



MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF THE COMPANY'S FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS  
FOR THE NINE MONTH PERIOD ENDED  
NOVEMBER 30, 2015

THIS MD&A IS DATED JANUARY 20, 2016

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with Barkerville Gold Mines' ("Barkerville", the "Company", "we", or "our") unaudited interim condensed consolidated financial statements for the three and nine month periods ended November 30, 2015 and 2014 and the related notes thereto, and the Company's audited consolidated financial statements for the years ended February 28, 2015 and 2014 and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All figures are in Canadian dollars unless otherwise noted. The Management Discussion and Analysis has been prepared as of January 20, 2016 and includes certain statements that may be deemed "forward-looking statements". Investors are directed to the section "Forward Looking Statements" included within this MD&A.

### Forward Looking Statements

*This Management's Discussion and Analysis ("MD&A") contains certain statements that may be deemed "forward-looking statements," within the meaning of certain securities laws. Forward-looking statements relate to management's expectations or beliefs about future performance, events, or circumstances that include, but are not limited to, future production, costs of production, prices of gold, reserve or resource potential, exploration and operational activities, and events or developments that the Company expects or targets. Forward-looking statements can usually be identified by words such as: "future", "plans", "scheduled", "expects", "intends", "estimates", "forecasts", "will", "may", "could", "would", and variations thereof. Although the Company believes that these statements are based on reasonable assumptions, all forward-looking statements involve known and unknown risks and uncertainties that may cause the actual performance, events, or circumstances of the Company to be materially different than anticipated. The forward-looking information in this MD&A describes the Company's expectations as of the date of this MD&A.*

*The results or events anticipated or predicted in such forward-looking information may differ materially from actual results or events. The likelihood of continued mining at the QR Mine is subject to a large number of risks, including: fluctuations in gold prices, lower than expected mill recovery rates and mining rates, ore grade and recovery rates, the possibility of a labour stoppage or shortage, accidents, and delays in government approvals. The Company and its operations are also subject to a large number of risks, including: the Company's liquidity and financing capability, fluctuations in gold prices, market conditions, results of current exploration activities, the possibility of a labour stoppage or shortage, delays in obtaining government permits and approvals and such other risks as discussed herein and in other publicly filed disclosure documents. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in such forward-looking statements, there may be other factors that cause performance, events, or circumstances to differ materially from those described in forward-looking statements. There can be no assurance that forward-looking statements will prove to be accurate. Accordingly, readers should not try to place undue reliance on forward-looking statements contained in this MD&A.*

*The Company cautions that the foregoing list of material factors is not exhaustive. When relying on the Company's forward-looking information to make decisions, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The Company has assumed a certain progression, which may not be realized. It has also assumed that the material factors referred to in the previous paragraph will not cause such forward-looking information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors.*

*Forward-looking statements are based on management's current plans, estimates, projections, beliefs, and opinions and we do not undertake any obligation to update forward-looking statements should the assumptions related to these plans, estimates, projections, beliefs and opinions change, except as required by law.*

## About Barkerville

Barkerville Gold Mines Ltd. is engaged in the exploration and production of mineral properties located in the Cariboo Mining District in east-central British Columbia. The Company controls 117,442 hectares of mineral tenure, including three historic groups of contiguous Crown-Granted mineral claims, namely the Cariboo Group, Island Mountain Group, and Mosquito Creek Group, as well as a large block of mainly contiguous mineral tenures roughly centered around the Town of Wells, which is located approximately 85 km east of Quesnel, British Columbia. The Company's QR Mine & Mill is located approximately 58 km southeast of Quesnel, in the Cariboo Mining District, and is in close proximity to the Company's other mineral tenures. The mineral tenures cover 1,164 km<sup>2</sup> along a strike length of 60 km and approximate width of 20 km, encompassing seven past producing hard rock mines and three NI 43-101 gold deposits, including the QR Mine & Mill.

The Cariboo Gold Belt has had a rich and extensive history starting with the discovery of placer gold in the 1860's. Recorded production from the Company's property and surrounding area is approximately 2.6 million ounces of placer gold and 1.2 million ounces of lode gold averaging 0.40 oz/t gold from mainly mesothermal quartz vein mineralization, and 0.60 oz/t from sulphide replacement style mineralization, during the period 1933 to 1967.

## Highlights

### Bonanza Ledge Mine Project

During the nine months ended November 30, 2015:

- Total sales for the nine months ended November 30, 2015 were 8,976 ounces of gold at an average price of \$1,493 per ounce (nine months ended November 30, 2014 - 9,514 ounces of gold at an average price of \$1,366 per ounce). The Company ceased mining operations during the year ended February 28, 2015, as such, no mining operations took place in the period. The Company milled 11,275 (2014: 53,090) dry metric tonnes of Bonanza ledge ore at an average head grade of 10.14 (2014: 6.23) grams per metric tonne at 94% (2014: 90%) recovery at an average net operating cost of production at \$877 (2014: \$1,669) per ounce and all in cost of \$2,098 (2014: \$2,032) per ounce;

As the majority of the revenue from the first nine months of fiscal 2016 resulted from the clean out of the mining processing plant, the Company did not incur many of its active cost of production when fully operational which resulted in a higher gross margin for the period.

### QR Mine Project

During the nine months ended November 30, 2015 the Company did not mine the QR Project. In the comparative nine month period ended November 30, 2014, highlights were as follows:

- Total sales for the nine months ended November 30, 2014 were 5,094 ounces of gold at an average price of \$1,411 per ounce. Of 5,094 ounces, 2,000 ounces were recovered from QR's previous production screen meshes. The Company milled 21,007 metric tonnes of QR mine ore at an average grade of 5.04 grams per metric tonne with an 87% recovery and at an average net operating cost of production of \$1,229 per ounce and all in cost of \$1,573 per ounce.

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The table below summarizes operating activities for the nine month periods ended November 30, 2015 and 2014:

	9 months November 30, 2015		9 months November 30, 2014	
	Bonanza Ledge	QR	Bonanza Ledge	QR
<b>Financial Data</b>				
Revenues	\$ 13,402,963	\$ -	\$ 13,000,511	\$ 7,199,983
Gain (Loss) from mining operations	5,526,984	-	(2,882,546)	940,818
<b>Operating Data</b>				
Tons mined (mt)	-	-	1,104,227	-
Tons milled (dmt)	11,275	-	53,090	21,007
Strip ratio	NA	NA	14.35	NA
Grade (g Au/mt)	10.14	NA	6.23	5.04
Recovery	94%	NA	90%	87%
Average price	\$ 1,493	NA	\$ 1,366	\$ 1,411
Operating costs of production Per Ozs	\$ 877	-	\$ 1,669	\$ 1,229
All In Costs Per Ozs	\$ 2,098	\$ -	\$ 2,032	\$ 1,573
<b>Net Operating costs of production</b>				
Cost of Sales	\$ 4,934,669	\$ -	\$ 14,317,812	\$ 3,818,643
Mine operating expenses overhead	2,941,310	-	1,565,245	2,440,521
Total operating costs of production	7,875,979	-	15,883,057	6,259,164
Total gold sold (ozs)	8,976	-	9,514	5,094
Operating costs of production Per Ozs	\$ 877	\$ -	\$ 1,669	\$ 1,229
<b>All In costs</b>				
Net operating costs of production	\$ 7,875,979	\$ -	\$ 15,883,057	\$ 6,259,164
Corporate Administration	4,145,858	-	1,584,040	737,121
Exploration	6,807,757	-	1,861,033	1,016,252
Total All In Costs	18,829,594	-	19,328,130	8,012,537
Total gold sold (ozs)	8,976	-	9,514	5,094
All In Costs per Ozs	\$ 2,098	\$ -	\$ 2,032	\$ 1,573

