BARKERVILLE GOLD MINES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE COMPANY'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MAY 31, 2013

THIS MD&A IS DATED JULY 30, 2013

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with Barkerville Gold Mines' ("Barkerville" , the "Company", "we", or "our") consolidated financial statements for the three months ended May 31, 2013 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 July 30, 2013 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. The written disclosure of technical information in this MD&A has been approved by Dr. Jim Yin, P.Geo. the Company's Chief Geologist and a Qualified Person ("QP") for the purposes of NI 43-101.

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 in this MD&A include the following:

- *information with respect to the estimation of mineral resources under "Current Operations – Revised Mineral Resource", "Current Operations – Audit of Data Verification, Data Verification and Quality Assurance/Quality Control ("QA/QC")", "Current Operations – The Development of the Snowden Estimate" and "Current Operations – Revised Exploration Target Potential Estimates for Further Exploration";*
- *information with respect to the prospects of economic extraction of the mineral resource under "Current Operations – Cut Off Grade Determination and the Evaluation of Reasonable Prospects for Mineral Extraction";*
- *costs and timing of the phased drilling program for the Bonanza Ledge and Cow Mountain projects under "Current Operations – Cow Mountain and Exploration";*
- *estimation of value of Bonanza Ledge project under "Bonanza Ledge Deposit";*
- *calculation of the recoverable amount for the QR Mine under "QR Mine and Mill – QR Mine";*
- *future use of the Goldstream Mill facility under "Goldstream Mill"; and*
- *planned programs on the Island Mountain, Cow Mountain, Barkerville Mountain, Grouse Creek and Barkerville Camp targets under "Other Properties".*

Additionally, this MD&A contains forward-looking statements with respect to provisions for site reclamation and closure; title to mineral property interests; mineral reserves and resource estimates; timing of commencement of production; estimates regarding depreciation of mine-specific assets; impairment of property, plant and equipment, mining properties and deferred development costs; income taxes; share-based payment transactions; acquisition date fair values; and valuation of conversion features (as further discussed under "Critical Accounting Estimates and Judgments").

More generally, forward looking statements in this MD&A 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 ha of mostly contiguous mineral tenure, including 173 nearly contiguous Crown-Granted mineral claims within several original groups, namely the Cariboo Group, Island Mountain Group, Mosquito Creek Group, Xmas Group, Myrtle Group and Proserpine Group, centered around the Town of Wells which is located 76 km east of Quesnel, British Columbia. The mineral tenures cover 1,164 km2 along a strike length of 60 km and approximate width of 20 km, including the Cariboo Gold Project, the Bonanza Ledge Gold Project, the Barkerville Mountain and Island Mountain exploration targets and seven past producing hard rock mines. The Company's properties also include the QR Mine & Mill which is located approximately 58km southeast of Quesnel and is in close proximity to the Company's other mineral tenure holdings. The Barkerville 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 0.63 oz/t from sulphide replacement style mineralization, during the period 1933 to 1967.

Date of MD&A

The information in this MD&A is provided as of July 30, 2013.

Current Operations

Revocation of the Cease Trade Order

On July 15, 2013, the British Columbia Securities Commission (the "BCSC") revoked the cease trade order that was issued against the Company on August 14, 2012. The Company will provide updates on the progress of the reinstatement of trading in its shares on the TSX Venture Exchange (the "Exchange") as new information becomes available. With the revocation of the CTO, the Company can now seek financing to fund ongoing operations and to move forward with its strategic plan.

The Cariboo Gold Project

As previously reported, on June 18, 2013, the Company filed an updated technical report entitled "Technical Report, Effective Date December 31, 2012, Cariboo Gold Project, Barkerville Gold Mines Ltd., Cariboo Mining District, British Columbia" (the "Updated Technical Report") and issued News Release 13-10. The News Release announced an updated Mineral Resource for Cow Mountain at its Cariboo Gold Project, and clarified technical disclosure on its Cariboo Gold Project. The Updated Technical Report is available for viewing on SEDAR (www.sedar.com) or the Company's website (www.barkervillegold.com).

As part of its response to the BCSC review, the Company retained Snowden and APEX, both independent mining and geological consulting firms that had not previously reported on the property, to co-author the Updated Technical Report, together with previous independent author Peter George, P. Geo., of Geoex. The engagement of Snowden and APEX is ongoing as they perform work in connection with Phase 1 of the recommendations in the Updated Technical Report, as set out under *Cow Mountain and Exploration*, below.

