

Barkerville Gold Mines Ltd.

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)**

May 31, 2013

Barkerville Gold Mines Ltd.
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
(UNAUDITED)
For the Three Months Ended May 31, 2013

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NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by the Company's auditor.

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

Barkerville Gold Mines Ltd.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

(UNAUDITED)

As at May 31, 2013

Assets	May 31, 2013	February 28, 2013
Current Assets		
Cash and cash equivalents (Note 4)	\$ 28,898	\$ 129,126
Accounts receivable (Note 5)	231,989	576,375
Prepaid expenses	488,651	307,485
Inventory	66,859	66,859
Total current assets	816,397	1,079,845
Non-current assets		
Restricted cash	-	-
Reclamation deposits	2,730,800	2,730,800
Available for sale Investments	6,900	6,900
Exploration and evaluation assets (Note 8)	17,738,136	17,737,621
Mineral properties and deferred development costs (Note 7)	3,508,934	2,343,498
Property, plant and equipment (Note 6)	12,472,960	12,785,400
Total assets	\$ 37,274,127	\$ 36,684,064
Liabilities		
Current liabilities		
Trade and other payables (Note 9)	\$ 8,825,641	\$ 6,971,852
Due to related parties (Note 13)	1,653,891	1,477,725
Loan from director (Note 13)	1,824,623	749,482
Provision for site reclamation and closure (Note 10)	3,868,704	3,869,005
Total current liabilities	16,172,859	13,068,064
Non-current liabilities		
Provision for site reclamation and closure (Note 10)	1,080,639	1,062,494
Deferred tax liability	1,265,000	1,265,000
Total liabilities	18,518,498	15,395,558
Shareholders' equity		
Share capital (Note 11)	118,239,970	118,239,970
Contributed surplus	19,477,562	19,477,562
Share subscriptions received in advance	41,650	41,650
Accumulated other comprehensive income	(12,420)	(12,420)
Accumulated deficit	(118,991,133)	(116,458,256)
Total shareholders' equity	18,755,629	21,288,506
Total liabilities and shareholders' equity	\$ 37,274,127	\$ 36,684,064

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

Approved on behalf of the board:

"J. Frank Callaghan"

J. Frank Callaghan Director

"David McMillan"

David McMillan Director

Barkerville Gold Mines Ltd.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE LOSS

(UNAUDITED)

For the three months ended May 31, 2013

	Three months ended May 31,	
	2013	2012
Revenue	\$ 36,788	\$ -
Cost of sales and direct costs	(19,084)	-
Gross Profit	17,704	-
Mine operating expense (Note 14)	(1,045,926)	(779,915)
Mine operating loss	(1,028,222)	(779,915)
Exploration (Note 15)	725,131	968,461
Corporate administration (Note 16)	773,210	520,804
	1,498,341	1,489,265
Loss from operations	(2,526,563)	(2,269,180)
Other income (expense):		
Finance expense (Note 17)	(105,214)	(278,090)
Gain on derecognition of liabilities	98,900	-
Loss before income taxes	(2,532,877)	(2,547,270)
Income tax recovery	-	6,600
Net loss for the period	(2,532,877)	(2,540,670)
Other comprehensive loss		
Fair value of available for sale investment	-	-
Total Comprehensive loss for the period	\$ (2,532,877)	\$ (2,540,670)
Loss per common share, basic and diluted (Note 18)	\$ (0.02)	\$ (0.02)
Weighted average number of common shares outstanding	109,401,649	106,799,791

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

Barkerville Gold Mines Ltd.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(UNAUDITED)

For the three months ended May 31, 2013

	Shares Outstanding	Share Capital	Share-based payments reserve	Share subscriptions received in advance	Accumulated other comprehensive loss	Retained Earnings	Total Shareholders' Equity
Balance at March 1, 2012	106,668,164	\$ 115,585,246	\$ 18,830,170	\$ -	\$ (8,280)	\$ (103,919,464)	\$ 30,487,672
Loss for the period	-	-	-	-	-	(2,540,670)	(2,540,670)
Acquisition of Bethlehem Resources (1996) Corp	543,478	500,000	-	-	-	-	500,000
Issue of shares on exercise of options	10,000	4,500	-	-	-	-	4,500
Issue of shares on exercise of warrants	60,000	51,000	-	-	-	-	51,000
Cancellation of share certificates	(7,500)	(7,500)	-	-	-	-	(7,500)
Balance at May 31, 2012	107,274,142	\$ 116,133,246	\$ 18,830,170	\$ -	\$ (8,280)	\$ (106,460,134)	\$ 28,495,002
Balance at March 1, 2013	109,401,649	\$ 118,239,970	\$ 19,477,562	\$ 41,650	\$ (12,420)	\$ (116,458,256)	\$ 21,288,506
Loss for the period						(2,532,877)	(2,532,877)
Balance at May 31, 2013	109,401,649	\$ 118,239,970	\$ 19,477,562	\$ 41,650	\$ (12,420)	\$ (118,991,133)	\$ 18,755,629

