus (Note 10)	797,927	670,166
Deficit	<u>(7,455,348)</u>	<u>(7,078,934)</u>
	<u>16,123,567</u>	<u>15,854,474</u>
	\$ 18,461,909	\$ 18,085,552

Nature and continuance of operations (Note 1)

Subsequent events (Note 15)

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

PRIZE MINING CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
QUARTER ENDED NOVEMBER 30, 2005

	November 2005	November 2004
EXPENSES		
Administrative	\$ 24,500	\$ 18,525
Amortization of deferred costs	4,475	-
Amortization of equipment (Note 5)	6,177	889
Computer and website	5,769	491
Corporate financing fees	25,000	-
Consulting fees	100	10,000
Insurance	14,810	-
Interest and bank charges	10,137	285
Management fees	50,000	45,000
Office and miscellaneous	27,437	10,510
Professional fees	21,072	7,832
Rent	13,108	8,997
Shareholder communications	15,778	35,604
Stock-based compensation (Note 10)	127,761	-
Transfer agent and regulatory fees	7,773	2,808
Travel and related costs	24,120	38,873
Loss before other items	<u>(378,017)</u>	<u>(179,814)</u>
OTHER ITEMS		
Interest income	1,603	(4,601)
Loss before income taxes	(376,414)	(184,415)
Loss for the quarter	(376,414)	(184,415)
Deficit, beginning of year	<u>(7,078,934)</u>	<u>(3,351,169)</u>
Deficit, end of year	<u>\$ (7,455,348)</u>	<u>\$ (3,535,584)</u>
Basic and diluted loss per common share	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>
Weighted average number of common shares outstanding	<u>17,375,534</u>	<u>79,880,258</u>

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

PRIZE MINING CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
QUARTER ENDED NOVEMBER 30, 2005

	November 2005	November 2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	\$ (378,668)	\$ (184,415)
Items not affecting cash:		
Amortization of equipment (Note 5)	6,177	899
Amortization of deferred financing costs	4,475	-
Stock-based compensation	127,761	-
Option to acquire property	400,000	-
Tax receivable	226,496	-
Accretion of liability component of convertible debt	9,583	-
Changes in non-cash working capital items:		
(Increase) decrease in receivables	(2,597)	(60,679)
Increase in exploration advances	-	(142,000)
(Increase) decrease in prepaid expenses and deposits	4,074	(15,000)
Decrease in accounts payable and accrued liabilities	<u>97,681</u>	<u>197,737</u>
Net cash used in operating activities	<u>(494,982)</u>	<u>(203,468)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share subscription received in advance	45,000	-
Capital stock issued for cash	75,000	-
Share issuance costs	<u>(400,000)</u>	<u>-</u>
Net cash provided by financing activities	<u>(280,000)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Mineral property payments	-	(200,000)
Acquisition of equipment	-	-
Short-term investments	(155,394)	-
Deferred exploration costs	<u>220,788</u>	<u>(736,056)</u>
Net cash used in investing activities	<u>65,394</u>	<u>(963,056)</u>
Change in cash and equivalents during the year	149,588	(1,166,524)
Cash and equivalents (bank overdraft), beginning of year	<u>238,554</u>	<u>2,067,309</u>
Cash and equivalents, end of year	\$ 388,142	\$ 900,785
Cash and equivalents is comprised of the following:		
Cash	\$ 313,142	\$ 900,785
Cash reserved for flow-through expenditures	<u>75,000</u>	<u>-</u>
	\$ 388,142	\$ 900,785

Supplemental disclosure with respect to cash flows (Note 12)

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

PRIZE MINING CORPORATION
(UN-AUDITED PREPARED BY MANAGEMENT)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2005

1. NATURE AND CONTINUANCE OF OPERATIONS

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 fiscal year 2005, the Company changed its name from MuskoX Minerals Corp. to Prize Mining Corporation and consolidated its outstanding common shares on the basis of five old shares for one new share. All references to number of common shares and per common share amounts have been retroactively restated to reflect consolidation, unless otherwise noted.

The Company is in the process of exploring and developing its 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 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 and to commence profitable operations in the future. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

	2005	2004
Working capital	\$ 362,985	\$ 2,484,008
Deficit	\$ (7,455,348)	(3,351,169)

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant inter-company balances and transactions have been eliminated upon consolidation.

Estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

PRIZE MINING CORPORATION
(UN-AUDITED PREPARED BY MANAGEMENT)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Short-term investments

Short-term investments include Canadian guaranteed investment certificates with a major Canadian banking institution. These investments are stated at cost plus accrued interest and their carrying value approximates their fair value.

Equipment

Equipment, being computer equipment, is recorded at cost. Amortization is calculated over the estimated useful life using the declining balance method at 30% per annum.

Resource properties

All costs related to the acquisition, exploration and development of resource properties are capitalized by property. If economically recoverable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. When a property is abandoned, all related costs are written off to operations. If, after management review, it is determined that the carrying amount of a resource property is impaired, that property is written down to its estimated net realizable value. A resource property is reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable.

The amounts shown for resource properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Asset retirement obligations

The Company recognizes the fair value of a liability for an asset retirement obligation in the year in which it is incurred when a reasonable estimate of fair value can be made. The carrying amount of the related long-lived asset is increased by the same amount as the liability.

