

PRIZE MINING CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)

SIX MONTH PERIOD ENDED
FEBRUARY 29, 2008

UNAUDITED INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited consolidated financial statements for the period ended February 29, 2008.

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

	February 29, 2008	August 31, 2007 (Audited)
ASSETS		
Current		
Cash	\$ 447,101	\$ 29,986
Receivables	141,289	203,624
Due from related parties	11,167	-
Prepaid expenses and deposits	<u>25,448</u>	<u>74,250</u>
	625,005	307,860
Equipment (Note 3)	1,371,570	1,421,540
Mineral properties and deferred exploration costs (Note 4)	24,319,708	23,054,287
Deferred financing costs (Note 5)	33,912	42,862
Security deposit and reclamation bond	<u>94,925</u>	<u>94,925</u>
	<u>\$ 26,445,120</u>	<u>\$ 24,921,474</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 115,214	\$ 1,347,098
Accounts payable to related parties	<u>-</u>	<u>37,245</u>
	<u>115,214</u>	<u>1,384,343</u>
Convertible debenture (Note 6)	1,077,377	1,058,210
Future income taxes	<u>1,176,246</u>	<u>1,176,246</u>
	<u>2,253,623</u>	<u>2,234,456</u>
Shareholders' equity		
Capital stock (Note 7)	32,105,846	28,881,592
Equity component of convertible debenture	191,667	191,667
Contributed surplus (Note 7)	1,454,704	1,366,860
Deficit	<u>(9,675,934)</u>	<u>(9,137,444)</u>
	<u>24,076,283</u>	<u>21,302,675</u>
	<u>\$ 26,445,120</u>	<u>\$ 24,921,474</u>
Basis of Presentation (Note 1)		
Contingency (Note 10)		
Subsequent events (Note 13)		

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

PRIZE MINING CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(Unaudited – Prepared by Management)

	Three Month Period Ended February 29, 2008	Three Month Period Ended February 28, 2007	Six Month Period Ended February 29, 2008	Six Month Period Ended February 28, 2007
EXPENSES				
Administrative	\$ 6,560	\$ 8,000	\$ 17,295	\$ 13,070
Amortization of deferred financing costs	4,475	4,475	8,950	8,950
Amortization of equipment	75,711	1,461	151,275	3,095
Consulting fees	5,500	4,190	8,700	4,190
Interest and bank charges	10,557	18,133	19,606	28,076
Management fees	45,000	45,000	90,000	92,000
Office and miscellaneous	16,011	34,091	32,019	71,133
Professional fees	60,396	40,132	100,100	72,065
Rent	2,667	6,300	5,667	8,933
Shareholder communications	10,345	21,900	29,501	42,007
Stock-based compensation	-	218,408	-	268,644
Transfer agent and regulatory fees	12,585	15,960	39,425	20,318
Travel and related costs	8,661	22,131	33,571	51,435
Loss before other items	<u>(258,468)</u>	<u>(440,181)</u>	<u>(536,109)</u>	<u>(683,916)</u>
OTHER ITEMS				
Interest income	1,165	4,650	1,364	8,128
Write-down of receivable	-	-	(3,745)	-
	<u>1,165</u>	<u>4,650</u>	<u>(2,381)</u>	<u>8,128</u>
Loss for the period	(257,303)	(435,531)	(538,490)	(675,788)
Deficit, beginning of period	<u>(9,418,631)</u>	<u>(8,311,670)</u>	<u>(9,137,444)</u>	<u>(8,071,413)</u>
Deficit, end of period	\$ (9,675,934)	\$ (8,747,201)	\$ (9,675,934)	\$ (8,747,201)
Basic and diluted loss per common share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)
Weighted average number of common shares outstanding	59,981,263	36,827,537	57,071,276	32,553,910

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

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

	Three Month Period Ended February 29, 2008	Three Month Period Ended February 28, 2007	Six Month Period Ended February 29, 2008	Six Month Period Ended February 28, 2007
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	\$ (257,303)	\$ (435,531)	\$ (538,490)	\$ (675,788)
Items not affecting cash:				
Amortization	75,711	1,461	151,275	3,095
Amortization of deferred financing costs	4,475	4,475	8,950	8,950
Stock-based compensation	-	218,408	-	268,644
Accretion of liability component of convertible debt	9,583	9,583	19,167	19,166
Write-down of receivable	-	-	3,745	-
Changes in non-cash working capital items:				
Decrease in receivables	190,233	75,224	58,590	162,197
Decrease in prepaid expenses and deposits	19,100	3,104	48,804	4,526
Increase in due from related parties	(30,322)	(12,790)	(48,414)	(12,790)
Increase (decrease) in accounts payable and accrued liabilities	(66,751)	(310,132)	(1,242,831)	28,697
Increase (decrease) in accounts payable to related parties	-	(117,382)	-	(72,732)
Net cash used in operating activities	<u>(55,274)</u>	<u>(563,580)</u>	<u>(1,539,204)</u>	<u>(266,035)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Deferred share issue costs	-	11,253	-	-
Proceeds from issuance of capital stock	990,000	2,428,836	3,525,561	2,428,836
Capital stock issuance costs	<u>(77,200)</u>	<u>(189,126)</u>	<u>(273,463)</u>	<u>(189,126)</u>
Net cash provided by financing activities	<u>912,800</u>	<u>2,250,963</u>	<u>3,252,098</u>	<u>2,239,710</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of equipment	(15,785)	-	(101,305)	-
Acquisition of property	(600,000)	(200,000)	(710,000)	(225,000)
Deferred exploration costs	(86,993)	(263,748)	(625,377)	(1,106,830)
Recovery of costs	<u>20,955</u>	<u>300,917</u>	<u>140,903</u>	<u>300,917</u>
Net cash used in investing activities	<u>(681,823)</u>	<u>(162,831)</u>	<u>(1,295,779)</u>	<u>(1,030,913)</u>
Increase in cash during the period	175,703	1,524,552	417,115	942,762
Cash, beginning of period	<u>271,398</u>	<u>93,626</u>	<u>29,986</u>	<u>675,416</u>
Cash, end of period	<u>\$ 447,101</u>	<u>\$ 1,618,178</u>	<u>\$ 447,101</u>	<u>\$ 1,618,178</u>

Supplemental disclosure with respect to cash flows (Note 9)

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

PRIZE MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
SIX MONTH PERIOD ENDED FEBRUARY 29, 2008

1. BASIS OF PRESENTATION

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Muskox Holdings Ltd. and 1202877 Alberta Ltd. All significant inter-company balances and transactions have been eliminated upon consolidation.

The interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual consolidated financial statements for the year ended August 31, 2007. Certain information and footnote disclosure normally included in financial statements prepared in accordance with Canadian generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited consolidated financial statements and the accompanying notes for the year ended August 31, 2007. In the opinion of the Company, its unaudited interim consolidated financial statements contain all adjustments necessary in order to present a fair statement of the results of the interim periods presented.

Certain reclassifications have been made to the prior period financial statements to conform to the current period presentation.

2. NATURE OF OPERATIONS

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 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 were retroactively restated to reflect consolidation, unless otherwise noted.