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

Barkerville Gold Mines Ltd.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(UNAUDITED)

For the three months ended May 31, 2013

	May 31, 2013	May 31, 2012
Cash flows from operating activities		
Loss for the period	\$ (2,532,877)	\$ (2,540,670)
Adjustments to reconcile loss to net cash used in operating activities		
Interest on related party loan	61,187	-
Depreciation (Note 6 & 7)	353,927	414,446
Change in ARO liability estimate	(301)	(5,459)
Accretion expense - debt	-	194,712
Accretion expense - ARO (Note 10)	18,145	16,930
Gain on de-recognition of liabilities	(98,900)	-
Deferred tax recovery	-	(6,600)
Changes in non-cash working capital balances:		
Amounts receivable	344,386	1,214,300
Prepaid expenses	(181,166)	24,892
Trade and other payables	1,952,689	(1,150,945)
	(82,910)	(1,838,394)
Cash used by operations	-	-
Income tax paid	-	-
Total cash outflows from operating activities	(82,910)	(1,838,394)
Cash flows from investing activities		
Reclamation deposits	-	(500,000)
Acquisition of property, plant and equipment (Note 6)	(41,487)	(3,711)
Acquisition of mineral properties and deferred development costs (Note 7)	(1,165,436)	-
Acquisition of exploration and evaluation assets (Note 8)	(515)	-
Total cash inflows (outflows) from investing activities	(1,207,438)	(503,711)
Cash flows from financing activities		
Amounts advanced by related parties (Note 13)	176,166	-
Amounts received from related parties	-	(283,618)
Loan from director (note 13)	1,013,954	-
Issuance of capital stock	-	48,000
Repayment of interest on convertible debt	-	(8,751)
Repayment of principal on convertible debt	-	(159,279)
Total cash inflows (outflows) from financing activities	1,190,120	(403,648)
Total increase (decrease) in cash during the period	(100,228)	(2,745,753)
Cash and cash equivalents at the beginning of the period (Note 4)	129,126	6,731,818
Cash and cash equivalents at the end of the period (Note 4)	\$ 28,898	\$ 3,986,065

The accompanying notes form an integral part of these consolidated financial statements

1. CORPORATE INFORMATION

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

The address of the Company's corporate office and principal place of business is 1500-675 West Hastings Street, Vancouver, British Columbia, Canada.

The Company completed the purchase of the QR Mine & Mill and its associated assets on February 1, 2010 and has successfully refurbished the mill at the QR Mine. On November 16, 2010 the Company acquired Bethlehem Resources (1996) Corporation with the intention of refurbishing and moving its Goldstream mill to Wells, B.C. subject to obtaining necessary permits and approvals.

The Company commenced commercial production of gold at its 100% owned QR Mine and Mill on October 1, 2010.

The Company ceased commercial production in December 2011 pending further exploration, permitting and renegotiation of its mining contract. In October 2012, the Company further refined existing reserves at the QR Mine. The Company obtained the required permits to mine Bonanza Ledge in December 2011. In July 2012, the Company obtained the required permits to mill Bonanza Ledge ore at the QR Mill and intends to complete the required financing to commence the development of its Bonanza Ledge property.

2. BASIS OF PREPARATION

a) Going Concern of Operations

These financial statements have been prepared in accordance with accounting principles applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the ordinary course of business. On August 14, 2012 the Company was subject to a cease trade order ("CTO") that has prevented management from raising additional debt and equity financing to meet its operational cash requirements. At May 31, 2013, the Company had accumulated losses of \$118,991,133 (February 28, 2013: \$116,458,256). The Company incurred losses of 2,532,877 during the three month period ending May 31, 2013 (three month period ending May 31, 2012: \$2,540,671) and had a working capital deficiency of \$15,356,462 at May 31, 2013 (February 28, 2013 deficiency of \$11,988,219). These conditions raise material uncertainty that may cast significant doubt as to the ability of the Company to continue operating as a going concern.

The Company's continuing operations and its ability to discharge its liabilities and fulfill its commitments as they come due, is dependent upon the Company having continued support from Related Parties, to obtain debt or equity financing and, ultimately, on locating economically recoverable ore reserves in its mineral properties, and attaining and maintaining profitable operations at its QR Mill and Bonanza Ledge properties.