Changes in the liability for an asset retirement obligation due to the passage of time will be measured by applying an interest method of allocation. The amount will be recognized as an increase in the liability and an accretion expense in the statement of operations. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability for an asset retirement obligation and the related asset retirement cost capitalized as part of the carrying amount of the related long-lived asset.

PRIZE MINING CORPORATION
(UN-AUDITED PREPARED BY MANAGEMENT)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Deferred financing costs

Deferred financing costs consist of direct costs incurred to obtain the convertible debenture financing and are amortized over the life of this instrument.

Future income taxes

Future income taxes are calculated using the asset and liability method whereby future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs. To the extent that the Company does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

Flow-through common shares

The Company has adopted the new accounting pronouncement EIC-146, relating to flow through shares, for all flow through share agreements dated after March 19, 2004. Under the terms of Canadian flow through share legislation, the tax attributes of qualifying expenditures are renounced to subscribers. To recognize the foregone tax benefits, share capital is reduced and a future income tax liability is recognized as the related expenditures are renounced. This future income tax liability is then reduced by the recognition of previously unrecorded future income tax assets on unused losses and deductions.

Investment tax credits

Investment tax credits are recorded as either a reduction of the cost of applicable assets or credited in the statement of operations depending on the nature of the expenditures which gave rise to the credits. Claims for tax credits are accrued upon the Company attaining reasonable assurance of collections from the Canada Revenue Agency.

Stock-based compensation

The Company uses fair value-based methodology for measuring compensation costs whereby all awards to employees and non-employees will be recorded at fair value on the date of grant and the associated expenses is amortized to operations over the vesting period.

Loss per share

The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on loss per share is recognized on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds would be used to purchase common shares at the average market price during the period. For the years presented, this calculation proved to be anti-dilutive.

Basic loss per share is calculated using the weighted average number of common shares outstanding during the year.

PRIZE MINING CORPORATION
 (UN-AUDITED PREPARED BY MANAGEMENT)
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 NOVEMBER 30, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

3. SHORT-TERM INVESTMENT

	2005	2004
Canadian dollar guaranteed investment certificates	\$ 75,000	\$ 800,000

4. EXPLORATION ADVANCES RECEIVABLE

	2005	2004
Canamera Geoscience Corp.	\$ 387,566	\$ -
Titan Drilling Ltd.	<u>105,000</u>	<u>-</u>
	\$ 492,566	\$ -

In 2004, the amounts advanced to the above companies for exploration advances were included in current assets. During fiscal 2005, these companies failed to account for exploration costs associated with the above advances nor did they return the advanced amounts as requested by the Company. In September 2005, the Company commenced legal action against these two companies for full repayment of its advances. Management of the Company is of the opinion that these exploration advances will be collected from the above companies and therefore, no provision for impairment or collectability is required.

5. EQUIPMENT

	2005			2004		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 32,705	\$ 16,761	\$ 15,944	\$ 25,530	\$ 8,807	\$ 16,723

Accumulated amortization has been adjusted to reflect the missed accrued amortization in the previous quarter.

6. RESOURCE PROPERTIES

Title to mineral 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 mineral properties. The Company has investigated title to its mineral properties and to the best of its knowledge, title to its properties are in good standing.

Nunavut Claims

The Company has a 100% interest in certain mineral claims in Nunavut, Canada. The claims are subject to a 2.5% gross overriding royalty. In 1998, the Company granted an option to acquire a 10% interest in the mineral claims to a former related party as consideration to postpone payment of a loan then outstanding and the advance of additional funds. The option is exercisable upon the optionee paying \$300,000 to the Company at the earlier of the claims being put into commercial production or December 31, 2020. If the option is exercised, the 10% interest will be converted into a 3% net smelter returns royalty in favour of the optionee upon the claims being put into commercial production.

The Company obtained call agreements with the holders of the royalties in certain mineral claims to purchase the royalties in consideration for a payment of \$2,000,000, to be paid by December 31, 2008.

During fiscal 2003, the Company entered into an option agreement with Anglo American (Canada) Ltd. ("AAEC") whereby AAEC could acquire an initial 51% interest in certain mineral claims of the Company by incurring exploration expenditures of \$11,500,000 before August 31, 2008 and a further 19% interest through additional funding of exploration and development work as well as a feasibility study. During fiscal 2004 AAEC terminated its option with the Company. The Company will retain all rights to the tenure of the mineral claims.

During fiscal 2005, the Company abandoned certain mineral claims and consequently, costs related to these claims, totalling \$3,609,193 (2004 - \$469,674), were written off to operations.

During the quarter ended November 30, 2005, the Company was involved in negotiations with Silvermet Corporation in respect to the exploration and development of the Muskox Intrusion.

Atlin Claims

On October 16, 2003, the Company agreed to an option agreement to purchase a 100% interest in certain mineral claims in the Atlin District of British Columbia. To date, the Company has made option payments totaling \$940,000 and the remaining terms of the option agreement are as follows:

- a) \$250,000 by April 1, 2006;
- b) \$200,000 by October 1, 2006;
- c) \$400,000 by January 15, 2007; and
- d) \$200,000 by January 15, 2008, and each year to January 15, 2011 for total cash payments of \$2,590,000.

PRIZE MINING CORPORATION
(UN-AUDITED PREPARED BY MANAGEMENT)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2005

6. RESOURCE PROPERTIES (cont'd...)

Atlin Claims (cont'd...)

