



**Barkerville Gold Mines Ltd.**

**Condensed Consolidated Interim Financial Statements  
(unaudited)**

**November 30, 2013**

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**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS**

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

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

## Barkerville Gold Mines Ltd.

Condensed Consolidated Interim Statement of Financial Position (Unaudited)

As at November 30, 2013

Assets	November 30, 2013	February 28, 2013
<b>Current Assets</b>		
Cash	\$ 1,338,999	\$ 129,126
Amounts receivable	345,945	576,375
Prepaid expenses (Note 4)	471,514	307,485
Inventory (Note 5)	1,728,150	66,859
<b>Total current assets</b>	<b>3,884,608</b>	<b>1,079,845</b>
Reclamation deposits (Note 6)	2,730,800	2,730,800
Available for Sale Investments	6,900	6,900
Exploration and evaluation assets (Note 9)	17,739,248	17,737,621
Mineral properties and deferred development costs (Note 8)	6,205,167	2,343,498
Property, plant and equipment (Note 7)	11,845,483	12,785,400
<b>Total assets</b>	<b>\$ 42,412,206</b>	<b>\$ 36,684,064</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables (Note 10)	\$ 8,638,899	\$ 7,146,113
Due to related parties (Note 15)	95,041	1,303,464
Loan from director (Note 15)	609,893	749,482
Provision for site reclamation and closure (Note 11)	3,869,005	3,869,005
Gold loan facility (Note 12)	5,531,500	-
<b>Total current liabilities</b>	<b>18,744,338</b>	<b>13,068,064</b>
Provision for site reclamation and closure (Note 11)	1,116,928	1,062,494
Gold loan facility (Note 12)	11,063,000	-
Deferred tax liability	1,265,000	1,265,000
<b>Total liabilities</b>	<b>32,189,266</b>	<b>15,395,558</b>
<b>Shareholders' equity</b>		
Share capital	118,659,790	118,239,970
Share-based payments reserve	24,814,417	19,477,562
Share subscriptions received in advance	-	41,650
Accumulated other comprehensive income	(12,420)	(12,420)
Accumulated deficit	(133,238,847)	(116,458,256)
<b>Total shareholders' equity</b>	<b>10,222,940</b>	<b>21,288,506</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 42,412,206</b>	<b>\$ 36,684,064</b>

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

Approved on behalf of the board:

"J. Frank Callaghan"  
J. Frank Callaghan, Director

"David McMillan"  
David McMillan, Director

## Barkerville Gold Mines Ltd.

Condensed Consolidated Interim Statement of Comprehensive Loss (Unaudited)

As at November 30, 2013

	Three months ended		Nine months ended	
	November 30, 2013	November 30, 2012	November 30, 2013	November 30, 2012
Revenue	\$ -	\$ 1,231,073	\$ 36,788	\$ 1,231,073
Cost of sales and direct costs	-	(369,322)	(19,084)	(369,322)
Gross Profit	-	861,751	17,704	861,751
Mine operating expense (Note 16)	(2,638,899)	172,148	(5,040,567)	(1,623,172)
Mine operating income (loss)	(2,638,899)	1,033,899	(5,022,863)	(761,421)
Expenses:				
Exploration (Note 17)	339,840	1,280,056	1,877,332	3,591,662
Corporate administration (Note 18)	2,305,952	1,713,029	3,625,181	3,414,488
	2,645,792	2,993,085	5,502,513	7,006,150
Loss from operations	(5,284,691)	(1,959,186)	(10,525,376)	(7,767,571)
Other income (expense):				
Finance expense (Note 19)	(6,661,460)	946,203	(6,354,115)	526,130
Loss on gold settlement	-	(37,491)	-	(37,491)
Gain on write-down of accounts payable	-	-	98,900	-
	(6,661,460)	908,712	(6,255,215)	488,639
Loss before income taxes	(11,946,151)	(1,050,474)	(16,780,591)	(7,278,932)
Income tax recovery	-	-	-	6,600
Net loss for the period	(11,946,151)	(1,050,474)	(16,780,591)	(7,272,332)
Other comprehensive loss				
Fair value of available for sale investment	-	-	-	-
Total Comprehensive loss for the period	\$ (11,946,151)	\$ (1,050,474)	\$ (16,780,591)	\$ (7,272,332)
Loss per common share, basic and diluted (Note 20)	\$ (0.11)	\$ (0.01)	\$ (0.15)	\$ (0.07)
Weighted average number of common shares outstanding	109,763,728	109,401,649	109,555,170	108,163,861

