Barkerville Gold Mines Ltd.

Condensed Consolidated Interim Financial Statements
(unaudited)

August 31, 2013

Contents

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANICAL 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 August 31, 2013

Assets	August 31, 2013	February 28, 2013
Current Assets		
Cash	$ 199,812	$ 129,126
Amounts receivable	175,298	576,375
Prepaid expenses (Note 4)	802,270	307,485
Inventory (Note 5)	1,262,423	66,859
Total current assets	2,439,803	1,079,845
Reclamation deposits (Note 6)	2,730,800	2,730,800
Available for Sale Investments	6,900	6,900
Exploration and evaluation assets (Note 9)	17,739,151	17,737,621
Mineral properties and deferred development costs (Note 8)	3,911,562	2,343,498
Property, plant and equipment (Note 7)	12,132,302	12,785,400
Total assets	$ 38,960,518	$ 36,684,064

Liabilities		
Current liabilities		
Trade and other payables (Note 10)	$ 10,804,326	$ 6,971,852
Due to related parties (Note 15)	1,788,027	1,477,725
Loan from director (Note 15)	2,056,311	749,482
Provision for site reclamation and closure (Note 11)	3,869,005	3,869,005
Note payable (Note 12)	1,500,000	-
Total current liabilities	20,017,669	13,068,064
Provision for site reclamation and closure (Note 11)	1,098,783	1,062,494
Deferred tax liability	1,265,000	1,265,000
Total liabilities	22,381,452	15,395,558
Shareholders' equity		
Share capital	118,364,970	118,239,970
Share-based payments reserve	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	(121,292,696)	(116,458,256)
Total shareholders' equity	16,579,066	21,288,506
Total liabilities and shareholders' equity	$ 38,960,518	$ 36,684,064

The accompanying notes form an integral part of these consolidated 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)

As at August 31, 2013

	Three months ended		Six months ended	
	August 31, 2013	August 31, 2012	August 31, 2013	August 31, 2012
Revenue	$ -	$ -	$ 36,788	$ -
Cost of sales and direct costs	-	-	(19,084)	-
Gross Profit	-	-	17,704	-
Mine operating expense (Note 16)	(1,355,742)	(1,015,405)	(2,401,668)	(1,795,320)
Mine operating loss	(1,355,742)	(1,015,405)	(2,383,964)	(1,795,320)
Expenses:				
Exploration (Note 17)	812,361	1,343,145	1,537,492	2,311,606
Corporate administration (Note 18)	546,019	1,180,655	1,319,229	1,701,459
	1,358,380	2,523,800	2,856,721	4,013,065
Loss from operations	(2,714,122)	(3,539,205)	(5,240,685)	(5,808,385)
Other income (expense):				
Finance expense (Note 19)	412,558	(141,983)	307,345	(420,073)
Gain on write-down of accounts payable	-	-	98,900	-
Loss before income taxes	(2,301,564)	(3,681,188)	(4,834,440)	(6,228,458)
Income tax recovery	-	-	-	6,600
Net loss for the period	(2,301,564)	(3,681,188)	(4,834,440)	(6,221,858)
Other comprehensive loss				
Fair value of available for sale investment	-	-	-	-
Total Comprehensive loss for the period	$ (2,301,564)	$ (3,681,188)	$ (4,834,440)	$ (6,221,858)
Loss per common share, basic and diluted (Note 20)	$ (0.02)	$ (0.03)	$ (0.04)	$ (0.06)
Weighted average number of common shares outstanding	109,483,171	108,287,341	109,442,410	107,548,349

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

Barkerville Gold Mines Ltd.