The optionor will retain a 1.5% net smelter returns royalty. The Company paid a finder's fee consisting of 200,000 common shares at a value of \$30,000 and cash of \$30,000. In addition, the Company paid other associated acquisition costs of \$10,000.

On November 4, 2005 the Company completed the amalgamation of 1201125 Alberta Ltd. and 913169 Alberta Ltd., a wholly-owned subsidiary of Muskox Holdings Ltd., which in turn is a wholly-owned subsidiary of Prize, to form 1202877 Alberta Ltd. Through the amalgamation the Company acquired an undivided 100% right, title and interest in and to certain mining claims (collectively, the "LD Claims") situated in the Atlin Mining District, British Columbia in consideration of making total payments of \$520,000 over a four year period ending October, 2009. The payments totaling \$50,000 due during the period ending May 2006 are the obligation of a third party with 1202877 Alberta Ltd. being obliged to make the payments required under the Option Agreement thereafter. The remaining terms of the option agreement are as follows

- i) \$110,000 by October 31, 2007.
- ii) \$160,000 by October 31, 2008.
- iii) \$250,000 by October 31, 2009.

PRIZE MINING CORPORATION
 (UN-AUDITED PREPARED BY MANAGEMENT)
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 NOVEMBER 30, 2005

6. RESOURCE PROPERTIES (cont'd...)

2005	Nunavut Claims	Atlin Claims	Total
Acquisition costs, beginning balance	\$ 2,816,158	\$ 1,010,000	\$ 3,826,158
Additions during the year	-	400,000	400,000
Written-off during the year	-	-	-
Acquisition costs, ending balance	<u>2,816,158</u>	<u>1,410,000</u>	<u>4,226,158</u>
Deferred exploration costs, beginning balance	<u>10,517,333</u>	<u>2,354,299</u>	<u>12,871,632</u>
Additions during the year			
Camp maintenance	-	27,925	27,925
Drilling	-	102,866	102,866
Equipment rental	-	12,160	12,160
Expediting and freight	-	2,777	523
Geological and geochemical	-	65,943	65,943
Geophysics	-	4,230	4,230
Tenure and licenses	-	1,905	1,905
Travel and accommodation	-	5,235	5,235
Legal fees	-	-	-
Report writing	-	-	-
	<u>-</u>	<u>223,042</u>	<u>220,788</u>
Investment tax credits	-	-	-
Written-off during the year	-	-	-
	<u>-</u>	<u>223,042</u>	<u>220,788</u>
Deferred exploration costs, ending balance	<u>10,517,333</u>	<u>2,577,341</u>	<u>13,092,420</u>
Total resource properties	\$ 13,333,491	\$ 3,987,341	\$ 17,320,832

PRIZE MINING CORPORATION
 (UN-AUDITED PREPARED BY MANAGEMENT)
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 NOVEMBER 30, 2005

6. RESOURCE PROPERTIES (cont'd...)

2004	Nunavut Claims	Atlin Claims	Total
Acquisition costs, beginning balance	\$ 5,837,554	\$ 310,000	\$ 6,147,554
Additions during the year	<u>-</u>	<u>200,000</u>	<u>200,000</u>
Acquisition costs, ending balance	<u>5,837,554</u>	<u>510,000</u>	<u>6,347,554</u>
Deferred exploration costs, beginning balance	<u>11,087,389</u>	<u>1,139,541</u>	<u>12,226,930</u>
Additions during the year			
Camp maintenance	-	89,815	89,815
Drilling	-	303,398	303,398
Equipment rental	-	27,295	27,295
Expediting and freight	-	-	-
Geological and geochemical	-	191,467	191,467
Geophysics	14,014	118,670	132,684
Tenure and licenses	-	-	-
Travel and accommodation	-	18,398	18,398
Legal fees	-	-	-
Report writing	<u>-</u>	<u>-</u>	<u>-</u>
	<u>14,014</u>	<u>749,042</u>	<u>763,056</u>
Written-off during the year	<u>-</u>	<u>-</u>	<u>-</u>
Deferred exploration costs, ending balance	<u>11,101,403</u>	<u>1,888,583</u>	<u>12,989,986</u>
Total resource properties	<u>\$ 16,938,957</u>	<u>\$ 2,398,593</u>	<u>\$ 19,337,540</u>

7. DEFERRED FINANCING COSTS

Deferred financing costs consist of the finders' fees of \$89,500 paid to obtain the convertible debenture financing.

	2005	2004
Finders' fees	\$ 89,500	\$ -
Amortization	<u>(15,313)</u>	<u>-</u>
	<u>\$ 74,187</u>	<u>\$ -</u>

PRIZE MINING CORPORATION
 (UN-AUDITED PREPARED BY MANAGEMENT)
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 NOVEMBER 30, 2005

8. CONVERTIBLE DEBENTURE

	2005	2004
<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. 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 \$0.60 of principal outstanding until January 22, 2007, at \$0.66 of principal outstanding until January 22, 2008, at \$0.715 of principal outstanding until January 22, 2009, and \$0.786 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>		
	\$ 1,150,000	-
Balance to be accreted	<u>(158,874)</u>	<u>-</u>
	<u>\$ 991,126</u>	<u>\$ -</u>

9. INCOME TAXES

a) A reconciliation of income taxes at statutory rates is as follows:

	2005	2004
Loss before income taxes	\$ (4,654,951)	\$ (1,528,888)
Expected income tax (recovery)	\$ (1,564,995)	\$ (544,590)
Non-deductible expenses	1,044,183	201,002
Deductible expenses	(69,286)	(87,674)
Recognized benefits of non-capital losses	<u>(337,088)</u>	<u>(287,830)</u>
Total income tax (recovery)	<u>\$ (927,186)</u>	<u>\$ (719,092)</u>

PRIZE MINING CORPORATION
 (UN-AUDITED PREPARED BY MANAGEMENT)
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 NOVEMBER 30, 2005

9. INCOME TAXES (cont'd...)

b) Details of future income tax assets and liabilities are as follows:

	2005	2004
Future income tax assets		
Equipment	\$ 3,558	\$ 2,821
Share issue costs	136,751	188,656
Non-capital losses carried forward	<u>1,370,772</u>	<u>1,745,733</u>
Future income tax assets	1,511,081	1,937,210
Future income tax liabilities		
Resource properties	<u>(3,279,555)</u>	<u>(4,013,962)</u>
Net future income tax liability	<u>\$ (1,149,566)</u>	<u>\$ (2,076,752)</u>

The Company has non-capital losses of approximately \$4,100,000 which may be applied to reduce taxable income in future years. If not utilized, these losses expire through to 2015. The tax benefits of these non-capital losses have not been recognized in these consolidated financial statements except to the extent that they can be used to offset future income tax liabilities that existed at the fiscal year end.

10. CAPITAL STOCK

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited number of voting common shares without par value			
Unlimited number of preferred shares, issuable in series			
Common shares issued			
Balance at August 31, 2003	9,956,721	\$ 16,707,575	\$ 349,571
Private placements	5,639,334	5,247,000	-
Finder's fee on resource property	40,000	30,000	-
Warrants exercised	330,000	252,500	-
Finders' fee on private placement	10,000	7,500	-
Finders' fee on private placement	-	(7,500)	-
Finders' fee warrants issued	-	(13,305)	13,305
Share issuance costs	-	(527,213)	-
Stock-based compensation	<u>-</u>	<u>-</u>	<u>91,088</u>
Balance at August 31, 2004	15,976,055	21,696,557	453,964
Private placement	1,789,940	447,485	-
Share issuance costs	-	(72,467)	-
Stock-based compensation	<u>-</u>	<u>-</u>	<u>216,202</u>
Balance at August 31, 2005	17,765,995	\$ 22,071,575	\$ 670,166

PRIZE MINING CORPORATION
 (UN-AUDITED PREPARED BY MANAGEMENT)
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 NOVEMBER 30, 2005

10. CAPITAL STOCK (cont'd...)

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited number of voting common shares without par value			
Unlimited number of preferred shares, issuable in series			
Private placement	300,000	\$ 75,000	\$ -
Share issuance re property option	2,000,000	-	-
Share issuance costs	-	400,000	-
Stock-based compensation	-	-	127,761
Balance at November 30, 2005	20,065,995	\$ 22,546,575	\$ 797,927

On March 23, 2004, the Company issued 1,356,667 units at a price of \$1.50 per unit for gross proceeds of \$2,035,000. Each unit consisted of one common share and one half share purchase warrant. Each whole share purchase warrant will entitle the holder to purchase an additional common share at a price of \$2.00 on or before March 23, 2006. The Company paid fees of \$168,043 in cash and issued 3,000 finder's fee share purchase warrants which entitle the holder to purchase additional common shares at a price of \$2.00 per share on or before March 23, 2006 as share issuance costs. The fair value of the share purchase warrants of \$2,066 was allocated to capital stock and contributed surplus.

The fair value of the finder's fee share purchase warrants was calculated using the Black-Scholes Option Pricing Model. The weighted average assumptions used were 2.27% to 3.11% for risk free interest rates, 2 years for the life of the warrants, 99.40% for annualized volatility and \$Nil for a dividend rate.

In addition, the Company paid other associated costs of \$140,070 relating to the private placements.

On July 26, 2005, the Company issued 1,789,940 common shares at a price of \$0.25 per share for gross proceeds of \$447,485. The Company paid associated costs of \$72,467 relating to the private placement.

On November 4, 2005 the Company issued 2,000,000 common shares with a value of \$400,000 and 2,000,000 share purchase warrants. Each warrant will entitle the holder to purchase one common share of the Company at a price of \$0.35 until May 3, 2007 to acquire an option to purchase a 100% interest of the LD claims located in the Atlin mining district of British Columbia.

PRIZE MINING CORPORATION
 (UN-AUDITED PREPARED BY MANAGEMENT)
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 NOVEMBER 30, 2005

10. CAPITAL STOCK (cont'd...)

Warrants

Warrant transactions are summarized as follows:

	2005	2004
Balance, beginning of year	8,920,468	4,245,801
Issued	-	5,004,667
Exercised	-	(330,000)
Expired	<u>(3,915,801)</u>	<u>-</u>
Balance, at August 31, 2005	5,004,667	8,920,468
Issued	2,000,000	-
Exercised	-	-
Expired	-	-
Balance, at November 30, 2004 and 2005	7,004,667	8,920,468

The following warrants to acquire common shares were outstanding at November 30, 2005:

Number of Shares	Exercise Price	Expiry Date
4,323,334	\$ 0.90	December 12, 2005
681,333	2.00	March 23, 2006
2,000,000	0.35	May 3, 2007

PRIZE MINING CORPORATION
 (UN-AUDITED PREPARED BY MANAGEMENT)
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 NOVEMBER 30, 2005

10. CAPITAL STOCK (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. The options can be granted for a maximum term of 5 years.