Mineral Resource Estimate

As reported in NR 13-10, issued on June 18, 2013, the Mineral Resource estimate is based on an open pit scenario for the mining of gold mineralization to a depth of 1,000 ft 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. The following table sets out the results of the resource estimation for Cow Mountain. For more details on this process, please see the Annual MD&A for the year ended February 28, 2013, available on SEDAR or the Company's website.

COW MOUNTAIN MINERAL RESOURCE REPORTED AT A CUT-OFF GRADE OF 0.012 OZ/T AU, EFFECTIVE DECEMBER 31, 2012

Category	Tonnage (Mtons)	Gold grade (ppm)	Contained Gold (Moz)
Measured	-	-	-
Indicated	17.7	2.00	1.04
Measured + Indicated	**17.7**	**2.00**	**1.04**
Inferred	49.2	2.74	3.94

Notes:

Tons and contained ounces have been rounded and this may have resulted in minor apparent discrepancies.

Mineral Resources are not Mineral Reserves. Mineral Resources do not have demonstrated economic viability and may never be converted into Mineral Reserves.

Cow Mountain and Exploration

The Updated Technical Report included recommendations a two-phase programme. Drilling related costs included below are based upon actual costs of the Company's 2010 drill programme (Yin, 2010) escalated by 10%. The all-inclusive drilling costs include, footage costs, wages and benefits, road and pad construction, driller bonus, mob-demob, and miscellaneous. Assay costs have been increased to reflect the higher cost of screened metallic assaying. Other costs are order of magnitude estimates.

As of the date of this MD&A, the Company has started work on Phase 1, slated for completion during 2013. The Phase 1 infill sampling noted below is currently underway and the Company expects the Cow Mountain PEA to be complete by year end, as recommended. The Bonanza Ledge PFS is also underway, see below under Bonanza Ledge Deposit**.** Since Phase 2 is not contingent on the results of Phase 1, Phase 2 will begin as resources become available.

Phase 1 (for completion during 2013)

Infill sampling of approximately 100,000 ft of un-sampled core from the period 2007 to 2011

Assume average 5 ft length 20,000 samples at $41/sample
……………………………………………………$820,000
Cow Mountain PEA
……………………..………………………..…….$ 80,000
Bonanza Ledge Pre-Feasibility Study
……………………..………………………..…….$250,000

Phase 2 (for completion by the end of 2014)

Complete 50,000 ft of drilling in the Barkerville Mountain area

50,000 ft of drilling, $85 per ft (all-inclusive)
……………………………………………………$4,250,000

Sampling and assays (assume average 5 ft length 10,000 samples) at $41/sample
……………………………………………………$410,000

Complete 100,000 ft of infill drilling in Island Mountain study area

100,000 ft of drilling, $85 per ft (all-inclusive)
……………………………………………………$8,500,000

Sampling and assays (assume average 5 ft length 20,000 samples) at $41/sample

……………………..………………………..…….$820,000
Miscellaneous and Overhead Costs
……………………..………………………..…….$1,400,000

Other Recommendations

In order to expand upon the Mineral Resource and the potential of the Cow Mountain property, several recommendations were made in the Updated Technical Report. The Company plans to address all these recommendations as financial resources allow and has made the following progress:

- ✓ The Company has reviewed core sampling records for all drillholes within the Cow Mountain resource model and execution of a core sampling and the assaying programme to provide 100% assay data for all drillcore with previously un-sampled intervals is ongoing.
- ✓ The Company is creating a robust database that includes management of QA/QC and this database will be maintained in accordance with industry best practices.
- ✓ The Company is initiating ground work for a preliminary economic assessment at Cow Mountain.
- ✓ The Company is evaluating the best way to establish and maintain an industry standard secure database for all drill log information.
- ✓ The Company is in the process of determining which of the original fire assays should be replaced with metallic screen fire assays (a technique that employs a larger sample size for analysis of drillcore) as work to-date indicates the original assaying did not account for all of the gold in the samples (there is an apparent bias low).
- ✓ The Company will begin a bulk sampling program of surface mineralization as resources permit.
- ✓ The Company is currently assessing the best way to go about constructing a comprehensive 3D computer geologic model to develop regional targets for exploration drilling.
- ✓ The Company will validate and evaluate the drill data from Island Mountain as part of its ongoing commitment to quality data.
- ✓ The Company will evaluate the potential of the exploration targets at Island Mountain and Barkerville Mountain through further trenching and drilling.
- ✓ The Company's geological team is putting a program in place to provide continual monitoring of QA/QC results.
- ✓ The Company will establish a team who will be tasked with creating a library of standard operating procedures for all drill core processing.