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)

As at August 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	-	-	-	-	-	(6,221,858)	(6,221,858)
Stock options issued	-	-	542,000	-	-	-	542,000
Acquisition of Bethlehem Resources (1996) Corp	543,478	500,000	-	-	-	-	500,000
Issue of shares on exercise of options	89,500	81,360	-	-	-	-	81,360
Issue of shares on exercise of warrants	1,646,640	1,400,893	-	-	-	-	1,400,893
Issue of shares on conversion of convertible note	461,367	392,162	-	-	-	-	392,162
Share subscriptions received in advance	-	-	-	96,676	-	-	96,676
Cancellation of share certificates	(7,500)	(7,500)	-	-	-	-	(7,500)
Balance at August 31, 2012	**109,401,649**	**$ 117,952,161**	**$ 19,372,170**	**$ 96,676**	**$ (8,280)**	**$ (110,141,322)**	**$ 27,271,405**
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	-	-	-	-	-	(4,834,440)	(4,834,440)
Issue of share on exercise of options	250,000	$ 125,000	-	-	-	-	125,000
Balance at August 31, 2013	**109,651,649**	**$ 118,364,970**	**$ 19,477,562**	**$ 41,650**	**$ (12,420)**	**$ (121,292,696)**	**$ 16,579,066**

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

Barkerville Gold Mines Ltd.

Condensed Consolidated Interim Statement of Cash Flows (Unaudited)

As at August 31, 2013

	Six months ended	
	August 31, 2013	**August 31, 2012**
Cash flows from operating activities		
Loss for the period	**(4,834,440)**	(6,221,858)
Adjustments to reconcile loss to net cash used in operating activities		
Interest on related party loan	**60,494**	-
Depreciation (Note 7)	**694,585**	812,222
Stock-based compensation	**-**	542,000
Accretion expense - debt	**-**	192,048
Accretion expense - ARO	**36,289**	33,860
Gain on de-recognition of liabilities	**(98,900)**	-
Deferred tax recovery	**-**	(6,600)
Changes in non-cash working capital balances:		
AR & advances	**401,077**	1,844,271
Prepaid expenses	**(494,785)**	48,642
AP and accrued liabilities	**3,931,373**	(1,190,552)
Inventory of ore	**(1,195,564)**	-
Provision for site reclamation	**-**	(234,517)
Cash used by operations	(1,499,871)	(4,180,484)
Income tax paid	**-**	-
Total cash outflows from operating activities	**(1,499,871)**	(4,180,484)
Cash flows from investing activities		
Reclamation deposits	**-**	(499,000)
Acquisition of property, plant and equipment	**(41,487)**	(19,457)
Acquisition of mineral properties and deferred development costs	**(1,568,064)**	(7,100)
Acquisition of exploration and evaluation assets	**(1,529)**	-
Due from related parties	**-**	(388,114)
Release of restricted cash	**-**	1,323,700
Total cash inflows (ouflows) from investing acitivites	(1,611,080)	410,029
Cash flows from financing activities		
Amounts advanced by related parties	**310,302**	-
Loan from director	**1,246,335**	-
Issuance of capital stock	**125,000**	1,567,401
Proceeds from issuance of note	**1,500,000**	-
Repayment of principal on convertible debt	**-**	(4,448,059)
Total cash inflows (outflows) from financing activities	3,181,637	(2,880,658)
Total increase (decrease) in cash during the period	70,686	(6,651,113)
Cash and cash equivalents at the beginning of the period	**129,126**	6,731,818
Cash and cash equivalents at the end of the period	**199,812**	80,705

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 negotiation 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 condensed interim consolidated 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 August 31, 2013, the Company had accumulated losses of $121,292,696 (February 28, 2013: $116,458,256). The Company incurred losses of $4,834,440 during the six month period ending August 31, 2013 (six month period ending August 31, 2012: $6,221,858) and had a working capital deficiency of $17,577,866 at August 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 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. On October 9, 2013, the Company announced it had closed a $15,000,000 gold loan facility concurrent with the resumption of trading of the common shares of the Company on the TSX Venture Exchange. 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 condensed interim consolidated 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 October 25, 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 a recitation of 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 unaudited condensed consolidated interim 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 August 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.