Notes:

1. Tons mined include waste and ore
2. Net Operating Costs and All in costs includes Depletion & Depreciation

## Review of Operations

Mining operations were completed in March 2015 and the balance of ore was shipped to the QR Mill and processed. The average grade of the 11,275 tons milled was 10.14 g/mt for a total 8,976 oz gold. A program to clean the mill prior to putting the facility on care and maintenance allowed the Company to produce additional gold from material caught in the mill circuit and floor. Repairs and upgrades to the mill and a general clean up were performed in May 2015. Additional maintenance is underway to prepare the mill for future production.

The company commissioned JDS Energy and Mining to undertake an optimization study on the potential of additional mining of the BL deposit from both an underground and open pit scenario. The results of this study was delivered in mid July. Results indicate that the open pit scenario appears more attractive than underground option in terms of project complexity, cash flow and capital cost.

During the period of this report management initiated a flow through financing to fund an extensive exploration program to develop additional resources and evaluate the entire Barkerville land package. After the successful closing of \$16,459,000 million in flow through funds, an extensive diamond drilling program was initiated in June 2015. The scope of the drilling program is to test the potential of the BC vein structure for continuity and grade as well as investigating and exploring the area for parallel veins or additional sulphide replacement ore bodies similar to Bananza Ledge. Additional near surface high grade pits for future mill feed are also being developed. Regional studies are also underway to determine the potential and structural controls of the ore bodies along the belt.

A program of reclamation and remediation has been initiated at the QR mine and mill sight which involves planting of trees and grass seed and environmental monitoring. The Mosquito Creek Mine and Mill are being dismantled and all delapidated historical structures removed.

During the third quarter of 2015, drilling continued to test the mineralization within the BC Vein and subsidiary veins discovered parallel and sub parallel to the structure. The resources being developed from the current drill program are being refined to complement the balance of ore that remains in the Bananza Ledge Deposit. Due to its relative proximity to Bananza Ledge, a new mine plan is being formulated which may incorporate both underground and open pit extraction of ore to be shipped to the QR Mill in the third quarter of 2016. Amendments to the current mining permits will be filed as soon as the mine plan is complete.

The QR Mill remained on care and maintenance with additional upgrades and inspections performed through the end of the third quarter. A survey of the tailings facility at the QR Mill Site verified capacity of approximately 900,000 tonnes which will be adequate for approximately twelve years at the current permitted mine production of 75,000 tonnes per year.

The Environmental Department continued with a program of remediation, cleaning historic production sites and monitoring water discharge and tailings facilities. Accumulated sediment in the settling pond was dredged and removed at the Bananza Ledge Mine. Blue Collar Silviculture in conjunction with a First Nations project completed a tree planting program to rehabilitate a portion of the QR Mill Site. A cariboo mitigation plan was submitted to the provincial ministry of Forests Lands and Natural Resources. A fish study was delivered to the federal department of Metal Mines Effluent Regulations.

## Results of Operations

### Three Months Ended November 30, 2015 compared to the Three Months ended November 30, 2014:

The Company reports a net loss of \$7,417,318 during the three month period ended November 30, 2015 as compared to a net loss of \$2,044,629 during the three month period ended November 30, 2014. Overall, this represents a higher net loss of \$5,372,689.

The variances between the two periods were primarily due to the following items:

- (i) Increase of \$2,243,672 in mine operating loss from an income of \$1,296,720 during the three month period ended November 30, 2014 to a loss of \$946,952 during the three month period ended November 30, 2015. The Company did not have any gold sales during the three month period ended November 30, 2015, as compared to the prior year when the Company sold 8,425 ounces at an average price of \$1,359, totalling gold revenues of \$11,445,944). The Company ceased milling operations in February 2015, as such, the Company did not record any revenue in the three month period ended November 30, 2015 and incurred \$946,952 in mine operating costs which represent care and maintenance costs on the mine. In the comparable period, cost of sales and direct costs were \$9,847,040 on sales of \$11,445,944 for the three month period ended November 30, 2014.  
  
Mine operating expenses increased from \$302,184 during the three month period ended November 30, 2014 to \$946,952 for the three month period ended November 30, 2015. The increase is due to assessment and tax costs during the current period of \$204,853 (2014: \$nil) as well as account reclassifications during the comparable period that resulted in negative expenditures for employee salaries and benefits as well as repairs and maintenance.
- (ii) Increase of \$4,803,195 in exploration expenses from \$700,028 during the three month period ended November 30, 2014 to \$5,503,223 during the three month period ended November 30, 2015. The increase is due primarily to a drill program initiated in the later part of the second quarter of fiscal 2016 and continuing into the third quarter of \$3,215,720 as compared to \$nil in the comparable period. Employee salaries and benefits increased in correlation with the exploration program increasing from \$247,212 during the three month period ended November 30, 2014 to \$622,415 during the three month period ended November 30, 2015. Similarly, administration expenditures also increase from \$40,782 during the three month period ended November 30, 2014 to \$518,721 during the three month period ended November 30, 2015 and assaying costs increased from \$73,297 during the three month period ended November 30, 2014 to \$545,846 during the three month period ended November 30, 2015 as these costs supporting the exploration program increased.
- (iii) Increase of \$321,126 in corporate administration from \$581,449 during the three month period ended November 30, 2014 to \$902,575 during the three month period ended November 30, 2015. This increase was primarily due to stock based compensation expense of \$504,600 during the three month period ended November 30, 2015 compared to \$nil during the three month period ended November 30, 2014. See note 18(b) of the unaudited interim condensed consolidated financial statements for the three and nine month periods ended November 30, 2015 for details on options issued during the periods. This increase was offset by a decrease in office and administration expenses of \$243,392 which went from \$91,770 during the three month period ended November 30, 2014 to \$(151,622) during the three month period ended November 30, 2015. The decrease is due to account reclassifications between corporate administrative expenditures and exploration expenditures during the current quarter.
- (iv) Decrease of \$1,963,552 in finance expense from \$1,973,896 during the three month period ended November 30, 2014 to \$10,344 during the three month period ended November 30, 2015. The decrease is due to a decrease in interest costs related to the gold loan facility that was settled on July 14, 2015 as detailed above.

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Nine Months Ended November 30, 2015 compared to the Nine Months ended November 30, 2014:

The Company reports a net loss of \$6,792,839 during the nine month period ended November 30, 2015 as compared to a net loss of \$11,000,679 during the nine month period ended November 30, 2014. Overall, this represents a higher net income of \$4,207,840.