	Number of Shares		Weighted Average Exercise Price
Outstanding and exercisable at August 31, 2003	990,000	\$	1.40
Granted	140,000		1.25
Cancelled	<u>(70,000)</u>		1.40
Outstanding and exercisable at August 31, 2004	1,060,000		1.30
Granted	140,000		1.20
Repriced	(945,000)		1.20
Repriced	945,000		0.70
Granted	316,000		0.70
Expired/cancelled	<u>(525,000)</u>		0.70
Outstanding and exercisable at August 31, 2005	991,000	\$	0.70
Granted	860,000		0.25
Expired/cancelled	(337,000)		0.70
Outstanding and exercisable at November 30, 2005	1,513,500	\$	0.70

The following stock options were outstanding at November 30, 2005:

Number of Shares	Exercise Price	Expiry Date
8,500	0.70	January 25, 2007
130,000	0.70	July 24, 2008
329,000	0.70	August 17, 2008
70,000	0.70	February 12, 2009
70,000	0.70	September 24, 2009
70,000	0.70	October 15, 2009
226,000	0.70	January 17, 2010
860,000	0.25	October 25, 2010

PRIZE MINING CORPORATION
(UN-AUDITED PREPARED BY MANAGEMENT)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2005

10. CAPITAL STOCK (cont'd...)

Stock-based compensation

The total stock-based compensation recognized for stock options granted and repriced under the fair value method was \$127,761 (2004 - \$216,202) using the Black-Scholes Option Pricing Model.

The following weighted average assumptions were used for the Black-Scholes valuation of stock options granted:

	2005	2004
Risk-free interest rate	3.80%	3.33%
Expected life of options	2.96 years	2.7 years
Annualized volatility	45.08%	99.40%
Dividend rate	0.00%	0.00%

11. RELATED PARTY TRANSACTIONS

The Company entered into the following transactions with related parties:

- a) Paid or accrued \$50,000 (2004 - \$45,000) in management fees to directors.
- b) Paid or accrued legal fees of \$20,803 (2004 - \$Nil) to a firm in which a director of the Company is a partner. As at August 31, 2005, the accounts payable to this firm were \$10,707 (2004 - \$Nil).

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.

12. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2005	2004
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	-	-

The significant non-cash transactions for the quarter ended November 30, 2005 were as follows:

- a) The Company issued 2,000,000 shares at a value of \$400,000 for the option to acquire the LD claims in the Atlin, BC area.
- b) The Company classified \$45,000 for subscriptions received in advance towards the private placement of funds from investors.

PRIZE MINING CORPORATION
(UN-AUDITED PREPARED BY MANAGEMENT)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
NOVEMBER 30, 2005

13. SEGMENTED INFORMATION

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

14. FINANCIAL INSTRUMENTS

The Company does not believe it is subject to any significant credit risk although cash and short-term investments are held in excess of federally insured limits, with a major financial institution.

The Company's other financial instruments consist of receivables, exploration advances, exploration advances receivable, accounts payable and accrued liabilities and convertible debenture. In management's opinion, the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

15. SUBSEQUENT EVENTS

On December 7, 2005 the Company entered into an Earn-in Agreement with Silvermet Corporation with respect to the exploration and development of its Muskox Intrusion Property located in the Nunavut Territory. Pursuant to the agreement, Silvermet may earn up to a 70% interest in the property by funding and incurring expenditures on the property of not less than \$10 million by December 7, 2010. Of this amount, \$4 million must be funded and expended on the property by June 30, 2008. Within thirty days of Silvermet acquiring the 70% interest in the property, the Company will have the option, to transfer its remaining 30% interest in the property to Silvermet in consideration for a 10% net profits interest in the property. Silvermet will have the option to acquire 50% of Prize's 10% net profits interest in the property for \$5 million.

Pursuant to the Agreement, Silvermet has agreed, to fund the costs of, or related to, taking the claims which comprise the property that expire in 2006 to lease to a maximum amount of \$350,000. Of this amount, the company received \$50,000 upon the execution of the Agreement and will receive the remaining \$300,000 in two \$150,000 tranches prior to June 15, 2006.

On December 13, 2005 to Company closed the second and final tranche of its private placement previously announced on November 24, 2005. An aggregate of 3,285,000 units at a price of \$0.20 per unit ("Unit") were issued for gross proceeds of \$657,000. Each Unit consists of one common share and one half of one common share purchase warrant. Each full warrant is exercisable at \$0.35 per common share for a period of one year from closing.

Wolverton Securities Ltd. and Union Securities Ltd. each acted as a finder in connection with the second tranche of the private placement and received a finder's fee in the total amount of \$6,790 and brokers warrants to acquire a total of 33,950 Units at a price of \$0.20 per Unit for a period of twelve months from the date of closing. With this closing, the total gross proceeds received by Prize from the private placement was \$732,000.

PRIZE MINING CORPORATION
FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
QUARTER ENDED NOVEMBER 30TH, 2005

The following discussion and analysis of the operations, results and financial position of Prize Mining Corporation. (the "Company" or "Prize ") for the quarter ended November 30th, 2005 should be read in conjunction with the November 30th, 2005 Financial Statements and related notes.