4. PREPAIDS

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

	August 31, 2013	February 28, 2013
Funds held in trust	$ 375,000	$ -
Insurance	135,755	48,009
Other prepaid amounts	291,515	259,476
Total prepaids	$ 802,270	$ 307,485

5. INVENTORY

The inventory for the Company is comprised of the following:

	August 31, 2013	February 28, 2013
Consumables	$ 66,859	$ 66,859
Work in progress	1,195,564	-
Total inventory	$ 1,262,423	$ 66,859

6. RECLAMATION DEPOSITS

The Company is required to make reclamation deposits in respect of its expected site reclamation and closure obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company. As at August 31, 2013, the Company had cash deposits of $2,730,800 (February 28, 2013: $2,730,800) and pledged equipment of $807,700 (February 28, 2013: $807,700) for these obligations.

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 August 31, 2013, the Company had total deposits of $335,000 (2012: $335,000) for this property. The Company is further required to deposit additional reclamation bonds of $11,465,000 to total $11,800,000 to the government as follows:

(i) Deposit $665,000 within 30 days of start of construction;
(ii) Deposit $4,400,000 on or before September 15, 2012;
(iii) Deposit $2,000,000 on or before September 30, 2013;
(iv) Deposit $1,500,000 on or before September 15, 2013;
(v) Deposit $1,500,000 on or before September 15, 2014;
(vi) Deposit $1,400,000 on or before September 15, 2015;

As at August 31, 2013, the Company had not commenced construction or mining operations permitted in December 2011. Therefore deposits are not yet required to be paid to the ministry. Mining of Bonanza Ledge is anticipated to commence in 2014, at which time the relevant reclamation deposits will need to be advanced.

In July 2012, the Company received an amendment to the M-198 Permit from the British Columbia Provincial Government to mill Bonanza Ledge and Dome Mountain ores at the Quesnel River Mine and Mill facility. As at August 31, 2013, the Company had a total deposit of $2,052,300 plus pledged equipment of $807,700 (February 28, 2013: deposit of $1,552,300 plus pledged equipment of $807,700) for this permit. The Company will be required to deposit additional reclamation bond of $7,390,000 to total $10,250,000 to the government as follows:

(i) Deposit $1,750,000 within 30 days of the start of milling;
(ii) Deposit $1,500,000 on or before September 30, 2012;
(iii) Deposit $4,140,000 on or before December 15, 2012.

If the construction of the tailings dam raise to elevation 1029.3 meter were completed to the satisfaction of the Government of British Columbia by September 30, 2012, the Company would not be required to post the $1,500,000. If the implementation and work for the tailings dam seepage was completed to the satisfaction of the government by December 15, 2012, the Company would not be required to post additional security of $4,140,000. The Company commenced work on the tailings dam seepage. The Company is waiting for an independent report and is expecting to have the $4,140,000 waived.

As at August 31, 2013, the Company has not yet started milling and is not yet required to pay $1,750,000. Milling is expected to take place in the fiscal year ending February 28, 2014. The Company has raised the tailings dam to elevation 1029.3 meters and is waiting for the completion of an independent report verifying this in order to receive the Government of British Columbia's approval to waive this requirement.

7. PROPERTY, PLANT AND EQUIPMENT

	Mine Plant & Equipment		Office furniture & equipment		Total	
Cost:						
Balance at March 1, 2012	$	17,552,923	$	664,840	$	18,217,763
Additions		96,561		8,512		105,073
Balance at February 28, 2013		17,649,484		673,352		18,322,836
Additions		39,552		1,935		41,487
Balance at August 31, 2013	$	17,689,036	$	675,287	$	18,364,323
Depreciation and impairment losses						
Balance at March 1, 2012	$	3,419,224	$	332,584	$	3,751,808
Depreciation		1,498,811		62,817		1,561,628
Impairment		224,000		-		224,000
Balance at February 28, 2013		5,142,035		395,401		5,537,436
Depreciation		666,693		27,892		694,585
Balance at August 31, 2013		5,808,728		423,293		6,232,021
Net Book Value						
At March 1, 2012	$	14,133,699	$	332,256	$	14,465,955
At February 28, 2013	$	12,507,449	$	277,952	$	12,785,400
At August 31, 2013	$	11,880,308	$	251,994	$	12,132,302

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 August 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.