The variances between the two periods were primarily due to the following items:

- (i) Increase of \$7,468,712 in mine operating income from a loss of \$1,941,728 during the nine month period ended November 30, 2014 to an income of \$5,526,984 during the nine month period ended November 30, 2015. The Company sold 8,976 ounces at an average price per ounce of \$1,493 for the three month period ended November 30, 2015, totalling \$13,402,963 in revenue. (Prior year, the Company sold 14,608 ounces at an average price of \$1,383, totalling gold revenues of \$20,200,494). The Company ceased milling operations in February 2015, as such, recoveries during the nine month period ended November 30, 2015 carried a lower cost than the comparable quarter when milling operations were ongoing, with cost of sales and direct costs decreasing from \$18,136,456 for the nine month period ended November 30, 2014 to \$4,934,669 for the nine month period ended November 30, 2015, while sales decreased from \$20,200,494 for the nine month period ended November 30, 2014 to \$13,402,963 for the nine month period ended November 30, 2015. As the majority of the revenue from fiscal 2016 resulted from the clean out of the mining processing plant, the Company did not incur many of its active cost of production when fully operational.

Furthermore, mine operating costs decreased as mining operations were ceased in February 2015 and thus, various costs decreased as follows:

- Reclamation costs decreased from \$1,412,207 during the nine month period ended November 30, 2014 to \$36,099 for the nine month period ended November 30, 2015. As the mining operations were put in care and maintenance the Company did not incur significant costs on reclamation work, whereas during the comparable period, the Company was actively mining and incurred significant reclamation costs, in particular incurring significant costs related to raising the tailings dam at its QR project.
  - Consulting expenses also decreased as the Company used less consultants as mining operations ceased, decreasing from \$255,884 during the nine month period ended November 30, 2014 to \$69,104 for the nine month period ended November 30, 2015.
  - Repairs and maintenance decreased from \$474,280 during the nine month period ended November 30, 2014 to \$123,159 for the nine month period ended November 30, 2015. As the mining operations were put in care and maintenance the Company did not incur any costs on repairs, whereas during the comparable period, the Company was actively maintaining its mining operations to achieve the best possible output.
- (ii) Increase of \$3,930,472 in Exploration from 2,877,285 during the nine month period ended November 30, 2014 to \$6,807,757 during the nine month period ended November 30, 2015. This fluctuation is primarily due to a recovery of exploration expenditures (Mining Exploration Tax Credit) of \$1,366,855 (2014: \$nil) which was received during the nine month period ended November 30, 2015. This decrease was offset by an increase in administration costs which increased from \$144,299 during the nine month period ended November 30, 2014 to \$904,888 for the nine month period ended November 30, 2015 reflecting costs incurred for exploration software and supporting activities to the fiscal 2016 exploration program which is underway, as well as increases in drilling which increased from \$448,007 during the nine month period ended November 30, 2014 to \$4,170,865 during the nine month period ended November 30, 2015. Increased drilling costs is due to the Company's exploration program to define and expand its resource estimate which is being funded through the recently completed flow through private placements, see note 18(a) of the unaudited interim condensed consolidated financial statements for the three and nine month periods ended November 30, 2015 for details. Employee salaries and benefits increased in correlation with the exploration program increasing from \$561,199 during the nine month period ended November 30, 2014 to \$1,217,720 during the nine month period ended November 30, 2015.

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- (iii) Increase of \$1,824,697 in corporate administration from \$2,321,161 during the nine month period ended November 30, 2014 to \$4,145,858 during the nine month period ended November 30, 2015. This increase was primarily due to stock based compensation expense of \$1,959,400 during the nine month period ended November 30, 2015 compared to \$nil during the nine month period ended November 30, 2014. See note 18(b) of the unaudited interim condensed consolidated financial statements for the three and nine month periods ended November 30, 2015 for details on options issued during the periods.
- (iv) Decrease of \$2,874,092 in finance expense from \$4,676,397 during the nine month period ended November 30, 2014 to \$1,802,305 during the nine month period ended November 30, 2015. The decrease is due to a decrease in interest costs related to the gold loan facility that was settled on July 14, 2015 as detailed above. The settlement also resulted in a gain of \$798,069 (2014 - \$nil) in relation to this settlement.
- (v) Increase of \$1,267,315 in the loss in regards to the change in value of the derivative liability in the gold loan which went from a gain of \$906,763 during the nine month period ended November 30, 2014 to a loss of \$360,552 during the nine month period ended November 30, 2015.

### Selected Annual Information

The following table highlights financial data on the Company for the most recently completed three financial years.

	Fiscal year ended February 28		
	2015	2014	2013
Revenue	\$31,031,756	\$36,788	\$1,502,567
Net loss	(\$21,307,854)	\$12,703,957	\$12,538,792
Loss per share	\$0.17	\$0.12	\$0.12
Total assets	\$39,697,256	\$44,722,214	\$36,684,064
Total liabilities	\$38,559,010	\$30,426,090	\$15,395,558
Working capital (deficiency)	(26,022,817)	(\$17,973,355)	(\$11,988,219)

### Summary of Quarterly Results

The following table sets out selected quarterly unaudited condensed consolidated interim financial information of the Company and is derived from unaudited condensed consolidated interim financial statements prepared by the Company's management.

	IFRS							
	Period ended							
	30-Nov-15 Q3	31-Aug-15 Q2	31-May-15 Q1	28-Feb-15 Q4	30-Nov-14 Q3	Aug 31/14 Q2	31-May-14 Q1	28-Feb-14 Q4
Total Revenue	-	586,755	12,816,208	10,189,409	11,445,944	5,909,923	2,844,627	-
Income (loss) before income taxes	(7,426,418)	(5,053,206)	5,652,585	(10,497,886)	(2,088,629)	(6,224,605)	(2,829,445)	(2,872,385)
Net income (loss)	(7,417,318)	(5,044,106)	5,668,585	9,567,886	(2,044,629)	(6,177,605)	(2,778,445)	(2,766,385)
Basic income (loss) per Share	(0.03)	(0.03)	0.04	(0.08)	(0.02)	(0.05)	(0.02)	(0.03)
Diluted income (loss) per Share	(0.03)	(0.03)	0.04	(0.08)	(0.02)	(0.05)	(0.02)	(0.03)

See Results from Operations for discussion of results.

## Liquidity and Capital Resources

On November 30, 2015, the Company had cash and cash equivalents on hand of \$5,340,046 (February 28, 2015: \$476,958) and had a working capital deficit of \$2,490,557 (February 28, 2015: working capital deficit of \$26,022,817). The Company's major commitments over the next year are repayment of trade and other payables, and due to related parties.

The Company will rely on future equity financings to fund operations. It is not possible to predict whether financing efforts will be successful. The Company has no assurance that additional funding will be available to it for further development of its projects in the event that there is a shortfall from its operations that would result in the Company being unable to meet current obligations or further the development of its projects. Any additional funding will be dependent upon the Company's ability to obtain financing through joint ventures, equity or debt financing or other means. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further business advancements.

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.

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.