FORWARD-LOOKING STATEMENTS

Except for historical information, the Management Discussion and Analysis may contain forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

CURRENT OPERATIONS

The Company is a natural resources company involved in the acquisition and exploration of precious-metal mineral properties. The present focus of its operations is gold exploration in the Atlin District of northern British Columbia. The company has the option to acquire 100% of a claims block (the "Atlin Gold Property") in the Pine Creek area where bedrock gold-silver deposits occur below gold-rich placer gravels. The option agreement, as described below, allows for the Company to be the operator for the project. Developing the property is capital intensive and the Company will need to raise additional funding in order to define a mineral resource within the Yellow Jacket Zone.

On November 4, 2005, the Company completed the amalgamation of 913169 Alberta and 1201125 Alberta Ltd and gained the option to acquire the LD Claims, located 15 kilometres southwest of Prize's Atlin Gold Property, straddle the headwaters of McKee and Dominion Creeks.

In Nunavut, northern Canada the Company's wholly-owned subsidiary MuskoX Holdings Ltd., holds mineral claims comprising the mineral tenure to the MuskoX Intrusion. The Intrusion is a layered mafic/ultramafic igneous complex of similar composition and geological environment to other intrusions which host large nickel + copper + platinum +palladium deposits.

The Company has been actively exploring the property since 1996. Work to date has included extensive geophysical surveys, geological mapping, geochemical sampling, and diamond drilling. Results to date are encouraging and further exploration work is warranted.

During the quarter ended November 30, 2005, the Company incurred expenses of \$25,000 (nil:2004) for corporate financing, this is due to an agreement signed with IBK Capital for future financing; \$14,810 (nil:2004) for directors liability insurance; \$127,761 (nil:2004) for cost related to incentive stock options; \$19,387 (\$7,832:2004) for professional fees, an increase due to the amalgamation process; \$100 (10,000:2004) a decrease due to management taking a hands on approach to the management of the exploration and not outsourcing to a third party;\$29,122 (\$10,510) due to the increase in rent, storage , computer equipment; \$10,137 (\$285:2004) an increase due to accrued interest for the convertible debenture.

The Company is currently listed as a Tier 1 company of the TSX-V and is in good standing

EXPLORATION

1) THE ATLIN GOLD PROJECT

On October 25, 2005, drilling commenced on its Atlin Gold Property, located in northwestern British Columbia. On November 16, 2005, the drill intersected what is believed to be the "historically documented" Rock of Ages mineralized zone. A strong silicified breccia zone with abundant pyrite was intersected in two drill holes at the depth where the historic Rock of Ages mineralized zone was expected.

Drill core samples have been logged and split and have been sent off to ACME Laboratories in Vancouver, BC with selected samples being assayed for gold by the metallics technique. Assay results from the Rock of Ages Zone are expected in January 2006.

Management is very pleased with the results of the Rock of Ages drilling as it appears to have confirmed both the historic geological reports and the Company previous geophysical interpretations. Management wants to caution readers that until assay results from this drill program are returned by the laboratory, they will not know if the Rock of Ages silicified breccia zone contains gold mineralization.

Once the current drill program is completed, the size and orientation of the mineralized zone(s) will be better defined, allowing for preliminary resource calculations to be conducted in order to ascertain the economic viability of the project. These studies will also assist in directing future programs toward increasing economically viable tonnages.

2) THE MUSKOX INTRUSION

The Company is currently in discussion with Silvermet Corporations. (please refer to subsequent events)

Acquisition or Abandonment of Resources Properties Material to the Issuer

During fiscal 2005, the Company abandoned certain mineral claims and consequently, costs related to these claims, totalling \$3,609,193 (2004 - \$469,674), were written off to operations. There were no write-offs for the period covered in this quarter.

Selected Annual Information

	Aug. 31, 2005	Aug. 31, 2004	Aug. 31, 2003
Loss before extraordinary items	(\$1,062,470)	(\$1,092,698)	(\$928,767)
Net Loss	(\$3,727,765)	(\$819,796)	(\$616,382)
Loss Per Share	(\$0.22)	(\$0.01)	(\$0.02)
Total Current Assets	\$794,413	\$2,569,820	\$1,124,444
Total Current Liabilities	\$99,969	\$85,812	\$ 778,735
Working Capital (Deficiency)	694,444	\$2,484,008	\$345,409

Summary of Quarterly Results

Period Ended	2005 Nov 30 Q1	2005 Aug 31 Q4	2005 May 31 Q3	2005 Feb 29 Q2	2004 Nov 30 Q1	2004 Aug 31 Q4	2004 May 31 Q3	2004 Feb 29 Q2
Total Revenue								
Income (loss)	(\$380,271)	(\$1,062,470)	(\$229,595)	(\$330,395)	(\$179,814)	(\$218,191)	(\$381,538)	(\$268,407)
Diluted Loss Per Share	(\$0.02)	(\$0.22)	\$0.25	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.01)
Net Income (loss)	(\$380,668)	(\$3,727,765)	(\$226,532)	(\$318,696)	(\$184,415)	\$51,637	(\$369,147)	(\$267,716)
Diluted per share	(\$0.02)	(\$0.22)	\$0.25	(\$0.01)	(\$0.01)	\$0.01	(\$0.01)	(\$0.01)

LIQUIDITY AND CAPITAL RESOURCES

As of the end of this quarter, the Company has \$560,635 in Current Assets as of November 30th, 2005, (\$794,413:Aug 31, 2005) and \$197,650 in Current Liabilities (\$99,969: Aug 31, 2005), yielding a positive working capital of \$362,985. The Company is in a healthy position regarding its working capital position, and also has warrants outstanding that could bring in additional funding. The exercise of these warrants are dependant on the Company's stock price. The Company will continue to look at equity private placement opportunities for sufficient proceeds to fund ongoing exploration work on its' properties and to provide sufficient working capital to otherwise maintain operations and satisfy its general and administrative expenses over the medium term.

