



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

THIS MD&A IS DATED OCTOBER 25, 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 six months ended August 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 October 25, 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, and the Goldstream Mill, located near Revelstoke, BC. 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 October 25, 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. On October 9, 2013, common shares of the Company resumed trading on the TSX Venture Exchange (the "Exchange") concurrent with the announcement that the Company had entered into a \$15,000,000 gold loan facility (see "Subsequent Events" section for details of the gold loan facility).

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 Georex. 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 for 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 has started work on the Cow Mountain Preliminary Economic Assessment ("PEA"). 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
.....	

On October 16, 2013, the Company reported that 7,499 infill drill core samples have been collected from 155 diamond drill holes. Of these, 15 diamond drill holes were completed in 2007, 11 in 2009, 17 in 2010, and 112 in 2011. Of the infill core samples, 7,000 have been cut and 4,802 samples have been analyzed; work continues to complete the processing and analysis of this infill sampling. Core sample assay rejects from a number of prior diamond drill holes have been returned to the laboratory for metallic screen fire assay and internal QA/QC analysis. A total of 952 reject samples from 33 holes drilled on Cow Mountain in 2011 have been pulled from storage. In addition, 16,956 sample rejects from drill holes completed between 2007 and 2011 will also all be pulled from storage and sent for metallic screen fire assay. Assay data for complete drill holes will be reported when available.

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 and its consultants are creating a robust database that includes management of QA/QC and this database will be maintained in accordance with industry best practices.
- ✓ The Company and its consultants are 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 completing metallic screen fire assays (a technique that employs a larger sample size for analysis of drillcore). Work to-date indicated the original fire assaying did not account for all of the gold in the samples.
- ✓ 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 is validating and evaluating the drill data from Island Mountain as part of its ongoing commitment to quality data.
- ✓ The Company is evaluating the potential of the exploration targets at Island Mountain and Barkerville Mountain through further trenching and drilling.
- ✓ The Company is initiating ground work for a PEA at Cow Mountain.
- ✓ The Company will begin a bulk sampling program of surface mineralization as resources permit.

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 (although no agreement was reached with Dome to custom mill their ore), 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 74,000 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.

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. The Company also reported it has completed development mining and production mining. Upon completion of mucking of ore, there will be 15,000 tonnes of ore in the mill stockpile; approximately 14,000 tonnes of ore are now stockpiled at the mill. Mill restart maintenance and repairs have commenced.

In addition to mining, Sims is completing 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) reclamation bond 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) and in our October 16, 2013 news release (NR 13-21) the following Target Potentials were discussed:

Island Mountain Mine/Island Mountain

The Company has engaged APEX Geoscience Ltd. (APEX) to conduct an extensive and ongoing digital data compilation and a trench mapping and sampling campaign on the Company's Island Mountain prospect; this work commenced July 2013 with completion expected toward the end of 2013.

Data compilation has been undertaken to provide the Company with a comprehensive digital database of all available current and historic work at Island Mountain comprising a complete GIS-based dataset, and complete drill hole database for use in three-dimensional (3-D) mining software.

This work has comprised: 1) the digitization of pre-existing AutoCAD files and an extensive set of hardcopy maps, sections and level plans (comprising 21 levels in 53 scanned images, 310 stopes and 290 line km of access); 2) the construction of 3-D wireframes of underground workings, mineralization and geological units; 3) data entry from historic reports; 4) compilation and validation of all available drill hole information including collar coordinates, surface and downhole surveys, assays and geology (for more than 3,800 drill holes); and 5) the proper spatial rectification of all data in mine and UTM grids.

The APEX field crew comprising three geologists arrived in Wells, BC on September 9, 2013. To date, 575 samples have been collected from 23 trenches on Island Mountain. Sampling typically comprises 1.5-5 foot lengths along channels traversing visible mineralization and apparently barren host rock. Channels are normally spaced at 6-8 foot intervals across a trench and oriented perpendicular to stratigraphy but frequently vary in orientation to maximize the technical data obtained. Trench sampling on Island Mountain in 2013 comprises a total of 1,019 channel samples from 48 trenches over 8,450 square meters. The samples have been collected by geological consultants Jean Paulter, Al Doherty and from APEX, Rob L'Heureux, Bryan Atkinson and Amelie Dufresne.