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 Company paid the agent a cash commission of 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.

On July 14, 2015, the Company settled the balance of the gold loan facility with 2176423 Ontario Ltd., a company controlled by Mr. Eric Sprott, 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.

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.

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).

## 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.
- 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.

### Outstanding Share Capital

The Company has an unlimited number of common shares authorized, with 227,442,168 common shares outstanding on November 30, 2015 and 257,192,168 as of the date of this MD&A.

A total of 14,531,661 stock options and 17,440,750 share purchase warrants were outstanding on November 30, 2015 and 15,106,661 stock options and 22,940,750 share purchase warrants were outstanding as of the date of this MD&A.

During the nine month period ended November 30, 2015:

- The Company completed the debt settlement of penalty interest relating to the gold loan (see note 16 of the unaudited interim condensed consolidated financial statements for the nine month periods ended November 30, 2015 and 2014). 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) for settlement of penalty interest payable totalling \$934,662 resulting in a gain on settlement of \$150,752 which was recognized in income and other comprehensive income.
- 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 loss on settlement of \$8,443 which was recognized in the condensed consolidated statement of income (loss) and other comprehensive income (loss).
- 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.
- 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 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.

- 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).
- 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.
- 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).

During the year ended February 28, 2015:

- 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 finders fees of \$298,224 in relation to this private placement.
- The Company completed a shares for debt settlement, where the Company issued 3,000,000 common shares of the Company for settlement of trade and other payables totalling \$1,500,000. Loss on settlement of \$57,390 was recognized in loss and other comprehensive loss.

## **Current Exploration Activities**

### **Phase I Diamond Drilling Program**

On June 23rd 2015, the Company announced the commencement of its Phase I diamond drilling program that is focused on the Bonanza Ledge - BC Vein Areas of the property (Barkerville Mountain). Geotech Drilling Services Limited, based out of Prince George, British Columbia has been awarded the contract. The Phase I program is designed to validate the historical drilling performed on the property by previous operators, expand the known gold mineralization hosted in the BC Vein and also to assess the potential for additional occurrences of Bonanza Ledge style replacement sulphide gold mineralization. As of November 30, 2015, three drill rigs have completed 199 drillholes totaling 38,602 metres as part of the Phase I Program.

#### **BC Vein Drilling Program**

Two of the three drill rigs on Barkerville Mountain are currently performing a two stage, systematic drilling program on the BCV structure with the goal of methodically exploring undrilled portions of this large system as well as upgrading the historical drilling that may not have recovered all sulphide bearing drill core in the BCV due to poor drilling recoveries. During the preliminary stages of the 2015 Phase I drilling campaign, it was observed that portions of the mineralized zones were not recovered by the drilling process. These intervals of lost core have been assigned zero gold grade. It has been ascertained that the high sulphide intervals were essentially "washed away" by the drilling process and hence not recovered in their entirety. In consultation with Geotech Drilling Services Limited, an industry standard, environmentally safe drilling additive is now being utilized in all holes and core recoveries have increased to greater than 95% through the mineralized sulphide zones.

The BCV has been outlined by past operators over a continuous 1,400 metres strike length and on average only tested to a vertical depth of 75 metres below surface. The deepest historical intersection on the BCV was drilled in 2000 via drillhole BC-00-33 which graded 22.74 g/t Au (0.66 oz/t) Au over 4.11 metres. This intersection is located immediately below the Bonanza Ledge open pit at a vertical depth of only 150 metres below surface and remains completely unexplored below this depth and also along strike. Drillhole pierce points for the current 2015 program are designed to intersect the vein on aggressively spread out 50 metre hole spacings with the aim of outlining the most economically viable portions of the known 1,400 metre vein strike length. The first pass of shallow drilling will test the BCV from surface to 200 metres vertical depth whilst the second pass will selectively assess the depth potential of the vein from 200 to 400 metres below surface based on the results gathered from the first pass of shallow drilling.

#### **Drill Testing of Soil Anomalies and Other Targets**

The third drill rig on Barkerville Mountain is currently selectively testing the numerous surficial gold in soil anomalies that have been defined by previous operators. The Company plans to investigate these anomalies as well as other targets in the vicinity of Barkerville Mountain.

**Engagement of SGS Canada**

SGS (Canada) has been engaged to perform all analytical work for the Phase I drilling/sampling campaign. The SGS facility is accredited to the ISO/IEC 17025 standard for gold assays and all analytical methods include quality control materials at set frequencies with established data acceptance criteria. SGS methodology includes quality control materials at set frequencies with established data acceptance criteria and includes preparation blanks, duplicates, method blanks, weighed pulp replicates and certified reference materials in each sample batch.

Samples are submitted to SGS's facility in Burnaby, B.C. for preparation and analysis. The entire sample is crushed and 1,000 grams is pulverized. Analysis for gold is by 50g fire assay fusion with atomic absorption (AAS) finish with a lower limit of 5ppb and upper limit of 10,000ppb. Samples with gold assays greater than 10,000ppb are re-analyzed using 50g fire assay with gravimetric finish, as well as 1000g screen metallics fire assay. Samples are also analyzed using a 49 multi-elemental geochemical package by a 4-acid digestion, followed by Inductively Coupled Plasma Atomic Emission Spectroscopy (ICP-AES) and Inductively Coupled Plasma Mass Spectroscopy (ICP-MS).

**New QAQC Program Implementation**

Lynda Bloom M.Sc., P.Geol, of Analytical Solutions Limited (ASL), was engaged to design a rigorous QAQC program and operations manual for the Company's diamond drilling sampling programs. ASL was chosen due to their extensive experience in exploration geochemistry, data interpretation and quality control for assay programs. ASL provides independent consulting services that enable mining companies to comply with security exchange regulations. Quality assurance/ quality control (QAQC) programs are designed and monitored according to specific project requirements. ASL provides QPs with assistance in designing QC programs so that regulators and third-party auditors are satisfied with the integrity of the assays, while minimizing expense.

**Data Compilation**

The Company is still performing an ongoing assessment and compilation of all historical technical data in an effort to establish a comprehensive and quality assured database that will form the basis of a three dimensional geological model of the property. This exercise will allow for a detailed interpretation of the geological controls of the gold mineralization allowing for more constrained and detailed resource estimates to be performed that will entertain the potential amenability of the mineralization to underground mining scenarios. As well, the Company is compiling historical data as part of its ongoing regional assessment.

**Surface Mapping and Sampling**

Talisker Exploration Services Incorporated, based out of Toronto, Ontario has been engaged to perform a project wide surface and underground geological mapping and sampling program with the aim of developing a clear geological understanding on the controls of the gold mineralization in the district as well as establishing a stronger understanding of the larger scale geological framework as it pertains to regional targeting. This work will be performed in parallel with the regional compilations and also the geological modelling of the Cow Mountain drilling database.

### **Bonanza Ledge Deposit**

Beginning in 1998, the Company focused on delineating a high grade resource within the BC Vein, roughly 3 km southeast of the Gold Quartz Mine. The Company intersected a new style of mineralization in the footwall of the BC Vein in March 2000, now known as the Bonanza Ledge deposit. The Company is focused on bringing the Bonanza Ledge open pit mine into production as soon as reasonably possible, as all necessary approvals and permits have been obtained.