The CTO was lifted by the British Columbia Securities Commission (the "BCSC") on July 15, 2013. The Company intends to obtain debt or equity financing in the near future to meet its immediate obligations. In the long term, management plans to complete the exploration and development of its mineral properties to ensure the Company can generate sustainable, long-term profitability, and obtain additional financing.

Management believes the Company will continue to have the support of related party lenders, and will be successful at securing additional funding, for its exploration and development program. Then, it will be able to continue to operate as a going concern for the foreseeable future. There can, however, be no assurance that such plans will be successful.

If the Company does not receive the continued support of related party lenders, or is unable to obtain adequate additional financing, the Company will be required to curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require restatement of assets and liabilities on a liquidation basis, which would differ significantly from the going concern basis.

2. BASIS OF PREPARATION (CONTINUED)

a) Going Concern of Operations (continued)

The underlying value and the recoverability of amounts shown for mineral properties is dependent upon the discovery of economically recoverable ore reserves in its mineral properties, the ability of the Company to obtain the necessary financing to complete development, confirmation of the Company's interest in the underlying mineral claims and leases and upon future profitable production from or the proceeds from the disposition of its mineral properties.

b) Statement of Compliance

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

The financial statements were authorized for issue by the Board of Directors on July 30, 2013.

c) Basis of Measurement

The financial statements have been prepared on a historical cost basis, as modified by the revaluation of available-for-sale financial assets.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements do not include all of the significant accounting policies required by IFRS for complete financial statements for year-end reporting purposes. These consolidated financial statements should be read together with the audited consolidated financial statements for the year ended February 28, 2013 which in Note 3 detail all significant accounting policies adopted by the Company.

The Company's accounting policies have been applied consistently to all periods presented in these audited condensed consolidated interim consolidated financial statements.

Recent accounting pronouncements issued but not yet implemented

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended May 31, 2013.

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, 2015. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

There are no additional accounting standards not yet effective that would have an impact on the financial statements.

Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the three months ended May 31, 2013

4. CASH AND CASH EQUIVALENTS

	May 31, 2013	February 28, 2013
Cash at banks and on hand	\$ 28,898	\$ 129,126
Short-term deposits	-	-
Total cash and cash equivalents	\$ 28,898	\$ 129,126

Cash and cash equivalents consists of cash on hand, demand deposits with financial institutions, and cash held in trust by legal counsel, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. Cash at banks and on hand earns interest at floating rates based on daily bank deposit rates.

5. ACCOUNTS RECEIVABLE

The accounts receivable for the Company is comprised of the following:

	May 31, 2013	February 28, 2013
Trade accounts receivable	\$ -	\$ 325,111
HST refundable	113,926	137,465
Other receivable	118,063	113,799
Total accounts receivable	\$ 231,989	\$ 576,375

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. There are no past due receivables at May 31, 2013 (February 28, 2013: nil).

Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the three months ended May 31, 2013

6. PROPERTY, PLANT AND EQUIPMENT

	Mining plant & equipment	Office furniture & equipment	Total
Cost			
Balance at March 1, 2012	\$ 17,552,923	\$ 664,840	18,217,763
Additions for the year	96,561	8,512	105,073
Balance at February 28, 2013	17,649,484	673,352	18,322,836
Additions for the period	39,552	1,935	41,487
Balance at May 31, 2013	\$ 17,689,036	\$ 675,287	\$ 18,364,323
Depreciation and impairment losses			
Balance at March 1, 2012	\$ 3,419,225	\$ 332,584	\$ 3,751,808
Depreciation for the year	1,498,810	62,818	1,561,627
Impairment for the year	224,000	-	224,000
Balance at February 28, 2013	5,142,035	395,401	5,537,435
Depreciation for the period	339,981	13,946	353,927
Balance at May 31, 2013	\$ 5,482,016	\$ 409,347	\$ 5,891,363
Carrying amounts			
At March 1, 2012	\$ 14,133,699	\$ 332,256	\$ 14,465,955
At February 28, 2013	\$ 12,507,449	\$ 277,951	\$ 12,785,400
At May 31, 2013	\$ 12,207,020	\$ 265,940	\$ 12,472,960

As part of the convertible debt entered into in August 2010, the Company had pledged as collateral, all personal property, assets and undertakings to the bond holders of the convertible debt. This pledge was removed upon payment of the debenture on August 27, 2012.

As at May 31, 2013, \$807,700 (February 28, 2013: \$807,700) worth of property, plant and equipment is pledged as collateral for the reclamation deposits (see Note 9). In addition, all property, plant and equipment are pledged as security for the portion of the due to the related party that arises from the partial revocation of Cease Trade Order (see Note 16).