A total of 1,571 assay reject samples from 1999 through 2005 diamond drill holes completed on Island Mountain have now been pulled out for metallic assaying. Original fire assays of these drill core samples did not include internal QA/QC including internal standard and blank samples. The assay reject samples will be resubmitted to the laboratory in the near future along with standards and blanks. The results of the Island Mountain trench sampling and reject metallic assaying will be provided as results become available.

Company consultant, Clive Aspinall, M.Sc., P.Eng, reports over 1,171 soil samples have been collected to date from more than 17.98 line kilometers. Work will continue until the snow flies. Soil sample results will be provided upon completion of the sampling program and once all assays have been received.

Bonanza Ledge Mine/Barkerville Mountain

During the past two months, Snowden Mining Industry Consultants Inc. ("Snowden") has updated the geological model for Bonanza Ledge in an effort to confirm the 'Starter Pit' defined in the Technical Report issued in August 2009. Using this new model, Snowden applied current economics (gold price and mining/processing costs) to define a potential pit for Bonanza Ledge. Both the model and the ultimate pit were not materially different from the 2009 work.

Within the ultimate pit shell, Snowden identified a smaller pit shell with a concentration of mineralized material representing approximately one year's mill feed. This became the basis of a pit design which is now complete and under review for finalization and implementation. Don Barker P. Eng., has been retained to independently review this work on behalf of the Company.

Mr. Tom Hatton, Mine Superintendent for Wells, reports that the diversion ditches and sediment collection ponds throughout the ditch system are completed and armored. The sediment control dam in Lowhee Gulch has been completed and overflow pipe anchors are currently being installed. A drainage ditch below the snow storage site is also under construction and work is ongoing.

The toe berm for the organic overburden has been stripped in preparation for the placement of rock; a substantial amount of the organic overburden has been moved to the roadside in preparation for hauling, which is ongoing. The majority of waste wood fibre has been delivered to the tub grinder, grinding is expected to commence over the next week.

The sites for the site office, explosives storage area and laydown area have been prepared and are ready for rock cap in preparation for Bonanza Ledge production.

The Company's mine geologists Rebecca Stirling, Rachel Peterson and Catherine Banfield will be involved in the open pit mining of Bonanza Ledge.

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"). Subsequent to August 31, 2013, the Company has used partial proceeds from the \$15 million gold loan facility received on October 9, 2013, to repay \$1.5 million of the loan received from Mr. Callaghan. As of the date of this MD&A, a total of \$556,311 remains due to 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 \$4,834,440 for the six months ended August 31, 2013 or \$0.04 per share as compared to a net loss of \$6,221,858, or \$0.06 per share for the six months ended August 31, 2012. Overall, this represents a decrease in losses of \$1,387,418. The Company generated \$36,788 in revenues from gold sales and these revenues went into general operating capital for the six months ended August 31, 2013, as compared to \$nil for the six months ended August 31, 2012.

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

- (i) A decrease of \$382,230 in corporate administration expenses from \$1,701,459 in the six months ended August 31, 2012 to \$1,319,229 in the six month period ended August 31, 2013. The major contributor to this decrease was a decrease in stock based compensation from \$542,000 for the six months ended August 31, 2012, to \$nil for the six months ended August 31, 2013. No options were granted during the six months ended August 31, 2013. This reduction was somewhat offset by increased legal, audit & accounting of \$67,684 from \$196,370 in the six months ended August 31, 2012 to \$264,054 in the six months ended August 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

BARKERVILLE GOLD MINES LTD.
Form 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Six Months Ended August 31, 2013

- (ii) An increase of \$606,348 in total mine operating expense from \$1,795,320 in the six months ended August 31, 2012 to \$2,401,668 in the six months ended August 31, 2013. The major contributor to this increase was reclamation work performed during the six months ended August 31, 2013, of \$594,931. No such reclamation work was performed during the six months ended August 31, 2012. Also there was a rise in administrative costs for the QR Mining Division from \$233,650 in the six months ended August 31, 2012 to \$272,593 in the six months ended August 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 \$354,737 in the six months ended August 31, 2012 to \$482,649 in the six months ended August 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 six month period ended August 31, 2012, there was minimal activity at Bonanza Ledge and, as a result, employee salaries and benefits were significantly lower.
- (iii) A decrease in exploration expenses from \$2,311,606 in the six months ended August 31, 2012 to \$1,537,492 in the six months ended August 31, 2013. The largest contributor to this reduction is a reduction of \$209,269 in equipment and rentals from \$299,779 in the six months ended August 31, 2012 to \$90,510 in the six months ended August 31, 2013.