In December 2012, Snowden Mining Industry Consultants Inc. ("Snowden") updated the geological model for Bonanza Ledge in an effort to confirm the 'Starter Pit' defined in the Technical Report issued in August 2009. Using this new model, Snowden applied current economics (gold price and mining/processing costs) to define a potential pit for Bonanza Ledge. Both the model and the ultimate pit were not materially different from the 2009 work. Within the ultimate pit shell, Snowden identified a smaller pit shell with a concentration of mineralized material representing approximately one year's mill feed. This became the basis of a pit design which is now complete and under review for finalization and implementation.

The Technical Report notes that the only prior mining study conducted in the Cariboo Gold Project area, including costing and economic analysis, was completed for the Bonanza Ledge deposit and formed part of the Company's pre-feasibility study titled "Pre-Feasibility Study of the Bonanza Ledge Deposit, Wells, BC, Canada" dated August 17, 2009, and prepared by EBA Engineering Consultants Ltd. (available on SEDAR). However, the economics of the same are now considered to be outdated due to:

- Changes to capital and operating costs over time.
- Changes to metal prices.
- Purchase of the QR Mill such that toll milling is no longer applicable.
- Purchase of property interests such that royalty payments are no longer applicable.

Consequently, Snowden completed an update to the economic analysis for Bonanza Ledge in order to assess the relevance of the mineral reserve under the revised modifying factors.

After the results obtained as at February 28, 2015 (refer to section "Results of Operations"), management decided to stop production and to put Bonanza Ledge under Care and Maintenance.

### **Permits**

The Bonanza Ledge deposit was discovered when the Company intersected a new style of mineralization in the footwall of the BC Vein in March 2000. Since that time the Company has worked diligently drilling, mine modeling and completing studies including First Nations consultations to obtain all the necessary approvals and permits to bring the proposed Bonanza Ledge open pit mine into production. The receipt of the Mines Act permit for the proposed open-pit mine at Bonanza Ledge was received and announced in a News Release on December 6, 2011.

The Company has defined a mineable resource, developed a mine and reclamation plan, and completed a Preliminary Assessment Report of the economic feasibility of the proposed open pit at Bonanza Ledge. These formed the basis for the application submitted in April 2006, under the provisions of the *BC Mines Act*, to produce up to 74,000 tonnes of ore per year. Over the course of the application process, the Company received comments from government review agencies, completed supplemental engineering and environmental work, and submitted updates. The Company received its *Mines Act* permit for the proposed open-pit mine at Bonanza Ledge on December 5, 2011 and currently has a mine life of four years.

In July 2012, the Company received an amendment to *Mines Act* Permit M-198 to allow the custom milling of up to 300,000 tonnes of ore from the Bonanza Ledge Mine and up to 300,000 tonnes of ore from the Dome Mountain Mine, as well as the disposal of associated mine tailings in the QR Main Zone Pit. In December 2012, the Company received its amended *Environmental Management Act* permit, PE 17876, to allow effluent discharge associated with active mining at Bonanza Ledge. Dewatering of the Main Zone pit is ongoing. The Company engaged the services of consultants to update its mineral resource calculations and the Bonanza Ledge pre-feasibility study.

In January 2013 the Company provided updates and reported that final clearing of the laydown area for Bonanza Ledge and stump tub grinding for reclamation were both complete. Mining equipment, including excavators, cats, and trucks used at QR Mine for the dam raise, had been moved to the Bonanza Ledge Mine site.

In March 2014, the Company announced the commencement of operations at the Bonanza Ledge Mine. The first production blast was achieved on March 12, 2014.

## QR Mine and Mill

### QR Mill

The QR Mill operates under Permit M-198, received in June 2012, as amended, to allow the Company to process Bonanza Ledge ore at the QR Mill. The Company has completed the dam raise of the tailings storage facility dams at the QR Mine site in accordance with Permit M-198, and the Company is currently negotiating the amounts and terms of the bond that would have otherwise been due. The trial grouting of the first hole on the North Dam was completed. During the year ended February 28, 2015 the Company decided to place the QR Mill into Care and Maintenance, this resulted in an impairment charge of \$2,869,545.

### Goldstream Mill

During the year ended February 28, 2013, the Company recognized an impairment loss of \$224,000, which reduced the carrying value of the Goldstream mill to fair value less costs to sell. The impairment loss was primarily a result of declining scrap steel prices. There were no further indicators of impairment at February 28, 2014 nor as at February 28, 2015.

## Updated Cow Mountain Resource Estimate

On March 31<sup>st</sup> 2015, the Company announced an updated resource estimate for the Cow Mountain area of the Cariboo Project prepared by Snowden Mining Industry Consultants (Snowden), of Vancouver, British Columbia. The following is an overview of the methodology applied and discussion of material changes to the estimate. The technical report was filed on SEDAR on May 15<sup>th</sup> 2015 and is also available on the Company's website [www.barkervillegold.com](http://www.barkervillegold.com).

The reported Mineral Resource estimate is based upon an open pit scenario for the mining of gold mineralization beneath the surface of Cow Mountain in an area immediately surrounding the underground workings of the Cariboo Gold Quartz Mine. The resource estimate involved the application of Multiple Indicator Kriging ("MIK") for gold grade estimation of a block model using Datamine mining software. Table 1 outlines the results of the updated resource.

**Table 1: 2015 updated Cow Mountain Mineral Resource reported at a cut-off grade of 0.5 g/t Au**

Classification	Tonnes (MTonnes)	Au Grade (g/t)	Au (Moz) <sup>3</sup>
Indicated	35.8	2.4	2.8
Inferred <sup>2</sup>	27.5	2.3	2.0

Notes:

(1) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues. The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.

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(2) The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.

(3) Contained metal may differ due to rounding.

(4) The Mineral Resource estimate stated in Table 1 is defined using 25 ft by 25 ft by 25 ft blocks.

**Estimation Methodology**

A Datamine block model with cell dimensions of 25 ftE by 25 ftN by 25 ftRL was coded to reflect the estimation domains. Subcelling was used to more accurately define the volumes. The block size is the same as that used for the 2012 estimate. A kriging neighbourhood analysis was carried out to confirm the validity of the block size. This block size represents  $\frac{1}{4}$  and  $\frac{1}{2}$  of the drill hole spacing. The lower limit of the block model was restricted to the 3500 ftRL because the data available below this limit is limited.

All data was composited to equal sample lengths of 5 feet prior to statistical analysis and grade estimation. This length was chosen as the majority of sample intervals (75%) were 5 feet in length or less. Declustering of the composite data was tested and the results indicated that the issue of clustering did not have any significant impact, except for the mineralization indicator. All statistics were therefore reported based on the composite file without declustering.

The gold grades within the mineralized domain were estimated with a modified Multiple Indicator Kriging (MIK) approach. Snowden used an indicator approach to define the proportion of mineralized material within the blocks. The grade in the mineralized proportion was then estimated using MIK and the total mean grade within the block was estimated using the average gold grade weighted by proportions. The density was assigned as 2.7 t/m<sup>3</sup>.

