BARKERVILLE GOLD MINES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE AND NINE MONTH PERIODS ENDED NOVEMBER 30, 2015 AND 2014

Barkerville Gold Mines Ltd.

Unaudited Interim Condensed Consolidated Statement of Financial Position

As at,

		November 30, 2015		February 28, 2015
Assets				
Current Assets				
Cash and cash equivalents (Note 10)	$	5,340,046	$	476,958
Amounts receivable (Note 6)		266,239		5,094,589
Prepaid expenses (Note 7)		208,632		165,981
Inventory (Note 8)		10,837		3,569,787
Total current assets		5,825,754		9,307,315
Reclamation deposits (Note 9)		3,395,800		3,395,800
Available for sale investments		1,380		2,760
Exploration and evaluation assets (Note 13)		17,905,275		17,799,347
Mineral properties and deferred development costs (Note 12)		1,151,970		1,151,970
Property, plant and equipment (Note 11)		8,138,881		8,040,064
Total assets	$	36,419,060	$	39,697,256
Liabilities				
Current liabilities				
Trade and other payables (Note 15)	$	2,070,376	$	9,993,337
Deposit on sale of NSR (Note 31)		2,000,000		-
Due to related parties (Note 19)		216,500		1,377,402
Lease payable (Note 29)		34,000		34,000
Provision for site reclamation and closure (Note 16)		3,995,435		4,101,997
Gold loan facility (Note 17)		-		19,823,396
Total current liabilities		8,316,311		35,330,132
Provision for site reclamation and closure (Note 16)		2,915,697		2,894,054
Lease payable (Note 29)		79,049		105,824
Flow through premium liability (Note 18)		698,000		-
Deferred tax liability		194,800		229,000
Total liabilities		12,203,857		38,559,010
Shareholders' equity				
Share capital (Note 18)		153,316,032		126,810,456
Share-based payments reserve (Note 18)		28,180,017		24,814,417
Accumulated other comprehensive income (Note 18)		(17,940)		(16,560)
Accumulated deficit		(157,262,906)		(150,470,067)
Total shareholders' equity		24,215,203		1,138,246
Total liabilities and shareholders' equity	$	36,419,060	$	39,697,256

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

Approved on behalf of the board:

"Thomas J. Obradovich" — *"Greg Gibson"*

Thomas J. Obradovich, Chief Executive Officer — Greg Gibson, Chairman

Barkerville Gold Mines Ltd.

Unaudited Interim Condensed Consolidated Statement of Income (Loss) and Other Comprehensive Income (Loss)

For the period ended November 30, 2015

	Three months ended		Nine months ended	
	November 30, 2015	November 30, 2014	November 30, 2015	November 30, 2014
Revenue	$ -	$ 11,445,944	$ 13,402,963	$ 20,200,494
Cost of sales and direct costs (Note 8)	-	(9,847,040)	(4,934,669)	(18,136,456)
Gross Profit	-	1,598,904	8,468,294	2,064,038
Mine operating expense (Note 21)	(946,952)	(302,184)	(2,941,310)	(4,005,766)
Mine operating income (loss)	(946,952)	1,296,720	5,526,984	(1,941,728)
Expenses:				
Exploration (Note 22)	5,503,223	700,028	6,807,757	2,877,285
Corporate administration (Note 23)	902,575	581,449	4,145,858	2,321,161
	6,405,798	1,281,477	10,953,615	5,198,446
Income (loss) from operations	(7,352,750)	15,243	(5,426,631)	(7,140,174)
Other income (expense):				
Finance expense (Note 24)	(10,344)	(1,973,896)	(1,802,305)	(4,676,397)
Change in fair value of derivative (Note 17)	-	(90,432)	(360,552)	906,763
Loss on gold sales	-	(42,834)	(210,652)	(178,771)
Gain on revaluation of liability to issue options (Note 19)	-	-	41,400	-
Gain on shares issued for settlement of gold loan facility (Note 18)	-	-	798,069	-
Sundry income	49,176	3,290	86,937	3,290
Gain (Loss) on shares for debt (Note 18)	(112,500)	-	(104,057)	(57,390)
Gain on shares issued for penalty interest on gold loan facility (Note 18)	-	-	150,752	-
	(73,668)	(2,103,872)	(1,400,408)	(4,002,505)
Income (loss) before income taxes	(7,426,418)	(2,088,629)	(6,827,039)	(11,142,679)
Income tax recovery	9,100	44,000	34,200	142,000
Net income (loss) for the period	$ (7,417,318)	$ (2,044,629)	$ (6,792,839)	$ (11,000,679)
Other comprehensive loss				
Change in fair value of available for sale investment	-	-	(1,380)	-
Total Comprehensive income (loss) for the period	$ (7,417,318)	$ (2,044,629)	$ (6,794,219)	$ (11,000,679)
Income (loss) per common share, basic (Note 27)	$ (0.03)	$ (0.02)	$ (0.04)	$ (0.09)
Income (loss) per common share, diluted (Note 27)	$ (0.03)	$ (0.02)	$ (0.04)	$ (0.09)
Weighted average number of common shares outstanding, basic (Note 27)	227,424,586	126,634,706	179,389,418	124,882,047
Weighted average number of common shares outstanding, diluted (Note 27)	227,424,586	126,634,706	179,389,418	124,882,047

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

Barkerville Gold Mines Ltd.

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

As at November 30, 2015

	Outstanding Shares	Share Capital	Share-based payments reserve	Accumulated other comprehensive loss	Accumulated deficit	Total Shareholders' Equity
Balance at March 1, 2014	109,851,706	$ 118,659,790	$ 24,814,417	$ (15,870)	$ (129,162,213)	$ 14,296,124
Loss for the period	-	-	-	-	(11,000,679)	(11,000,679)
Issue of shares pursuant to private placement	13,783,000	6,891,500	-	-	-	6,891,500
Share issuance costs	-	(298,224)	-	-	-	(298,224)
Issue of shares for debt settlement	3,000,000	1,557,390	-	-	-	1,557,390
Balance at November 30, 2014	126,634,706	$ 126,810,456	$ 24,814,417	$ (15,870)	$ (140,162,892)	$ 11,446,111
Balance at March 1, 2015	126,634,706	$ 126,810,456	$ 24,814,417	$ (16,560)	$ (150,470,067)	$ 1,138,246
Loss for the period	-	-	-	-	(6,792,839)	(6,792,839)
Change in fair value of available for sale investment	-	-	-	(1,380)	-	(1,380)
Stock based compensation	-	-	2,502,600	-	-	2,502,600
Issue of flow through shares pursuant to private placements	6,250,000	2,000,000	-	-	-	2,000,000
Issue of flow through units pursuant to private placements	15,434,375	4,119,000	820,000	-	-	4,939,000
Share issuance costs - cash	-	(228,285)	43,000	-	-	(185,285)
Premium on flow through shares	-	(698,000)	-	-	-	(698,000)
Issue of shares for penalty interest on gold loan facility	3,015,039	783,910	-	-	-	783,910
Issue of shares for settlement of gold loan facility	74,885,900	20,219,193	-	-	-	20,219,193
Issue of shares for debt settlement	422,148	109,758	-	-	-	109,758
Issue of shares for settlement of royalty payable	800,000	200,000				200,000
Balance at November 30, 2015	227,442,168	$ 153,316,032	$ 28,180,017	$ (17,940)	$ (157,262,906)	$ 24,215,203

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

Barkerville Gold Mines Ltd.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the period ended November 30, 2015

	Nine months ended	
	November 30, 2015	November 30, 2014
Cash flows from (used in) operating activities		
Income (loss) for the period	$ (6,792,839)	$ (11,000,679)
Adjustments to reconcile loss to net cash used in operating activities		
Depreciation	635,241	842,105
Depletion	-	2,510,994
Change in fair value of derivative component of gold loan facility	360,552	(906,763)
Accretion expense - debt	1,767,976	3,789,258
Accretion expense - provision for site reclamation and closure	79,386	205,895
Gain on settlement of gold loan facility	(798,069)	-
Loss on settlement of gold contingency	210,652	178,771
Accounting gain	-	(3,290)
Finance expense	-	606,168
Stock based compensation	2,435,500	-
Recognition of liability to issue options	69,000	-
Gain on revaluation of liability to issue options	(41,400)	-
(Gain) Loss on issue of shares for debt	104,057	57,390
Gain on shares issued for penalty interest on gold loan facility	(150,752)	-
Deferred tax recovery	(34,200)	(142,000)
Changes in non-cash working capital balances:		
Accounts receivable	4,617,698	(1,626,726)
Prepaid expenses	(42,651)	(210,235)
Trade and other payables	(5,798,010)	899,909
Inventory	3,558,950	(528,186)
Total cash inflows (outflows) from operating activities	181,091	(5,327,389)
Cash flows from (used in) investing activities		
Reclamation deposits	-	(665,000)
Deposit received on sale of NSR	2,000,000	-
Acquisition of property, plant and equipment, net of disposals	(734,058)	(307,751)
Acquisition of mineral properties and deferred development costs	(1,919,250)	(474,510)
Acquisition of exploration and evaluation assets	(105,928)	(13,701)
Total cash (ouflows) from investing acitivites	(759,236)	(1,460,962)
Cash flows from (used in) financing activities		
Amounts advanced by (paid to) related parties	(1,121,402)	1,375,963
Loan advances (repayments) from related parties	-	(627,933)
Amounts used for site reclamation and closure	(164,305)	(53,331)
Finance lease	(26,775)	-
Issuance of share capital	6,753,715	6,593,276
Total cash (outflows) inflows from financing activities	5,441,233	7,287,975
Total increase in cash during the period	4,863,088	499,624
Cash and cash equivalents at the beginning of the period	476,958	352,275
Cash and cash equivalents at the end of the period	$ 5,340,046	$ 851,899

See Note 28 for a description of non-cash amounts not included in the consolidated statement of cash flows.

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

1. CORPORATE INFORMATION

Barkerville Gold Mines Ltd. ("the Company") was incorporated on February 12, 1970 under the laws of the Province of British Columbia and is engaged in the production and sale of gold, and the exploration, development, and acquisition of mineral properties in British Columbia. The Company is listed on the TSX Venture Exchange, under the symbol BGM-V.

The address of the Company's corporate office and principal place of business is 11th floor 1111 Melville Street, Vancouver, British Columbia, Canada.