During the three month period ended May 31, 2013 the Company recognized \$Nil (year ended February 28, 2013: \$334,903) of amortization on its property, plant and equipment associated with the QR Mill in cost of sales and direct costs.

The Goldstream Mill is a custom mineral processing plant fully permitted in its current location and is presently on care and maintenance. The facility has a name-plated milling capacity of 1,360 tonnes per day and residue from such operations can be accommodated in the adjacent tailings pond and surrounding properties. The Goldstream mill facility is currently under care and maintenance. No amortization has been charged during the three month period ended May 31, 2013 (February 28, 2013: \$Nil).

Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the three months ended May 31, 2013

7. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT COSTS

	MINERAL PROPERTIES	DEFERRED DEVELOPMENT COSTS	TOTAL
Cost			
Balance at March 1, 2012	\$ 5,275,301	\$ 3,747,277	\$ 9,022,578
Additions for the year	-	640,254	640,254
Balance at February 28, 2013	5,275,301	4,387,531	9,662,832
Additions for the period	-	1,165,436	1,165,436
Balance at May 31, 2013	\$ 5,275,301	\$ 5,552,967	\$ 10,828,268
Depletion and impairment losses			
Balance at March 1, 2012	\$ 2,645,893	\$ 2,901,846	\$ 5,547,739
Depletion for the year	114,336	125,397	239,733
Impairment for the year	656,525	875,337	1,531,862
Balance at February 28, 2013	3,416,754	3,902,580	7,319,334
Depletion for the period	-	-	-
Balance at May 31, 2013	\$ 3,416,754	\$ 3,902,580	\$ 7,319,334
Carrying amounts			
At March 1, 2012	\$ 2,629,408	\$ 845,431	\$ 3,474,839
At February 28, 2013	\$ 1,858,547	\$ 484,951	\$ 2,343,498
At May 31, 2013	\$ 1,858,547	\$ 1,650,387	\$ 3,508,934

All mineral properties and deferred development costs are pledged as security for the portion of the due to the related party that arises from the partial revocation of Cease Trade Order (see Note 13).

Quesnel River Mine:

The Quesnel River Mine ("QR") is an underground mine located near Quesnel River in British Columbia. During the three months ended May 31, 2013 the Company incurred \$897,230 (year ended February 28, 2013: \$155,303) of deferred development costs. Deferred mine development costs are amortized over the Company's initial estimate of the life of mine (LOM), and transferred to income using the unit of production method.

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

Depletion of mineral resources and mine development costs of \$Nil (February 28, 2013: \$239,733) was included in cost of sales and direct costs.

7. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT COSTS (CONTINUED)*Bonanza Ledge:*

The Bonanza Ledge deposit is a gold deposit on the southwest flank of Barkerville Mountain, within the Cariboo Gold Project, about 2 km northwest of the Barkerville Historic Town site. During fiscal 2010 the company obtained a NI 43-101 compliant Technical report and Pre-Feasibility Study of the Bonanza Ledge Deposit and as such costs associated with the acquisition of the project have been transferred from Exploration & Evaluation to Mineral Properties, on March 1, 2010. The carrying amount at May 31, 2013 was \$1,858,547.

In December 2011 the Company received a M-238 Permit from the British Columbia provincial government to develop an open pit gold mine at the Bonanza Ledge section of the Cariboo Gold Project. As at May 31, 2013, the Company had not commenced construction or mining operations. Therefore the reclamation deposits were not required to be paid. Construction is planned in the fiscal year ending February 28, 2014.

In June 2013, the Company filed an updated Technical Report on the Cariboo Gold Project, and updated the economic analysis for Bonanza Ledge in order to assess the relevance of the mineral reserve under revised modifying factors.

During the three months ended May 31, 2013 the Company incurred \$268,206 (year ended February 28, 2013: \$484,951) of deferred development costs.

Bethlehem Resource (1996):

On November 16th 2010, the Company completed the acquisition of all the issued and outstanding shares of Bethlehem Resources (1996) Corporation, a private B.C. company from International Bethlehem Mining Corporation (IBMC). The purchase includes the Goldstream mill facility, tailings pond, and related mineral leases and claims which are located in the Revelstoke mining division, British Columbia.