On November 29, 2005, the Company closed the first tranche of its previously announced private placement. An aggregate of 300,000 common shares ("Flow-Through Share") issued on a flow-through basis at the price of \$0.25 per Flow-Through Share were issued for gross proceeds of \$75,000. The securities issued pursuant to this tranche of the private placement are subject to a statutory resale restriction period of four months, which expires on March 29, 2006.

The Company's financial commitments for fiscal 2006 are the property payments under the joint venture agreement on the Atlin Gold Property in Atlin, BC. This commitment is \$500,000 of which \$250,000 was paid and \$250,000 is due April 1st, 2005.

SIGNIFICANT TRANSACTIONS

OFFICERS, DIRECTORS AND STOCK OPTIONS

On October 25, 2005, Mr. Feisal Somji was appointed as Chairman of the Board and left his position of President and CEO. Mr. Somji will continue to act as the Chief Financial Officer. Mr. A.J.H. (Harry) McGucken was appointed as President and Chief Executive Officer. the Company also welcomes new board members, Mr. Brian Farrell B.Comm, CA and Mr. Tim Bergen.

Mr. Farrell and Mr. Bergen have each been granted 200,000 Incentive Stock Options with an exercise price of \$0.25 per share. These Options are valid for five (5) years.

As part of the strengthening and re-structuring of the Company, Prize has elected to ensure that all Directors, Officers and Consultants are properly incentivized on a go forward basis and are treated equally on a pre-determined sliding scale based on their involvement in the Company. Directors/Officers received a total of 300,000 options, Directors received 200,000 options and consultants received 100,000 options. As part of this sliding scale program, 400,000 additional options have been granted as follows: Feisal Somji received 100,000 new options for a total of 300,000, Harry McGucken received 200,000 new options for a total of 300,000, Bill Dynes received 50,000 new options for a total of 200,000 and Daniel Kenney received 50,000 new options for a total of 200,000. Consultants to the Company have also been granted 60,000 options. All new options are priced at \$0.25 cents and are valid for five (5) years. Existing options currently outstanding are still priced at \$0.70.

AMALGAMATION AND OPTION TO ACQUIRE PROPERTY

On November 4, 2005, the Company announced amalgamation of 1201125 Alberta Ltd. and 913169 Alberta Ltd., a wholly-owned subsidiary of Muscox Holdings Ltd., which in turn is a wholly-owned subsidiary of Prize, to form 1202877 Alberta Ltd. Under the Amalgamation, the outstanding common shares of 1201125 Alberta Ltd were exchanged for a total of two million units ("Units") of Prize and the common shares of 913169 Alberta Ltd. were exchanged for common shares of the 1202877 Alberta Ltd. on a one for one basis. Each Unit consists of one common share in the capital of Prize (a "Common Share") and one common share purchase warrant of Prize (a "Warrant"). Each Warrant entitles the holder thereof to purchase one additional Common Share for a price of \$0.35 per share until 4:30 p.m. on May 3, 2007.

The assets of 1201125 Alberta Ltd. consisted of rights under an option agreement (the "Option Agreement") pursuant to which it had the right to acquire an undivided 100% right, title and interest in and to certain mining claims (collectively, the "LD Claims") situated in the Atlin Mining District, British Columbia in consideration of making total payments of \$520,000 over a four year period ending October, 2009. The payments totaling \$50,000 due during the period ending May 2006 are the obligation of a third party with 120877 Alberta Ltd. being obliged to make the payments required under the Option Agreement thereafter.

The LD Claims, located 15 kilometres southwest of Prize's Atlin Gold Property, straddle the headwaters of McKee and Dominion Creeks. McKee Creek is one of the major placer gold producing creeks in the Atlin area and is renowned for the large size of its coarse gold nuggets. Dominion Creek is one of the main tributaries to the very prolific placer gold producer, Spruce Creek. The main placer gold deposits on Spruce Creek lie immediately below its confluence with Dominion Creek at the site of the historic Nolan Mine.

OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements made by the Company.

TRANSACTIONS WITH RELATED PARTIES

During the quarter ended November 30, 2005, the Company has paid or accrued management fees due to Officers of the Company for work related to the Company in the amount of \$50,000 and \$20,803 to a firm in which a director of the Company is a partner.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash and equivalents, restricted cash, short-term investment, receivables, accounts payable and accrued liabilities and loans payable. In management's opinion, the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

Additional Disclosure for Venture Issuers without Significant Revenue

	Nov. 30, 2005	Aug. 31, 2005
Capitalized exploration and development cost	\$1,7,320,832	\$1,458,995
Expensed research and development cost	nil	nil
Deferred development cost	nil	nil
General and administration cost	\$378,017	\$1,062,470
Material cost (gain) not referred to above	\$1,603	\$2,665,295