Bonanza Ledge Deposit

Beginning in 1998, the Company focused on delineating mineralisation 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

Since the discovery of the Bonanza Ledge deposit, 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, including defining a Mineral Resource, developing a mine and reclamation plan, and completing a Preliminary Assessment Report of the economic feasibility of the proposed open pit at Bonanza Ledge. The Company is in the process of completing the Bonanza Ledge Pre-Feasibility Study recommended above under *Phase 1 (for completion during 2013).* To date, the Company has met certain milestones with respect to Bonanza Ledge:

- In January 2013 -- completed final clearing of the laydown area for Bonanza Ledge and stump tub grinding for reclamation. Mining equipment, including excavators, cats, and trucks used at QR Mine for the dam raise, moved to the Bonanza Ledge Mine site;
- In 2012 -- engaged consultants to update the Mineral Resource calculations and the Bonanza Ledge pre-feasibility study – see also *Phase 1 (for completion during 2013)*, above;
- In December 2012 -- received an amended *Environmental Management Act* permit, PE 17876, to allow effluent discharge associated with active mining at Bonanza Ledge;

- In July 2012 -- 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;
- On December 5, 2011 -- received *Mines Act* Permit M-198 for the proposed open-pit mine at Bonanza Ledge; Bonanza Ledge currently has a mine life of four years;
- In April 2006 -- submitted an application under the provisions of the *BC Mines Act,* to produce up to 70,000 tonnes of ore per year.

The Company is focused on bringing the Bonanza Ledge open pit mine (proposed) into production as soon as reasonably possible, as all necessary approvals and permits have been obtained.

QR Mine and Mill

QR Mill

The Company acquired the QR Mine and Mill in February 2010, spent eight months refurbishing the 900 ton per day mill, and then poured the first gold doré bar on September 8, 2010. As of the date of this MD&A, more than 20,000 ounces of doré gold have been poured at the QR Mill, the QR Mine and Mill is fully paid and the Company has satisfied its obligations to Procon Mining and Tunneling Ltd.

Most recently, in December 2012, repairs and maintenance were completed on the crushing circuit and management anticipates an improvement in overall gold recovery, as reported in News Release 13-01 in January 2013. Surface ore was milled in December, and, while weather and maintenance issues resulted in a reduced throughput, the gold recoveries were encouraging. A new conveyor was installed and repairs were completed on the secondary ball mill that resulted in increased throughput. Milling and gold production resumed, detox circuit repairs were completed and chemicals were added to recover the gold from the leaching/CIP (carbon in pulp) circuit. In addition, gold was recovered daily through the gravity circuit. In January, the mill ramped up from one 12-hour shift to two 12-hour shifts per day and two gold doré bars were poured in early 2013, one in January and another in February.

The Company has built a new mine site access road in preparation for haul trucks coming from Bonanza Ledge, providing a wider road with increased line of sight and improved grade for safety.

QR Mine

The QR Mine operates under Permit M-198, received in June 2012, as amended, to allow the Company to process Bonanza Ledge ore at the QR Mill. Under the leadership of Mine Manager, Kevin McMurren, mining operations for additional gold production are ongoing. A.L. Sims & Son Ltd. ("Sims") was awarded the underground and surface mining work at the West Zone; the surface excavation was completed in November 2012 (see NR 12-26). In December, electrical connections were completed for the West Zone underground work and underground mining is currently underway. Given this activity, the Company is looking toward the resumption of milling at the QR Mill late in the second quarter.

In addition to mining, Sims completed the dam raise of the tailings storage facility dams at the QR Mine site in accordance with Permit M-198, and as a result, the Chief Inspector of Mines extended the date requirement for the posting of the additional One Million Five Hundred Thousand ($1,500,000) security installment that would have otherwise been due. The trial grouting of the first hole on the North Dam was completed with BAT Construction, and overseen by Klohn Crippen Berger Engineering. Please refer to News Release 12-24 for further details; it can be viewed at our website or on SEDAR.

Goldstream Mill

The Goldstream Mill, acquired in 2010, located near Revelstoke, BC, is currently on care and maintenance. Initially, the Company intended to seek the necessary approvals and permits to relocate, refurbish, and upgrade the Goldstream Mill facility to the base of Cow Mountain, near Wells, B.C. where the Cariboo Gold Project Mineral Resource and the proposed Bonanza Ledge open-pit mine are located. Management has since determined the size of the facility will not meet the Company's needs; however, management does believe that Goldstream Mill facility represents a source of parts and spares that can be used in a possible flotation circuit for a central mill in Wells. This central mill would produce concentrate, which would then be trucked to the already permitted QR Mill for processing, eliminating the need for an additional cyanide facility.