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.

PRIZE MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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SIX MONTH PERIOD ENDED FEBRUARY 29, 2008

3. EQUIPMENT

Equipment is recorded at cost less accumulated amortization. Amortization is recorded using the declining balance method at the following annual rates:

Computer equipment	30%
Crushing unit	20%
Furniture and equipment	20%
Geological equipment	20%
Gravity processing plant	20%
Scale equipment	20%
Truck and equipment	20%

	February 29, 2008			August 31, 2007		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 31,142	\$ 23,974	\$ 7,168	\$ 31,142	\$ 22,709	\$ 8,433
Computer software	863	863	-	863	863	-
Furniture and equipment	2,491	909	1,582	2,491	733	1,758
Geological equipment	6,370	1,784	4,586	6,370	1,274	5,096
Crushing unit	180,000	32,735	147,265	180,000	16,373	163,627
Scale equipment	15,785	147	15,638	-	-	-
Truck and equipment	33,000	5,465	27,535	33,000	2,405	30,595
Gravity processing plant	<u>1,297,551</u>	<u>129,755</u>	<u>1,167,796</u>	<u>1,212,031</u>	<u>-</u>	<u>1,212,031</u>
	<u>\$ 1,567,202</u>	<u>\$ 195,632</u>	<u>\$ 1,371,570</u>	<u>\$ 1,465,897</u>	<u>\$ 44,357</u>	<u>\$ 1,421,540</u>

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS

Title to mining properties involves certain inherent risk 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
(Unaudited – Prepared by Management)
SIX MONTH PERIOD ENDED FEBRUARY 29, 2008

4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd...)

Nunavut Claims

The Company holds 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 the fiscal year 2006, the Company entered into an Earn-In Agreement with Silvermet Corporation ("Silvermet") on its mineral claims in Nunavut. Silvermet may earn up to 70% interest in the mineral claims by funding and incurring exploration expenditures on the mineral claims of not less than \$10,000,000 by December 7, 2010. Of this amount \$4,000,000 must be expended by June 30, 2008. Within 30 days of Silvermet acquiring the 70% interest in the mineral claims, the Company will have the option, to transfer its remaining 30% interest to Silvermet in consideration for a 10% net profits interest ("NPI"). Silvermet will have the option to acquire 50% of the NPI from the Company for \$5,000,000. Silvermet has paid \$418,948 toward costs incurred on the mineral claims which has been recorded as a recovery.

Atlin Claims

During fiscal 2004, the Company obtained an option to acquire a 100% interest in certain mineral claims in the Atlin District of British Columbia. To date, the Company has made option payments totaling \$1,390,000 and the remaining terms of the option agreement are as follows:

- a) \$200,000 by January 15, 2007 (paid);
- b) \$200,000 by June 15, 2007 (paid) and
- c) \$200,000 by January 15, 2008 (paid), and each year thereafter to January 15, 2011 until total cash payments of \$2,590,000 have been paid.

The optionor will retain a 1.5% net smelter returns royalty.

The Company has received \$527,413 from the government for the British Columbia Mining Exploration tax credit. This amount was recorded as a recovery.

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4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd...)

Atlin Claims (cont'd...)

During fiscal 2006, the Company acquired an option to purchase a 100% interest in several additional mineral claims located in the Atlin mining district of British Columbia. To acquire this interest, the Company issued 2,000,000 common shares with a value of \$400,000 and 2,000,000 share purchase warrants. Each warrant entitled the holder to purchase one common share of the Company at a price of \$0.35 until May 3, 2007 (expired unexercised). To earn its option, the Company is required to make option payments as follows:

- a) \$110,000 by October 31, 2007 (paid);
- b) \$160,000 by October 31, 2008 and
- c) \$250,000 by October 31, 2009.

The optionors will retain a 3% net smelter returns royalty. The Company has the option to purchase 2% of the royalty at any time for \$2,000,000.

On October 10, 2006, the Company announced that it entered into an option agreement with Kotcho Lake Logging Ltd. ("Kotcho") pursuant to which it was granted the right to acquire from Kotcho a 100% interest in certain mineral claims located in the Atlin mining district of British Columbia.

To exercise this option, the Company was to pay a total of \$450,000 and issue 1,200,000 common shares to Kotcho on or before December 15, 2006. Of this consideration, \$25,000 and 200,000 common shares valued at \$52,000 were issued on October 18, 2006. The option expired without further consideration being paid.

On April 27, 2007, the Company announced that it entered into a new option agreement with Kotcho pursuant to which it was granted the right to acquire from Kotcho a 100% interest in the claims previously optioned plus additional mineral claims. To exercise this option, the Company paid a total of \$450,000 and issued 1,200,000 common shares to Kotcho valued at \$240,000.

On September 10, 2007, the Company announced that it shipped its first batch of gold concentrate from the Atlin Gold Project. The Gold is being refined by Technic Inc. of Vancouver, British Columbia. The Company's first shipment returned a settlement weight of 206.90 ounces of gold, recovered from a very clean batch of gold concentrate of total weight 218.04 ounces. The Company received \$119,948 from the sale of its first gold bar which has been recorded as a recovery on the Atlin Claims. On December 19, 2007, the Company recovered an additional \$20,955 from the sale of 26.42 ounces of gold and 5.94 ounces of silver.

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4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd...)

Primrose Claims

On October 12, 2007, the Company entered into an option agreement to acquire a 100% interest in the Primrose molybdenum project located in the mining district of Atlin, British Columbia.

To date, the Company has paid \$20,000 cash in acquisition costs related to the Primrose property.

Terms of the option agreement are as follows:

- a) payment of \$50,000, issuing 100,000 common shares (50,000 issued at a value of \$10,000) of the Company and mining expenditures of \$30,000 by December 31, 2008;
- b) payment of \$100,000, issuing 150,000 common shares of the Company and mining expenditures of \$100,000 by December 31, 2009 and
- c) payment of \$200,000, issuing 250,000 common shares of the Company and mining expenditures of \$250,000 by December 31, 2010.

The optionors retain a 3% Net Smelter Return Royalty (“NSR”) over the properties. The Company has an option to purchase 50% of the NSR for \$2,000,000.

Red Ridge Claims

On October 12, 2007, the Company entered into an option agreement to acquire a 100% interest in the Red Ridge project located in the mining district of Atlin, British Columbia.

To date, the Company has issued 200,000 common shares valued at \$50,000 pursuant to the option agreement terms as follows.

- a) payment of \$50,000, issuing 100,000 common shares of the Company and mining expenditures of \$30,000 by December 31, 2008;
- b) payment of \$100,000, issuing 150,000 common shares of the Company and mining expenditures of \$100,000 by December 31, 2009 and
- c) payment of \$200,000, issuing 250,000 common shares of the Company and mining expenditures of \$250,000 by December 31, 2010.

The optionors retain a 3% Net Smelter Return Royalty (“NSR”) over the properties. The Company has an option to purchase 50% of the NSR for \$2,000,000.

PRIZE MINING CORPORATION
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4. MINERAL PROPERTIES AND DEFERRED EXPLORATION COSTS (cont'd...)