Grade estimates and models were validated by: undertaking global grade comparisons with the input drill hole composites; visual validation of the block model in cross sections; and by grade trend plots. To identify over-smoothing the Indicated Resources were compared with the grade tonnage curves obtained with global change of support. The estimate validated well.

The resource classification definitions (Indicated and Inferred) used for this estimate are those published by the Canadian Institute of Mining, Metallurgy and Petroleum in their document "CIM Definition Standards". Classification was applied based on geological confidence, data quality and grade variability. Other considerations for the classification were the historical underground mining within the mineralized domain, with presence of large stopes; and the completion of a large re-assay campaign.

Areas classified as Indicated Resources are informed by the first search pass in the estimation and are mostly informed with samples in drill holes drilled after 1980. The remainder estimated with the first or second pass was classified as inferred. Areas where there is no informing data or only containing isolated drill holes are not classified as a part of the Mineral Resource.

**Cut-off grade determination and the evaluation of reasonable prospects for economic extraction**

Snowden selected a base case cut-off of 0.5 g/t Au assuming that the assumptions for the selection of this cut-off in the previous resource estimate are still valid. This cut-off was based on:

- a) The existence of an open pit optimization
- b) The preferred cut-off grade of 0.2 g/t Au for Spanish Mountain, a nearby project located approximately 60km south of Cow Mountain with a similar mineralization style, with a PEA study using a gold price in the Financial Base Case of US\$1100/oz.

Whilst Snowden, in this instance, does not consider it appropriate to use the cut-off grades used by Spanish Mountain to define the cut-off grade for Cow Mountain, it does provide support that the cut-off grades used are at least consistent with the PEA for that project. Snowden would caution that until a suitable mining study has been completed, the selection of a cut-off grade can at best be considered preliminary. Table 2 outlines the sensitivities of gold cut-off grade to global grade and tonnage for the current Cow Mountain estimate.

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In order to demonstrate that the mineralization as estimated in the block model has a reasonable expectation of being mined at some time in the foreseeable future, Snowden completed a pit optimisation exercise. The work was completed by an engineer with sufficient experience in this style of work and mineralization to ensure the robustness of the parameters used. Notwithstanding the pit optimisation exercise, it has not resulted in an engineered and operational open-pit mine design.

Whilst \$1300/oz was the starting point for the optimisation study, the optimisation was tested for gold prices from \$1005/oz to \$2095/oz. The results indicated that the resource potential, as defined by the optimisation study, was constrained by the model limits laterally (the optimisation could not expand past the model boundaries, thereby limiting the evaluation to the model extents).

**Table 2: 2015 Cow Mountain Indicated and Inferred Mineral Resource estimate reported over a range of cut-off grades**

Au Cut-off grade (g/t)	Indicated Category			Inferred Category		
	Tonnes (Mtonnes)	Au grade (g/t)	Total Au Ounces (M)	Tonnes (Mtonnes)	Au grade (g/t)	Total Au Ounces(M)
0.0	147.65	0.69	3.3	168.40	0.46	2.5
0.2	65.95	1.45	3.1	54.10	1.33	2.3
0.4	42.31	2.10	2.9	32.85	2.00	2.1
<b>0.5</b>	<b>35.81</b>	<b>2.40</b>	<b>2.8</b>	<b>27.54</b>	<b>2.30</b>	<b>2.0</b>
0.7	27.30	2.96	2.6	20.99	2.83	1.9
1.0	20.13	3.72	2.4	15.47	3.55	1.8
1.5	13.77	4.87	2.2	10.56	4.63	1.6
2.0	10.22	5.97	2.0	7.89	5.61	1.4
2.5	8.05	6.97	1.8	6.19	6.54	1.3
3.0	6.51	7.98	1.7	5.02	7.43	1.2
3.5	5.44	8.91	1.6	4.05	8.43	1.1
4.0	4.63	9.81	1.5	3.32	9.46	1.0
4.5	4.00	10.69	1.4	2.80	10.43	0.9
5.0	3.51	11.53	1.3	2.42	11.33	0.9

Notes:

(1) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues. The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.

(2) The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.

(3) Contained metal may differ due to rounding.

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(4) The Mineral Resource estimate stated in Table 1 is defined using 25 ft by 25 ft by 25 ft blocks.

(5) The reader is cautioned that the data presented in this table should not be misconstrued as a mineral resource statement. The figures are only shown to illustrate the sensitivities of the block model quantities and grade estimates to the selection of cut-off grade.

**Comparison with previous estimate (Snowden 2012)**

The updated Mineral Resource estimate has been compared with that previously prepared by Snowden (Geoex, Apex, Snowden 2012) at the 0.40 g/t cut-off to understand the changes in the reported numbers (Table 4). The most significant difference in the data set used for the updated estimate is the new assay values from the re-assay program. The two estimates have similar model extents and the MIK methodology was used for both. The previous estimate had large portions of assigned data. This assigned data has now been replaced with the results of the re-assay program increasing confidence in the data. This increase in confidence is reflected in the increase in indicated category. The large increase (262%) in the Indicated global tonnage is from the inclusion of previously excluded blocks that were informed with assigned data in the previous estimate and are now included because the assigned data is replaced with the results from the re-assay program. Snowden considers the comparison acceptable.

**Table 4: Comparison of Snowden 2015 and Snowden 2012 estimates at 0.4 g/t gold cutoff**

Classification	Snowden estimate (2015) – 0.40 g/t cut-off			Snowden estimate (2012) – 0.40 g/t cut-off		
	Tonnage	Gold Grade	Contained Au	Tonnage	Gold Grade	Contained Au
	(MTonnes)	(g/t)	(Moz)	(MTonnes)	(g/t)	(Moz)
Indicated	42.31	2.10	2.9	16.11	2.00	1.04
Inferred	32.85	2.00	2.1	44.66	2.74	3.94

**Discussion of New Results**

The Cow Mountain database was updated with the results of the re-assay program outlined in the recommendations section of the 2012 report (Geoex, Apex, Snowden, 2012). A total of 27,473 coarse reject samples in drill holes from 2009 to 2012, which were originally assayed with standard fire assay method with atomic absorption finishing, were re-assayed using screen metallic analysis. A total of 7,698 non-assayed intervals in pre-existing drill holes from 2007 to 2011 were also assayed and incorporated into the estimate.

In the previous estimate the drill holes CM12-04, CM12-05, CM12-06 and CM12-07 were discarded because there were large differences between the survey at the collar and the downhole survey data. In the 2015 estimate these drill holes were used for the resource estimate and the downhole inclination was assigned from the deviations measured at the collar.

A set of historic underground drill hole data excluded from the previous estimate was revised and incorporated into this estimate because the position can now be verified with the underground tunnels from adjacent levels. Drill holes reported in the previous estimate but lying outside of the mineralized zone were excluded in this estimate. In the year 2014 ten new drill holes were drilled logged and assayed, five of these drill holes are outside of the main estimation domain. There was no drilling in the year 2013. In addition results from the re-assaying project carried out in 2014 were included in the updated database. In total, 1,464 drill holes were utilized to inform the 2015 resource update.