Other Properties

As part of its ongoing strategic initiatives, the Company is planning programs on Island Mountain, Cow Mountain, Barkerville Mountain, and Grouse Creek targets during fiscal 2014 and will report further on these plans as they become available. In our June 18, 2013 news release (NR 13-10) the following Target Potentials were discussed:

Island Mountain Exploration Target Potential

The geological setting for Island Mountain is an extension of that of Cow Mountain. The mineralized trend at Cow Mountain, based upon soils, drilling and trenching, extends to the northwest into the Island Mountain sector.

Based upon the drillhole and soil geochemical data in conjunction with the geology, the Island Mountain trend as an exploration target is comparable to Cow Mountain with twice the strike length at about 1.5 miles in length.

The past producing Island Mountain/Aurum and Mosquito mines (all in Island Mountain) have underground workings extending to depths greater than 2,000 ft below the surface. In addition to this, the mine workings from the Cariboo Gold Quartz Mine at Cow Mountain extend to the northwest beneath Jack of Club Lake to Island Mountain. The historic workings in conjunction with the drillhole data indicate that the Island Mountain exploration target extends to a depth of at least 2,000 ft below surface.

A strike length of 1.5 miles (7,920 ft), a width of 1,300 ft, a depth of 2,000 ft and a density of 168 lb/ft3 gives a tonnage range of 100 million tons to 350 million tons. The grade, according to summary statistics of the available drill data at Island Mountain, however, appears to be higher than that at Cow Mountain. Based on these grades, a grade range for the target of between 0.06 oz/t and 0.18 oz/t (2 to 6 ppm) was chosen resulting in an exploration target with a range of 6 to 21 million ounces gold. The grades were based on the lower grade from the contiguous Cow Mountain resource and the higher grade based on the average grade of the historic drill data from the Rainbow Unit. The higher tonnage was used with the lower grade value to define the upper value of contained ounces as it is considered less likely the higher tonnage would be associated with the higher grade values.

These results, in combination with historic underground mining and the existing gold in soil geochemical anomalies, make the Island Mountain area a high priority target for further evaluation.

The foregoing assessments of potential quantity and grade are conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in any of the exploration targets being delineated as a Mineral Resource.

Barkerville Mountain Target Potential

The geological setting beneath Barkerville Mountain is an extension of that of Cow Mountain. The mineralized trend at Cow Mountain, based upon soils, drilling and trenching, extends to the southeast across the narrow Lowhee Creek valley into the Barkerville Mountain sector. The Barkerville Mountain area, based upon the extent of the soil geochemical anomaly and gold mineralization identified in trench sampling and limited drilling, appears to have a potential strike of 1.1 miles.

Given a strike length of 1.1 miles (5,800 ft), a width of 1,300 ft and a depth of 1,000 ft, the authors suggest a target with a tonnage range of between 50 million tons and 100 million tons. Summary statistics of the available drill data at Barkerville Mountain have been used to estimate a grade range for the target of between 0.06 oz/t and 0.15 oz/t (2 to 5 ppm) Au and the exploration target a range of 3 to 6 million ounces gold. The grades were based on the lower grade from the contiguous Cow Mountain resource and the higher grade based on the average grade of the historic drill data (above 0.012 oz/t) from the Rainbow Unit. The higher tonnage was used with the lower grade value to define the upper value of contained ounces as the authors considered it less likely the higher tonnage would be associated with the higher grade values.

The foregoing assessments of potential quantity and grade are conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in any of the exploration targets being delineated as a Mineral Resource.

Total Exploration Target Potential of Island and Barkerville Mountains

The total exploration target potential of the 4 mile long mineralized trend including the Barkerville Mountain target and the Island Mountain target is 150 to 450 million tons (rounded to the nearest fifty) between 0.06 oz/t and 0.15 oz/t (2 to 5 ppm) Au and the target with a range of between 9 and 27 million ounces gold.

The estimate of exploration target potential does not include the Cow Mountain Resource.

In addition, there are a number of other targets including mineralization associated with the Bonanza Ledge setting and the Rainbow-Baker replacement style for which there is strong evidence for but not enough work to properly define.

The foregoing assessments of potential quantity and grade are conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in any of the exploration targets being delineated as a Mineral Resource.

Other Exploration

The Company is committed to further exploration in the Barkerville Camp. Mineralization has been identified in several areas along the Historic Mine Trend (the source of placer gold and correlated with quartz vein outcrops that occur on a general northwest-southeast trend over a linear distance of more than 60 km through the Camp), and on strike with the (offset and parallel) Bonanza Ledge Trend. Additional expenditures are anticipated to allow the Company to further characterize and delineate various mineralized zones.