During the six month period ended August 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. No amortization has been charged during the three month period ended August 31, 2013 (February 28, 2013: $Nil).

8. 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	-	1,568,064	1,568,064
Balance at August 31, 2013	$5,275,301	$5,955,595	$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 August 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 August 31, 2013	$1,858,547	$2,053,015	$3,911,562

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

Quesnel River Mine:

The Quesnel River Mine ("QR") is an underground mine located near Quesnel River in British Columbia. During the six months ended August 31, 2013 the Company incurred $802,123 (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.

8. 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 six months ended August 31, 2013 the Company incurred $765,941 (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 six months ended August 31, 2013 and $51,154 during the year ended February 28, 2013.

9. 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
Balance at February 28, 2013	1	17,599,444	138,177	17,732,621
Additions	-	1,529	-	1,529
Balance at August 31, 2013	$1	$17,600,974	$138,177	$17,739,151
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 August 31, 2013	$1	$17,600,974	$138,177	$17,739,151

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 August 31, 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).

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).

9. Exploration & Evaluation Assets (Continued)

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.

10. Trade And Other Payables

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

	August 31, 2013	**February 28, 2013**
Trade payables	$ 10,216,689	$ 6,103,329
Canada Revenue Agency - provision for Part XII.6 tax	-	227,173
Payroll related liabilities	92,196	173,253
Other payables	495,441	468,097
Total trade and other payables	$ 10,804,326	$ 6,971,852

11. 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 August 31, 2013 was $4,967,788 (February 28, 2013 -4,931,499). This estimate was based upon a February 28, 2013 undiscounted future cost of $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 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, February 29, 2012	$	6,439,332
Accretion		67,718
Addition		37,000
Amounts used		(1,612,551)
Balance, February 28, 2013	$	4,931,499
Accretion		36,289
Balance, August 31, 2013	$	4,967,788
Current portion	$	3,869,005
Long term portion	$	1,098,783

12. NOTE PAYABLE

On August 12, 2013, the Company announced it has entered into a term sheet for a short term loan with Sprott Resource Lending Corp. ("Sprott"). The principal amount of the loan is $1,500,000, is due on or about December 31, 2013 and bears interest at a rate of 12% per annum, payable monthly or compounded if not paid in cash.

As part of the loan, Sprott will receive a bonus payment equal to $200,000 payable in units consisting of one share and one warrant (the "Bonus Units"). The Bonus Units will be issued at a deemed price equal to a 10% discount to the volume weighted average price ("VWAP") for the five trading day period commencing five trading days after the Company's shares are reinstated for trading on the TSX Venture Exchange (the "Exchange"). The warrants will have a one year term and will have an exercise price equal to the five day VWAP. The Bonus Units will be issued on the later of closing and 12 days following the reinstatement of the Company's shares for trading.

For the VWAP pricing mechanism and the terms of the Bonus Units, the Exchange requires that:

- the deemed share price must be equal to or greater than $0.05;
- the warrant exercise price must be equal to or greater than $0.10; and
- the Company, Sprott and their associates and affiliates must not trade in the marketplace during the 5 day trading period used to calculate the VWAP.

13. SHARE CAPITAL AND RESERVES

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value, of which 109,651,649 are issued and outstanding.

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

During the three and six months ended August 31, 2013, there were 250,000 stock options exercised at a price of $0.50.

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.

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.