An estimation approach similar to that one applied in the previous estimate was used but with estimation parameters reviewed and modified to reflect changes resulting from incorporation of the new data.

## **Loan from the former CEO and Partial Revocation of Cease Trade Order**

As reported in News Releases in November and December 2012, the Company received a partial revocation of the Cease Trade Order (the "PRO") to allow the Company's former CEO to loan the Company up to \$2.44 million (the "Loan"). As at November 30, 2015, the Company has a total payable to the former CEO of \$nil (February 28, 2015: \$16,503), which consists of \$nil (February 28, 2015: \$7,444) in principal and \$nil (February 28, 2015: \$9,059) in accrued interest. This debt was assigned to Standard Drilling and Engineering Ltd., a company controlled by the former CEO. All the terms on the Loan remained unchanged.

## **Gold Loan Facility**

### **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 (the "Lender").

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 has 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.

On July 14, 2015, the Company settled the balance of the gold loan facility with 2176423 Ontario Ltd., a company controlled by Mr. Eric Sprott, 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.

## **Annual General Meeting**

The Company held its annual general meeting on April 2, 2015. As reported on April 2, 2015, the shareholders voted in accordance with management's recommendations on all matters placed before them at the meeting.

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**Related party balances and transactions:**

These transactions are recorded at exchange value, being the value established and agreed upon by the related parties.

Name of Related Party	Description	November 30, 2015	November 30, 2014
		\$	\$
J. Frank Callaghan, former CEO	Salary & benefits <sup>1</sup>	Nil	100,000
	Severance <sup>1</sup>	Nil	480,000
Standard Drilings & Engineering Ltd.	Exploration costs <sup>2</sup>	Nil	619,585
	Deferred development costs <sup>2</sup>	Nil	22,885
	Reclamation costs <sup>2</sup>	Nil	24,751
	Administrative costs <sup>2</sup>	Nil	72,000
	Inventory <sup>2</sup>	Nil	148,050
	Cost of Goods Sold <sup>2</sup>	30,856	436,867
	Rent <sup>2</sup>	Nil	79,835
	Loan interest <sup>3</sup>	Nil	85,159
Pubco Management	Rent <sup>2</sup>	Nil	Nil
	Paralegal services <sup>2</sup>	7,856	Nil
Minaz Dhanani, former CFO <sup>4</sup>	Salary & benefits	34,530 <sup>5</sup>	95,679
	Severance	240,000 <sup>4</sup>	Nil
	Share based payments <sup>23,24</sup>	81,900 <sup>4</sup>	Nil
Andrew H. Rees <sup>6</sup>	Severance <sup>6</sup>	60,000	Nil
	Consulting fees <sup>6</sup>	Nil	46,959
	Share based payments <sup>23,24</sup>	49,700	Nil
Sean Callaghan <sup>7</sup>	Salary & benefits	Nil	56,133
David McMillan, Interim President <sup>21</sup>	Salary & benefits	Nil	30,000
Elena Clarici, Interim CEO <sup>22</sup>	Salary & benefits	Nil	22,000
Tom Obradovich, CEO	Salary & benefits <sup>8</sup>	241,020	Nil
	Share based payments <sup>23,24</sup>	404,300	Nil
Alex Obradovich	Salary & benefits <sup>20</sup>	11,606	Nil
Greg Gibson, Director	Consulting fees <sup>9</sup>	26,400	Nil
Andres Tinajero, CFO	Consulting fees <sup>10</sup>	120,000	Nil
	Share based payments <sup>23,24</sup>	160,700	Nil
Lisa McCormack, Corporate Secretary	Consulting fees <sup>11</sup>	35,000	Nil
	Salary & benefits <sup>11</sup>	5,000	Nil

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	Share based payments <sup>23,24</sup>	59,700	Nil
Wildeboer Dellelce	Legal fees <sup>17</sup>	5,255	Nil
San Gold Corporation	Inventory <sup>19</sup>	31,613	Nil
	Equipment <sup>19</sup>	200,000	Nil

The Company accrues directors' fees for its independent directors for each meeting and committee meeting that a director attends as follows:

- \$500 for each director or committee meeting attended in person or by teleconference and
- \$1,000 for each meeting attended in the capacity of chair.

Name of Director	Description	November 30, 2015		November 30, 2014	
		\$		\$	
Greg Gibson	Directors' fees	37,083	<sup>12</sup>	Nil	
	Share based payments	238,800	<sup>23,24</sup>	Nil	
Anthony Makuch	Directors' fees	19,500	<sup>12</sup>	Nil	
	Share based payments	238,800	<sup>23,24</sup>	Nil	
Norman Anderson	Directors' fees	1,500	<sup>13</sup>	2,500	
	Share based payments	49,700	<sup>23,24</sup>	Nil	
John Kutkevicius	Directors' fees	19,000	<sup>14</sup>	18,500	
	Share based payments	149,200	<sup>23,24</sup>	Nil	
Michael Steele	Directors' fees	Nil	<sup>15</sup>	12,000	
Elena Clarici	Directors' fees	Nil	<sup>12</sup>	13,500	
David McMillan	Directors' fees	Nil	<sup>16</sup>	19,000	
Ian Gordon	Directors' fees	18,500	<sup>18</sup>	4,000	
	Share based payments	119,400	<sup>23,24</sup>	Nil	
Chris Lodder	Directors' fees	13,000	<sup>12</sup>	Nil	
	Share based payments	124,100	<sup>23,24</sup>	Nil	
Allan Folk	Directors' fees	12,000	<sup>12</sup>	Nil	
	Share based payments	124,100	<sup>23,24</sup>	Nil	
Morris Prychidny	Directors' fees	23,667	<sup>18</sup>	Nil	
	Share based payments	119,400	<sup>23,24</sup>	Nil	

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.