The Company obtained the required permits to mine Bonanza Ledge in December 2011. In July 2012, the Company obtained the required permits to mill Bonanza Ledge ore at the QR Mill and intends to obtain the required financing for the exploration of its Cariboo Gold Project. The Company commenced commercial production at Bonanza Ledge Mine in June 2014 and ceased mining operations in February 2015. The Bonanza Ledge Mine is currently under care and maintenance.

2. BASIS OF PREPARATION

a) Going Concern of Operations

These unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles applicable to a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material. At November 30, 2015, the Company had accumulated losses of $157,262,906 (February 28, 2015: $150,470,067). The Company had a loss of $6,792,839 during the nine month period ending November 30, 2015 (2014: loss of $11,000,679) and had a working capital deficiency of $2,490,557 at November 30, 2015 (February 28, 2015 deficiency of $26,022,817). These conditions raise material uncertainty that may cast significant doubt as to the ability of the Company to continue operating as a going concern.

The Company requires additional financing to continue to be able to operate, retain rights to its properties and carry out exploration and development of its properties. Because of continuing operating losses and its excess of current liabilities over current assets, the Company's continuance as a going concern for the foreseeable future is dependent upon its ability to obtain adequate financing. It is not possible to predict whether financing efforts will be successful.

The Company is in the process of exploring its properties and has not yet determined whether these properties contain economically recoverable reserves. The continued operations of the Company and the amounts recoverable on these properties are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the financing to complete the necessary exploration and development of such property and upon attaining future profitable production or proceeds from disposition of the properties.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements.

b) Statement of Compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34, Interim financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations. Accordingly, these condensed interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes.

The unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on January 20, 2016.

2. BASIS OF PREPARATION (CONTINUED)

c) Basis of presentation

The notes herein include only significant transactions and events occurring since the Company's last fiscal year end and are not fully inclusive of all matters required to be disclosed in the annual audited consolidated financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with our most recent annual audited financial statements for the year ended February 28, 2015.

d) Basis of Measurement

The unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, except for available for sale investments and derivative liabilities carried at fair value.

The unaudited interim condensed consolidated financial statements are presented in Canadian dollars ("CDN"), which is also the Company's functional currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recent accounting pronouncements

The Company did not adopt any new or amended standards for the year beginning March 1, 2015 that had a material impact on the unaudited interim condensed consolidated financial statements. The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended November 30, 2015.

(i) IFRS 15 Revenue Recognition

On May 28, 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers*. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

IFRS 15 will replace IAS 11 *Construction Contracts*, IAS 18 *Revenue,* IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue - Barter Transactions Involving Advertising Services.*

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on March 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

(ii) IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

There are no additional standards not yet effective that would have an impact on the unaudited interim condensed consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

a) Provision for Site Reclamation and Closure

Provisions for Site Reclamation and Closure have been created based on management estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability as shown in Note 16. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of discount rate, contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual reclamation and closure costs will ultimately depend on future market prices for the costs which will reflect the market condition at the time the costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

b) Mineral Reserves and Mineral Resource Estimates

Mineral reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its mineral reserve and mineral resources based on information compiled by Qualified Persons as defined by Canadian Securities Administrators National Instrument 43-101 Standards for Disclosure of Mineral Projects. Such information includes geological data on the size, depth and shape of the mineral deposit, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade that comprise the mineral reserves. Changes in the mineral reserve or mineral resource estimates may impact the carrying value of mineral properties and deferred development costs, property, plant and equipment, provision for site reclamation and closure, recognition of deferred income tax assets and depreciation and amortization charges.

c) Units of production depletion

Estimated recoverable reserves are used in determining the depreciation of mine specific assets. This results in depreciation charges proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimate of future capital expenditure. Changes are accounted for prospectively.

4. CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

d) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward only to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

e) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 18.

f) Fair Value Measurement

The Company measures financial instruments, such as derivatives, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or liability is measured using the assumption that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient date are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Changes in estimates and assumptions about these inputs could affect the reported fair value.

When the fair values of non-financial assets/CGUs need to be determined, e.g. when calculating fair value less cost to sell for impairment purposes, fair value is measured using valuation techniques including comparable calculations and discounted cash flow models. Further information about the judgments and estimates and assumptions impacting impairment testing is contained in Note 14.

g) Inventories

Net realizable value tests are performed at each reporting date and represent the estimated future sale price of the product the Company expects to realize when the product is sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Stockpiles are measured by estimating the number of tons added and removed from the stockpile, the number of contained gold ounces is based on assay data, and estimated recovery percentage is based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

5. CRITICAL ACCOUNTING JUDGMENTS

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the unaudited interim condensed consolidated financial statements.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

a) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

b) Commencement of Production

The Company assesses the stage of each mine under construction to determine when a mine moves into the production stage, being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location. The Company considers various relevant criteria to assess when the production phases are considered to commence and all related amounts are reclassified from 'Mines under construction' to 'Producing mines' and 'Property, plant and equipment'. The principal criteria used includes, but is not limited to, the following:

- Level of capital expenditure incurred compared to the original construction cost estimate
- Completion of a reasonable period of testing of the mine plant and equipment
- Ability to produce metal in saleable form (within specification)
- Ability to sustain ongoing production of metal
- Ability to sustain ongoing profitable production

When a mine development / construction project moves into the production stage, the capitalization of certain mine development costs ceases. Costs are either regarded as forming part of the cost of inventory or expensed. However, any costs relating to mining asset additions or improvements, underground mine development or mineable reserve development are assessed to determine whether capitalization is appropriate. It is also at this point that depreciation / amortization commences.

c) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

5. CRITICAL ACCOUNTING JUDGMENTS (CONTINUED)

d) Impairment of Property, Plant and Equipment, Mining Properties and Deferred Development Costs and Exploration and Evaluation Properties

Management considers both external and internal sources of information in determining if there are any indications that the Company's property, plant and equipment assets, mining properties and deferred development costs and exploration and evaluation assets are impaired. External sources of information management consider include the market, economic, and legal environment in which the Company operates. Internal sources of information management considers include the manner in which the property, plant and equipment, mining properties and deferred development costs are being used or are expected to be used, and indication of economic performance of the assets. Management has used its judgment to determine the appropriate allocation of assets to a specific cash generating unit (CGU), for which it was determined that there are two CGUs (individual mining locations). These locations are the lowest level for which cash inflows are largely independent of those from other assets/CGUs. Further information on assumptions and estimates used in the Company's impairment assessment are given in Note 14.

Exploration and Evaluation properties have not been included with other CGUs for assessment for impairment indicators.

If, after an exploration and evaluation expenditure is capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the cash generating unit or group of cash generating units level in the year the new information becomes available. The Company has determined that there are currently no indicators of impairment on its exploration and evaluation properties at November 30, 2015 (February 28, 2015: $7,932,779, see note 12).

e) Embedded Derivatives and Hybrid Financial Instruments

Judgment is required in determining whether financial instruments are classified as debt or equity and whether instruments contain one or more embedded derivatives. The Company makes significant judgments in assessing whether instruments meet the definition of an equity instrument or financial liability and in determining whether a contract gives rise to one or more derivatives with economic characteristics distinct from the host contract. See Note 17.

6. AMOUNTS RECEIVABLE

The amounts receivable for the Company are comprised of the following:

	November 30, 2015	February 28, 2015
Trade receivables	**$ 40,999**	$ 4,381,629
Goods and services tax receivable	**225,240**	712,960
Total amounts receivable	**$ 266,239**	$ 5,094,589

7. PREPAID EXPENSES

The prepaid expenses for the Company are comprised of the following:

	November 30, 2015	February 28, 2015
Insurance	**$ 116,699**	$ 66,629
Rent	**-**	3,500
Other prepaid amounts	**91,933**	95,852
Total prepaid expenses	**$ 208,632**	$ 165,981

8. INVENTORY, COST OF SALES AND DIRECT COSTS

The inventory for the Company is comprised of the following:

	November 30, 2015	February 28, 2015
Consumables	**$ 10,837**	$ 43,599
Stockpiled ore	**-**	2,479,765
Finished goods	**-**	1,046,423
Total inventory	**$ 10,837**	$ 3,569,787

There have been no write-downs of the carrying value of inventory during the period ended November 30, 2015 (November 30, 2014: $nil).

The cost of sales and direct costs included in profit and loss is comprised of the following:

	Three months ended November 30, 2015	Three months ended November 30, 2014	**Nine months ended November 30, 2015**	Nine months ended November 30, 2014
Mining and processing costs	**$ -**	$ 9,293,492	**$ 1,248,004**	$ 16,378,901
Depletion	**-**	1,851,008	**-**	2,510,994
Depreciation	**-**	157,302	**128,177**	567,387
Change in inventory	**-**	(1,454,762)	**3,558,488**	(1,320,826)
Cost of Sales and Direct Costs	**$ -**	$ 9,847,040	**$ 4,934,669**	$ 18,136,456

9. RECLAMATION DEPOSITS

The Company is required to make reclamation deposits in respect of its expected site reclamation and closure obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company.

In December 2011, the Company received a M-238 Permit from the British Columbia Provincial Government to develop an open pit gold mine at the Bonanza Ledge section of the Cariboo Gold Project. As at November 30, 2015, the Company had total deposits of $1,000,000 (February 28, 2015: $1,000,000) for this property. Under the terms of the permit the Company is further required to deposit additional reclamation bonds of $10,800,000 (February 28, 2015: $10,800,000) to total $11,800,000 to the government as follows:

(i) Deposit $4,400,000 on or before December 30, 2014 (not paid);

(ii) Deposit $1,500,000 on or before September 30, 2015 (not paid);

(iii) Deposit $1,500,000 on or before September 30, 2016 ;

(iv) Deposit $1,400,000 on or before September 30, 2017;

(v) If the underground bulkhead is not fully constructed by September 30, 2015, the Company shall post an additional $2,000,000.

During the year ended February 28, 2015, the Company commenced construction and mining operations as pursuant to the December 2011 permit. In February 2015, the Bonanza Ledge section of the project was placed on care and maintenance.