Resource Properties that have not yet Generated Operating Revenue

Exploration Expense	Cariboo Gold Project	Bonanza Ledge Deposit	Cariboo Gold Project (including Bonanza Ledge)
	Period ending August 31, 2013	Period ending August 31, 2013	Period ending August 31, 2013
	\$	\$	\$
Administration fees	34,316	-	34,316
Assaying	117,974	-	117,974
Assessment and tax	66,901	-	66,901
Consulting fees	365,300	-	365,300
Depreciation	37,729	-	37,729
Environmental	41,369	-	41,369
Land fees and permitting	194,389	-	194,389
Exploration	504,225	51,216	555,441
Equipment and rentals	90,510	-	90,510
Travel	33,563	-	33,564
Reclamation Provision	-	-	-
	1,486,276	51,216	1,537,492

BARKERVILLE GOLD MINES LTD.
Form 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Six Months Ended August 31, 2013

Breakdown of Assets	As at August 31, 2013			As at February 28, 2013		
	Cariboo Gold \$	Bonanza Ledge \$	QR \$	Cariboo Gold \$	Bonanza Ledge \$	QR \$
Mineral Properties	-	1,858,547	-	-	1,858,547	-
Deferred Development Costs	-	1,250,892	802,123	-	484,951	-
Exploration and Evaluation	17,600,973	-	-	17,599,444	-	-

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							
	Aug 31/13	May 31/13	Feb 28/13	Nov 30/12	Aug 31/12	May 31/12	Feb 29/12	Nov 30/11
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Total Revenue	-	36,788	271,494	1,231,073	-	-	2,665,025	4,135,086
Loss before income taxes	2,301,564	2,532,876	5,939,860	1,050,474	3,681,188	2,547,270	7,856,548	8,394,143
Basic loss per Share	0.02	0.02	0.05	0.01	0.03	0.02	0.10	0.11
Diluted loss Per Share	0.02	0.02	0.05	0.01	0.03	0.02	0.10	0.11
Net loss	2,301,564	2,532,876	5,266,460	1,050,474	3,681,188	2,540,670	7,593,148	7,909,543
Basic loss per Share	0.02	0.02	0.05	0.01	0.03	0.02	0.10	0.10
Diluted loss per Share	0.02	0.02	0.05	0.01	0.03	0.02	0.10	0.10

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 revenues in this period. The revenue that was generated in the fourth quarter of fiscal 2013 came from the East Lobe of QR West Zone. During the first quarter of fiscal 2014, the Company earned additional revenue from the QR West Zone.

BARKERVILLE GOLD MINES LTD.

Form 51-102F1

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Six Months Ended August 31, 2013

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)

Net loss slightly decreased by \$231,312 in the second quarter of fiscal 2014 (\$2,301,564) as compared to the first quarter of fiscal 2014 (\$2,532,876). The Company recorded a recovery of \$227,173 in the second quarter of fiscal 2014, which related to a previously accrued provision for Part XII.6 taxes. As the Company is confident it is not liable for these monies, it has reversed the accrual.

Liquidity and Capital Resources

On August 31, 2013, the Company had cash on hand of \$199,812 and had a working capital deficit of \$17,577,866. The Company's major commitments over the next year are payment 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. On October 9, 2013, the Company announced it had closed a \$15,000,000 gold loan facility to help boost its treasury and fund operations. During the ongoing CTO 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.

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 the recent \$15,000,000 gold loan facility to meet its obligations. The Company's capital under management includes:

BARKERVILLE GOLD MINES LTD.
Form 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Six Months Ended August 31, 2013

	August 31, 2013	February 28, 2013
Cash and cash equivalents	\$ 199,812	\$ 129,126
Amounts receivable	175,298	576,375
Prepaid expenses	802,270	307,485
Inventory	1,262,423	66,859
Accounts payable and accrued liabilities	(10,804,326)	(6,971,852)
Due from (to) related parties	(1,788,027)	(1,477,725)
Loan from director	(2,056,311)	(749,482)
Convertible note	(1,500,000)	-
	<u>\$ (13,708,861)</u>	<u>\$ (8,119,214)</u>
 Shareholders' Equity		
Capital stock	\$ 118,364,970	\$ 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	(121,292,696)	(116,458,256)
	<u>\$ 16,579,066</u>	<u>\$ 21,288,506</u>

During the three and six months ended August 31, 2013, a total of 250,000 stock options were exercised at a price of \$0.50 for total proceeds of \$125,000 to the Company.