13. SHARE CAPITAL AND RESERVES (CONTINUED)

b) Share Purchase Warrants

The following is a summary of changes in warrants from March 1, 2012 to August 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	(16,426,950)	1.07
Balance August 31, 2013	-	$ -

14. 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 August 31, 2013 are presented as follows:

Grant Date	Expiry Date	Exercise Price	Opening Balance	During the Period			Closing Balance	Vested and Exercisable	Remaining Life (Years)
				Granted	Exercised	Forfeited/ Expired			
04/16/2009	04/16/2014	$0.45	1,128,661	-	-	-	1,128,661	1,128,661	0.62
07/17/2009	07/17/2014	$0.38	66,266	-	-	-	66,266	66,266	0.88
08/28/2009	08/28/2014	$0.60	456,306	-	-	-	456,306	456,306	0.99
09/18/2009	09/18/2014	$0.62	78,287	-	-	-	78,287	78,287	1.05
10/29/2009	10/29/2014	$1.25	576,490	-	-	-	576,490	576,490	1.16
02/02/2010	02/02/2015	$1.00	1,869,208	-	-	-	1,869,208	1,869,208	1.42
09/27/2010	09/27/2015	$1.16	285,947	-	-	-	285,947	285,947	2.07
11/26/2010	11/26/2015	$ 1.42	568,261	-	-	-	568,261	568,261	2.24
04/01/2011	04/01/2016	$ 1.22	313,956	-	-	-	313,956	313,956	2.58
06/20/2011	06/20/2016	$1.66	535,790	-	-	-	535,790	535,790	2.80
07/22/2011	07/22/2016	$1.66	606,205	-	-	-	606,205	606,205	2.90
08/12/2011	08/12/2016	$1.52	317,500	-	-	-	317,500	317,500	2.95
02/01/2012	02/01/2017	$0.89	2,724,000	-	-	-	2,724,000	2,724,000	3.42
06/19/2012	06/19/2017	$0.50	250,000	-	250,000	-	-	-	-
06/29/2012	06/29/2017	$1.21	379,980	-	-	-	379,980	379,980	3.83
			10,156,857	-	250,000	-	9,906,857	9,906,857	2.25

15. RELATED PARTY TRANSACTIONS

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

a) **Exploration costs**

Costs of $78,730 (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 $380,637 (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 $37,970 (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 former director of the Company.

f) **Inventory**

Costs of $55,601 (year-ended February 28, 2013: $Nil), incurred in connection with the Company's QR Mine were paid to the company controlled by a director of the Company.

15. RELATED PARTY TRANSACTIONS (CONTINUED)

a) Key Management Compensation

Key management personnel compensation comprised:

	August 31, 2013	February 28, 2013
Short term employee benefits and director fees	$ 247,638	$ 562,081
Share-based payments	-	650,900
	$ 247,638	**$ 1,212,981**

b) Balance payable:

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

	August 31, 2013	February 28, 2013
Due to other companies with certain common directors	$ 1,734,527	$ 1,225,855
Due to a law firm of which one partner is a director of the Company	-	174,261
Other amounts due to directors	53,500	77,609
Total due to related parties	1,788,027	1,477,725
Add: loan from director	2,056,311	749,482
	$ 3,844,338	**$ 2,227,207**

At August 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 August 31, 2013, the Company has borrowed $2,056,311 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 August 31, 2013, a total of $190,494 in interest has been accrued (February 28, 2013 - $31,320), all of which is outstanding as at August 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 six month period ended August 31, 2013 (2012: $28,165).

16. MINE OPERATING EXPENSE

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

		August 31, 2013		August 31, 2012
Consulting fees	$	71,032	$	90,195
Depreciation		630,700		779,432
Employee salaries and benefits		482,649		354,737
Office and administration		272,593		233,650
Reclamation		594,931		-
Repairs and maintenance		184,657		172,681
Utilities		165,106		164,625
Total mine operating expense	$	2,401,668	$	1,795,320

17. EXPLORATION

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

		August 31, 2013		August 31, 2012
Administration fees	$	34,316	$	23,761
Assaying		117,974		88,060
Assessment and tax		66,901		70,070
Consulting fees		365,300		263,264
Depreciation		37,728		-
Environmental		41,369		242,353
Equipment and rentals		90,510		299,779
Exploration		555,441		641,842
Land fees and permitting		194,389		649,715
Travel		33,564		32,762
Total exploration	$	1,537,492	$	2,311,606