Loan from Mr. Callaghan 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 Mr. Callaghan, the Company's CEO, to loan the Company up to $2.44 million (the "Loan") As of the date of this MD&A, the Company has received $1,824,623 in loans from Mr. Callaghan.

Selected Annual Information

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

	Fiscal year ended February 28/29		
	2013	2012	2011
	$	$	$
Revenue	1,502,567	15,942,023	8,074,494
Net loss	12,538,792	29,733,648	23,534,901
Loss per share	$0.12	$0.38	$0.39
Total assets	36,684,064	48,650,603	42,392,021
Total liabilities	15,395,558	18,162,931	22,323,595
Working capital (deficiency)	(11,988,219)	(3,501,520)	(5,024,114)

Results of Operations

The Company reports a net loss of $2,532,877 for three months ended May 31, 2013 or $0.02 per share as compared to a net loss of $2,540,671, or $0.02 per share for the three months ended May 31, 2012. Overall, this represents a decrease in losses of $7,794. The Company generated $36,788 in revenues from gold sales and these revenues went into general operating capital.

The biggest variations in expense items that contribute to losses were in the following items:

(i) An increase of $252,406 in corporate administration expenses from $520,804 in the three months ended May 31, 2012 to $773,210 in the three month period ended May 31, 2013. The major contributor to this increase was an increase in legal, audit & accounting from $59,509 in the three months ended May 31, 2012 to $189,021 in the three months ended May 31, 2013. The increase in legal, audit & accounting in the current period is attributed to an unusually high level of legal and compliance related matters that have arisen in dealing with the Cease Trade Order ("CTO"); and

(ii) An increase of $266,011 in total mine operating expense from $779,915 in the three months ended May 31, 2012 to $1,045,926 in the three months ended May 31, 2013. The major contributor to this increase was a rise in administrative costs for the QR Mining Division from $31,072 in the three months ended May 31, 2012 to $144,748 in the three months ended May 31, 2013. Of this increase, $93,198 is attributed to an increase in insurance costs due to current mining activity at the QR West Zone. During the same period in 2012, the facility was under care and maintenance and insurance costs were lower. Another major contributor to the increase in mine operating expense is the increase in employee salaries and benefits from $165,007 in the three months ended May 31, 2012 to $275,877 in the three months ended May 31, 2013. Most of this increase in employee salaries and benefits is attributed to payroll related costs incurred in preparation for commencement of mining activity within Bonanza Ledge. In the three month period ended May 31, 2012, there was not as much activity at Bonanza Ledge and, as a result, employee salaries and benefits were significantly lower.

(iii) A decrease in exploration expenses from $968,461 in the three months ended May 31, 2012 to

$725,131 in the three months ended May 31, 2013. The largest contributor to this reduction is a reduction of $118,631 in equipment and rentals from $139,364 in the three months ended May 31, 2012 to $20,733 in the three months ended May 31, 2013.

Resource Properties that have not yet Generated Operating Revenue

Exploration Expense	Cariboo Gold Project Period ending May 31, 2013 $	Bonanza Ledge Deposit Period ending May 31, 2013 $	Cariboo Gold Project (including Bonanza Ledge) Period ending May 31, 2012 $
Administration fees	15,388	-	15,388
Assaying	87,611	-	87,611
Assessment and tax	66,945	-	66,945
Consulting fees	116,275	15,358	131,633
Depreciation	18,864	-	18,864
Environmental	8,381	-	8,381
Land fees and permitting	141,646	-	141,646
Exploration	84,100	131,414	215,514
Equipment and rentals	20,733	-	20,733
Travel	18,415	-	18,415
Reclamation Provision	-	-	
	578,359	146,772	725,131

Breakdown of Assets	As at May 31, 2013 Cariboo Gold $	Bonanza Ledge $	QR $	As at May 31, 2012 Cariboo Gold $	Bonanza Ledge $	QR $
Mineral Properties	-	1,858,547	-	-	1,858,547	770,861
Deferred Development Costs	-	753,157	897,230	-	-	845,431
Exploration and Evaluation	17,599,958	-	-	17,594,443	-	-