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

## Barkerville Gold Mines Ltd.

Condensed Consolidated Interim Statement of Changes in Equity (Unaudited)

As at November 30, 2013

	Shares Outstanding	Share Capital	Share-based payments reserve	Share subscriptions received in advance	Accumulated other comprehensive loss	Retained Earnings	Total Shareholders' Equity
<b>Balance at March 1, 2012</b>	<b>106,668,164</b>	<b>\$ 115,585,246</b>	<b>\$ 18,830,170</b>	<b>\$ -</b>	<b>\$ (8,280)</b>	<b>\$ (103,919,464)</b>	<b>\$ 30,487,672</b>
Loss for the period	-	-	-	-	-	(7,272,332)	(7,272,332)
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	-	-	-	96,675	-	-	96,675
Cancellation of share certificates	(7,500)	(7,500)	-	-	-	-	(7,500)
<b>Balance at November 30, 2012</b>	<b>109,401,649</b>	<b>\$ 117,952,161</b>	<b>\$ 19,372,170</b>	<b>\$ 96,675</b>	<b>\$ (8,280)</b>	<b>\$ (111,191,796)</b>	<b>\$ 26,220,930</b>
<b>Balance at March 1, 2013</b>	<b>109,401,649</b>	<b>\$ 118,239,970</b>	<b>\$ 19,477,562</b>	<b>\$ 41,650</b>	<b>\$ (12,420)</b>	<b>\$ (116,458,256)</b>	<b>\$ 21,288,506</b>
Loss for the period	-	-	-	-	-	(16,780,591)	(16,780,591)
Stock options issued	-	-	1,351,300	-	-	-	1,351,300
Issue of shares on exercise of warrants	49,000	49,833	(8,183)	(41,650)	-	-	-
Share purchase warrants issued	-	-	4,175,700	-	-	-	4,175,700
Issue of share on exercise of options	401,057	369,987	(181,962)	-	-	-	188,025
<b>Balance at November 30, 2013</b>	<b>109,851,706</b>	<b>\$ 118,659,790</b>	<b>\$ 24,814,417</b>	<b>\$ -</b>	<b>\$ (12,420)</b>	<b>\$ (133,238,847)</b>	<b>\$ 10,222,940</b>

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

## Barkerville Gold Mines Ltd.

Condensed Consolidated Interim Statement of Cash Flows (Unaudited)

As at November 30, 2013

	Nine months ended	
	November 30, 2013	November 30, 2012
Cash flows from operating activities		
Loss for the period	(16,780,591)	(7,272,332)
Adjustments to reconcile loss to net cash used in operating activities		
Interest expense	494,900	-
Depreciation (Note 7)	1,023,618	1,193,380
Stock-based compensation	1,351,300	542,000
Share purchase warrants issued	4,175,700	-
Change in fair value of derivative component of gold loan facility	1,344,500	-
Accretion expense - debt	-	192,048
Accretion expense - ARO	54,434	50,789
Gain on de-recognition of liabilities	(98,900)	-
Deferred tax recovery	-	(6,600)
Changes in non-cash working capital balances:		
AR & advances	230,430	1,649,630
Prepaid expenses	(164,029)	48,643
AP and accrued liabilities	1,765,947	860,959
Inventory of ore	(1,661,291)	(70,615)
Provision for site reclamation	-	(2,271,597)
	<b>(8,263,982)</b>	<b>(5,083,695)</b>
Cash used by operations	(8,263,982)	(5,083,695)
Income tax paid	-	-
Total cash outflows from operating activities	<b>(8,263,982)</b>	<b>(5,083,695)</b>
Cash flows from investing activities		
Reclamation deposits	-	(499,000)
Acquisition of property, plant and equipment	(83,701)	(19,457)
Acquisition of mineral properties and deferred development costs	(3,861,669)	(8,247)
Acquisition of exploration and evaluation assets	(1,627)	-
Due from related parties	(1,382,684)	558,323
Release of restricted cash	-	1,323,700
Total cash inflows (outflows) from investing activities	<b>(5,329,681)</b>	<b>1,355,319</b>
Cash flows from financing activities		
Loan from director	(384,489)	-
Issuance of capital stock	188,025	1,470,725
Share subscriptions received in advance	-	96,675
Proceeds from gold loan facility	15,000,000	-
Repayment of principal on convertible debt	-	(4,448,059)
Total cash inflows (outflows) from financing activities	<b>14,803,536</b>	<b>(2,880,659)</b>
Total increase (decrease) in cash during the period	<b>1,209,873</b>	<b>(6,609,035)</b>
Cash and cash equivalents at the beginning of the period	<b>129,126</b>	<b>6,731,818</b>
Cash and cash equivalents at the end of the period	<b>1,338,999</b>	<b>122,783</b>