	Nunavut Claims	Atlin Claims	Primrose Claims	Red Ridge Claims	Total
Acquisition costs, beginning balance	\$ 2,816,158	\$ 2,627,000	\$ 20,000	\$ -	\$ 5,463,158
Additions during the period	-	710,000	10,000	50,000	770,000
Acquisition costs, ending balance	<u>2,816,158</u>	<u>3,337,000</u>	<u>30,000</u>	<u>50,000</u>	<u>6,233,158</u>
Deferred exploration costs, beginning balance	<u>10,482,592</u>	<u>7,104,409</u>	<u>4,128</u>	<u>-</u>	<u>17,591,129</u>
Additions during the period					
Camp maintenance	-	39,171	-	32	39,203
Consulting	-	42,064	-	-	42,064
Equipment rental	-	254,309	-	-	254,309
Expediting and freight	-	1,689	-	-	1,689
Field personnel	-	152,432	16,865	-	169,297
Geological and geochemical	-	38,121	147	3,035	41,303
Geophysics	-	20,701	-	-	20,701
Insurance	-	8,502	-	-	8,502
Sampling	-	14,417	-	-	14,417
Site access	-	665	-	-	665
Storage	-	26,938	-	-	26,938
Telecommunications	-	1,140	-	-	1,140
Travel and accommodation	-	15,543	203	350	16,096
	<u>-</u>	<u>615,692</u>	<u>17,215</u>	<u>3,417</u>	<u>636,324</u>
Costs recovered	<u>-</u>	<u>(140,903)</u>	<u>-</u>	<u>-</u>	<u>(140,903)</u>
Deferred exploration costs, ending balance	<u>10,482,592</u>	<u>7,579,198</u>	<u>21,343</u>	<u>3,417</u>	<u>18,086,550</u>
Total mineral properties and deferred exploration costs	<u>\$ 13,298,750</u>	<u>\$ 10,916,198</u>	<u>\$ 51,343</u>	<u>\$ 53,417</u>	<u>\$ 24,319,708</u>

PRIZE MINING CORPORATION
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5. DEFERRED FINANCING COSTS

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

	February 29, 2008	August 31, 2007
Finders' fees	\$ 89,500	\$ 89,500
Amortization	<u>(55,588)</u>	<u>(46,638)</u>
	<u>\$ 33,912</u>	<u>\$ 42,862</u>

6. CONVERTIBLE DEBENTURE

	February 29, 2008	August 31, 2007
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 \$0.66 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.		
	\$ 1,150,000	\$ 1,150,000
Balance to be accreted	<u>(72,623)</u>	<u>(91,790)</u>
	<u>\$ 1,077,377</u>	<u>\$ 1,058,210</u>

PRIZE MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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7. 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, 2007	47,257,880	\$ 28,881,592	\$ 1,366,860
Private placements	19,290,965	3,525,561	-
Share issuances re: property options	250,000	60,000	-
Share issuance costs	-	(273,463)	-
Issuance costs for finders' warrants	-	(87,844)	87,844
Balance, at February 29, 2008	66,798,845	\$ 32,105,846	\$ 1,454,704

Private placement of 9,390,965 flow-through shares

On September 11, 2007, the Company completed the first tranche of a private placement. The private placement was comprised of 2,593,000 flow-through shares issued at a price of \$0.27 per share for gross proceeds of \$700,110.

The Company issued 181,510 finders' fees warrants which entitle the holders to purchase additional common shares at \$0.27 per share until September 11, 2009. The fair value of finders' fees warrants of \$14,523 was allocated to share issue costs and contributed surplus.

The Company also paid \$49,008 cash for finder's fees on this tranche of the private placement.

On September 21, 2007, the Company completed the second tranche of a private placement. The private placement was comprised of 3,682,003 flow-through shares issued at a price of \$0.27 per share for gross proceeds of \$994,141.

The Company issued 257,740 finders' fees warrants which entitle the holders to purchase additional common shares at \$0.27 per share until September 21, 2009. The fair value of finders' fees warrants of \$21,283 was allocated to share issue costs and contributed surplus.

The Company also paid \$69,889 cash for finder's fees on this tranche of the private placement.

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

On October 9, 2007, the Company completed the third tranche of a private placement. The private placement was comprised of 2,004,852 flow-through shares issued at a price of \$0.27 per share for gross proceeds of \$541,310.

The Company issued 132,080 finders' fees warrants which entitle the holders to purchase additional common shares at \$0.27 per share until October 9, 2009. The fair value of the finders' fees warrants of \$11,296 was allocated to share issue costs and contributed surplus.

The Company also paid \$35,662 cash for finder's fees on this tranche of the private placement.

On October 18, 2007, the Company completed the fourth and final tranche of a private placement. The private placement was comprised of 1,111,110 flow-through shares issued at a price of \$0.27 per share for gross proceeds of \$300,000.

The Company issued 77,777 finders' fees warrants which entitle the holders to purchase additional common shares at \$0.27 per share until October 18, 2009. The fair value of the finders' fees warrants of \$6,159 was allocated to share issue costs and contributed surplus.

The Company also paid \$21,000 cash for finder's fees on this tranche of the private placement.

An additional \$20,704 in legal costs directly related to the private placement was recorded as share issue costs.

Primrose Property Acquisition

On October 17, 2007, the Company issued 50,000 common shares at a deemed price of \$0.20 per share for total value of \$10,000 pursuant to the Primrose property option agreement.

Red Ridge Property Acquisition

On October 17, 2007, the Company issued 200,000 common shares at a deemed price of \$0.25 per share for total value of \$50,000 pursuant to the Red Ridge property option agreement.

Private Placement of 5,500,000 Units

On January 9, 2008, the Company completed a private placement. The private placement was comprised of 5,500,000 units at a price of \$0.10 per unit for gross proceeds of \$550,000. Each unit is comprised of one common share and one half common share purchase warrant. Each full warrant is exercisable at \$0.20 per common share until January 9, 2009.

The Company paid finders' fees of \$43,200 and issued 432,000 finders' fee warrants which entitle the holders to purchase an additional common share at \$0.135 per share until January 9, 2009. The fair value of the finders' fees warrants of \$21,408 was allocated to share issue costs and contributed surplus.

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

Private Placement of 4,400,000 Units

On February 29, 2008, the Company completed a private placement. The private placement was comprised of 4,400,000 units at a price of \$0.10 per unit for gross proceeds of \$440,000. Each unit is comprised of one common share and one half common share purchase warrant. Each full warrant is exercisable at \$0.20 per common share until March 1, 2009. Subsequent to February 29, 2008, the Company received \$15,000 for share subscriptions receivable which are included in receivables.

The Company paid finders' fees of \$34,000 and issued 340,000 finders' fee warrants which entitle the holders to purchase an additional common share at \$0.135 per share until March 1, 2009. The fair value of the finders' fees warrants of \$13,175 was allocated to share issue costs and contributed surplus.