9. RECLAMATION DEPOSITS (CONTINUED)

In July 2012, the Company received an amendment to the M-198 Permit from the British Columbia Provincial Government to mill Bonanza Ledge and Dome Mountain ores at the Quesnel River Mine and Mill facility. As at November 30, 2015, the Company had a total deposit of $2,052,300 plus pledged equipment of $807,700 (February 28, 2015: deposit of $2,052,300 plus pledged equipment of $807,700) for this permit. Subject to certain conditions, the Company is required to deposit additional reclamation bonds of $7,390,000 for a total $10,250,000 as follows:

(i) $1,750,000 within 30 days of the start of milling (not paid);

(ii) $1,500,000 on or before September 30, 2012 (not paid);

(iii) $4,140,000 on or before December 15, 2012 (not paid).

The $1,500,000 can be waived once the tailings dam elevation has reached 1029.3 meters and an independent report there on is obtained meeting the satisfaction of the Government of British Columbia. During the year ended February 28, 2014, the Company raised the tailings dam to the required elevation however it has not yet completed the report or received the waiver.

The $4,140,000 can be waived if the Company has commenced work on the tailings dam seepage, the work is ongoing and an independent report there on is obtained meeting the satisfaction of the Government of British Columbia. As at November 30, 2015 and February 28, 2015 the Company has not yet completed the report or received the waiver. No provision is included as at November 30, 2015 and February 28, 2015 as the Company is currently negotiating the amounts and terms and expects to obtain the waivers.

Other bonds of $343,500 have been paid in respect of properties included in exploration and evaluation asset at November 30, 2015 (February 28, 2015: $343,500).

	As at November 30, 2015		As at February 28, 2015	
Open Pit	$	**1,000,000**	$	1,000,000
Mill Bonanza Ledge		**2,052,300**		2,052,300
Other bonds		**343,500**		343,500
Total	**$**	**3,395,800**	**$**	**3,395,800**

10. CASH AND CASH EQUIVALENTS

The balance at November 30, 2015 consists of cash on deposit with major Canadian banks in general interest bearing accounts totaling $2,200,378 (February 28, 2015 - $476,958) and cashable guaranteed investment certificates with major Canadian banks of $3,139,668 (February 28, 2015 - $nil) for total cash and cash equivalents of $5,340,046 (February 28, 2015 - $476,958).

11. PROPERTY, PLANT AND EQUIPMENT

	Mine Plant & Equipment	Office furniture & equipment	Total
Cost:			
Balance at February 28, 2014	$ 17,775,642	$ 724,938	$ 18,500,580
Additions	369,300	127,690	496,990
Disposal	(3,402)	-	(3,402)
Balance at February 28, 2015	18,141,540	852,628	18,994,168
Additions	706,388	31,058	737,446
Disposals	-	(3,388)	(3,388)
Balance at November 30, 2015	$ 18,847,928	$ 880,298	$ 19,728,226
Depreciation and impairment losses			
Balance at February 28, 2014	$ 6,425,584	$ 455,778	$ 6,881,362
Depreciation	1,129,735	76,154	1,205,889
Disposal	(2,692)	-	(2,692)
Impairment	2,869,545	-	2,869,545
Balance at February 28, 2015	10,422,172	531,932	10,954,104
Depreciation	584,656	50,585	635,241
Balance at November 30, 2015	11,006,828	582,517	11,589,345
Net Book Value			
At March 1, 2014	$ 11,350,058	$ 269,160	$ 11,619,218
At February 28, 2015	$ 7,719,368	$ 320,695	$ 8,040,063
At November 30, 2015	$ 7,841,100	$ 297,781	$ 8,138,881

As at November 30, 2015, $807,700 (February 28, 2015: $807,700) worth of property, plant and equipment is pledged as collateral for the reclamation deposits (see Note 9).

During the three and nine month period ended November 30, 2015, the Company recognized $204,653 and $635,241 respectively (2014: $294,865 and $911,483 respectively) of depreciation. For the three and nine month period ended November 30, 2015, $7,072 and $128,177 respectively (2014: $157,302 and $567,387 respectively) of depreciation on its property, plant and equipment associated with the QR Mill was recorded in cost of sales and direct costs (Note 8), $nil and $nil respectively (2014: $46,733 and $69,378 respectively) of depreciation was allocated to inventory; $147,431 and $335,819 respectively (2014: $51,528 and $160,857 respectively) in depreciation was recorded in mine operating expense, $41,803 and $126,657 respectively (2014: $21,842 and $62,830 respectively) in exploration and $15,419 and $44,588 respectively (2014: $17,460 and $51,031 respectively) in corporate administration.

During the year ended February 28, 2015, the Company decided to place Bonanza Ledge Mine under care and maintenance and as a result recorded $2,869,545 of impairment for its mine plant & equipment (Year ended February 28, 2014: $Nil). Refer to Note 14 for further details.

The Goldstream Mill is a custom mineral processing plant fully permitted in its current location and is presently on care and maintenance. The facility has a name-plated milling capacity of 1,360 tonnes per day and residue from such operations can be accommodated in the adjacent tailings pond and surrounding properties. No amortization has been charged during the period ended November 30, 2015 (2014: $Nil). As at November 30, 2015, the carrying value of the Goldstream Mill is $3,110,000 (February 28, 2015: $3,110,000).

12. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT COSTS

	Mineral properties	Deferred development costs	Total
Cost			
Balance at March 1, 2014	$5,275,301	$12,141,089	$17,416,390
Additions for the year	-	3,350,368	3,350,368
Balance at February 28, 2015	5,275,301	15,491,457	20,766,758
Additions for the period	-	-	-
Balance at November 30, 2015	$5,275,301	$15,491,457	$20,766,758
Depletion and impairment losses			
Balance at March 1, 2014	$3,416,754	$3,902,580	$7,319,334
Depletion for the year	624,939	3,737,736	4,362,675
Impairment for the year	81,638	7,851,141	7,932,779
Balance at February 28, 2015	4,123,331	15,491,457	19,614,788
Depletion for the period	-	-	-
Balance at November 30, 2015	$4,123,331	$15,491,457	$19,614,788
Carrying amounts			
At March 1, 2014	$1,858,547	$8,238,509	$10,097,056
At February 28, 2015	$1,151,970	-	$1,151,970
At November 30, 2015	$1,151,970	-	$1,151,970

Quesnel River Mine:

The Quesnel River Mine ("QR") is an underground mine located near Quesnel River in British Columbia. During the nine month period ended November 30, 2015, the Company incurred $Nil (2014: $Nil) of deferred development costs. Deferred mine development costs are amortized over the Company's initial estimate of the life of mine (LOM), and transferred to income using the unit of production method.

The QR Mine site is subject to a 5% net operating profits royalty, a 1% net smelter return royalty (NSR), and a 2% net profit royalty. Should a deposit of one million proven recoverable ounces of gold be discovered on the property, the property is subject to a 50% back-in interest in return for reimbursing the Company for double the amount of expenditures incurred and by completing a bankable feasibility study.

As at November 30, 2015, the carrying value of the mineral property and deferred development costs for the Quesnel River Mine is $nil (February 28, 2015: $nil).

12. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT COSTS (CONTINUED)

Bonanza Ledge:

The Bonanza Ledge gold deposit is located on the southwest flank of Barkerville Mountain, within the Cariboo Gold Project, about 2 km northwest of the Barkerville Historic Town site. During fiscal 2010 the Company obtained a NI 43-101 compliant Technical report and Pre-Feasibility Study of the Bonanza Ledge deposit and accordingly, all costs associated with the acquisition of the project were transferred from Exploration & Evaluation assets to Mineral Properties, on March 1, 2010.

In December 2011 the Company received a M-238 Permit from the British Columbia provincial government to develop an open pit gold mine at the Bonanza Ledge section of the Cariboo Gold Project. During the year ended February 28, 2015, the Company commenced mining operations. In February 2015, the Bonanza Ledge section of the project was placed on care and maintenance.

During the nine month period ended November 30, 2015, depletion of mineral resources and mine development costs of $nil (2014: $2,510,994) was included in cost of sales and direct costs and $nil (2014: $723,262) was included in inventory. No depletion of mineral resources and mine development costs was incurred in the three and nine month periods ended November 30, 2015 as the Bonanza Ledge was on care and maintenance.

During the year ended February 28, 2015, the Company decided to put Bonanza Ledge under care and maintenance and as a result recorded impairment of $7,932,779. As at November 30, 2015, the carrying value of Bonanza Ledge is $1,151,970 (February 28, 2015: $1,151,970).

13. EXPLORATION & EVALUATION ASSETS

	Wayside Property	Cariboo Gold Project	Bethlehem	Total
Cost				
Balance at March 1, 2014	$1	$17,642,046	$138,177	$17,780,224
Additions	-	19,123	-	19,123
Balance at February 28, 2015	1	17,661,169	138,177	17,799,347
Additions	-	105,928	-	105,928
Balance at November 30, 2015	$1	$17,767,097	$138,177	$17,905,275
Carrying amounts				
At March 1, 2014	$1	$17,642,046	$138,177	$17,780,224
At February 28, 2015	$1	$17,661,169	$138,177	$17,799,347
At November 30, 2015	$1	$17,767,097	$138,177	$17,905,275

Wayside property:

As at November 30, 2015 and February 28, 2015 the Company holds a 100% interest in the Wayside property, consisting of certain mineral claims and leases located in the Lillooet Mining Division, British Columbia. If the property commences commercial production, the Company will be required to issue shares equal in value to $480,000 to the party from whom it was initially acquired.

13. EXPLORATION & EVALUATION ASSETS (CONTINUED)

Cariboo Gold Project:

The Company has a 100% interest in the mineral rights to 254 contiguous mineral tenures totaling 117,442 hectares in the Cariboo Mining District near Wells, British Columbia. The Company also pays taxes on 2,419 hectares of Crown Grant Mineral Claims which is contained within the 117,442 hectare Cariboo Gold Project claim group.

During the year ended February 29, 2012, the Company issued, pursuant to a sale and purchase agreement dated May 5, 2011, 412,500 common shares for $660,000 and $500,000 cash to acquire the Myrtle-Proserpine and the Promise properties within the Cariboo Gold Project. The Myrtle-Proserpine Property is subject to a 3% net smelter return royalty (NSR).

During the year ended February 29, 2012, the Company issued, pursuant to a sale and purchase agreement dated August 17, 2011, 100,000 common shares for $153,000 to acquire the remaining 40% interest in the Craze Creek Property within the Cariboo Gold Project. This property is subject to a 3.5% net smelter return royalty (NSR).

During the year ended February 29, 2012, the Company issued, pursuant to a sale and purchase agreement dated August 18, 2011, 30,000 common shares for $46,500 and $10,000 cash to acquire the Antler Creek Property within the Cariboo Gold Project. This property is subject to a 1% net smelter return royalty (NSR).