The accompanying notes form an integral part of these condensed consolidated interim 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 November 30, 2013, the Company had accumulated losses of \$133,238,847 (February 28, 2013: \$116,458,256). The Company incurred losses of \$16,780,591 during the nine month period ending November 30, 2013 (nine month period ending November 30, 2012: \$7,272,332) and had a working capital deficiency of \$14,859,730 at November 30, 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.

# Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

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## 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 January 27, 2014.

### c) Basis of Measurement

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

The condensed consolidated interim 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 November 30, 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 standards not yet effective that would have an impact on the financial statements.

## Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

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### 4. PREPAIDS

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

	November 30, 2013	February 28, 2013
Insurance	\$ 83,604	\$ 48,009
Other prepaid amounts	387,910	259,476
Total prepaids	<u>\$ 471,514</u>	<u>\$ 307,485</u>

### 5. INVENTORY

The inventory for the Company is comprised of the following:

	November 30, 2013	February 28, 2013
Consumables	\$ 66,859	\$ 66,859
Work in progress	1,661,291	-
Total inventory	<u>\$ 1,728,150</u>	<u>\$ 66,859</u>

# Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

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## 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 November 30, 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 November 30, 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 November 30, 2013, the Company had not commenced construction or mining operations permitted in December 2011. Therefore the above noted reclamation bonds are not yet required to be paid to the ministry. The Company is also confirming revised payment dates for the reclamation bonds once mining commences at Bonanza Ledge. 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 November 30, 2013, the Company had a total deposit of \$2,052,300 plus pledged equipment of \$807,700 (February 28, 2013: deposit of \$2,052,300 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 November 30, 2013, the Company has not yet started milling and is not yet required to pay \$1,750,000. The Company has raised the tailings dam to elevation 1031 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.

## Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

### 7. PROPERTY, PLANT AND EQUIPMENT

	Mine Plant & Equipment	Office furniture & equipment	Total
<b>Cost:</b>			
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	44,149	83,701
Balance at November 30, 2013	\$ 17,689,036	\$ 717,501	\$ 18,406,537
<b>Depreciation and impairment losses</b>			
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	980,725	42,893	1,023,618
Balance at November 30, 2013	6,122,760	438,294	6,561,054
<b>Net Book Value</b>			
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 November 30, 2013	\$ 11,566,276	\$ 279,207	\$ 11,845,483

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 November 30, 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 nine month period ended November 30, 2013 the Company recognized \$926,735 (year ended February 28, 2013: \$334,903) of amortization on its property, plant and equipment associated with the QR Mill.

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 nine month period ended November 30, 2013 (February 28, 2013: \$Nil).

## Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

### 8. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT COSTS

	Mineral properties	Deferred development costs	Total
<b>Cost</b>			
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	-	3,861,669	3,861,669
Balance at November 30, 2013	\$5,275,301	\$8,249,200	\$13,524,501
<b>Depletion and impairment losses</b>			
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 November 30, 2013	\$3,416,754	\$3,902,580	\$7,319,334
<b>Carrying amounts</b>			
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 November 30, 2013	\$1,858,547	\$4,346,620	\$6,205,167

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 nine months ended November 30, 2013 the Company incurred \$Nil (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.

## Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

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### 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.

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 November 30, 2013, the Company had not commenced mining operations. Therefore the reclamation deposits were not required to be paid.

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 nine months ended November 30, 2013 the Company incurred \$3,861,669 (year ended February 28, 2013: \$640,254) 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%.

# Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

## 9. EXPLORATION & EVALUATION ASSETS

	Wayside Property	Cariboo Gold Project	Bethlehem	Total
<b>Cost</b>				
Balance at March 1, 2012	\$1	\$17,594,441	\$138,177	\$17,732,619
Additions	-	5,002	-	5,002
Balance at February 28, 2013	1	17,599,443	138,177	17,737,621
Additions	-	1,627	-	1,627
Balance at November 30, 2013	\$1	\$17,601,070	\$138,177	\$17,739,248
<b>Carrying amounts</b>				
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 November 30, 2013	\$1	\$17,601,070	\$138,177	\$17,739,248

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 November 30, 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).

# Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

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## 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:

	November 30, 2013	February 28, 2013
Trade payables	\$ 8,365,289	\$ 6,277,590
Canada Revenue Agency - provision for Part XII.6 tax	-	227,173
Payroll related liabilities	62,526	173,253
Other payables	211,084	468,097
Total trade and other payables	\$ 8,638,899	\$ 7,146,113

# Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

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## 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 \$4,958,933 (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.

During the nine months ended November 30, 2013, the Company further incurred reclamation expense of \$2,367,320 related to raise the tailings pond to the elevation of 1031 meters. This amount was included in mine operating expenses on the statement of comprehensive loss. As at November 30, 2013, the Company was in process of completing raising the tailings pond and is continuously assessing the leaks and seepage 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		54,434
Balance, November 30, 2013	\$	4,985,933
Current portion	\$	3,869,005
Long term portion	\$	1,116,928

# Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

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## 12. GOLD LOAN FACILITY

On October 9, 2013, the Company announced it had entered into a \$15,000,000 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 \$15,000,000 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.

The Company has agreed to provide the Lender with a minimum rate of return equal to 10% per annum, which shall be calculated on the date which the Facility is fully repaid.

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 at an exercise price of \$0.89 per warrant ("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. 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. The Company has calculated the Warrant Exercise Trigger price to be \$1.33 per common share. 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.

A third party finder's fee of 2.0% in cash, of which \$nil has been paid, and 360,000 non-transferable finder's warrants (each a "Finder's Warrant") have been 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.

# Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

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## 12. GOLD LOAN FACILITY (CONTINUED)

The Company considers the Facility a financial instrument comprised of a host loan of \$15,000,000 and an embedded derivative. The host loan is measured at amortized cost and is recorded as a fixed rate interest bearing loan at 10% per annum. The embedded derivative is measured at fair value through profit or loss. For the nine months ended November 30, 2013, the Company has recorded an interest charge of \$250,000 related to the host loan and a finance charge of \$1,344,500 related to the change in fair value of the embedded derivative.

As at November 30, 2013, the Facility is presented as follows:

	November 30, 2013	February 28, 2013
Current portion of gold loan	\$ 5,531,500	\$ -
Long term portion	11,063,000	-
	<hr/>	<hr/>
	\$ 16,594,500	\$ -

## 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 109,851,706 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 nine months ended November 30, 2013, a total of 401,057 stock options were exercised for proceeds of \$188,025 and 49,000 shares were issued from treasury for a warrant exercise previously received in fiscal 2013.

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.

## Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

### 13. SHARE CAPITAL AND RESERVES (CONTINUED)

#### b) Share Purchase Warrants

The following is a summary of changes in warrants from March 1, 2012 to November 30, 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	9,360,000	0.89
Exercised warrants	-	-
Expired	(16,426,950)	1.07
Balance November 30, 2013	9,360,000	\$ 0.89

The warrants were fair valued using a Black-Scholes option pricing model with the following assumptions:

	November 30, 2013	November 30, 2012
Volatility	85.30%	-
Dividend Yield	0%	-
Risk Free Rate	1.59%	-
Expected Life (Year)	2.5	-

### 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.

# Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

## 14. SHARE-BASED PAYMENTS (CONTINUED)

The following is a summary of changes in options from March 1, 2013 to November 30, 2013:

	Number of options	Weighted average exercise price per share
<b>Balance, March 1, 2012</b>	<b>9,997,434</b>	<b>\$1.03</b>
Granted	1,234,980	\$0.89
Exercised	(89,500)	\$0.91
Cancelled/Expired	(986,057)	\$1.12
<b>Balance, February 28, 2013</b>	<b>10,156,857</b>	<b>\$1.02</b>
Granted	1,880,814	\$0.87
Exercised	(375,000)	\$0.47
Cancelled/Expired	(677,500)	\$0.88
<b>Balance, November 30, 2013</b>	<b>10,985,171</b>	<b>\$1.01</b>

A summary of the Company's options at November 30, 2013 is presented as follows:

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Forfeited/Expired	Closing Balance	Vested and Exercisable	Weighted Average Remaining Life (Years)
4/16/2009	4/16/2014	\$ 0.45	1,128,661	-	(125,000)	-	1,003,661	1,003,661	0.38
7/17/2009	7/17/2014	\$ 0.38	66,266	-	-	-	66,266	66,266	0.63
8/28/2009	8/28/2014	\$ 0.60	456,306	-	-	-	456,306	456,306	0.74
9/18/2009	9/18/2014	\$ 0.62	78,287	-	-	-	78,287	78,287	0.80
10/29/2009	10/29/2014	\$ 1.25	576,490	-	-	-	576,490	576,490	0.91
2/2/2010	2/2/2015	\$ 1.00	1,869,208	-	-	-	1,869,208	1,869,208	1.18
9/27/2010	9/27/2015	\$ 1.16	285,947	-	-	(50,000)	235,947	235,947	1.82
11/26/2010	11/26/2015	\$ 1.42	568,261	-	-	(20,000)	548,261	548,261	1.99
4/1/2011	4/1/2016	\$ 1.22	313,956	-	-	(30,000)	283,956	283,956	2.34
6/20/2011	6/20/2016	\$ 1.66	535,790	-	-	(67,500)	480,790	480,790	2.56
7/22/2011	7/22/2016	\$ 1.66	606,205	-	-	(30,000)	568,705	568,705	2.64
8/12/2011	8/12/2016	\$ 1.52	317,500	-	-	-	317,500	317,500	2.70
2/1/2012	2/1/2017	\$ 0.89	2,724,000	-	-	(400,000)	2,329,000	2,329,000	3.18
6/19/2012	6/19/2017	\$ 0.50	250,000	-	(250,000)	-	-	-	3.55
6/29/2012	6/29/2017	\$ 1.21	379,980	-	-	(80,000)	289,980	289,980	3.58
10/23/2013	10/23/2018	\$ 0.87	-	1,880,814	-	-	1,880,814	1,880,814	4.90
			10,156,857	1,880,814	(375,000)	(677,500)	10,985,171	10,985,171	2.45

# Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

## 14. SHARE-BASED PAYMENTS (CONTINUED)

During the nine months ended November 30, 2013, the Company granted stock options under its Stock Option Plan to directors, officers employees and service providers exercisable for up to 1,880,814 shares of the Company, with an estimated fair value of \$1,351,300 on the grant date. The options are exercisable on or before October 23, 2018, at a price of \$0.87 per share.

### b) Fair Value of Options Issued during the period

The options issued during the nine months ended November 30, 2013 were fair valued using a Black-Scholes option pricing model with the following assumptions:

	November 30, 2013	November 30, 2012
Volatility	119.07%	136.54%-138.77%
Dividend Yield	0%	0%
Risk Free Rate	2.0%	2.55-2.73%
Expected Life (Year)	5	5

## 15. RELATED PARTY TRANSACTIONS

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

### a) Exploration costs

Costs of \$175,850 (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 \$601,389 (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 \$61,970 (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 \$136,684 (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.

## Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

### 15. RELATED PARTY TRANSACTIONS (CONTINUED)

#### g) Key Management Compensation

Key management personnel compensation comprised:

	November 30, 2013	February 28, 2013
Short term employee benefits and director fees	\$ 424,143	\$ 562,081
Share-based payments	1,207,080	650,900
	<u>\$ 1,631,223</u>	<u>\$ 1,212,981</u>

#### h) Balance payable:

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

	November 30, 2013	February 28, 2013
Due to other companies with certain common directors	\$ 95,041	\$ 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	-	77,609
Total due to related parties	<u>95,041</u>	<u>1,477,725</u>
Add: loan from director	<u>609,893</u>	<u>749,482</u>
	<u>\$ 704,934</u>	<u>\$ 2,227,207</u>

At November 30, 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").

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 November 30, 2013, the Company has borrowed \$609,893 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 November 30, 2013, a total of \$244,900 in interest has been accrued (February 28, 2013 - \$31,320), all of which is outstanding as at November 30, 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.

## Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

### 16. MINE OPERATING EXPENSE

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

	November 30, 2013	November 30, 2012
Consulting fees	\$ 116,963	\$ 95,101
Depreciation	926,735	-
Employee salaries and benefits	782,406	697,068
Office and administration	375,569	323,109
Reclamation	2,367,320	-
Repairs and maintenance	275,615	253,968
Utilities	195,959	253,926
Total mine operating expense	\$ 5,040,567	1,623,172