Outstanding Share Capital

The Company has an unlimited number of common shares authorized, with 109,651,649 issued and outstanding on August 31, 2013, and 109,851,706 issued and outstanding as of the date of this MD&A.

On August 31, 2013, there were 9,906,857 stock options outstanding. Subsequent to August 31, 2013, and to the date of this report a total of 677,500 options were forfeited/cancelled, 1,880,814 options were granted to employees, directors and consultants, and 125,000 options were exercised resulting in 10,985,171 options outstanding.

As of August 31, 2013, there are no outstanding warrants to purchase common shares of the Company. As of October 25, 2013, a total of 9,360,000 warrants are outstanding, which were issued as part of the \$15 million gold loan facility received on October 9, 2013.

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	August 31, 2013	February 28, 2013
		\$	\$
J. Frank Callaghan, CEO	salary	120,000	240,000
	exploration costs	78,730	716,077
	deferred development costs	436,237	316,318
	reclamation costs	Nil	490,065
	administrative costs	37,970	76,939
	share based compensation	Nil	21,458
	loan interest	190,494	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. For the six months ended, SDE invoiced the Company a total of \$552,937 for exploration costs, deferred development costs and administrative costs. The loan interest payable of \$190,494 represents the total interest accrued as at August 31, 2013 with respect to the Loan from Mr. Callaghan and Partial Revocation of Cease Trade Order. All such interest was outstanding as at August 31, 2013.

Name of Related Party	Description	August 31, 2013	February 28, 2013
		\$	\$
Minaz Dhanani, CFO	salary	54,923	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	August 31, 2013	February 28, 2013
		\$	\$
Andrew H. Rees	consulting fees	30,000	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.

BARKERVILLE GOLD MINES LTD.
Form 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Six Months Ended August 31, 2013

Name of Related Party	Description	August 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 certain Canada Revenue Agency related legal services for the Company in fiscal 2013.

Name of Related Party	Description	August 31, 2013 \$	February 28, 2013 \$
Sean Callaghan	salary	34,615	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	August 31, 2013 \$	February 28, 2013 \$
Norman Anderson	directors' fees ¹	2,000	4,000
<i>Appointed June 12, 2012</i>	share based compensation	nil	150,458
David McMillan	directors' fees ²	2,500	6,000
<i>Appointed August 30, 2011</i>	share based compensation	nil	21,458
Elena Clarici	directors' fees ³	1,500	N/A
<i>Elected April 16, 2013</i>	share based compensation	nil	N/A
John Kutkevicius	directors' fees ⁴	1,500	N/A
<i>Elected April 16, 2013</i>	share based compensation	nil	N/A
Michael Steele	directors' fees ⁵	500	N/A
<i>Elected April 16, 2013</i>	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 six months ended August 31, 2013 is discussed below. There was no impact on the loss reported for the year,

- 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 QR Mine management expenses and utilities;
- 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.

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, policies 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.

BARKERVILLE GOLD MINES LTD.
Form 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Six Months Ended August 31, 2013

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.

BARKERVILLE GOLD MINES LTD.
Form 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Six Months Ended August 31, 2013

The Company's maximum exposure to credit risk at the reporting date is the carrying value of its cash and cash equivalents of \$199,8132 (February 28, 2013 - \$129,126), amounts receivable of \$175,298 (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 August 31, 2013:

	Book Value at August 31, 2013	Within 1 Year	2 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	10,804,326	10,804,326	-	-	10,804,326
Due to related parties	1,788,027	1,788,027	-	-	1,788,027
Loan from director	2,056,311	2,056,311	-	-	2,056,311
	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.

BARKERVILLE GOLD MINES LTD.
Form 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Six Months Ended August 31, 2013

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.

Subsequent Events Not Otherwise Discussed Herein

- (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 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 are held in escrow until the Company's common shares are reinstated for trading on the TSX Venture Exchange (the "TSX-V") - which occurred on 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 Facility does not bear interest.

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. The Company announced on October 24, 2013, that all warrants issued in connection with the \$15 million gold loan facility would be priced at \$0.89 per warrant.

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

BARKERVILLE GOLD MINES LTD.
Form 51-102F1
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Six Months Ended August 31, 2013

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, the Company used partial proceeds to repay the \$1.5 million note payable issued on August 12, 2013. 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.

Financial and Disclosure Controls and Procedures

During the period ended August 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.