Warrants

Warrant Expiry Dates Extended

On December 6, 2007, the Company extended the term of 1,035,409 warrants issued pursuant to its private placement offering of units which closed in three tranches on December 7, 2006, December 14, 2006 and December 28, 2006, respectively. The warrants were set to expire one year from the date of issuance. The term of each warrant was extended to June 30, 2008. The exercise price of \$0.35 per share will remain unchanged.

The following warrants to acquire common shares were outstanding at February 29, 2008:

Number of Shares	Exercise Price	Expiry Date
126,167	\$0.45	March 30, 2008
1,743,333	0.65	March 30, 2008
51,094	0.45	May 4, 2008
2,849,110	0.65	May 4, 2008
228,000	0.65	May 12, 2008
614,500	0.35	June 30, 2008
280,000	0.35	June 30, 2008
140,909	0.35	June 30, 2008
2,750,000	0.20	January 9, 2009
2,200,000	0.20	March 1, 2009
6,235,000	0.35	May 3, 2009
<u>1,980,000</u>	0.35	June 14, 2009
19,198,113		

PRIZE MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
SIX MONTH PERIOD ENDED FEBRUARY 29, 2008

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

Warrants (cont'd...)

The following finders' warrants were outstanding at February 29, 2008:

Number of Shares	Exercise Price	Expiry Date
432,000	0.135	January 9, 2009
340,000	0.135	March 1, 2009
511,550	0.25	May 3, 2009
107,800	0.25	June 14, 2009
181,510	0.27	September 11, 2009
257,740	0.27	September 21, 2009
132,080	0.27	October 9, 2009
<u>77,777</u>	0.27	October 18, 2009
<u>2,040,457</u>		

On December 7, 2007, 485,361 finders' warrants exercisable at \$0.22 per share expired unexercised.

On December 14, 2007, 159,215 finders' warrants exercisable at \$0.22 per share expired unexercised.

On December 28, 2007, 64,044 finders' warrants exercisable at \$0.22 per share expired unexercised.

The following weighted average assumptions were used for the Black-Scholes valuation of finders' warrants granted:

	February 29, 2008
Risk-free interest rate	3.68
Expected life	1.7 years
Annualized volatility	68.36%
Dividend rate	0.00%

PRIZE MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
SIX MONTH PERIOD ENDED FEBRUARY 29, 2008

7. 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. 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.

The following stock options were outstanding at February 29, 2008:

Number of Shares	Exercise Price	Expiry Date
130,000	\$0.70	July 24, 2008
149,000	0.70	August 17, 2008
70,000	0.70	September 24, 2009
70,000	0.70	October 15, 2009
226,000	0.70	January 17, 2010
770,000	0.25	October 24, 2010
30,000	0.25	October 27, 2010
250,000	0.55	June 16, 2011
286,500	0.40	September 1, 2011
<u>1,500,000</u>	0.25	January 2, 2012
3,481,500		

8. RELATED PARTY TRANSACTIONS

Amounts due from related parties at February 29, 2008 are to companies controlled by directors.

Accounts payable to related parties at February 28, 2007 were to directors and companies controlled by directors.

The Company entered into the following transactions with related parties:

- a) Paid or accrued \$90,000 (2007 - \$92,000) in management fees to companies controlled by common directors.
- b) Paid or accrued legal fees of \$5,323 (2007 - \$25,213) to a firm in which a director of the Company is a partner.
- c) Paid or accrued share issue costs of \$20,704 (2007 - \$Nil) to a firm in which a director of the Company is a partner.
- d) Paid or accrued \$19,026 (2007 - \$79,781) in various fees to a company controlled by a director which are allocated to deferred exploration costs.

PRIZE MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
SIX MONTH PERIOD ENDED FEBRUARY 29, 2008

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

- e) Paid or accrued \$5,667 (2007 - \$8,933) in rent to a company controlled by a director.
- f) Paid or accrued \$10,735 (2007 - \$10,000) in administration fees to a company controlled by a director.
- g) Paid or accrued \$21,000 (2007 - \$21,000) in accounting 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.

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

	2008	2007
Cash paid during the year for interest	\$ -	\$ -
Cash paid during the year for income taxes	-	-

The significant non-cash transactions during the period ended February 29, 2008 were as follows:

- a) The Company issued 1,421,107 finders' fees warrants which entitle the holders to purchase an additional 1,421,107 common shares. The fair value of the finders' fees warrants of \$87,844 was allocated to share issue costs and contributed surplus.
- b) On October 17, 2007, the Company issued 50,000 common shares valued at \$10,000 pursuant to the Primrose property option agreement. (see Note 4)
- c) On October 17, 2007, the Company issued 200,000 common shares valued at \$50,000 pursuant to the Red Ridge property option agreement. (see Note 4)
- d) Included in accounts payable is \$10,947 which relates to deferred exploration costs.

The significant non-cash transactions during the period ended February 28, 2007 were as follows:

- a) On October 18, 2006, the Company issued 200,000 common shares valued at \$52,000 as part of the Atlin property option agreement with Kotcho Lake Logging Ltd.
- b) Included in accounts payable is \$1,024 which relates to deferred exploration costs.
- c) In December 2006, the Company issued a total of 708,620 finders' warrants valued at \$76,737 in connection with the completed private placements.

PRIZE MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
SIX MONTH PERIOD ENDED FEBRUARY 29, 2008

10. CONTINGENCY

Exploration advances

	February 29, 2008
Canamera Geoscience Corp.	\$ 387,566
Titan Drilling Ltd.	<u>107,148</u>
	494,714
Allowance for doubtful recovery	<u>(494,714)</u>
	<u>\$ -</u>

During fiscal 2005, these companies failed to account for exploration costs associated with the above advances and they did not return the advanced amounts as requested by the Company. The Company is continuing in its legal action for full repayment of its advances. However, during the fiscal year ended August 31, 2006, management provided for a 100% allowance for recovery of the advances.

There is a counterclaim for an alleged breach of a multi-year sublease agreement. The management of the Company is of the opinion that the counterclaim is without merit and is defending the claim.

11. SEGMENT INFORMATION

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

12. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, due from related parties, security deposit and reclamation bond, 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.

PRIZE MINING CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
SIX MONTH PERIOD ENDED FEBRUARY 29, 2008

13. SUBSEQUENT EVENTS

GST Refund Received

On March 4, 2008, the Company received \$109,585 for an outstanding GST refund claim.

Share Subscriptions Received

On March 11, 2008, the Company received \$15,000 for share subscriptions receivable related to the February 29, 2008 private placement.

Warrants Expired

On March 30, 2008, 126,167 warrants exercisable at \$0.45 per share and 1,743,333 warrants exercisable at \$0.65 per share expired unexercised.

PRIZE MINING CORPORATION
FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
SIX MONTH PERIOD ENDED FEBRUARY 29, 2008

The following discussion and analysis, prepared as of April 28, 2008, should be read together with the unaudited financial statements for the six month period ended February 29, 2008 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.

The reader should also refer to the annual audited financial statements for the years ended August 31, 2007 and 2006, and the Management Discussion and Analysis for those years.

Additional information related to the Company is available for view on the Company's website at www.prizemining.com and SEDAR at www.sedar.com.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements.