Summary of Quarterly Results

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

	IFRS							
	Period ended							
	2013	2012				2011		
	May 31 Q1	Feb 28 Q4	Nov 30 Q3	Aug 31 Q2	May 31 Q1	Feb 29 Q4	Nov 30 Q3	Aug 31 Q2
Total Revenue	36,788	271,494	1,231,073	-	-	2,665,025	4,135,086	4,084,175
Loss before income taxes	**2,532,877**	**5,939,860**	**1,050,474**	**3,681,188**	**2,547,270**	**7,856,548**	**8,394,143**	**8,698,415**
Basic loss per Share	0.02	0.05	0.01	0.03	0.02	0.10	0.11	0.11
Diluted loss Per Share	0.02	0.05	0.01	0.03	0.02	0.10	0.11	0.11
Net loss	**2,532,877**	**5,266,460**	**1,050,474**	**3,681,188**	**2,540,670**	**7,593,148**	**7,909,543**	**8,698,415**
Basic loss per Share	0.02	0.05	0.01	0.03	0.02	0.10	0.10	0.11
Diluted loss per Share	0.02	0.05	0.01	0.03	0.02	0.10	0.10	0.11

The Company stopped mining at QR West Zone in December 2011. As a result, the Company did not generate any revenue in the first two quarters of fiscal 2013. The revenues generated in the third quarter of fiscal 2013 came from the cleanup of carbon pellets used in mining operations prior to December 2011. In the fourth quarter of fiscal 2013, the Company resumed mining operations at the QR West Zone mine and, as a result, generated some revenues in this period. The revenue that was generated in the fourth quarter of fiscal 2013 came from an open pit mine in the East Lobe of QR West Zone. During the first quarter of fiscal 2014, the company wrapped up this mining activity, and generated some revenue from this activity.

The Company's fiscal 2012 second quarter net loss increased by $3,165,873 from $5,532,542 in 2012 Q1 to $8,698,415 in 2012 Q2. This increase is largely attributed to rising share-based payment and exploration costs. Throughout the remainder of fiscal 2012, the quarterly net losses were comparable to 2012 Q2, with moderate declines in net loss to $7,909,543 (2012 Q3) and $7,593,148 (2012 Q4).

Net loss declined $5,052,478 in the first quarter of fiscal 2013, from $7,593,148 in 2012 Q4 to $2,540,670 in 2013 Q1. The main factor pointing to this decline was a reduction in exploration expenses due to the end of drilling related activities at the Cariboo Gold Project in December 2011. In addition, mine operating losses declined as a result of the end of mining operations in QR West Zone in December 2011.

Net loss increased by $1,140,518 in the second quarter of 2013, from $2,540,670 in 2013 Q1 to $3,681,188 in 2013 Q2. The major contributor to this increase was $542,000 in share-based payments incurred in 2013 Q2 compared with nil in 2013 Q1.

Net loss declined $2,630,714 in the third quarter of 2013, from $3,681,188 in 2013 Q2 to $1,050,474 in 2013 Q3. Revenues generated from the cleanup of carbon pellets were the primary contributor to this decline. Additionally, the issuance of the CTO in August 2012 contributed to the Company taking various measures to cut costs as the CTO prevented the Company from raising money.

Net loss increased $4,215,986 in the fourth quarter of 2013, from $1,050,474 in 2013 Q3 to $5,266,460. The primary factors contributing to this increase were the losses on impairment of assets of $1,755,862 taken in 2013 Q4 (2013 Q3 - $nil), and the provision for site reclamation of $1,082,177 (2013 Q3 - $nil).

Net loss decreased $2,733,583 in the first quarter of fiscal 2014 from $5,266,460. The primary contributor to this decline is that no provision for site reclamation was taken in the first quarter of fiscal 2014 (2013 Q4 - $1,082,177). In addition no provision for impairment of assets was taken in the first quarter of fiscal 2014 (2013 Q4 - $1,755,862)

Liquidity and Capital Resources

On May 31, 2013, the Company had cash on hand of $28,898 and had a working capital deficit of $15,362,175. The Company's major commitments over the next year are repayment of trade and other payables, additional exploratory work as recommended by Snowden in the Updated Technical Report, and anticipated start-up at the Bonanza Ledge Project. Given the number of obligations and projects the Company has in progress, the current cash balance is inadequate to fund operations. The ongoing CTO meant the Company was unable to raise capital from August 2012 until July 2013 and had to rely mainly on loans from the CEO to fund operations.

With the lifting of the CTO, the Company is now able to raise capital by means of equity or debt financing, or through other avenues available to mining companies. Management plans to explore all possible avenues to decide on the best course of action for acquiring the required funds to meet obligations and to fund operations.