The Company agreed to pay IBMC total consideration of \$3,300,000, consisting of an aggregate cash payment in the amount of \$1,300,000 and \$2,000,000 of fully paid common shares of the Company, payable or issuable as follows:

- \$50,000 to be paid as a non-refundable deposit to secure the negotiations under the LOI upon execution of the LOI (paid);
- \$200,000 to be paid as a non-refundable cash payment and due diligence fee, upon execution of the LOI, (paid);
- \$500,000 worth of common shares of Barkerville upon the Closing Date of the Transaction (issued);
- \$250,000 to be paid, and issue \$500,000 worth of common shares of the Company upon the 6 month anniversary of the Closing Date for the Transaction (paid and issued);
- \$250,000 to be paid, and issue \$500,000 worth of common shares of Barkerville upon the 12 month anniversary of the Closing Date for the Transaction (paid and issued);
- \$550,000 to be paid, and issue \$500,000 worth of common shares of Barkerville upon the 18 month anniversary of the Closing Date for the Transaction (paid and issued); and

Due to the payment of consideration on the acquisition being deferred, the Company has determined that the fair value of the consideration granted was \$2,942,000, taking into account the time value of money, using a market rate of interest of 15%. Interest and finance charges were \$Nil during the three months ended May 31, 2013 and \$51,154 during the year ended February 28, 2013.

Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the three months ended May 31, 2013

8. EXPLORATION & EVALUATION ASSETS

	Wayside Property	Cariboo Gold Project	Bethlehem	Total
Cost				
Balance at March 1, 2012	\$ 1	\$ 17,594,442	\$ 138,177	\$ 17,732,619
Additions	-	5,002	-	5,002
Disposals	-	-	-	-
Balance at February 28, 2013	1	17,599,444	138,177	17,732,621
Additions	-	515	-	515
Disposals	-	-	-	-
Balance at May 31, 2013	\$ 1	\$ 17,599,959	\$ 138,177	\$ 17,738,136
Carrying amounts				
At March 1, 2012	\$ 1	\$ 17,594,441	\$ 138,177	\$ 17,732,619
At February 28, 2013	\$ 1	\$ 17,599,444	\$ 138,177	\$ 17,737,621
At May 31, 2013	\$ 1	\$ 17,599,959	\$ 138,177	\$ 17,738,136

All exploration and evaluation assets are pledged as security for the portion of the due to the related party that arises from the partial revocation of Cease Trade Order.

Wayside property:

As at February 28, 2013, the Company holds a 100% interest in the Wayside property, consisting of certain mineral claims and leases located in the Lillooet Mining Division, British Columbia. If the property commences commercial production, the Company will be required to issue shares equal in value to \$480,000 to the party from whom it was initially acquired.

Cariboo Gold Project:

The Company has an interest in the mineral rights to 254 contiguous mineral tenures totaling 117,442 hectares in the Cariboo Mining District near Wells, British Columbia. The Company currently maintains these mineral claims at an approximate cost of \$900,000 per annum. The Company also pays taxes on 2,419 hectares of Crown Grant Mineral Claims which is contained within the 117,442 hectare Cariboo Gold Project claim group.

During the year ended February 29, 2012, the Company issued, pursuant to a sale and purchase agreement for the purchase of the Cariboo Gold Project dated April 2009, 338,346 common shares for \$450,000 (2011: 535,714 common shares for \$600,000) at a price per share equal to the closing price of such shares on the TSX Venture Exchange on the day preceding the date of issuance of such shares.

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

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

Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the three months ended May 31, 2013

8. EXPLORATION & EVALUATION ASSETS (CONTINUED)

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

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

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

Bethlehem:

On November 16, 2010 the Company completed the acquisition of all the issued and outstanding shares of Bethlehem Resources (1996) Corporation, a private B.C. company, from International Bethlehem Mining Corporation (IBMC). The asset purchase includes the Goldstream mill facility, tailings pond, and related mineral leases and claims which are located in the Revelstoke mining division, British Columbia.

Certain mineral claims are subject to either a 25% net profit royalty, or a 2.5% net smelter return royalty and a 12.5 % net profit royalty, at the election of the holder of the royalty interest.

9. TRADE AND OTHER PAYABLES

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

	May 31, 2013	February 28, 2013
Trade payables	\$ 8,151,901	\$ 6,103,329
Canada Revenue Agency - provision for Part XII.6 tax	227,173	227,173
Payroll related liabilities	96,169	173,253
Other payables	350,398	468,097
Total trade and other payables	<u>\$ 8,825,641</u>	<u>\$ 6,971,852</u>

10. PROVISIONS FOR SITE RECLAMATION AND CLOSURE

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

The Company's best estimate of the environmental rehabilitation provision arising from its activities at the Cariboo Gold Project, Quesnel River Mine and Bethlehem Resources at May 31, 2013 was \$4,949,343 (February 28, 2013 - 4,931,499). This best estimate was based upon a February 28, 2013 undiscounted future cost of \$5,072,093 (February 28, 2013 -\$5,072,394), an annual inflation rate of 1.98% and risk adjusted discount rate of 10%. The closure and reclamation expenditure is expected to be incurred in various stages up to 2021.