18. CORPORATE ADMINISTRATION

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

		August 31, 2013		August 31, 2012
Consulting fees	$	93,531	$	148,723
Depreciation		26,156		32,790
Employee salaries and benefits		487,227		369,028
Legal, audit & accounting		264,054		196,370
Office and administration		42,084		47,084
Shareholder communications and advertising		198,832		202,466
Stock based compensation		-		542,000
Other corporate administration costs		120,816		76,698
Travel and entertainment		86,529		86,300
Total corporate administration	$	1,319,229	$	1,701,459

19. FINANCE EXPENSE

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

		August 31, 2013		August 31, 2012
Accretion on provision for site reclamation and closure	$	36,289	$	33,860
Bank charges, interest and commissions		(343,634)		73,862
Interest and accretion on convertible debt		-		312,351
Total finance (income) expense	$	(307,345)	$	420,073

20. LOSS PER SHARE

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

	Three months ended August 31,		Six months ended August 31,	
	2013	**2012**	**2013**	**2012**
Loss attributed to ordinary shareholders	**$ 2,301,564**	$ 3,547,538	**$ 4,834,440**	$ 6,088,028
Weighted average number of common shares	**109,483,171**	108,287,341	**109,442,410**	107,548,349
Basic and diluted loss per share	**$ 0.02**	$ 0.03	**$ 0.04**	$ 0.06

Weighted Average Number of Common Shares				
Issued Common Shares at March 1			**109,401,649**	106,668,164
Issued Common Shares at June 1	**109,401,649**	107,274,142		
Effect on the conversion of options	**81,522**	31,962	**40,761**	24,648
Effect on the conversion of warrants	**-**	732,564	**-**	368,283
Effect on the conversion of convertible notes	**-**	248,673	**-**	176,163
Effect of shares issued for asset acquisitions	**-**	-	**-**	-
Effect of shares issued for Bethlehem Resources	**-**	-	**-**	317,771
Effect of incorrect registration information	**-**	-	**-**	(6,680)
	109,483,171	108,287,341	**109,442,410**	107,548,349

As at August 31, 2013, there are 9,906,857 options (February 28, 2013 – 10,156,857), nil share purchase warrants (February 28, 2013 – 14,319,368), and nil 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 and six months ended August 31, 2013 and the year ended February 28, 2013.

21. 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.

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

		As previously reported	Reclassifications	As presented
Revenues		$ -	$ -	$ -
Cost of sales and direct costs		-	-	-
Gross Profit		-	-	-
Mine operating expense		-	(1,795,320)	(1,795,320)
Mine operating loss	(iv)	-	(1,795,320)	(1,795,320)
Corporate administration	(i)	3,169,072	(1,467,613)	1,701,459
Exploration	(ii)	2,454,129	(142,523)	2,311,606
Repairs and maintenance	(iii)	185,184	(185,184)	-
Reclamation provision	(iii)	-	-	-
		(5,808,385)	1,795,320	(4,013,065)
Loss from operations		(5,808,385)	-	(5,808,385)

21. RECLASSIFICATION WITHIN CONSOLIDATED COMPREHENSIVE LOSS (CONTINUED)

(i) Reclassified from Corporate Administration is $1,467,613 principally related to salaries and consulting, office and freight incurred at the QR mine and mill facility;

(ii) Reclassified from Exploration is $142,523 largely related to utilities incurred at the QR mine and mill facility;

(iii) Reclassified from Repairs and Maintenance is $185,184 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.

22. SUBSEQUENT EVENTS

(i) On October 9, 2013, the Company announced it had entered into a $15 million gold loan facility (the "Facility") with 2176423 Ontario Limited (the "Lender"); which the Company is informed is controlled by Eric Sprott, pursuant to the terms and conditions of a credit agreement dated October 8, 2013 (the "Credit Agreement"). The Company had previously announced the details of the term sheet on September 24, 2013.