In the short term, the Company anticipates using proceeds from the potential sale of gold from the QR Mine and Bonanza Ledge, the anticipated refund of the BC Mining and Exploration Tax Credit for the 2011 and 2012 tax years and newly-raised capital to meet its obligations. The Company's capital under management includes:

	May 31, 2013	February 28, 2013
Cash and cash equivalents	$ 28,898	$ 129,126
Amounts receivable	231,989	576,375
Prepaid expenses	488,651	307,485
Inventory	66,859	66,859
Accounts payable and accrued liabilities	(8,825,641)	(6,971,852)
Due from (to) related parties	(1.653.891)	(1,477,725)
Loan from director	(1,824,623)	(749,482)
Convertible note	-	-
	$ (11,487,758)	$ (8,119,214)
Shareholders' Equity		
Capital stock	$ 118,239,970	$ 118,239,970
Subscriptions receivable	-	-
Share-based payments reserve	19,477,562	19,477,562
Share subscriptions received in advance	41,650	41,650
Accumulated other comprehensive income (loss)	(12,420)	(12,420)
Less Deficit	(118,991,133)	(116,458,256)
	$ 18,755,629	$ 21,288,506

There were no share issuances during the three months ended May 31, 2013.

The details of all share issuances during the year ended February 28, 2013 are as follows:

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) Please see Goldstream Mill, above.
2. The Company issued 89,500 common shares for proceeds of $81,360 relating to stock options exercised.
3. The Company issued 1,639,140 common shares for proceeds of $1,393,394 relating to warrants that were exercised.
4. The Company issued 461,367 common shares upon conversion of $392,162 in convertible notes.

Outstanding Share Capital

The Company has an unlimited number of common shares authorized, with 109,401,649 outstanding on May 31, 2013 and as of the date of this MD&A.

On May 31, 2013 and as at the date of this MD&A, options to purchase 10,156,857 common shares were outstanding. On May 31, 2013, warrants to purchase 16,426,950 common shares were outstanding. As of the date of this MD&A, all 16,426,950 of these warrants have expired and are no longer outstanding.

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	May 31, 2013 $	February 28, 2013 $
J. Frank Callaghan, CEO	salary	60,000	240,000
	exploration costs	30,555	716,077
	deferred development costs	215,414	316,318
	reclamation costs	nil	490,065
	administrative costs	16,870	76,939
	share based compensation	nil	21,458
	loan interest	97,507	31,320

Mr. Callaghan receives a base salary of $20,000 per month under the terms of his employment agreement dated as at June 1, 2011. The CEO, Frank Callaghan, is the sole director of Standard Drilling & Engineering Ltd. ("SDE"), a company which performed work for Barkerville. In the first quarter of Fiscal 2014, SDE invoiced the Company a total of $262,839 for exploration costs, deferred development costs and administrative costs. The loan interest payable of $97,507 represents the total interest accrued as at May 31, 2013 with respect to the Loan from Mr. Callaghan and Partial Revocation of Cease Trade Order. All such interest was outstanding as at May 31, 2013.

Name of Related Party	Description	May 31, 2013 $	February 28, 2013 $
Minaz Dhanani, CFO	salary	30,000	100,833
	share based compensation	nil	21,458

Mr. Dhanani receives a base salary of $10,000 per month under the terms of his employment agreement with the Company dated as at November 1, 2012. 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. This payment represents the base salary to Mr. Dhanani. The Company may recover some of the salary paid to Mr. Dhanani when Mr. Dhanani performs non-contractual services for related companies from time to time.

Name of Related Party	Description	May 31, 2013 $	February 28, 2013 $
Andrew H. Rees	consulting fees	15,000	60,000
	share based compensation	nil	21,458

These consulting fees were paid to Andrew H. Rees, a director of the Company, for corporate development services under the terms of a consulting agreement dated November 1, 2012 wherein Mr. Rees is paid a consulting fee for his services to the Company (the "Consulting Agreement"). The Consulting 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. The Consulting Agreement can be terminated by Mr. Rees at any time on giving 90 days' notice.

Name of Related Party	Description	May 31, 2013 $	February 28, 2013 $
John Kutkevicius	legal fees	nil	155,590

Mr. Kutkevicius, a director of the Company since April 16, 2013, is a partner in Wildeboer Dellelce, LLP a law firm that performed legal services for the Company in Fiscal 2013.

Name of Related Party	Description	May 31, 2013 $	February 28, 2013 $
Sean Callaghan	salary	17,169	37,200
	share based compensation	nil	10,729

Mr. Callaghan, the son of the Company's CEO, is a full time employee and is paid a base salary of $72,000 per year.

Directors' Fees

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

- $500.00 for each director or committee meeting attended in person or by teleconference and
- $1000.00 for each meeting attended in the capacity of chair.