The amounts used during the year ended February 28, 2013 were mostly related to raising the tailings pond at the QR mine and the amount in excess of provision was charged to operations as reclamation expenses. As at February 28, 2013, the Company has substantially completed raising the tailings pond and was at an early stage of assessing the leaks in the dam.

There is a substantial uncertainty related to the cost of implementation of the mitigation plan related to uncertainty about applicable water quality, the engineering scope and cost of mitigation required to meet the standards and responsibilities for the financial liability. As such, outcomes that are unfavorable could result in material additional liability.

Balance, March 1, 2012	\$	6,439,332
Accretion		67,718
Change in liability estimate		37,000
Amounts used		(1,612,551)
		<hr/>
Balance, February 28, 2013		4,931,499
Accretion		18,145
Addition		-
Amounts used		(301)
Balance May 31, 2013		<hr/> 4,949,343
Current portion		3,868,704
Long term portion	\$	<hr/> 1,080,639

11. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value.

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

During the three months ended May 31, 2013 there were no transactions related to common shares.

During the year ended February 28, 2013.

1. The Company issued 543,478 common shares, with a fair value of \$500,000 for final share-based consideration for the acquisition of Bethlehem Resources (1996) Corporation (note 11).
2. The Company issued 89,500 common shares for proceeds of \$81,360 relating to stock options exercised.
3. The Company issued 1,646,140 common shares for proceeds of \$1,400,893 relating to warrants that were exercised.
4. The Company issued 461,367 common shares upon conversion of \$392,162 in convertible notes.

b) Share Purchase Warrants

The following is a summary of changes in warrants from March 1, 2012 to May 31, 2013:

	Number of Warrants	Weighted average exercise price per warrant
Balance as at March 1, 2012	22,295,430	\$ 1.01
Issue of warrants	-	-
Exercised warrants	(1,695,640)	0.85
Expired	(4,172,840)	0.85
Balance February 28, 2013	16,426,950	\$ 1.07
Issue of warrants	-	-
Exercised warrants	-	-
Expired	-	-
Balance May 31, 2013	16,426,950	\$ 1.07

Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the three months ended May 31, 2013

12. SHARE-BASED PAYMENTS

a) Option Plan Details

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

A summary of the Company’s options at May 31, 2013 are presented as follows:

Grant Date	Expiry Date	Exercise Price	Opening Balance	During the Period			Closing Balance	Vested and Exercisable	Weighted Average Remaining Life (Years)
				Granted	Exercised	Forfeited/ Expired			
04/16/2009	04/16/2014	\$0.45	1,128,661	-	-	-	1,128,661	1,128,661	0.88
07/17/2009	07/17/2014	\$0.38	66,266	-	-	-	66,266	66,266	1.13
08/28/2009	08/28/2014	\$0.60	456,306	-	-	-	456,306	456,306	1.25
09/18/2009	09/18/2014	\$0.62	78,287	-	-	-	78,287	78,287	1.30
10/29/2009	10/29/2014	\$1.25	576,490	-	-	-	576,490	576,490	1.42
02/02/2010	02/02/2015	\$1.00	1,869,208	-	-	-	1,869,208	1,869,208	1.68
09/27/2010	09/27/2015	\$1.16	285,947	-	-	-	285,947	285,947	2.33
11/26/2010	11/26/2015	\$ 1.42	568,261	-	-	-	568,261	568,261	2.49
04/01/2011	04/01/2016	\$ 1.22	313,956	-	-	-	313,956	313,956	2.84
06/20/2011	06/20/2016	\$1.66	535,790	-	-	-	535,790	535,790	3.06
07/22/2011	07/22/2016	\$1.66	606,205	-	-	-	606,205	606,205	3.15
08/12/2011	08/12/2016	\$1.52	317,500	-	-	-	317,500	317,500	3.20
02/01/2012	02/01/2017	\$0.89	2,724,000	-	-	-	2,724,000	2,724,000	3.68
06/19/2012	06/19/2017	\$0.50	250,000	-	-	-	250,000	250,000	4.06
06/29/2012	06/29/2017	\$1.21	379,980	-	-	-	379,980	379,980	4.08
			10,156,857	-	-	-	10,156,857	10,156,857	2.54

13. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during the period:

a) Exploration costs

Costs of \$30,555 (year-ended February 28, 2013: \$716,077), incurred in connection with the Company's exploration costs, were paid to a Company controlled by a director.