The Facility was advanced by the Lender on October 8, 2013 in a single advance of $15 million in accordance with the terms of the Credit Agreement, which funds were to be held in escrow until the Company's common shares were reinstated for trading on the TSX Venture Exchange (the "TSX-V"). Concurrent with the announced financing, common shares of the Company were reinstated for trading on the TSX-V effective October 9, 2013.

The Facility is guaranteed by the Company's subsidiaries (together with the Company, the "Credit Parties") and secured by first ranking security over all of the Credit Parties' present and future assets and a pledge of the shares of the Company's subsidiaries (the "Security").

The Facility is due and payable by way of three cash payments on each of July 31, 2014, May 31, 2015 and March 31, 2016 (each a "Repayment Date") and the Company may not voluntarily prepay the Facility at any time prior to maturity without the Lender's prior written consent. However, the Company may at any time prepay all or any part of the Facility using a reference price of US$1,600 per ounce of gold. The amount of the payment will depend upon the price of gold at the relevant Repayment Date.

In consideration for the advance of the Facility, the Company has made a bonus payment to the Lender in the amount of 9,000,000 non-transferable share purchase warrants of the Company (each a "Bonus Warrant"). The Bonus Warrants will be exercisable for 30 months and will be exercisable at the price which is the greater of (i) $0.50 and (ii) a 20% premium to the volume weighted average trading price of the Company's common shares on the TSX-V for the five trading day period commencing on the sixth trading day after the Company's common shares are reinstated for trading (the "Exercise Price"). The Bonus Warrants shall be subject to a maximum hold period under applicable securities laws of four months and one day from their date of issue. After reinstatement for trading of the Company's common shares, and in the event that the volume weighted average trading price of the Company's common shares on the TSX-V for a period of 10 consecutive trading days is at a 50% premium to the Exercise Price (the "Warrant Exercise Trigger"), the Company may require the Lender to exercise $5,000,000 worth of the Bonus Warrants (the "Forced Warrant Exercise") within 10 calendar days of the date the Company provides written notice (the "Forced Warrant Exercise Notice") to the Lender, which Forced Warrant Exercise Notice shall be within three business days of the Warrant Exercise Trigger occurring. Furthermore, in consideration for structuring the Facility, the Company has agreed to pay the Lender a $150,000 structuring fee together with the Lender's reasonable legal and other out-of-pocket expenses incurred in connection with the Facility.

22. SUBSEQUENT EVENTS (CONTINUED)

A third party finder's fee of 2.0% in cash will be paid from the proceeds of the Facility and 360,000 non-transferable finder's warrants (each a "Finder's Warrant") have been or will be issued by the Company pursuant to the closing of the Facility. The Finder's Warrants will have the same terms as the Bonus Warrants, however, upon the Warrant Exercise Trigger occurring, the Company may require the holder of the Finder's Warrants to exercise 50% of the Finder's Warrants within 10 calendar days of the Forced Warrant Exercise Notice otherwise all unexercised Finder's Warrants forming part of the 50% Forced Warrant Exercise requirement will be deemed to have thereby expired. The Finder's Warrants shall also be subject to a maximum hold period under applicable securities laws of four months and one day from their date of issue.

(ii) Concurrent with the $15 million gold loan facility, as discussed in Note 22 (i), the Company used partial proceeds to repay the $1.5 million note payable issued on August 12, 2013 (see Note 12). The Company also made a cash payment of $200,000 to Sprott, which represented the entitled bonus payment as per terms of the loan. No shares or warrants were issued to Sprott in connection with the $1.5 million loan.

(iii) Subsequent to August 31, 2013, the Company received $640,340 in British Columbia Mining Exploration Tax Credits.

(iv) Subsequent to August 31, 2013, a total of 677,500 options were forfeited/cancelled, 1,880,814 options were granted to employees, directors and consultants at an exercise price of $0.87 per option, and 125,000 options were exercised. Also a total of 9,360,000 warrants were granted at an exercise price of $0.89, which were issued as part of the $15 million gold loan facility received on October 9, 2013.