During the year ended February 29, 2012, the Company issued, pursuant to a sale and purchase agreement dated August 26, 2011, 20,000 common shares for $31,200 and $26,000 cash to acquire the Roundtop Mountain Property within the Cariboo Gold Project. This property is subject to a 2% net smelter return royalty (NSR).

During the year ended February 28, 2014, the Company purchased a piece of land for $40,000 in order to obtain the surface right for the mineral properties.

The Company's interest in the Cariboo Gold Project provides that if the Company can extract a bulk sample of not more than 40,000 tons from the Cariboo Gold Quartz property, a NSR royalty of 5% is payable. The 2003 agreement, as amended, also provides that the Company's interest in the Properties was subject to a further 3% NSR royalty and a collective 10% net profit interest. On January 20, 2011, the Company completed the acquisition of the collective 10% net profit interest royalty by issuing an aggregate of 250,000 shares at an issue price of $1.34 per share. During the year ended February 29, 2012, the Company acquired the 3% NSR royalty and the remaining undivided 50% interest in the Cariboo Gold Quartz Property for consideration of $5,000,000.

The Company is required to pay an annual advance royalty payment of $50,000 commencing in 2010. The Company paid $25,000 and $225,000 was included in trade and other payables as at February 28, 2015. During the nine month period ended November 30, 2015 the Company accrued a further $12,500 and the total payable included in trade and other payables of $237,500 (February 28, 2015: $225,000) due under the advance royalty payment agreement was settled. Under the terms of the Settlement Agreement, the Company agreed to pay Istana a cash payment in the amount of $150,000 and issue an aggregate of 800,000 common shares of the Company in settlement of the outstanding advance royalty payments and to relieve BGM of the obligation to make any future advance royalty payments. Istana will continue to retain a 3% net smelter return royalty (the "NSR") on the mineral claims and BGM shall have the right to purchase one-half of the NSR from gold and silver and two-thirds of the NSR on base metals and other minerals for $1,500,000 on or prior to commencement of commercial production.

Bethlehem:

On November 16, 2010 the Company completed the acquisition of all the issued and outstanding shares of Bethlehem Resources (1996) Corporation, a private B.C. company, from International Bethlehem Mining Corporation (IBMC). The asset purchase includes the Goldstream mill facility, tailings pond, and related mineral leases and claims which are located in the Revelstoke mining division, British Columbia. Certain mineral claims are subject to either a 25% net profit royalty, or a 2.5% net smelter return royalty and a 12.5 % net profit royalty, at the election of the holder of the royalty interest.

14. IMPAIRMENT OF NON-FINANCIAL ASSETS

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The recoverable amount is determined based on the greater of value in use ("VIU") and fair value less costs to sell ("FVLCS"). The determination of the VIU requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. The determination of VIU and FVLCS for each CGU use Level 3 valuation techniques in both periods.

In assessing whether the carrying value of an asset or CGU is impaired, its carrying value is compared with its recoverable amount. Management has determined that there are three cash generating units at November 30, 2015 and February 28, 2015:

a) QR Mill and Bonanza Ledge mine ("BL CGU");

b) Exploration and evaluation assets ("E&E CGU"); and

c) Goldstream Mill.

a) QR Mill and Bonanza Ledge

Nine months ended November 30, 2015:
The Company determined that no further indications for impairment existed for the QR Mill and Bonanza Ledge during the nine month period ended November 30, 2015.

Year ended February 28, 2015:
During the year ended February 28, 2015, the Company decided to place the BL CGU under care and maintenance. This constituted an internal indicator of impairment. Immediately prior to the identification of the impairment indicator the BL CGU had a carrying amount of $15,881,357. The carrying amount of the BL CGU was comprised as follows:

	Milling Plant & Equipment	Mineral Properties	Mine Development Costs	Total
Carrying Amount	$ 6,796,608	$ 1,233,608	$ 7,851,141	$ 15,881,357
Recoverable Amount	3,927,063	1,151,970	-	5,079,033
Impairment Loss	2,869,545	81,638	7,851,141	10,802,324
Impairment Reversals	-	-	-	-

As management has placed the BL CGU into care and maintenance the recoverable amount of the assets in the CGU have been calculated separately. The recoverable amount of the Mineral Properties and Mine Development Costs have been calculated using a level 3 fair value measurement, based on comparable market capitalizations for similar properties in North America.

The recoverable amount of the Milling Plant & Equipment was obtained using a professional valuator, using an orderly liquidation value. The recoverable amount for the Milling Plant & Equipment was $3,927,063 (including 5% selling costs). Significant assumptions in this valuation include scrap metal prices.

As at February 28, 2015, the BL Mineral Properties and Mine Development Costs is recorded at a recoverable amount, determined as FVLCS, of $1,151,970, and an impairment loss of $7,932,779 was recorded for the year ended February 28, 2015. The recoverable amount of has been allocated to the Mineral Properties and mine development costs, as management has determined the current method of mining was not the method of mining required for profitable operations, and therefore does not have any future value. Accordingly, management recognized an impairment charge of $7,851,141 through loss and other comprehensive loss with respect to deferred development costs at BL and $81,638 on mineral property acquisition costs.

14. IMPAIRMENT OF NON-FINANCIAL ASSETS (CONTINUED)

Significant assumptions applied in the determination of the fair value less costs to sell model include a valuation of gold resources at BL at $7.05 per ounce, total gold inventories at BL of 172,000 ounces, and an assumption of selling costs representing 5% of gross sale proceeds.

The determination of FVLCS of the Mineral Properties and Mine Development Costs is most sensitive to the following assumption:

Market price of gold per ounce: In calculating the FVLCS of the Mineral Property and Mine Development Costs, the market price of gold per ounce is a critical estimate. Management reviewed comparable companies with comparable gold inventories (quantity and grade) to determine an appropriate range of valuations between $3.69 and $8.45 per ounce.

The total impairment charge for the BL CGU for the year ended February 28, 2015 amounted to $10,802,324, recognized in the statement of loss and other comprehensive loss.

b) Exploration and evaluation assets

The Company determined that there were no indicators of impairment pertaining to exploration and evaluation assets brought to account at November 30, 2015 and February 28, 2015 given all mining concessions and titles remain in good standing and management's plans for further exploration. Consequently, no impairment charge was recognized in the statement of loss and other comprehensive loss for the three and nine month periods ended November 30, 2015 and 2014 or the year ended February 28, 2015.

c) Goldstream Mill

The Company determined that no further impairment or indications for impairment reversal existed for the Goldstream Mill during the nine month period ended November 30, 2015 and the year ended February 28, 2015.

15. TRADE AND OTHER PAYABLES

The trade and other payables of the Company consist of the following:

	November 30, 2015	February 28, 2015
Trade payables	**$ 1,459,338**	$ 8,949,129
Payroll related liabilities	**73,563**	149,245
Royalty Payable	**236,000**	461,000
Other payables	**301,475**	433,963
Total trade and other payables	**$ 2,070,376**	$ 9,993,337

16. PROVISIONS FOR SITE RECLAMATION AND CLOSURE

Provincial laws and regulations concerning environmental protection affect the Company's exploration and operations. Under current regulations, the Company is required to meet performance standards to minimize the environmental impact from its activities and to perform site restoration and other closure activities. The Company's provision for future site closure and reclamation costs is based on known requirements. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments.

The Company's determination of the environmental rehabilitation provision arising from its activities at the Cariboo Gold Project, Quesnel River Mine, Bethlehem Resources and Bonanza Ledge Mine at November 30, 2015 was $6,911,132 (February 28, 2015: $6,996,051). This estimate was based upon a November 30, 2015 undiscounted future cost of $7,061,484 (February 28, 2015: $7,061,484), an annual inflation rate of 1.98% and risk adjusted discount rate of 5.3%. The closure and reclamation expenditure is expected to be incurred in various stages up to 2017.

During the year ended February 28, 2014, certain work related to Cariboo Gold Project was completed and therefore the remaining provision of $114,196 was reversed. There is substantial uncertainty related to the cost of implementation of the mitigation plan related to uncertainty about applicable water quality, the engineering scope and cost of mitigation required to meet the standards and responsibilities for the financial liability. As such, outcomes that are unfavorable could result in material additional liability.

The breakdown of the provision for site reclamation and closure is as per below:

Balance, February 28, 2014	$	5,711,731
Addition		956,608
Accretion		381,043
Accretion		(53,331)
Balance, February 28, 2015	$	6,996,051
Addition		-
Accretion		79,386
Amount used		(164,305)
Balance, November 30, 2015	$	6,911,132

	November 30, 2015	
Current portion	$	3,995,435
Long term portion	$	2,915,697

	February 28, 2015	
Current portion	$	4,101,997
Long term portion	$	2,894,054

17. GOLD LOAN FACILITY

a) Gold loan facility

By agreement dated October 8, 2013 and amended January 31, 2014, the Company entered into a $15,000,000 gold loan facility (the "Facility") with 2176423 Ontario Limited, a company controlled by Mr. Eric Sprott, (the "Lender"). The amendment was not considered to be substantially different from the original facility, and all changes have been reflected in the amortized cost.

The Facility is guaranteed by the Company, and all subsidiaries, and secured by first ranking security over all of the Company's present and future assets and a pledge of the shares of the Company's subsidiaries (the "Security"). The Gold Loan Facility is subject to a covenant to maintain working capital of not less than $1,500,000 at all times commencing August 1, 2014.

The Facility is due and payable by way of three cash payments on each of July 31, 2014, May 31, 2015 and March 31, 2016 (each a "Repayment Date"). Each cash payment will be based on the notional value of 4,181.67 ounces of gold (being 12,545 ounces over the term of the Facility) as priced at the Bloomberg composite closing value of gold at 4 p.m. on the day prior to each repayment. If the gold price is less than US$1,200 per ounce, then the Company's repayment amount shall be determined using a reference price of US$1,200 per ounce. If the gold price is above US$1,650 per ounce, then the Company's repayment amount shall be determined using a reference price of US$1,650 per ounce. There is no requirement or option to deliver physical gold as a form of repayment under the terms of the Facility. The Company agreed to provide the Lender with a minimum rate of return equal to 10% per annum, which shall be calculated on the date which the Facility is fully repaid.