b) Deferred development costs

Costs of \$215,414 (year-ended February 28, 2013: \$316,318), incurred in connection with the Company's deferred development costs, were paid to a Company controlled by a director.

c) Reclamation costs

Costs of \$Nil (year-ended February 28, 2013: \$490,065), incurred in connection with the Company's reclamation work at the QR Mine and Mill, were paid to a Company controlled by a director.

d) Administration fees

Administration fees of \$16,870 (year-ended February 28, 2013: \$76,939), incurred in connection with the Company's above-noted exploration, deferred development and reclamation costs, were paid to a Company controlled by a director.

e) Legal Fees

Legal fees of \$Nil (year-ended February 28, 2013: 155,590) incurred in connection with taxation issues related to Part XII.6 tax and indemnity, were paid to a law firm of which one partner is a director of the Company. Legal fees of \$Nil (year-ended February 28, 2013: \$4,832), incurred in connection with the Company's financings as well as general corporate matters, were paid to a law firm of which one partner was a director of the Company.

13. RELATED PARTY TRANSACTIONS (CONTINUED)**f) Key Management Compensation**

Key management personnel compensation comprised:

	May 31, 2013	February 28, 2013
Short term employee benefits and director fees	\$ 126,669	\$ 562,081
Share-based payments	-	650,900
	\$ 126,669	\$ 1,212,981

g) Balance payable:

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

	May 31, 2013	February 28, 2013
Due to other companies with certain common directors	\$ 1,448,044	\$ 1,225,855
Due to a law firm of which one partner is a director of the Company	174,261	174,261
Other amounts due to directors	31,586	77,609
Total due to related parties	1,653,890	1,477,725
Add: loan from director	1,824,624	749,482
	\$ 3,478,514	\$ 2,227,207

At May 31, 2013, the balance payable to companies with certain common directors relates primarily to ongoing exploration, reclamation and deferred development costs incurred by the Company. Amounts payable will be paid in a subsequent period. The balance is payable on demand, is interest free, unsecured and on normal commercial terms.

The other amounts due to director relates primarily to balances incurred prior to approval of the partial revocation of the Cease Trade Order (the "PRO"). These amounts will be paid in a subsequent period. The balance is payable on demand, is interest free, unsecured and on normal commercial terms.

The loan from director arises as a result of the PRO the Company received on December 5, 2012. The Company received approval for the PRO to allow the Company's CEO to loan the Company up to \$2.44 million to be used toward payment of outstanding accounts payable and for costs associated with the NI43-101 Technical Report (the "Loan"). As at May 31, 2013, the Company has borrowed \$1,824,623 from the Company's CEO by means of the PRO (February 28, 2013 - \$749,482). Amounts payable to the Company's CEO from the PRO bear interest at 20% per annum with all such interest to be payable in full to the lender on repayment of the principal, which shall be on the date which is six months from the date of any such loan. The interest rate shall be reduced to 10% after one year should any Loan remain outstanding for a period of one year from the date of advancement. As at May 31, 2013, a total of \$97,507 in interest has been accrued (February 28, 2013 - \$31,320), all of which is outstanding as at May 31, 2013. The loan is collateralized by all of the Company's presently owned and after acquired or held personal property, assets and undertakings. All terms on the Loan were determined to reflect terms that would be appropriate for a similar loan with a non-related party for an entity under similar circumstances.

A director was reimbursed for corporate administration and exploration expenditures incurred on behalf of the Company for \$80,220 during the three month period ended May 31, 2013 (2012: \$28,165).

Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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14. MINE OPERATING EXPENSE

Mine Operating Expense for the Company consists of the following components by nature:

	May 31, 2013	May 31, 2012
Consulting fees	\$ 17,361	\$ 51,820
Depreciation	321,984	376,514
Employee salaries and benefits	275,877	165,007
Office and administration	144,748	31,072
Repairs and maintenance	173,182	140,899
Utilities	112,774	14,603
Total mine operating expense	\$ 1,045,926	\$ 779,915

15. EXPLORATION

Exploration for the Company consists of the following components by nature:

	May 31, 2013	May 31, 2012
Administration fees	\$ 15,388	\$ 8,531
Assaying	87,611	11,930
Assessment and tax	66,945	68,714
Consulting fees	131,633	99,452
Depreciation	18,864	22,311
Environmental	8,381	65,546
Equipment and rentals	20,733	139,364
Exploration	215,515	295,683
Land fees and permitting	141,646	239,191
Travel	18,415	17,739
Total exploration	\$ 725,131	\$ 968,461

Barkerville Gold Mines Ltd.