### 17. EXPLORATION

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

	November 30, 2013	November 30, 2012
Administration fees	\$ 53,540	\$ 55,541
Assaying	168,524	286,033
Assessment and tax	66,859	70,070
Consulting fees	725,359	356,816
Depreciation	56,593	-
Environmental	49,368	267,819
Equipment and rentals	184,850	458,513
Exploration	955,354	1,265,719
Land fees and permitting	201,707	777,318
Travel	57,125	53,833
Recovery of exploration expenditures	(641,947)	-
Total exploration	\$ 1,877,332	\$ 3,591,662

## Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

### 18. CORPORATE ADMINISTRATION

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

	November 30, 2013	November 30, 2012
Consulting fees	\$ 125,165	\$ -
Depreciation	40,290	1,193,380
Employee salaries and benefits	656,286	569,596
Legal, audit & accounting	640,143	560,974
Office and administration	82,690	211,552
Shareholder communications and advertising	453,281	264,177
Stock based compensation	1,279,500	542,000
Other corporate administration costs	172,331	-
Travel and related expenses	175,495	72,809
Total corporate administration	\$ 3,625,181	\$ 3,414,488

### 19. FINANCE EXPENSE

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

	November 30, 2013	November 30, 2012
Accretion on provision for site reclamation and closure	\$ 54,434	\$ 50,789
Bank charges, interest earned and commissions	479,481	(889,270)
Interest and accretion on convertible debt	-	312,351
Finance charge	1,344,500	-
Finders fees	300,000	-
Fair value of share purchase warrants issued	4,175,700	-
Total finance (income) expense	\$ 6,354,115	\$ (526,130)

## Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

### 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 November 30,		Nine months ended November 30,	
	2013	2012	2013	2012
Loss attributed to ordinary shareholders	\$ 11,946,151	\$ 1,050,474	\$ 16,780,591	\$ 7,272,332
Weighted average number of common shares	109,763,728	109,401,649	109,555,170	108,163,861
Basic and diluted loss per share	\$ 0.11	\$ 0.01	\$ 0.15	\$ 0.07
<b>Weighted Average Number of Common Shares</b>				
Issued Common Shares at March 1			109,401,649	106,668,164
Issued Common Shares at September 1	109,700,649	109,401,649		
Effect on the conversion of options	63,079	-	131,783	46,187
Effect on the conversion of warrants	-	-	21,738	792,847
Effect on the conversion of convertible notes	-	-	-	270,884
Effect of shares issued for asset acquisitions	-	-	-	-
Effect of shares issued for Bethlehem Resources	-	-	-	392,732
Effect of incorrect registration information	-	-	-	(6,953)
	109,763,728	109,401,649	109,555,170	108,163,861

As at November 30, 2013, there are 10,985,171 options (February 28, 2013 - 10,156,857), 9,360,000 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 nine months ended November 30, 2013 and the year ended February 28, 2013.

## Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

### 21. RECLASSIFICATION WITHIN CONSOLIDATED COMPREHENSIVE LOSS

As the Company continues the transition from an exploration and evaluation stage company to a production company, 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 nine months ended November 30, 2012 is as follows:

		As previously reported	Reclassifications	As presented
<b>Revenues</b>		\$ 1,231,073	\$ -	\$ 1,231,073
<b>Cost of sales and direct costs</b>		369,322	-	369,322
<b>Gross Profit</b>		861,751	-	861,751
<b>Mine operating expense</b>		-	(1,623,172)	(1,623,172)
<b>Mine operating income (loss)</b>	(iv)	861,751	(1,623,172)	(761,421)
<b>Corporate administration</b>	(i)	4,563,404	(1,148,916)	3,414,488
<b>Exploration</b>	(ii)	3,800,944	(209,282)	3,591,662
Repairs and maintenance	(iii)	264,974	(264,974)	-
Reclamation provision	(iii)	-	-	-
		(8,629,322)	(1,623,172)	(7,006,150)
<b>Loss from operations</b>		(7,767,571)	-	(7,767,571)

## Barkerville Gold Mines Ltd.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(UNAUDITED)

For the nine months ended November 30, 2013

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### 21. RECLASSIFICATION WITHIN CONSOLIDATED COMPREHENSIVE LOSS (CONTINUED)

- (i) Reclassified from Corporate Administration is \$1,148,916 principally related to salaries and consulting, office and freight incurred at the QR mine and mill facility;
- (ii) Reclassified from Exploration is \$209,282 largely related to utilities incurred at the QR mine and mill facility;
- (iii) Reclassified from Repairs and Maintenance is \$264,974 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

Subsequent to November 30, 2013, the Company received \$2,072,053 in British Columbia Mining Exploration tax credits.