Description of Business

The Company was incorporated under the Business Corporations Act (Alberta) on August 16, 1996 and is in the process of exploring and developing its resource properties in Canada.

During the fiscal year 2005, the Company changed its name from Muscox 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 were retroactively restated to reflect consolidation, unless otherwise noted.

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.

Nunavut Claims

The Company holds 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 the fiscal year 2006, the Company entered into an Earn-In Agreement with Silvermet Corporation (“Silvermet”) on its mineral claims in Nunavut. Silvermet may earn up to 70% interest in the mineral claims by funding and incurring exploration expenditures on the mineral claims of not less than \$10,000,000 by December 7, 2010. Of this amount \$4,000,000 must be expended by June 30, 2008. Within 30 days of Silvermet acquiring the 70% interest in the mineral claims, the Company will have the option, to transfer its remaining 30% interest to Silvermet in consideration for a 10% net profits interest (“NPI”). Silvermet will have the option to acquire 50% of the NPI from the Company for \$5,000,000. Silvermet has paid \$418,948 toward costs incurred on the mineral claims which has been recorded as a recovery.

Project Update

On September 20, 2007, Silvermet announced that it has now completed 23 drill holes totaling 3,746 metres to date on the Nunavut claims. Silvermet announced its plan to complete at least 5,000 metres during the 2007 season. Silvermet also announced that the drill rig will be stored on-site over the winter and the balance of the planned 10,000 metre program will commence prior to spring break-up in 2008.

On January 14, 2008, the Company announced Silvermet’s drill results on the Muskox project which is part of the Nunavut claims. The June to September 2007 drill program completed 26 holes totalling 4,130 metres. The drill program demonstrated that significant intersections of new high-grade mineralization exist on the Muskox project in areas previously unexplored by drilling.

Observations made by Lakefield (SGS Laboratories) on selected drill cores and from specimens taken from surface indicate the presence of nickel and copper in coarse grain sulphides distinct from other principal minerals, especially pyrrhotite. Preliminary laboratory work at Lakefield indicates that bulk or separate nickel and copper sulphide concentrates can be readily floated at reasonably high recoveries in the 90% range, and at concentrate grades in the order of 10% nickel and 10% copper in the bulk state.

Atlin Claims

During fiscal 2004, the Company obtained an option to acquire a 100% interest in certain mineral claims in the Atlin District of British Columbia. To date, the Company has made option payments totaling \$1,390,000 and the remaining terms of the option agreement are as follows:

- a) \$200,000 by January 15, 2007 (paid);
- b) \$200,000 by June 15, 2007 (paid) and
- c) \$200,000 by January 15, 2008 (paid), and each year thereafter to January 15, 2011 until total cash payments of \$2,590,000 have been paid.

The optionor will retain a 1.5% net smelter returns royalty.

The Company has received \$527,413 from the government for the British Columbia Mining Exploration tax credit. This amount was recorded as a recovery.

During fiscal 2006, the Company acquired an option to purchase a 100% interest in several additional mineral claims located in the Atlin mining district of British Columbia. To acquire this interest, the Company issued 2,000,000 common shares with a value of \$400,000 and 2,000,000 share purchase warrants. Each warrant entitled the holder to purchase one common share of the Company at a price of \$0.35 until May 3, 2007 (expired unexercised). To earn its option, the Company is required to make option payments as follows:

- a) \$110,000 by October 31, 2007 (paid);
- b) \$160,000 by October 31, 2008 and
- c) \$250,000 by October 31, 2009.

The optionors will retain a 3% net smelter returns royalty. The Company has the option to purchase 2% of the royalty at any time for \$2,000,000.

On October 10, 2006, the Company announced that it entered into an option agreement with Kotcho Lake Logging Ltd. ("Kotcho") pursuant to which it was granted the right to acquire from Kotcho a 100% interest in certain mineral claims located in the Atlin mining district of British Columbia.

To exercise this option, the Company was to pay a total of \$450,000 and issue 1,200,000 common shares to Kotcho on or before December 15, 2006. Of this consideration, \$25,000 and 200,000 common shares valued at \$52,000 were issued on October 18, 2006. The option expired without further consideration being paid.

On April 27, 2007, the Company announced that it entered into a new option agreement with Kotcho pursuant to which it was granted the right to acquire from Kotcho a 100% interest in the claims previously optioned plus additional mineral claims. To exercise this option, the Company paid a total of \$450,000 and issued 1,200,000 common shares to Kotcho valued at \$240,000.

Project Update

On September 10, 2007, the Company announced that it shipped its first batch of gold concentrate from the Atlin Gold Project. The Gold is being refined by Technic Inc. of Vancouver, British Columbia. The Company's first shipment returned a settlement weight of 206.90 ounces of gold, recovered from a very clean batch of gold concentrate of total weight 218.04 ounces. The Company received \$119,948 from the sale of its first gold bar which has been recorded as a recovery on the Atlin Claims. On December 19, 2007, the Company recovered an additional \$20,955 from the sale of 26.42 ounces of gold and 5.94 ounces of silver.

The Company purchased a Knelson gravity processing plant for \$1,297,551. The 3-cycle processing plant is being used for the bulk sampling (trial mining) program on the Yellowjacket zone. A Cedarapids two trailer jaw/rolls 50 tonne per hour crushing unit was also purchased for \$180,000. Management successfully negotiated a lease on a 7' X 8' Allis Chalmers Ball Mill and an 800 kw generator. All of this equipment was mobilized to the site for the crushing and processing on the bulk sampling program. The Company recently acquired some scale equipment for \$15,785.

On November 11, 2007, the Company announced that it is reviewing the 10,000 tonne bulk sampling program. During the initial testing and commissioning of the Knelson gravity processing plant it became apparent that the jaw and roller crusher was not working optimally with the soft bedrock material, causing blockage in the crushing plant. In order to control this problem, a washing/screening plant was implemented prior to material entering the crushing unit. This then enabled the material to be processed, however at a much slower rate than the original plant design intended. Due to this slowdown in production, the entire 10,000 tonne bulk sample, for both cost and time efficiencies, will not be completed until remodeling of the processing plant is done. The temporary suspension of the bulk sampling program was not due to milling, metallurgical, mineralogical or grade control issues.

The Company contracted SGS Mineral Services Ltd. ("SGS") to do extensive testing using both a scrubbing/washing circuit and an autogenous milling circuit. The remodeling of the processing plant is expected to be completed in early 2008 to allow the remainder of the bulk sample blocks to then be processed efficiently.

On January 17, 2008, the Company announced that SGS has completed its initial testwork to mitigate the talc-clay-rich bedrock problem. Additional crushing tests are now underway. These tests are anticipated to be complete by the end of January 2008. Testwork includes running stockpiled gold-bearing rock through a scrubber and semi-autogenous ("SAG") mill prior to implementing the standard crushing and milling procedures used in the past season. The purpose of these additional tests is to allow a more efficient and faster process rate through the mill. The Company will be able to complete the bulk sampling program as originally planned when processing resumes in early spring.

Upon completion of the testwork at SGS, a scrubber or SAG mill will be procured and processing of the remainder of the 10,000 tonne stockpile will be resumed.