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**Notes:**

1. The former CEO receives a base salary of \$20,000 per month. During the year ended February 28, 2015, Frank Callaghan resigned. The Board of Directors intends to fulfill the terms of employment contract by providing severance of \$480,000 from the date of resignation and issue 401,161 options in the next grant.
2. These fees were paid to a company controlled by the former CEO.
3. See **Loan from Mr. Callaghan and Partial Revocation of Cease Trade Order**. Amounts payable to the Company's CEO from the PRO bear interest at 20% per annum in the first year and 10% in the second year; interest is payable in full to the lender on repayment of the principal, due six months from the date of any such loan.
4. On November 1, 2012, the Company entered into an employment agreement with the CFO. The agreement is for an initial term of three years and will renew automatically for subsequent one year terms unless the Company provides notice of its intent not to renew 90 days prior to expiration. It can be terminated by the CFO at any time on giving 90 days' notice. The agreement includes termination clause to pay the CFO 24 months of base salaries, one year of group benefits, 36 months to exercise all the outstanding options and to issue 500,000 options in the next grant.
5. This represents payment of the base salary and benefits to Mr. Dhanani. The Company may recover some of the salary paid from other companies when Mr. Dhanani performs non-contractual services for them from time to time.
6. On November 1, 2012, the Company entered into a consulting agreement with Mr. Rees (the "Consulting Agreement"). Mr. Rees was required to provide reasonably full time consulting services to the Company. The Consulting Agreement was for an initial term of three years and will renew automatically for subsequent one year terms unless the Company provides notice of its intent not to renew 90 days prior to expiration. The Consulting Agreement can be terminated by Mr. Rees at any time on giving 90 days' notice. The agreement includes termination clause to pay Mr. Rees 24 months of base charges, one year of group benefits and 36 months to exercise all the outstanding options. Source deductions were remitted.
7. Sean Callaghan is the immediate family of the former CEO.
8. On January 15, 2015, the Company entered into an employment agreement with the CEO. The agreement is to pay the CEO \$300,000 per annum, an annual bonus at the discretion of the Board. The bonus shall have a target payout of 100% of Base salary based on achievement. The agreement is also to pay a \$1,200 monthly car allowance, reimbursement for an annual physical performed and reimbursement for an annual out of town membership at The Cambridge Club. The agreement includes termination clause to pay the CEO 24 months of base salaries, plus one time his average annual bonus. In the event of a change of control, the CEO is entitled to a lump sum payment equal to 24 months of his annual salary plus two times his average annual bonus.
9. The Company pays the Chairman of the Board \$1,200 per day plus HST when services were performed as required.
10. On May 1, 2015, the Company entered into a consulting agreement with the CFO. The agreement is to pay the CFO \$180,000 per annum, an annual bonus at the discretion of the Board. The bonus shall have a target payout of 50% of Base fee based on achievement. The agreement includes termination clause to pay the CFO 24 months of base fees. In the event of a change of control, the CFO is entitled to a lump sum payment equal to 24 months of his annual fee.
11. The Company pays Corporate Secretary \$5,000 per month plus HST. During November 2015, the Corporate Secretary was added to the Company's payroll for services from November 2015 onwards.
12. Includes fee for Board meetings attended.
13. Includes fee for Board meetings, Search Committee and Audit meetings attended.
14. Includes fee for Board meetings, Finance Committee, GNC and audit meetings attended.
15. Includes fee for Board meetings and Finance Committee meetings attended.
16. includes fee for Audit Committee meetings attended, GNC Committee, Search Committee meetings & Board meetings attended.
17. These fees were paid to a law firm in which a director is a partner.
18. Includes fee for Board meetings & audit meetings attended.
19. These purchases were paid to a company whose CEO is a director of the Company.
20. Alex Obradovich is the immediate family of the CEO.
21. On October 3, 2014, the Company entered into an employment agreement with the interim President. The agreement is to pay the interim President at the rate of \$1,000 per day plus GST commencing September 25, 2014. Any out-of-pocket and travelling expenses will be paid by the Company. Source deductions were remitted.
22. On October 3, 2014, the Company entered into an employment agreement with the interim CEO. The agreement is to pay the interim CEO at the rate of \$1,000 per day plus GST commencing September 25, 2014. Any out-of-pocket and travelling expenses will be paid by the Company. Source deductions were remitted.
23. 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, 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 severance obligation 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.

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24. 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 severance obligation.

### Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet transactions.

### 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 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:**

#### 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, 2017. 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 financial statements for the annual period beginning on March 1, 2017. The extent of the impact of adoption of the standard has not yet been determined.

#### 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, 2017. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

## 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	-	-
<b>Total Financial Assets</b>	<b>\$ 5,340,046</b>	<b>\$ 476,958</b>	<b>\$ 3,662,039</b>	<b>\$ 8,490,389</b>	<b>\$ 1,380</b>	<b>\$ 2,760</b>
			<b>November 30, 2015</b>		<b>February 28, 2015</b>	
<b>Financial liabilities at amortized cost:</b>						
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	
<b>Financial liabilities at fair value:</b>						
Derivative liability (Note 17)			-		2,341,657	
<b>Total Financial Liabilities</b>			<b>\$ 2,399,925</b>		<b>\$ 31,333,959</b>	

**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.

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.

a) 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 increase/decrease to the Company's net income/loss for the nine month period ended November 30, 2015 (2014: 857,000) as the gold loan facility was settled.

b) 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.

c) 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.

d) 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.

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, reclamation deposits and amounts receivable. Cash is 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.

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).

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*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 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	-	-	-	-	-
<b>Total</b>	<b>\$ 2,399,925</b>	<b>\$ 2,320,876</b>	<b>\$ 79,049</b>	<b>\$ -</b>	<b>\$ 2,399,925</b>

	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
<b>Total</b>	<b>\$ 31,333,959</b>	<b>\$ 32,624,156</b>	<b>\$ 105,824</b>	<b>\$ -</b>	<b>\$ 32,729,980</b>

**Other Risk Factors**

As a mining company the Company faces other risks including, but not necessarily limited to, the following:

*Reliance on Management's Expertise*

Barkerville strongly depends on the business acumen expertise of its management team and there is little possibility that this dependence will decrease in the near term. The loss of the services of any member of such team could have a material adverse effect on the Company.

*Legal risk*

The Company has been made aware of a complaint filed in the Circuit Court of the 11<sup>th</sup> Judicial Circuit in Miami-Dade County, Florida, between Jack Kachkar, as plaintiff, and the Company, and approximately seventy (70) other persons, as defendants, being Case No. 15-27567-CA-27. The Claim relates to a convertible debenture financing that occurred in 2006. The claim does not specify the quantum of damages allegedly suffered by the plaintiff and has not been formally served on the Company. If and when the Company is formally served with the complaint, the Company will vigorously defend itself against the claim.

*Mining Industry*

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct, operate and maintain mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk are taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The Company's mineral exploration activities are directed towards the search, evaluation and development of mineral deposits. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

*Government Regulation*

The exploration activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste.

Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration, mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

*Permits and Licenses*

The exploitation and development of its mineral properties requires the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

*Environmental Risks and Hazards*

All phases of the Company's mineral exploration operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, which have been caused, by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Production of mineral properties may involve the use of dangerous and hazardous substances such as sodium cyanide. While all steps will be taken to prevent discharges of pollutants into the ground water the environment, the Company may become subject to liability for hazards that cannot be insured against.

*Uninsured Risks*

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may elect not to insure.

**Conflicts of Interest**

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

**Commitments**

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.

## Financial and Disclosure Controls and Procedures

During the nine month period ended November 30, 2015 there has been no significant change in the Company's internal control over financial reporting.

The management of the Company is responsible for establishing and maintaining appropriate information systems, procedures and controls to ensure that information used internally and disclosed externally is complete, reliable and timely. The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make.

The management of the Company has filed the Venture Issuer Basic Certificate with the Annual Filings on SEDAR at [www.sedar.com](http://www.sedar.com). In contrast to the certificate under National Instrument ("NI 52-109") (Certification of Disclosure in Issuer's Annual and Interim Filings), the Venture Issuer Basic Certification does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. Investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## Additional Information

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

*"Tom Obradovich"*

**Tom Obradovich**  
**President & Chief Executive Officer**