Name of Director	Description	May 31, 2013 $	February 28, 2013 $
Norman Anderson	directors' fees[1]	2,000	4,000
Appointed June 12, 2012	share based compensation	nil	150,458
David McMillan	directors' fees[2]	2,500	6,000
Appointed August 30, 2011	share based compensation	nil	21,458
Elena Clarici	directors' fees[3]	1,500	N/A
Elected April 16, 2013	share based compensation	nil	N/A
John Kutkevicius	directors' fees[4]	1,500	N/A
Elected April 16, 2013	share based compensation	nil	N/A
Michael Steele	directors' fees[5]	500	N/A
Elected April 16, 2013	share based compensation	nil	N/A

[1] includes fees for Audit Committee meetings attended and for chairing Board meetings
[2] includes fees for chairing Audit Committee meetings and for Board meetings attended
[3] includes fees for Audit Committee and Board meetings attended
[4] includes fees for Audit Committee and Board meetings attended
[5] includes fees for Board meetings attended

Off-Balance Sheet Arrangements

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

Critical Accounting Estimates and Judgments

There have been no changes in critical accounting estimates since the last year end. Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are listed below. These are discussed in our annual MD&A available on SEDAR.

- i) Provision for Site Reclamation and Closure
- ii) Title to Mineral Property Interests
- iii) Mineral Reserves and Mineral Resource Estimates
- iv) Commencement of production
- v) Units of production depletion
- vi) Impairment of Property, Plant and Equipment, Mining Properties and Deferred Development Costs
- vii) Income Taxes
- viii) Share-based Payment Transactions
- ix) Acquisition Date Fair Values
- x) Valuation of conversion features

Changes in Accounting Principles including Initial Adoption

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). There has been no change in the Company's accounting policies in the current period, and, except as noted below, the Company does not expect to adopt any new accounting policies at this time

The policies and estimates are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

IFRS 9 Financial Instruments

As discussed in the financial statements that accompany this MD&A, IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 is intended to simplify the mixed measurement model, establishing two main measurement categories for financial assets: amortized cost and fair value. The classification will be based on the Company's business model and the contractual cash flow characteristics of the financial asset. This standard will come into effect for annual periods beginning on or after January 1, 2015. At the present time, the Company is evaluating the impact of the new standard on the accounting for the available-for-sale investment.

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 Consolidated 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 Consolidated 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, repairs and maintenance, or reclamation provision within Consolidated Statement of Comprehensive Loss.

The impact to the expense classifications within Consolidated Statement of Comprehensive Loss for the three months ended May 31, 2013 is discussed below. There was no impact on the loss reported for the year,

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 QR Mine management expenses and utilities;
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.

Risk Factors

There are many risk factors facing companies involved in the mineral exploration industry. Risk Management is an ongoing exercise upon which the Company spends a substantial amount of time. While it is not possible to eliminate all the risks inherent to the industry, the Company strives to manage these risks, to the greatest extent possible. The following risks are most applicable to the Company.

- 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 section 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 financial statements.

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

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 finance function.

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.

*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. As the Company's properties and operations are all located in Canada, the Company does not have significant exposure to foreign exchange rate fluctuation.

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 offered on cash and cash equivalents held with chartered Canadian financial institutions. The Company considers this risk to be immaterial.

Commodity Price Risk:

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

Equity Price Risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Company is exposed to this risk through its equity holdings. The available-for-sale investment in the common shares of Lions Gate Energy Inc. is monitored by Management with decisions on sale taken at Board level. A 10% decrease in the fair value of Lions Gate Energy would have a nominal impact on equity.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents, and amounts receivable. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand. The reclamation bond is 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 $28,898 (February 28, 2013 - $129,126), amounts receivable of $231,989 (February 28, 2013 – $576,375).

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's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company ensures that it has sufficient cash on demand to meet short term expected operational expenses. To achieve this objective, the Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on exploration projects to further manage expenditure.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities as at May 31, 2013:

	Book Value at May 31, 2013	**Within 1 Year**	**2 to 5 years**	**Over 5 years**	**Total**
Accounts payable and accrued liabilities	8,825,641	8,825,641	-	-	8,825,641
Due to related parties	1,653,891	1,653,891	-	-	1,653,891
Loan from director	1,824,623	1,824,623	-	-	1,824,623
	Book Value at February 28, 2013	**Within 1 Year**	**2 to 5 years**	**Over 5 years**	**Total**
Accounts payable and accrued liabilities	6,971,852	6,971,852	-	-	6,971,852
Due to related parties	1,477,725	1,477,725	-	-	1,477,725
Loan from director	749,482	749,482	-	-	749,482

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.

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.

Financial and Disclosure Controls and Procedures

During the period ended May 31, 2013 there has been no significant change in the Company's internal control over financial reporting since last year.

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 Interim Filings on SEDAR at 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.