Primrose Claims

On October 12, 2007, the Company entered into an option agreement to acquire a 100% interest in the Primrose molybdenum project located in the mining district of Atlin, British Columbia.

To date, the Company has paid \$20,000 cash in acquisition costs related to the Primrose property.

Terms of the option agreement are as follows:

- a) payment of \$50,000, issuing 100,000 common shares (50,000 issued at a value of \$10,000) of the Company and mining expenditures of \$30,000 by December 31, 2008;
- b) payment of \$100,000, issuing 150,000 common shares of the Company and mining expenditures of \$100,000 by December 31, 2009 and
- c) payment of \$200,000, issuing 250,000 common shares of the Company and mining expenditures of \$250,000 by December 31, 2010.

The optionors retain a 3% Net Smelter Return Royalty (“NSR”) over the properties. The Company has an option to purchase 50% of the NSR for \$2,000,000.

Red Ridge Claims

On October 12, 2007, the Company entered into an option agreement to acquire a 100% interest in the Red Ridge project located in the mining district of Atlin, British Columbia.

To date, the Company has issued 200,000 common shares valued at \$50,000 pursuant to the option agreement terms as follows.

- a) payment of \$50,000, issuing 100,000 common shares of the Company and mining expenditures of \$30,000 by December 31, 2008;
- b) payment of \$100,000, issuing 150,000 common shares of the Company and mining expenditures of \$100,000 by December 31, 2009 and
- c) payment of \$200,000, issuing 250,000 common shares of the Company and mining expenditures of \$250,000 by December 31, 2010.

The optionors retain a 3% Net Smelter Return Royalty (“NSR”) over the properties. The Company has an option to purchase 50% of the NSR for \$2,000,000.

Project Update

On November 19, 2007, the Company provided a summary of its review of the historic data from prior exploration programs carried out on the Red Ridge property.

On November 29, 2007, the Company announced that it received assay results for rock grab and chip samples collected on the Red Ridge property. Widespread precious and base metal mineralization occurs throughout the claims, which are centred on a prominent gossanous ridge. Silver assay values up to 8,662 grams per tonne (278.5 ounces per ton) and copper assay values up to 2.144% have been obtained from chip samples collected from the East zone.

Rock chip samples were collected across the true width of mineralizing structures wherever possible. Grab samples were collected to represent a certain rock or mineralization type or alteration assemblage. Samples were submitted to Acme Laboratory Ltd. ("Acme") in Vancouver, British Columbia. Acme conducted gold and silver fire assay and 30-element ICP analyses. Acme is completely independent of the Company.

As a result of this initial sampling program, an aggressive exploration program is recommended for the Red Ridge property in early 2008. An initial work requirement is the emplacement of a baseline and grid covering much of the claim block. A total of approximately 100 line kilometers are required for an initial grid survey.

Performance Summary

The following is a summary of significant events and transactions that occurred during the three month period ended November 30, 2007:

1. On September 10, 2007, the Company announced that it shipped its first batch of gold concentrate from the Atlin Gold Project. The Gold is being refined by Technic Inc. of Vancouver, British Columbia. The Company's first shipment returned a settlement weight of 206.90 ounces of gold, recovered from a very clean batch of gold concentrate of total weight 218.04 ounces. The Company received \$119,948 from the sale of its first gold bar which has been recorded as a recovery on the Atlin Claims. On December 19, 2007, the Company recovered an additional \$20,955 from the sale of 26.42 ounces of gold and 5.94 ounces of silver.
2. On September 11, 2007, the Company completed the first tranche of a private placement. The private placement was comprised of 2,593,000 flow-through shares issued at a price of \$0.27 per share for gross proceeds of \$700,110.

The Company issued 181,510 finders' fees warrants which entitle the holders to purchase additional common shares at \$0.27 per share until September 11, 2009. The fair value of finders' fees warrants of \$14,523 was allocated to share issue costs and contributed surplus.

The Company also paid \$49,008 cash for finder's fees on this tranche of the private placement.

On September 21, 2007, the Company completed the second tranche of a private placement. The private placement was comprised of 3,682,003 flow-through shares issued at a price of \$0.27 per share for gross proceeds of \$994,141.

The Company issued 257,740 finders' fees warrants which entitle the holders to purchase additional common shares at \$0.27 per share until September 21, 2009. The fair value of finders' fees warrants of \$21,283 was allocated to share issue costs and contributed surplus.

The Company also paid \$69,889 cash for finder's fees on this tranche of the private placement.

On October 9, 2007, the Company completed the third tranche of a private placement. The private placement was comprised of 2,004,852 flow-through shares issued at a price of \$0.27 per share for gross proceeds of \$541,310.

The Company issued 132,080 finders' fees warrants which entitle the holders to purchase additional common shares at \$0.27 per share until October 9, 2009. The fair value of the finders' fees warrants of \$11,296 was allocated to share issue costs and contributed surplus.

The Company also paid \$35,662 cash for finder's fees on this tranche of the private placement.

On October 18, 2007, the Company completed the fourth and final tranche of a private placement. The private placement was comprised of 1,111,110 flow-through shares issued at a price of \$0.27 per share for gross proceeds of \$300,000.

The Company issued 77,777 finders' fees warrants which entitle the holders to purchase additional common shares at \$0.27 per share until October 18, 2009. The fair value of the finders' fees warrants of \$6,159 was allocated to share issue costs and contributed surplus.

The Company also paid \$21,000 cash for finder's fees on this tranche of the private placement.

An additional \$20,704 in legal costs directly related to the private placement was recorded as share issue costs.

3. On September 20, 2007, Silvermet announced that it has now completed 23 drill holes totaling 3,746 metres to date on the Nunavut claims. Silvermet announced its plan to complete at least 5,000 metres during the 2007 season. Silvermet also announced that the drill rig will be stored on-site over the winter and the balance of the planned 10,000 metre program will commence prior to spring break-up in 2008.
4. On October 12, 2007, the Company entered into an option agreement to acquire a 100% interest in the Primrose molybdenum project located in the mining district of Atlin, British Columbia.
5. On October 12, 2007, the Company entered into an option agreement to acquire a 100% interest in the Red Ridge project located in the mining district of Atlin, British Columbia.
6. On October 17, 2007, the Company issued 50,000 common shares at a deemed price of \$0.20 per share for total value of \$10,000 pursuant to the Primrose property option agreement.
7. On October 17, 2007, the Company issued 200,000 common shares at a deemed price of \$0.25 per share for total value of \$50,000 pursuant to the Red Ridge property option agreement.
8. On October 22 and 23, 2007 respectively the Company paid a total of \$110,000 for the Atlin property option.
9. On November 11, 2007, the Company announced that it is reviewing the 10,000 tonne bulk sampling program. During the initial testing and commissioning of the Knelson gravity processing plant it became apparent that the jaw and roller crusher was not working optimally with the soft bedrock material, causing blockage in the crushing plant. In order to control this problem, a washing/screening plant was implemented prior to material entering the crushing unit. This then enabled the material to be processed, however at a much slower rate than the original plant design intended. Due to this slowdown in production, the entire 10,000 tonne bulk sample, for both cost and time efficiencies, will not be completed until remodeling of the processing plant is done. The temporary suspension of the bulk sampling program was not due to milling, metallurgical, mineralogical or grade control issues.