DISCLOSURE OF SHARE DATA

	Number of Shares	Amount	Contributed Surplus
Authorized			
Unlimited number of voting common shares without par value			
Unlimited number of preferred shares, issuable in series			
Common shares issued			
Balance at August 31, 2004	15,976,055	21,696,557	453,964
Private placement	1,789,940	447,485	-
Share issuance costs	-	(72,467)	-
Stock-based compensation	-	-	216,202
Balance at August 31, 2005	17,765,995	\$ 22,071,575	\$ 670,166
Private placement	300,000	\$ 75,000	\$ -
Share issuance re property option	2,000,000	-	-
Share issuance costs	-	400,000	-
Stock-based compensation	-	-	127,761
Balance at November 30, 2005	20,065,995	\$ 22,546,575	\$ 797,927

WARRANTS

Warrant transactions are summarized as follows:

	2005	2004
Balance, beginning of year	8,920,468	4,245,801
Issued	-	5,004,667
Exercised	-	(330,000)
Expired	(3,915,801)	-
Balance, at August 31, 2005	5,004,667	8,920,468
Issued	2,000,000	-
Exercised	-	-
Expired	-	-
Balance, at November 30, 2004 and 2005	7,004,667	8,920,468

The following warrants to acquire common shares were outstanding at November 30, 2005:

Number of Shares	Exercise Price	Expiry Date
4,323,334	\$ 0.90	December 12, 2005
681,333	2.00	March 23, 2006
2,000,000	0.35	May 3, 2007

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. The options can be granted for a maximum term of 5 years.

	Number of Shares	Weighted Average Exercise Price
Outstanding and exercisable at August 31, 2003	990,000	\$ 1.40
Granted	140,000	1.25
Cancelled	<u>(70,000)</u>	1.40
Outstanding and exercisable at August 31, 2004	1,060,000	1.30
Granted	140,000	1.20
Repriced	(945,000)	1.20
Repriced	945,000	0.70
Granted	316,000	0.70
Expired/cancelled	<u>(525,000)</u>	0.70
Outstanding and exercisable at August 31, 2005	991,000	\$ 0.70
Granted	860,000	0.25
Expired/cancelled	(337,000)	0.70
Outstanding and exercisable at November 30, 2005	1,513,500	\$ 0.70

The following stock options were outstanding at November 30, 2005:

Number of Shares	Exercise Price	Expiry Date
8,500	0.70	January 25, 2007
130,000	0.70	July 24, 2008
329,000	0.70	August 17, 2008
70,000	0.70	February 12, 2009
70,000	0.70	September 24, 2009
70,000	0.70	October 15, 2009
226,000	0.70	January 17, 2010
860,000	0.25	October 25, 2010

SUBSEQUENT EVENTS

EARN-IN AGREEMENT

On December 8, 2005, the Company entered into an Earn-in Agreement with Silvermet Corporation with respect to the exploration and development of its Muskox Intrusion Property located in the Nunavut Territory. Pursuant to the Agreement, Silvermet may earn up to a 70% interest in the Property by funding and incurring expenditures on the Property of not less than \$10 million by December 7, 2010. Of this amount, \$4 million must be funded and expended on the Property by June 30, 2008. Within thirty days of Silvermet acquiring the 70% interest in the Property, Prize will have the option, to transfer its remaining 30% interest in the Property to Silvermet in consideration for a 10% net profits interest in the Property. Silvermet will have the option to acquire 50% of Prize's 10% net profits interest in the Property for \$5 million.

Pursuant to the Agreement, Silvermet has agreed, to fund the costs of, or related to, taking the claims which comprise the Property lease to a maximum amount of \$350,000. Of this amount, Prize received \$50,000 upon the execution of the Agreement and will receive the remaining \$300,000 in two \$150,000 tranches prior to June 15, 2006. Management looks forward to its new relationship with Silvermet and the opportunity to further explore and develop the potential of the Muskox Intrusion Property.

PRIVATE PLACEMENT CLOSED

On December 12, 2005, the Company closed the second and final tranche of its private placement. An aggregate of 3,285,000 units at a price of \$0.20 per unit ("Unit") were issued for gross proceeds of \$657,000. Each Unit consists of one common share and one half of one common share purchase warrant. Each full warrant is exercisable at \$0.35 per common share for a period of one year from closing. The securities issued pursuant to this final tranche of the private placement are subject to a statutory resale restriction period of four months, which expires on April 13, 2006.

Wolverton Securities Ltd. and Union Securities Ltd. each acted as a finder in connection with the second tranche of the private placement and received a finder's fee in the total amount of \$6,790 and brokers warrants to acquire a total of 33,950 Units at a price of \$0.20 per Unit for a period of twelve months from the date of closing.

With this closing, the total gross proceeds received by the Company from the private placement was \$732,000. Proceeds of the private placement will be used for development of Prize's Atlin Gold Property and for general working capital.

On December 12, 2005, 4,323,334 warrants at \$0.90 expired unexercised.

ANNUAL GENERAL MEETING

The Company's annual general meeting will be held on March 23rd, 2006. Further details about the meeting will be sent out in the near future. All shareholders are encouraged to attend.

QUALIFIED PERSON

Mr. William Dynes, B.Sc., P.Geol, Director of the Company, is the qualified person as defined in National Instrument 43-101 who has reviewed and verified the scientific and technical mining disclosure contained in this Management Discussion and Analysis.

SEDAR

Additional information relating to the Company is on SEDAR at www.sedar.com.