The Company may not voluntarily prepay the Facility at any time prior to maturity without the Lender's prior written consent. However, the Company may at any time prepay all or any part of the Facility using a reference price of US$1,650 per ounce of gold.

In consideration for the advance of the Facility, the Company made a bonus payment to the Lender in the amount of 9,000,000 non-transferable share purchase warrants of the Company (each a "Bonus Warrant"). The Bonus Warrants are exercisable for a period of 30 months, and have an exercise price of $0.89 per warrant ("Exercise Price"). In the event that the volume weighted average trading price of the Company's common shares on the TSX-V is at a 50% premium to the Exercise price, the Company may require the Lender to exercise $5,000,000 worth of the Bonus Warrants within 10 calendar days of the Company providing written notice to the Lender. The Company has calculated the Warrant Exercise Trigger price to be $1.33 per common share.

The Company also paid the Lender a $150,000 structuring fee together with legal and other out-of-pocket expenses of $173,602 incurred in connection with the Facility. A third party finder's fee of $300,000 was paid, and 360,000 non-transferable finder's warrants (each a "Finder's Warrant") were issued by the Company. The Company may require the holder of the Finder's Warrants to exercise 50% of the Finder's Warrants within 10 days of the Company providing notice.

The Company considers the Facility a financial instrument comprised of a host loan with embedded derivatives. On inception, the fair value of the embedded derivatives were determined to be $4,612,257 with the residual of the proceeds received less transaction costs allocated as the fair value of the host loan. On October 24, 2014 the exercise price was set and the warrants met the definition of equity. As a result, $4,175,700 allocated to the warrant liability was reclassified to equity. The host loan was subsequently measured at amortized cost with an effective interest rate of 40% per annum. The embedded derivatives are measured at fair value with any fair value changes recognized through profit or loss.

On July 31, 2014, the Company missed the first scheduled repayment, and the Company incurred penalty interest on the missed scheduled repayment of $1,103,956 in the period to February 28, 2015.

The Company settled penalty interest of $934,662 with the Lender through the issuance of 3,015,039 shares in the Company on March 10, 2015 (see note 18).

17. GOLD LOAN FACILITY (CONTINUED)

As a result of missing the first scheduled repayment, the Company received on July 31, 2014 the first of five waivers from the lender waiving any and all events of default and, ultimately, extending the repayment date for the initial installment ultimately to April 30, 2015. The remedy to the defaults did not amend the contractual provisions of the facility, other than delay the scheduled repayment date. The notional amount of the repayment remains at 4,181.67 ounces. The delay to the scheduled repayments did not result in a significant modification of the expected cash flows of the facility, and has not been accounted for as a debt extinguishment.

The Company missed the extended repayment date on the first installment of April 30, 2015 and also missed the second scheduled repayment due on May 31, 2015.

On July 14, 2015, the Company settled the balance of the gold loan facility with 2176423 Ontario Ltd., through the issuance of an aggregate of 74,885,900 common shares of the Company at a price of $0.27 per common share. As a result of the Debt Settlement, Mr. Eric Sprott is now the “Control Person” (as that term is defined in the policies of the TSX Venture Exchange) of the Company.

For the three and nine month period ended November 30, 2015, the Company has recorded an interest charge of $nil and $877,251 respectively (2014: $1,428,097 and $3,789,258 respectively) related to the host loan, a penalty interest charge of $nil and $890,725 respectively related to the first missed payment on July 31, 2014 (2014: $459,446 and $606,168) and a loss of $nil and $360,552 respectively (2014: loss of $90,432 and gain of $906,763 respectively) for the change in fair value of the embedded derivatives. By agreement, the interest on delayed payment is calculated by multiplying the dollar amount of the gold equivalent deliverable at the time by 2.5% per annum.

As at November 30, 2015, the Facility is presented as follows:

Accreted principal, net of transaction costs	Principal	Embedded Derivatives	Transaction Costs	Total
March 1, 2014	$ 16,536,670	$ (4,502,092)	$ (608,707)	$ 11,425,871
Interest expense	6,055,868	-	-	6,055,868
February 28, 2015	$ 22,592,538	$ (4,502,092)	$ (608,707)	$ 17,481,739
Interest expense	1,767,976	-	-	1,767,976
Settlement of penalty interest (Note 18)	(934,662)	-	-	(934,662)
Derecognition	(23,425,852)	4,502,092	608,707	(18,315,053)
November 30, 2015	$ -	$ -	$ -	$ -

Derivative liabilities (assets)	Warrants To be Issued	Forward Contracts	Repayment Collar	Total
March 1, 2014	$ -	$ 1,172,247	$ 354,631	$ 1,526,878
Unrealized (gain)/loss	-	606,154	208,625	814,779
February 28, 2015	$ -	$ 1,778,401	$ 563,256	$ 2,341,657
Unrealized (gain)/loss	-	23,269	337,283	360,552
Derecognition		(1,801,670)	(900,539)	(2,702,209)
November 30, 2015	$ -	$ -	$ -	$ -

	November 30, 2015	February 28, 2015
Accreted principal, net of unamortized transaction costs	$ -	$ 17,481,739
Embedded derivative liabilities (assets)	-	2,341,657
Gold loan liability	-	19,823,396
Current portion of gold loan	-	19,823,396
Long term portion of gold loan	$ -	$ -

As at November 30, 2015 the minimum contractual cash flows for the facility are $nil as the facility was settled in full.

18. EQUITY

Share Capital

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value. As at November 30, 2015, 227,442,168 (February 28, 2015: 126,634,706) common shares were outstanding.

The holders of common shares are entitled to receive dividends which are declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

During the nine month period ended November 30, 2015:

1. The Company completed the debt settlement of penalty interest relating to the gold loan (see note 17). Under the debt settlement, the Company issued an aggregate of 3,015,039 common shares with a fair value of $783,910 ($0.26 per share being the quoted market price on issuance date) for settlement of penalty interest payable totalling $934,662 resulting in a gain on settlement of $150,752 which was recognized in the condensed consolidated statement of income (loss) and other comprehensive income (loss).

2. On June 17, 2015, the Company entered into a debt settlement agreement with an arm's length creditor, pursuant to which the Company has settled an aggregate of $118,201 of indebtedness through the issuance of an aggregate of 422,148 common shares with a fair value of $109,758 ($0.26 per share being the quoted market price on issuance date) which resulted in a gain on settlement of $8,443 which was recognized in the condensed consolidated statement of income (loss) and other comprehensive income (loss).

3. On June 22, 2015 the Company issued an aggregate 6,250,000 flow through common shares at a price of $0.32 per common share, for gross proceeds of $2,000,000.

4. On June 29, 2015, the Company completed a private placement of 6,059,375 flow through units at a price of $0.32 per flow through unit for gross proceeds of $1,939,000. Each flow through unit consists of one common share and one half of one common share purchase warrant with each warrant entitling the holder thereof to purchase a common share at a price of $0.40 until December 29, 2016.

   The fair value of the 3,029,687 common share purchase warrants was estimated at $318,700 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.90%; volatility 118% and an expected life of 18 months.

   The Company paid the agent a cash commission of $116,340, representing 6% of the gross proceeds of the offering and issued 363,563 broker warrant with each broker warrant entitling the agent to purchase one common share at a price of $0.32 until December 29, 2016.

   The fair value of the 363,563 broker warrants was estimated at $43,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.90%; volatility 118% and an expected life of 18 months.

5. On July 14, 2015, the Company settled an aggregate of $21,017,262 of indebtedness with 2176423 Ontario Ltd., in connection with the Gold Loan Facility as described in note 17. The Company issued an aggregate of 74,885,900 common shares of the Company with a fair value of $20,219,193 ($0.27 per share being the quoted market price on issuance date) in connection with the settlement, which resulted in a gain on settlement of $798,069 which was recognized in the condensed consolidated statement of income (loss) and other comprehensive income (loss).

18. EQUITY (CONTINUED)

Share Capital (continued)

6. On July 23, 2015 the Company completed a private placement of 9,375,000 flow through units at a price of $0.32 per flow through unit, for gross proceeds of $3,000,000. Each flow through unit consists of one common share of the Company and one-half of one common share purchase warrant with each warrant entitling the holder thereof to purchase a common share at an exercise price of $0.40 until January 23, 2017.

   The fair value of the 4,687,500 common share purchase warrants was estimated at $501,300 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.88%; volatility 119% and an expected life of 18 months.

7. On October 7, 2015, under the terms of the Settlement Agreement between the Company and Istana as described in note 13, the Company issued an aggregate 800,000 common shares of the Company with a fair value of $200,000 ($0.25 per share being the quoted market price on issuance date) in settlement of the outstanding advance royalty payments of $237,500 less cash payments of $150,000, which resulted in a loss on settlement of $112,500 which was recognized in the condensed consolidated statement of income (loss) and other comprehensive income (loss).

Flow through premium liability

For the purposes of calculating the tax effect of any premium related to the issuances of the flow-through shares, the Company reviewed the share price of the Company's common shares and compared it to determine if there was a premium paid on the shares. As a result, the Company recognized $698,000 as a flow-through premium liability on issuance in connection with the private placements in notes (3), (4) and (6) above. The amount will be reduced and recorded as other income upon filing of renunciation documents with the Canada Revenue Agency.

During the year ended February 28, 2015:

1. The Company issued 13,783,000 shares at a price of $0.50 per share for proceeds of $6,891,500 under a private placement. The Company paid finder's fees of $298,224 in relation to this private placement.

2. The Company completed a shares for debt settlement during the three month period ended May 31, 2014, where the Company issued 3,000,000 common shares of the Company with a fair value of $1,557,390 ($0.52 per share being the quoted market price on issuance date) for settlement of trade and other payables totalling $1,500,000. Loss on settlement of $57,390 was recognized in condensed consolidated statement of income (loss) and other comprehensive income (loss).

b) **Option Plan Details**

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant at terms of up to five years. No amounts are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria. In accordance with the Plan, the vesting of options is at the complete discretion of the Board other than in respect of any particular options granted to a service provider who is performing Investor Relations Activities, which will vest in stages over twelve months with no more than one quarter (1/4) of such option vesting in any three month period.