The Company is pleased to have SGS Mineral Services Ltd. ("SGS") contracted to do extensive testing using both a scrubbing/washing circuit and an autogenous milling circuit. The remodeling of the processing plant is expected to be completed in early 2008 to allow the remainder of the bulk sample blocks to then be processed efficiently.

10. On November 13, 2007, the Company capitalized \$85,520 in freight charges to equipment. The charges were directly attributed to the shipment of the gravity processing plant to the Atlin property.
11. On November 19, 2007, the Company provided a summary of its review of the historic data from prior exploration programs carried out on the Red Ridge property.
12. On November 29, 2007, the Company announced that it received assay results for rock grab and chip samples collected on the Red Ridge property.
13. On December 6, 2007, the Company extended the term of the total of 1,035,409 warrants issued pursuant to its private placement offering of units which closed in three tranches on December 7, 2006, December 14, 2006 and December 28, 2006 respectively. The warrants were set to expire one year from the date of issuance. The term of each warrant was extended to June 30, 2008. The exercise price of \$0.35 per share will remain unchanged.
14. On December 7, 2007, 485,361 finders' warrants exercisable at \$0.22 per share expired unexercised.
15. On December 14, 2007, 159,215 finders' warrants exercisable at \$0.22 per share expired unexercised.
16. On December 14, 2007, the Company received \$203,184 plus \$1,086 interest for outstanding GST refunds.
17. On December 28, 2007, 64,044 finders' warrants exercisable at \$0.22 per share expired unexercised.

18. On January 9, 2008, the Company completed a private placement. The private placement was comprised of 5,500,000 units at a price of \$0.10 per unit for gross proceeds of \$550,000. Each unit is comprised of one common share and one half common share purchase warrant. Each full warrant is exercisable at \$0.20 per common share until January 9, 2009.

The Company paid finders' fees of \$43,200 and issued 432,000 finders' fee warrants which entitle the holders to purchase an additional common share at \$0.135 per share until January 9, 2009. The fair value of the finders' fees warrants of \$21,408 was allocated to share issue costs and contributed surplus.

19. On January 14, 2008, the Company announced Silvermet's drill results on the Muskox project which is part of the Nunavut claims. The June to September 2007 drill program completed 26 holes totalling 4,130 metres. The drill program demonstrated that significant intersections of new high-grade mineralization exist on the Muskox project in areas previously unexplored by drilling.

Observations made by Lakefield (SGS Laboratories) on selected drill cores and from specimens taken from surface indicate the presence of nickel and copper in coarse grain sulphides distinct from other principal minerals, especially pyrrhotite. Preliminary laboratory work at Lakefield indicates that bulk or separate nickel and copper sulphide concentrates can be readily floated at reasonably high recoveries in the 90% range, and at concentrate grades in the order of 10% nickel and 10% copper in the bulk state.

20. On January 15, 2008, the Company paid \$200,000 to the optionor of the Atlin property pursuant to the Atlin property agreement.
21. On January 17, 2008, the Company announced that SGS has completed its initial testwork to mitigate the talc-clay-rich bedrock problem. Additional crushing tests are now underway. These tests are anticipated to be complete by the end of January 2008. Testwork includes running stockpiled gold-bearing rock through a scrubber and semi-autogenous ("SAG") mill prior to implementing the standard crushing and milling procedures used in the past season. The purpose of these additional tests is to allow a more efficient and faster process rate through the mill. The Company will be able to complete the bulk sampling program as originally planned when processing resumes in early spring.

Upon completion of the testwork at SGS, a scrubber or SAG mill will be procured and processing of the remainder of the 10,000 tonne stockpile will be resumed.

22. On February 13, 2008, the Company purchased scale equipment for \$15,785 which will be utilized in processing the bulk sample on the Atlin property.
23. On February 27, 2009, the Company paid \$400,000 to Kotcho Lake Logging Ltd. pursuant to the April 27, 2007 Atlin property agreement.
24. On February 29, 2008, the Company completed a private placement. The private placement was comprised of 4,400,000 units at a price of \$0.10 per unit for gross proceeds of \$440,000. Each unit is comprised of one common share and one half common share purchase warrant. Each full warrant is exercisable at \$0.20 per common share until March 1, 2009. Subsequent to February 29, 2008, the Company received \$15,000 for share subscriptions receivable which are included in receivables.

The Company paid finders' fees of \$34,000 and issued 340,000 finders' fee warrants which entitle the holders to purchase an additional common share at \$0.135 per share until March 1, 2009. The fair value of the finders' fees warrants of \$13,175 was allocated to share issue costs and contributed surplus.

The following events occurred subsequent to February 29, 2008:

GST Refund Received

On March 4, 2008, the Company received \$109,585 for an outstanding GST refund claim.

Share Subscriptions Received

On March 11, 2008, the Company received \$15,000 for share subscriptions receivable related to the February 29, 2008 private placement.

Warrants Expired

On March 30, 2008, 126,167 warrants exercisable at \$0.45 per share and 1,743,333 warrants exercisable at \$0.65 per share expired unexercised.

Director Resigns

On April 8, 2008, the Company announced that Mr. Bill Dynes resigned as a Director. The Company would like to thank Mr. Dynes for his years of dedication and contributions to the Company and wishes him well in his future endeavours.

Results of Operations

The Company had a net loss of \$538,490 (2007 - \$675,788) during the six month period ended February 29, 2008. Some of the significant expenses are as follows:

- Administrative expenses of \$17,295 (2007 - \$13,070) are higher than the comparative period as a result of increased operating and financing activities.
- Amortization on equipment of \$151,275 (2007 - \$3,095) is significantly higher than the comparative period primarily as a result of the gravity processing plant being fully assembled and put into production.
- Consulting fees of \$8,700 (2007 - \$4,190) is higher than the comparative period as a result of Company hiring consulting geologists to conduct due diligence on a mineral property.
- Interest and bank charges of \$19,606 (2007 - \$28,076) in the comparative period were higher as a result of the Company incurring penalties related to flow-through financings.
- Management fees \$90,000 (2007 - \$92,000) are similar to the comparative period.
- Office and miscellaneous of \$32,019 (2007 - \$71,133) in the comparative period was significantly higher as a result of the Company incurring expenses associated with the move to new offices.
- Professional fees of \$100,100 (2007 - \$72,065) are higher than the comparative period as a result of increased business and financing activities as well as legal costs associated with property option agreements.
- Rent of \$5,667 (2007 - \$8,933) is lower than the comparative period as a result of the Company sharing office space with other companies.
- Shareholder communications of \$29,501 (2007 - \$42,007) were higher in the comparative year as the Company had attended and exhibited at more mining shows.

- Stock based compensation expense of \$Nil (2007 - \$268,644) was significantly higher in the comparative period as a result of stock options being granted.
- Transfer agent and regulatory fees of \$39,425 (2007 - \$20,318) are higher than the comparative period as a result of the Company conducting more private placements.
- Travel and related costs of \$33,571 (2007 - \$51,435) are lower than the comparative period as a result of decreased attendance and exhibiting at mining shows.