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For the three months ended May 31, 2013

16. CORPORATE ADMINISTRATION

Corporate administration for the Company consists of the following components by nature:

	May 31, 2013	May 31, 2012
Consulting fees	\$ 70,785	\$ 113,723
Depreciation	13,078	15,641
Employee salaries and benefits	245,955	196,909
Legal, audit & accounting	189,021	59,509
Office and administration	20,331	22,287
Shareholder communications and advertising	44,210	30,287
Other corporate administration costs	130,327	58,105
Travel and entertainment	59,503	24,343
Total corporate administration	\$ 773,210	\$ 520,804

17. FINANCE EXPENSE

The finance expense for the Company is comprised of the following:

	May 31, 2013	May 31, 2013
Accretion on provision for site reclamation and closure	\$ 18,145	\$ 16,930
Bank charges, interest and commissions	87,069	66,448
Interest and accretion on convertible debt	-	194,712
Total finance expense	\$ 105,214	\$ 278,090

Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the three months ended May 31, 2013

18. LOSS PER SHARE

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

	May 31, 2013	May 31 2012
Loss attributed to ordinary shareholders	2,532,877	2,540,671
Weighted average number of common shares	109,401,649	106,799,791
Basic and diluted loss per share	\$ 0.02	\$ 0.02
Weighted Average Number of Common Shares		
Issued Common Shares at March 1	109,401,649	106,668,164
Effect on the conversion of options	-	7,065
Effect on the conversion of warrants	-	41,739
Effect of shares issued for Bethlehem Resources	-	88,611
Effect of cancellation of share certificates	-	(5,788)
	109,401,649	106,799,791

As at May 31, 2013 there are 10,156,857 options (February 28, 2013 - 10,156,857), 14,319,368 share purchase warrants (February 28, 2013 - 14,319,368), and 2,107,582 broker warrants (February 28, 2013 - 2,107,582) which are exercisable. The effect of shares issuable on the exercise of options, share purchase warrants, and broker warrants are anti-dilutive because the Company recognized losses during the three months ended May 31, 2013 and year ended February 28, 2013.

19. RECLASSIFICATION WITHIN CONSOLIDATED COMPREHENSIVE LOSS

As the Company continues the transition from an exploration and evaluation stage Company to production, Management has assessed the presentation of the Company's statement of comprehensive loss. As a result of the assessment certain amounts reported for prior years in the Condensed Consolidated Interim Statement of Comprehensive Loss and Notes to the Consolidated Financial Statements have been changed to better reflect the function of the expenditure incurred.

Amounts were reclassified from the previous presentation in order to provide users of the financial statements with more useful information for decision making purposes. Management is of the opinion that these costs are directly related to mining operations and, in order for the readers to better understand the performance of the Company's mining operation, it is more appropriate for the Company to classify these costs as Mine Operating Expenses on the Condensed Consolidated Interim Statement of Comprehensive Loss. These changes primarily relate to reclassification of mining related overhead and site management expenses to a new line item called "mine operating expenses" and introduces "mine operating loss".

Previously, these costs were being reported as corporate administration, exploration, or repairs and maintenance, within Condensed Consolidated Interim Statement of Comprehensive Loss.

Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the three months ended May 31, 2013

19. RECLASSIFICATION WITHIN CONSOLIDATED COMPREHENSIVE LOSS (CONTINUED)

The impact to the expense classifications within Consolidated Statement of Comprehensive Loss for the year ended May 31, 2012 is as follows:

		As previously reported	Reclassifications	As presented
Revenues		\$ -	\$ -	\$ -
Cost of sales and direct costs		-	-	-
Gross Profit		-	-	-
Mine operating expense		-	(779,915)	(779,915)
Mine operating loss	(iv)	-	(779,915)	(779,915)
Corporate administration	(i)	1,101,314	(580,510)	520,804
Exploration	(ii)	1,063,197	(94,736)	968,461
Repairs and maintenance	(iii)	104,669	(104,669)	-
Reclamation provision	(iii)	-	-	-
		(2,269,180)	779,915	(1,489,265)
Loss from operations		(2,269,180)	-	(2,269,180)

- (i) Reclassified from Corporate Administration is \$580,510 principally related to salaries and consulting, office and freight incurred at the QR mine and mill facility;
- (ii) Reclassified from Exploration is \$94,736 largely related to utilities incurred at the QR mine and mill facility;
- (iii) Reclassified from Repairs and maintenance is \$104,669 in expenditure at the QR mine and mill facility;;
- (iv) Mine operating loss reflects the total loss from operations at the Company's mining operations, after allocation of directly attributable overhead costs.

20. EVENTS AFTER THE REPORTING DATE

On July 15, 2013, the British Columbia Securities Commission revoked the Cease Trade Order that was issued against the Company on August 14, 2012.