18. EQUITY (CONTINUED)

Share Capital (continued)

b) Option Plan Details (continued)

The following is a summary of changes in options outstanding for the nine month period ended November 30, 2015 and year ended February 28, 2015:

	Number of options	Weighted average exercise price per share
Balance, February 28, 2014	10,985,171	$1.01
Forfeited/Expired	(5,213,512)	$0.90
Balance, February 28, 2015	5,771,659	$1.10
Granted	12,721,161	$0.27
Forfeited/Expired	(3,961,159)	$1.10
Balance, November 30, 2015	14,531,661	$0.38

A summary of the Company's options outstanding and exercisable at November 30, 2015 is presented as follows:

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Forfeited/ Expired	Closing Balance	Vested and Exercisable	Weighted Average Remaining Life (Years)
27/09/2010	27/09/2015	$ 1.16	195,947	-	-	(195,947)	-	-	-
26/11/2010	26/11/2015	$ 1.42	448,261	-	-	(448,261)	-	-	-
01/04/2011	01/04/2016	$ 1.22	213,956	-	-	(129,956)	84,000	84,000	0.34
20/06/2011	20/06/2016	$ 1.66	295,790	-	-	(168,290)	127,500	127,500	0.56
22/07/2011	22/07/2016	$ 1.66	503,705	-	-	(426,205)	77,500	77,500	0.64
12/08/2011	31/07/2016	$ 1.52	317,500	-	-	(317,500)	-	-	-
01/02/2012	01/02/2017	$ 0.89	1,779,000	-	-	(880,000)	899,000	899,000	1.18
29/06/2012	29/06/2017	$ 1.21	240,000	-	-	(105,000)	135,000	135,000	1.58
23/10/2013	23/10/2018	$ 0.87	1,777,500	-	-	(990,000)	787,500	787,500	2.90
15/07/2015	15/07/2017	$ 0.27	-	651,161	-	-	651,161	651,161	1.62
15/07/2015	15/07/2020	$ 0.27	-	8,980,000	-	(300,000)	8,680,000	8,680,000	4.63
14/10/2015	14/10/2020	$ 0.29	-	3,090,000	-	-	3,090,000	3,090,000	4.88
			5,771,659	12,721,161	-	(3,961,159)	14,531,661	14,531,661	4.13

Subsequent to the period end, 575,000 options exercisable at a price of $0.2475 were granted, see note 31 for details.

On July 15, 2015, the Company granted an aggregate of 8,980,000 options to purchase common shares of the Company exercisable at a price of $0.27 per share for a period of five years, to certain directors, officers, employees and consultants and 401,161 options exercisable at a price of $0.27 per share for a period of two years to the former CEO to settle the obligation as described in Note 19 and 250,000 options exercisable at a price of $0.27 per share for a period of two years to Andrew Rees, former director of the Company. The common shares issuable upon exercise of the options are subject to a four month hold period from the original date of grant.

The fair value of the 9,631,161 options was estimated at $1,916,100 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.39% - 1.63%; volatility 98% - 129% and an expected life of 2 - 5 years.

18. EQUITY (CONTINUED)

Share Capital (continued)

b) Option Plan Details (continued)

On October 14, 2015, the Company announced that it has granted an aggregate of 2,590,000 options to purchase common shares of the Company exercisable at a price of $0.29 per share for a period of five years, to certain directors, officers, employees and consultants and 500,000 options to purchase common shares of the Company exercisable at a price of $0.29 per share for a period of two years to the former CFO to settle the obligation as described in Note 19. The common shares issuable upon exercise of the options are subject to a four month hold period from the original date of grant.

The fair value of the 3,090,000 options was estimated at $586,500 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.86%4 - 1.56%; volatility 99% - 116% and an expected life of 2 - 5 years.

A summary of the Company's options outstanding and exercisable at February 28, 2015 is presented as follows:

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Forfeited/ Expired	Closing Balance	Vested and Exercisable	Weighted Average Remaining Life (Years)
4/16/2009	4/16/2014	$ 0.45	1,003,661	-	-	(1,003,661)	-	-	-
7/17/2009	7/17/2014	$ 0.38	66,266	-	-	(66,266)	-	-	-
8/28/2009	8/28/2014	$ 0.60	456,306	-	-	(456,306)	-	-	-
9/18/2009	9/18/2014	$ 0.62	78,287	-	-	(78,287)	-	-	-
10/29/2009	10/29/2014	$ 1.25	576,490	-	-	(576,490)	-	-	-
2/2/2010	2/2/2015	$ 1.00	1,869,208	-	-	(1,869,208)	-	-	-
9/27/2010	9/27/2015	$ 1.16	235,947	-	-	(40,000)	195,947	195,947	0.58
11/26/2010	11/26/2015	$ 1.42	548,261	-	-	(100,000)	448,261	448,261	0.74
4/1/2011	4/1/2016	$ 1.22	283,956	-	-	(70,000)	213,956	213,956	1.09
6/20/2011	6/20/2016	$ 1.66	480,790	-	-	(185,000)	295,790	295,790	1.31
7/22/2011	7/22/2016	$ 1.66	568,705	-	-	(65,000)	503,705	503,705	1.40
8/12/2011	8/12/2016	$ 1.52	317,500	-	-	-	317,500	317,500	1.45
2/1/2012	2/1/2017	$ 0.89	2,329,000	-	-	(550,000)	1,779,000	1,779,000	1.93
6/29/2012	6/29/2017	$ 1.21	289,980	-	-	(49,980)	240,000	240,000	2.33
10/23/2013	10/23/2018	$ 0.87	1,880,814	-	-	(103,314)	1,777,500	1,777,500	3.65
			10,985,171	-	-	(5,213,512)	5,771,659	5,771,659	2.20

c) Share Purchase Warrants

The following is a summary of changes in warrants from February 28, 2014 to November 30, 2015:

	Number of Warrants	Weighted average exercise price per warrant
Balance, February 28, 2014 and February 28, 2015	9,360,000	$ 0.89
Issue of warrants (Note 18(a)(4) and 18(a)(6))	7,717,187	0.40
Issue of broker warrants (Note 18(a)(4))	363,563	0.32
Balance, November 30, 2015	17,440,750	$ 0.66

18. EQUITY (CONTINUED)

Share Capital (continued)

c) Share Purchase Warrants (continued)

As at November 30, 2015, the Company had outstanding warrants as follows:

Expiry Date	Exercise Price	Outstanding and exercisable
April 24, 2016	$0.89	9,360,000
December 29, 2016	$0.40	3,029,687
December 29, 2016 – broker warrants	$0.32	363,563
January 23, 2017	$0.40	4,687,500
Balance, November 30, 2015		**17,440,750**

As at February 28, 2015, the Company had outstanding warrants as follows:

Expiry Date	Exercise Price	Outstanding and exercisable
April 24, 2016	$0.89	9,360,000
Balance, February 28, 2015		**9,360,000**

Share -Based Payments Reserve

Share-based payment reserve represents employee entitlements to share-based awards that have been charged to the loss and other comprehensive loss in the periods during which the entitlements were accrued and have not yet been exercised

Accumulated Other Comprehensive Loss

Accumulated Other Comprehensive Loss is comprised of the cumulative net change in the fair value of available-for-sale financial assets, net of taxes, until the investments are sold or impaired.

19. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during the three and nine month period ended November 30, 2015:

a) Exploration costs

Costs of $nil and $nil (2014: $71,390 and $619,585), incurred in connection with the Company's exploration costs, were paid to Standard Drilling & Engineering Ltd., a company controlled by a former director during the three and nine month period respectively.

b) Deferred development costs

Costs of $nil and $nil (2014: $nil and $22,885), incurred in connection with the Company's deferred development costs, were paid to Standard Drilling & Engineering Ltd., a company controlled by a former director during the three and nine month period respectively.

c) Reclamation costs

Costs of $nil and $nil (2014: $nil and $24,751), incurred in connection with the Company's reclamation work at the QR Mine and Mill, were paid to Standard Drilling & Engineering Ltd., a company controlled by a former director during the three and nine month period respectively.

19. RELATED PARTY TRANSACTIONS (CONTINUED)

d) **Administration fees**

Administration fees of $nil and $nil (2014: $24,000 and $72,000), incurred in connection with the Company's above-noted exploration, deferred development and reclamation costs, were paid to Standard Drilling & Engineering Ltd., a company controlled by a former director during the three and nine month period respectively.

e) **Rent**

Costs of $nil and $nil (2014: $29,992 and $79,835), incurred in connection with the Company's office lease were paid to Pub Co Management Ltd., a company controlled by a former director (Note 29) during the three and nine month period respectively.

f) **Inventory**

Costs of $nil and $nil (2014: $148,050 and $148,050), incurred in connection with the Company's QR Mine and BL Mine were paid to Standard Drilling & Engineering Ltd., a company controlled by a former director of the Company during the three and nine month period respectively.

g) **Cost of Goods Sold**

Costs of $nil and $30,856 (2014: $142,969 and $436,687), incurred in connection with the Company's QR Mine and BL Mine productions were paid to Standard Drilling & Engineering Ltd., a company controlled by a former director of the Company during the three and nine month period respectively.

h) **Legal fees**

Legal fees in the amount of $nil and $5,255 (2014: $nil and $nil) were charged by a law firm in which a partner is a director of the Company during the three and nine month period respectively.

i) **Purchase of equipment and chemicals**

Equipment in the amount of $nil and $200,000 (2014: $ nil and $nil) and chemicals in the amount of $nil and $31,613 (2014: $nil and $nil) were purchased from a company whose former CEO is a director of the Company during the three and six month period respectively. The equipment was recorded as part of property, plant and equipment and the chemicals were expensed in cost of goods sold for the period.

j) **Key Management Compensation**

Key management personnel compensation comprised:

	Three month period ended November 30, 2015	Three month period ended November 30, 2014	**Nine month period ended November 30, 2015**	Nine month period ended November 30, 2014
Short term employee benefits, director fees	**$ 164,540**	$ 180,144	**$ 617,807**	$ 419,644
Severance	**12,900**	-	**321,900**	480,000
Share based payments	**455,000**	-	**1,837,900**	-
	$ 632,440	$ 180,144	**$ 2,777,607**	$ 899,644

During the year ended February 28, 2015, the Company entered into a settlement agreement with the former CEO where the Company will pay $20,000 per month plus benefits for two years starting August 2014 and grant 401,161 options in the next grant (issued on July 15, 2015). In addition, the Company will reimburse the former CEO all the ongoing legal fees related to BCSC claims against the former CEO.