The Company received \$1,364 (2007 - \$8,128) interest income from cash held in term deposits and overdue GST refund claims.

During the six month period ended February 29, 2008, the Company continued exploration activities on the Atlin property. The Company paid \$1,242,831 in accounts payable and accrued liabilities. Accounts payable at February 29, 2008 includes \$10,946 which is primarily attributed to the exploration of the Atlin property. An additional \$625,377 in cash was spent on deferred exploration costs.

The Company received \$140,903 from the sale gold and silver which has been recorded as a recovery on the Atlin Claims.

Summary of Quarterly Results

For the Quarters Ended

	February 29, 2008	November 30, 2007	August 31, 2007	May 31, 2007
Total assets	\$ 26,445,120	\$ 25,854,998	\$ 24,924,474	\$ 25,063,845
Working capital (deficiency)	509,791	457,295	(1,076,483)	1,489,164
Shareholders' equity	24,076,283	23,420,786	21,302,675	22,044,988
Income	1,165	199	8,314	8,184
Net income (loss)	(257,303)	(281,187)	(154,218)	(236,025)
Earnings (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)

For the Quarters Ended

	February 28, 2007	November 30, 2006	August 31, 2006	May 31, 2006
Total assets	\$ 21,983,319	\$ 20,378,664	\$ 20,123,622	\$ 20,997,239
Working capital (deficiency)	1,577,844	(308,685)	744,980	1,644,964
Shareholders' equity	20,065,151	18,052,147	18,180,585	18,516,243
Income	4,650	3,478	15,548	1,346
Net Income (loss)	(435,531)	(240,257)	(263,095)	(154,166)
Earnings (loss) per share	(0.01)	(0.01)	(0.01)	(0.01)

The Company's working capital position improved during the six month period ended February 29, 2008. The completion of private placements generated gross proceeds of \$3,525,561 during the period.

The increase in total assets is primarily attributed to the completed private placements. The Company received \$203,184 for outstanding GST refunds. The Company spent funds on exploration activities on the Atlin property, the acquisition of a gravity processing plant and \$600,000 in property option payments for the Atlin property. During the current period the Company received \$140,903 from the sale of gold and silver which has been recorded as a recovery on the Atlin Claims.

Shareholders' equity and total assets increased by \$60,000 as a result of the Company issuing 250,000 common shares for the Primrose and Red Ridge property option agreements.

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

The financial statements have been prepared on a going concern basis which assumes that the Company will be able 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.

	February 29, 2008	August 31, 2006
Working capital (deficiency)	\$ 509,791	\$ (1,076,483)
Deficit	(9,675,934)	(9,137,444)

Net cash used in operating activities during the six month period ended February 29, 2008 was \$1,539,204 (2007 – \$266,035). The cash used in operating activities consists primarily of operating costs and the change in non-cash working capital items.

Net cash provided by financing activities during the current period was \$3,252,098 (2007 – \$2,239,710). During the current period the Company closed three private placements generating gross proceeds of \$3,525,561 and incurred \$273,463 in share issue costs directly related to the private placements. In the comparative period the Company received gross proceeds of \$2,427,086 for private placements and incurred \$189,126 in related share issue costs. The Company had also received \$1,750 from the exercise of 8,750 finders' options exercised at \$0.20 per option.

Net cash used in investing activities during the current period was \$1,295,779 (2007 - \$1,030,913). During the current period the Company incurred \$625,377 in exploration costs that were primarily associated with the bulk sampling program on the Atlin property. The Company paid \$710,000 cash pursuant to the Atlin property option agreements. On November 13, 2007, the Company capitalized \$85,520 to equipment which was attributed to the shipment of the gravity processing plant. An additional \$15,785 was spent to acquire scale equipment. The Company received \$140,903 from the sale of gold and silver which has been recorded as a recovery on the Atlin Claims. In the comparative period the Company paid Kotcho Lake Logging \$25,000 to acquire the Atlin placer claims and \$200,000 for the Atlin property option agreement; each of these payments was allocated to acquisition costs. The Company spent \$1,106,830 primarily on exploration of the Atlin property in the comparative period. In the comparative period the Company received \$300,917 from the government for recovery of exploration costs incurred on properties in British Columbia.

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 favourable. 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 has sufficient funds to cover anticipated administrative expenses throughout the upcoming year. Subsequent to the current quarter the Company received \$109,585 for an outstanding GST refund claim. The Company will continue to focus its exploration and development efforts on its mineral properties.

Related Party Transactions

Amounts due from related parties at February 29, 2008 are to companies controlled by directors.

Accounts payable to related parties at February 28, 2007 were to directors and companies controlled by directors.

The Company entered into the following transactions with related parties:

- a) Paid or accrued \$90,000 (2007 - \$92,000) in management fees to companies controlled by common directors.
- b) Paid or accrued legal fees of \$5,323 (2007 - \$25,213) to a firm in which a director of the Company is a partner.
- c) Paid or accrued share issue costs of \$20,704 (2007 - \$Nil) to a firm in which a director of the Company is a partner.
- d) Paid or accrued \$19,026 (2007 - \$79,781) in various fees to a company controlled by a director which are allocated to deferred exploration costs.
- e) Paid or accrued \$5,667 (2007 - \$8,933) in rent to a company controlled by a director.
- f) Paid or accrued \$10,735 (2007 - \$10,000) in administration fees to a company controlled by a director.
- g) Paid or accrued \$21,000 (2007 - \$21,000) in accounting 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.

Contingency

Exploration Advances

	February 29, 2008
Canamera Geoscience Corp.	\$ 387,566
Titan Drilling Ltd.	<u>107,148</u>
	494,714
Allowance for doubtful recovery	<u>(494,714)</u>
	<u>\$ -</u>

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. The Company is continuing in its legal action for full repayment of its advances. However, during the fiscal year ended August 31, 2006, management provided for a 100% allowance on recovery of the advances.

There is a counterclaim for an alleged breach of a multi-year sublease agreement. The management of the Company is of the opinion that the counterclaim is without merit and is defending the claim.

Financial Instruments and Other Instruments

The Company's other financial instruments consist of cash, receivables, due from related parties, security deposit and reclamation bond, 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.

The fair value of amounts due to and from related parties is not determinable as they have no specific repayment terms.

Critical Accounting Policies

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.

Additional Disclosure for Venture Issuers without Significant Revenue

Please refer to Note 4 in the unaudited consolidated financial statements for the six month period ended February 29, 2008 for description of the capitalized exploration and development costs presented on a property-by-property basis.

Outstanding Share Data

The following table summarizes the outstanding share capital as at April 28, 2008:

Common shares	66,798,845
Stock options	3,481,500
Warrants	19,198,113
Finders' warrants	2,040,457

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.

Outlook

The Company's primary focus for the foreseeable future will be on reviewing its financial position, continuing its bulk sample program on the Atlin gold property, commencing exploration activities on the Primrose and Red Ridge properties and financing new business ventures in the mineral resource industry.