19. RELATED PARTY TRANSACTIONS (CONTINUED)

k) Balance payable:

The amounts payable to related parties, are summarized as follows:

	November 30, 2015		February 28, 2015	
Due to other companies with certain common directors	$	-	$	773,302
Other amounts due to related parties		**216,500**		604,100
	$	**216,500**	$	1,377,402

At November 30, 2015 and February 28, 2015, the balance payable to companies with certain common directors includes ongoing exploration, reclamation and deferred development costs incurred by the Company. The balance is payable on demand, unsecured and on normal commercial terms.

Other amounts due to related parties at November 30, 2015 include unpaid severance of $160,000 (February 28, 2015: $340,000) and the obligation to issue nil options valued at $nil (February 28, 2015: 401,161 options valued at $108,500) to the former CEO and administration fees payable of $56,500 (February 28, 2015: $80,000) to the directors for attending meetings. The balance is payable on demand, interest free, and unsecured.

The options to the former CEO were issued on July 15, 2015. The fair value of the options as at February 28, 2015 was estimated using a Black-Scholes option pricing model with the following assumptions: 1. Volatility: 121%; 2. Dividend yield: 0%; 3. Risk Free Rate: 1.06%; and Expected life: 2 years.

The options to the former CFO issuable under the terms of his termination, were issued on October 14, 2015. The fair value of the options as at August 31, 2015 was estimated using a Black-Scholes option pricing model with the following assumptions: 1. Volatility: 116%; 2. Dividend yield: 0%; 3. Risk Free Rate: 0.86%; and Expected life: 2 years.

In connection with the Partial Revocation Order (“PRO”) the Company received on December 5, 2012, the Company received approval for the PRO to allow the Company’s former CEO to loan the Company up to $2.44 million to be used toward payment of outstanding accounts payable and for costs associated with the NI43-101 Technical Report (the “Loan”). As at November 30, 2015, the Company owed $nil (February 28, 2015: $nil) to the Company’s former CEO by means of the PRO. The amounts bore interest at 20% per annum with all such interest payable in full to the lender on repayment of the principal, which was on the date which was six months from the date of the loan. The interest rate was reduced to 10% after one year as the loan remained outstanding for a period greater than one year from the date of advancement. During the year ended February 28, 2015, the loan balance was reassigned to Standard Drilling & Engineering Ltd., a company controlled by the Company’s former CEO. All the terms on Loan remained unchanged.

During the three and nine month period ended November 30, 2015, a total of $nil and $nil in interest respectively has been recorded (2014: $2,902 and $85,159 respectively), $nil (February 28, 2015: $9,059) of which is outstanding as at November 30, 2015. The loan is collateralized by all of the Company’s presently owned and after acquired or held personal property, assets and undertakings. All terms on the Loan were determined to reflect terms that would be appropriate for a similar loan with a non-related party for an entity under similar circumstances.

During the nine month period ended November 30, 2015, a director paid corporate administration and exploration expenditures on behalf of the Company and was reimbursed a total of $nil (2014: $1,632,995).

As at November 30, 2015, $33,155 is recorded as a receivable from a Company in which a director of Barkerville Gold Mines Ltd. is the CEO. The amount is receivable in connection with sale of equipment and shipping costs charged during the nine month period ended November 30, 2015. During the nine month period ended November 30, 2015, the Company charged $2,535 in relation to rent and $31,500 in connection with sale of equipment and shipping costs.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The company is exposed through its operations to the following financial risks:

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

	Financial Assets at Fair Value through Profit or Loss		Loans and Receivables		Available for Sale Investments	
	November 30, 2015	February 28, 2015	November 30, 2015	February 28, 2015	November 30, 2015	February 28, 2015
Cash and cash equivalents	$ 5,340,046	$ 476,958	$ -	$ -	$ -	$ -
Amounts receivable	-	-	266,239	5,094,589	-	-
Available for sale investments	-	-	-	-	1,380	2,760
Reclamation deposits	-	-	3,395,800	3,395,800	-	-
Total Financial Assets	$ 5,340,046	$ 476,958	$ 3,662,039	$ 8,490,389	$ 1,380	$ 2,760

	November 30, 2015	February 28, 2015
Financial liabilities at amortized cost:		
Trade and other payables	$ 2,070,376	$ 9,993,337
Due to related parties	216,500	1,377,402
Lease payable	113,049	139,824
Gold loan facility (Note 17)	-	17,481,739
Financial liabilities at fair value:		
Derivative liability (Note 17)	-	2,341,657
Total Financial Liabilities	$ 2,399,925	$ 31,333,959

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

Foreign Currency Risk:

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Company's operations and financial results. The Company is exposed to foreign exchange rate fluctuation due to the payment terms of its gold facility loan. A 5% increase/decrease to the Canadian Dollar to United States Dollar foreign exchange rate would have a $nil and $nil increase/decrease to the Company's net income/loss for the three and nine month period ended November 30, 2015 respectively (2014: $26,000 and $857,000) as the gold loan facility was settled (see note 17 for details).

Interest Rate Risk:

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company does not have any borrowings at variable rates. Interest rate risk is limited to potential decreases on the interest rate offers on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Commodity Price Risk:

The Company is subject to commodity price risk for all the principal metals that are recovered from the concentrates that it produces. These include gold and silver. These metal prices are subject to numerous factors beyond the control of the Company including central bank sales, producer hedging activities, interest rates, exchange rates, inflation and deflation, global and regional supply and demand, and political and economic conditions in major producing countries throughout the world. A 5% increase/decrease in gold price would have an impact of approximately $nil. The Company has elected not to actively manage its exposure to metal prices at this time.

Equity Price Risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings. The available-for-sale investment in the common shares of Lions Gate Energy Inc. is not a source of market risk.

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents, reclamation deposits and amounts receivable. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand. The reclamation bonds are maintained with financial institutions by the Province and can be released upon the Company fulfilling its reclamation obligations.

As at November 30, 2015, the Company has one receivable from one customer that accounted for 100% of all receivables owing (February 28, 2015: 86%). The need for impairment is analyzed at each reporting date.

The Company's maximum exposure to credit risk at the reporting date is the carrying value of its cash and cash equivalents of $5,340,046 (February 28, 2015: $476,958), reclamation deposits of $3,395,800 (February 28, 2015: $3,395,800), and amounts receivable of $266,239 (February 28, 2015: $5,094,589).

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable. As at November 30, 2015, the Company had a working capital deficit of $2,490,557 (February 28, 2015: $26,022,817).

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities as at November 30, 2015 and February 28, 2015:

	Book Value at November 30, 2015	Within 1 Year	2 to 5 years	Over 5 years	Total
Trade and other payables	$ 2,070,376	$ 2,070,376	$ -	$ -	$ 2,070,376
Due to related parties	216,500	216,500	-	-	216,500
Lease payable	113,049	34,000	79,049	-	113,049
Gold loan facility	-	-	-	-	-
Total	$ 2,399,925	$ 2,320,876	$ 79,049	$ -	$ 2,399,925

	Book Value at February 28, 2015	Within 1 Year	2 to 5 years	Over 5 years	Total
Trade and other payables	$ 9,993,337	$ 9,993,337	$ -	$ -	$ 9,993,337
Due to related parties	1,377,402	1,377,402	-	-	1,377,402
Lease payable	139,824	34,000	105,824	-	139,824
Gold loan facility	19,823,396	21,219,417	-	-	21,219,417
Total	$ 31,333,959	$ 32,624,156	$ 105,824	$ -	$ 32,729,980

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for amounts receivable, trade and other payables and due to related parties, approximate their fair value due to their short-term nature.

	30-November-15 Book value	30-November-15 Fair value
Gold loan facility, inclusive of embedded derivatives	$ -	$ -

	28-Feb-15 Book value	28-Feb-15 Fair value
Gold loan facility, inclusive of embedded derivatives	$ 19,823,396	$ 21,219,417

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair Value Measurements, using:					
	Level 1		Level 2		Level 3	
	November 30, 2015	February 28, 2015	November 30, 2015	February 28, 2015	November 30, 2015	February 28, 2015
Financial Assets						
Cash and cash equivalents	$ 5,340,046	$ 476,958	$ -	$ -	$ -	$ -
Reclamation deposits	3,395,800	3,395,800	-	-	-	-
Available for sale investments	1,380	2,760	-	-	-	-
Financial Liabilities						
Lease payable			(113,049)	(139,824)		
Derivative liabilities	-	-	-	(2,341,657)	-	-
	$ 8,737,226	$ 3,875,518	$ (113,049)	$ (2,481,481)	$ -	$ -

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Available for sale investments

The available-for-sale investment is based on quoted prices and is therefore considered to be Level 1.

Current derivative liabilities

The derivative liabilities is the repayment in excess of the $15,000,000 gold loan facility with 10% interest per annum when the gold price is between US$1,200 and US$1,650 per ounce on the repayment date (note 17). The fair value of the Company's derivative liabilities is calculated using forward gold prices and gold option prices traded on the Chicago Mercantile Exchange and is considered to be a Level 2 fair value measurement.

21. MINE OPERATING EXPENSES

Mine Operating Expenses for the Company for the three and nine month periods ended November 30, 2015 and 2014 consist of the following components by nature:

	Three months ended		Nine months ended	
	November 30, 2015	November 30, 2014	November 30, 2015	November 30, 2014
Consulting fees	$ 7,897	$ 32,686	$ 69,104	$ 255,884
Depreciation	147,431	51,528	335,819	160,857
Employee salaries and benefits	219,990	(52,680)	810,684	793,192
Environmental	143,976	112,772	720,703	289,267
Office and administration	83,948	114,152	269,279	374,873
Repairs and maintenance	55,560	(82,711)	123,159	474,280
Reclamation	30,187	60,032	36,099	1,412,207
Travel	2,252	6,405	12,062	65,206
Stock based compensation	-	-	191,100	-
Assessment and tax	204,853	-	204,853	-
Utilities	50,858	60,000	168,448	180,000
Total mine operating expenses	$ 946,952	$ 302,184	$ 2,941,310	$ 4,005,766

22. EXPLORATION EXPENSES

Exploration expenses for the Company for the three and nine month periods ended November 30, 2015 and 2014 consist of the following components by nature:

	Three months ended		Nine months ended	
	November 30, 2015	November 30, 2014	November 30, 2015	November 30, 2014
Administration fees	$ 518,721	$ 40,782	$ 904,888	$ 144,299
Assaying	545,846	73,297	707,713	708,596
Assessment and tax	-	200	39,959	38,120
Consulting fees	186,442	142,794	273,975	240,988
Depreciation	41,803	21,842	126,657	62,830
Environmental and permitting	107,421	(37,820)	109,388	(33,125)
Equipment and rentals	36,773	59,194	96,921	202,731
Drilling	3,215,720	-	4,170,865	448,007
Travel	18,846	1,314	36,662	25,317
Employee salaries and benefits	622,415	247,212	1,217,720	561,199
Repairs and maintenance	209,236	121,687	274,264	411,656
Recovery of exploration expenditures	-	-	(1,366,855)	-
Stock based compensation	-	-	203,100	-
Reclamation	-	17,026	-	29,167
Royalty	-	12,500	12,500	37,500
Total exploration expenses	$ 5,503,223	$ 700,028	$ 6,807,757	$ 2,877,285

23. CORPORATE ADMINISTRATION EXPENSES

Corporate administration expenses for the Company for the three and nine month periods ended November 30, 2015 and 2014 consist of the following components by nature:

	Three months ended		Nine months ended	
	November 30, 2015	November 30, 2014	November 30, 2015	November 30, 2014
Consulting fees	$ 54,999	$ 41,416	$ 222,987	$ 185,408
Depreciation	15,419	17,460	44,588	51,031
Employee salaries and benefits	302,439	315,965	1,212,681	1,321,232
Legal, audit & accounting	77,185	73,902	305,764	185,379
Office and administration	(151,622)	91,770	219,451	393,978
Shareholder communications and advertising	8,754	13,012	35,857	74,236
Stock based compensation	504,600	-	1,959,400	-
Travel and related expenses	90,801	27,924	145,130	109,897
Total corporate administration expenses	$ 902,575	$ 581,449	$ 4,145,858	$ 2,321,161

24. FINANCE EXPENSE

The finance expense for the Company for the three and nine month periods ended November 30, 2015 and 2014 is comprised of the following:

	Three months ended		Nine months ended	
	November 30, 2015	November 30, 2014	November 30, 2015	November 30, 2014
Accretion on provision for site reclamation and closure (Note 16)	$ 26,462	$ 52,475	$ 79,386	$ 205,895
Bank charges, interest charges and commissions	(16,118)	33,878	(45,057)	75,076
Interest and accretion on debt (Note 17)	-	1,887,543	1,767,976	4,395,426
Total finance expense expense	$ 10,344	$ 1,973,896	$ 1,802,305	$ 4,676,397

25. CAPITAL MANAGEMENT

The company monitors its cash and cash equivalents, common shares, warrants, stock options, and the gold loan as capital. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business. There were no changes in the Company's approach to capital management during the year.

Under the terms of the Gold Loan Facility, the Company was required to maintain a minimum working capital amount of $1,500,000 commencing August 1, 2014 (Note 17), prior to the settlement on July 7, 2015. During the year ended February 28, 2015, the lender agreed to waive any events of default under the agreement until April 30, 2015. On July 7, 2015, the Company settled the debt outstanding under the Gold Loan Facility through the issuance of an aggregate of 74,885,900 common shares (see notes 17 and 18 for details).

The Company's capital consists of the following:

	November 30, 2015	February 28, 2015
Less cash	$ 5,340,046	$ 476,958
	(5,340,046)	(476,958)
Short term gold loan facility	-	19,823,396
Share capital	153,316,032	126,810,456
Share-based payments reserve	28,180,017	24,814,417
Accumulated other comprehensive income	(17,940)	(16,560)
Accumulated Deficit	(157,262,906)	(150,470,067)
Capital	$ 18,875,157	$ 20,484,684

26. SEGMENTED REPORTING

An operating segment is defined as a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the Company's chief operating decision maker, and for which discrete financial information is available. The Company has determined that it has one reportable operating segment, the acquisition, exploration, development and production of gold mineral properties, all of which occurs within Canada. The Company's corporate head office earns nominal revenue that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment. The Company's revenue is derived through a refining agreement with a single refiner.

27. INCOME (LOSS) PER SHARE

Basic loss per share is calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period.

	Three months ended November 30, 2015	Three months ended November 30, 2014	Nine months ended November 30, 2015	Nine months ended November 30, 2014
Income (loss) attributed to ordinary shareholders	$(7,417,318)	$(2,044,629)	$(6,792,839)	$(11,000,679)
Weighted average number of common shares - basic	227,424,586	126,634,706	179,389,418	124,882,047
Weighted average number of common shares - diluted	227,424,586	126,634,706	179,389,418	124,882,047
Basic income (loss) per share	$ (0.03)	$ (0.02)	$ (0.04)	$ (0.09)
Diluted income (loss) per share	$ (0.03)	$ (0.02)	$ (0.04)	$ (0.09)

Weighted Average Number of Common Shares				
Issued Common Shares at March 1	126,634,706	109,851,706	126,634,706	109,851,706
Effect of shares issued for private placements	12,266,517	13,783,000	11,484,159	12,819,230
Effect of shares issued for debts	88,523,363	3,000,000	41,270,553	2,211,111
Weighted average number of common shares - basic and diluted	227,424,586	126,634,706	179,389,418	124,882,047

As at November 30, 2015, there are 14,531,661 (February 28, 2015: 5,771,659) options, 17,077,187 (February 28, 2015: 9,360,000) share purchase warrants, and 363,563 (February 28, 2015: nil) broker warrants outstanding. The effect of shares issuable on the exercise of options, share purchase warrants, and broker warrants was anti-dilutive for the three and nine month period ended November 30, 2014 as the Company had a net loss for the period. For the calculation of diluted weighted average common shares outstanding, only the effect of in the money options and warrants were taken into consideration. As no options or warrants were in the money as at November 30, 2015, there was no effect on the calculation of diluted weighted average common shares outstanding.

28. NON-CASH TRANSACTIONS

Investing and financing activities that do not have a direct impact on current cash flows are excluded from consolidated statements of cash flows. During the nine month period ended November 30, 2015, items not impacting cash flows included in trade and other payable is $nil (2014: $1,919,250); $205,701 (2014: $1,500,000) related to the settlement of debt through issuance of shares; $934,662 (2014: nil) related to the settlement of penalty interest on the gold loan facility; and $21,017,262 (2014: nil) for settlement of the gold loan facility. These transactions are excluded from the consolidated statement of cash flows.

29. COMMITMENT

On April 1, 2014, the Company entered into an Administrative Service Agreement with a company owned by a former director. The Company was due to pay $10,220 per month for its office lease from May 1, 2014 to May 30, 2019. The Company also charges other former related companies rent. On February 3, 2015, the Company terminated the Administrative Service Agreement as part of the settlement with the former CEO. In addition, the Company agreed to pay the former CEO ongoing legal fees related to BCSC claims.

On February 3, 2015, the Company entered a lease agreement where the Company will pay $2,833 per month from February 6, 2015 to January 6, 2019 to purchase a grader. This lease agreement carries nil interest.

Flow-through shares

As at November 30, 2015, the Company is committed to spending approximately $237,000 by December 31, 2016 in connection with its flow-through offerings (February 28, 2015 - $nil).

30. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current years' presentation. These reclassifications did not affect prior years' net losses.

31. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to November 30, 2015:

- On December 24, 2015 the Company completed a private placement of 18,750,000 flow through common shares (the "Flow Through Shares") at a price of $0.32 per Flow Through Share for gross proceeds of $6,000,000 (the "FT Share Offering") with Osisko Gold Royalties Ltd. The Company intends to complete the balance of the FT Share Offering with Osisko (as described below) in January 2016, pursuant to which the Company will issue an additional 13,250,000 Flow Through Shares for aggregate proceeds of $4,240,000.

  The Company also announces that it has completed a private placement of 11,000,000 flow through units ("Flow Through Units") at a price of $0.32 per Flow Through Unit, for gross proceeds of $3,520,000 (the "FT Unit Offering"). Each Flow Through Unit consists of one common share (a "Common Share") of the Company and one-half of one common share purchase warrant (each whole warrant, a "Warrant") with each Warrant entitling the holder thereof to purchase a Common Share at an exercise price of $0.40 until December 23, 2017. Pursuant to the FT Unit Offering, the Company entered into a finder's fee agreement with Sprott Private Wealth LP (the "Finder"), pursuant to which the Finder was paid a finder's fee equal to 5% of the gross proceeds of the FT Unit Offering.

  The gross proceeds from the Offering will be used for Canadian Exploration Expenses, and will qualify as "flow - through mining expenditures", as defined in the Income Tax Act (Canada), and "BC flow - through mining expenditures", as defined in the Income Tax Act (B.C.).

- On December 22, 2015, the Company announced that it has granted an aggregate of 575,000 options to purchase common shares of the Company exercisable at a price of $0.2475 per share for a period of five years, to certain directors. The common shares issuable upon exercise of the options are subject to a four month hold period from the original date of grant.

31. EVENTS OCCURRING AFTER THE REPORTING DATE (CONTINUED)

- On November 30, 2015, the Company announced that it entered into a letter agreement ("Agreement") with Osisko Gold Royalties Ltd. ("Osisko") whereby Osisko has agreed, subject to standard conditions precedent including completion of due diligence, to purchase 32 million common shares of Barkerville (the "Private Placement") and a 1.5% NSR royalty on the Cariboo Gold Project (the "Royalty Financing"), located in British Columbia, Canada.

  Private Placement
  Pursuant to the Private Placement, Osisko agreed, subject to standard conditions precedent including completion of due diligence, to acquire 32 million flow - through common shares of Barkerville at a price of C$0.32 per share, for total proceeds to Barkerville of C$10,240,000. The first tranche of the placement was closed on December 24, 2015 as described above.

  Royalty Financing
  Osisko has also agreed, subject to standard conditions precedent including completion of due diligence, to acquire a 1.5% net smelter return ("NSR") royalty on the Cariboo Gold Project for a cash consideration of C$25 million. As part of the Royalty Financing, Osisko and Barkerville have also agreed to negotiate a gold stream agreement ("Gold Stream Agreement") following the completion by Barkerville of a feasibility study on the Cariboo Gold Project. Following a 60 day negotiation period, if Osisko and Barkerville have not entered into a Gold Stream Agreement, Barkerville shall either grant a right to Osisko to purchase an additional 0.75% NSR royalty for consideration of C$12.5 million, or make a payment of C$12.5 million to Osisko. The Company has received a $2,000,000 cash deposit in connection with the royalty financing during the nine month period ended November 30, 2015, which is recorded as deposits as at November 30, 2015.