



**MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
FOR THE YEAR ENDED
FEBRUARY 28, 2015**

THIS MD&A IS DATED JUNE 24, 2015

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 year ended February 28, 2015 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 June 24, 2015 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.

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 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 hectares of mineral tenure, including three historic groups of contiguous Crown-Granted mineral claims, namely the Cariboo Group, Island Mountain Group, and Mosquito Creek Group, as well as a large block of mainly contiguous mineral tenures roughly centered around the Town of Wells, which is located approximately 85 km east of Quesnel, British Columbia. The Company's QR Mine & Mill is located approximately 58 km southeast of Quesnel, in the Cariboo Mining District, and is in close proximity to the Company's other mineral tenures. The mineral tenures cover 1,164 km² along a strike length of 60 km and approximate width of 20 km, encompassing seven past producing hard rock mines and three NI 43-101 gold deposits, including the QR Mine & Mill.

The Cariboo 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 0.60 oz/t from sulphide replacement style mineralization, during the period 1933 to 1967.

Highlights

QR Mine Project

During the year ended February 28, 2015:

- Earnings from mining operations was \$866,738;
- Total sales were 5,094 ounces of gold at an average price of \$1,411 per ounce. Of 5,094 ounces, 2,000 ounces were recovered from QR's previous production screen meshes;
- The Company milled 21,007 metric tonnes of QR mine ore at an average grade of 5.04 grams per metric tonne with a 68% recovery and at an average net operating cost of production at **\$1,243** per ounce and all in cost of \$1,590 per ounce;
- QR Mine ceased operation during the year.

Bonanza Ledge Mine Project

During the year ended February 28, 2015:

- Bonanza Ledge Mine commenced operations;
- Earnings from mining operations was \$2,271,122; and
- Total sales for the year were 16,865 ounces of gold at an average price of \$1,419 per ounce. The Company mined 1,049,826 metric tonnes of waste and overburden and milled 80,214 dry metric tonnes of Bonanza ledge ore at an average head grade of 8.40 grams per metric tonne at 92% recovery at an average operating cost of production at \$1,278 per ounce and all in cost of \$1,604 per ounce.

During the three months ended February 28, 2015:

- Total sales for the three months ended February 28, 2015 were 6,896 ounces of gold at an average price of \$1,491 per ounce. The Company mined 20,844 metric tonnes of waste and overburden and milled 27,122 dry metric tonnes of Bonanza ledge ore at an average head grade of 12.37 grams per metric tonne at 95% recovery at an average net operating cost of production at \$545 per ounce and all in cost of \$847 per ounce;
- The Company decided to place the Bonanza Ledge Mine under care and maintenance and as a result recorded total impairment cost of \$10,802,324.

Gold Loan Facility

The Company intends to settle the indebtedness owing to 2176423 Ontario Inc., a company controlled by Mr. Eric Sprott, through the issuance of approximately 63,333,333 common shares.

Review of Operations

A thorough review of operations under past management was performed in December and January of the fourth quarter. It was discovered that a number of deficiencies needed to be addressed at the mining operation at Bonanza Ledge and the milling complex at QR.

Operations specialists were engaged to implement a mining and milling optimization program which involved reducing unnecessary staff and paying close attention to grade control and road maintenance. Improved road conditions achieved more efficient hauling to the mill which in turn improved milling recoveries given an uninterrupted stream of ore. Maintenance performed on the mill circuit after the Christmas shutdown also played a role in the improved recoveries. An average head grade of 12.37g/tonne was maintained to the end of the fourth quarter after production resumed in late January with mill recoveries of 95%. Strict grade controls proved essential to a successful outcome with respect to mining and milling.

The result of improved operations allowed the company to reduce debt and purchase much needed heavy equipment. A scoping study to investigate the potential of additional mineable reserves followed by an optimization study was commissioned in February 2015.

Consultations with the Lhtaco Dene First Nations were renewed by way of an introductory meeting between the chief and her council and the incoming president and CEO Tom Obradovich. Also present at the meeting were Global Operations Manager Tyler Culhane, First Nations Consultant Josephine Harris and band administrator Allan Okabe. A schedule of future meetings was planned to keep the band informed of our operations.

Environmental reporting was updated and discussions with the Ministry of Energy and Mines are being managed by Chris Pharness Mine Manager and by Kevin McMurren, this process is being supervised by the Chairman of the Board, Greg Gibson.

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	3 months		12 months	
	February 28, 2015		February 28, 2015	
	Bonanza Ledge	QR	Bonanza Ledge	QR
Financial Data				
Revenues	\$ 10,189,409	\$ -	\$ 23,831,773	\$ 7,199,983
Gain (Loss) from mining operations	6,431,578	(74,081)	2,271,122	866,738
Operating Data				
Tons mined (mt)	44,243	-	1,148,470	-
Tons milled (dmt)	27,122	-	80,214	21,007
Strip ratio	1.03	NA	11.39	NA
Grade (g Au/mt)	12.37	NA	8.40	5.04
Rrecovery	95%	NA	92%	68%
Average price	\$ 1,492	\$ 1,411	\$ 1,419	\$ 1,411
Operating costs of production Per Ozs	\$ 545	-	\$ 1,278	\$ 1,243
All In Costs Per Ozs	\$ 847	\$ -	\$ 1,604	\$ 1,590
Net Operating costs of production				
Cost of Sales	\$ 3,340,773	\$ -	\$ 19,848,785	\$ 3,818,643
Mine operating expenses overhead	417,058	74,081	1,711,866	2,514,602
Total operating costs of production	3,757,831	74,081	21,560,651	6,333,245
Total gold sold (ozs)	6,896	-	16,865	5,094
Operating costs of production Per Ozs	\$ 545	\$ -	\$ 1,278	\$ 1,243
All In costs				
Net operating costs of production	\$ 3,757,831	\$ 74,081	\$ 21,560,651	\$ 6,333,245
Corporate Administration	541,441	2,158	2,713,427	751,041
Exploration	1,543,107	2,104	2,784,819	1,013,996
Total All In Costs	5,842,378	78,342	27,058,898	8,098,283
Total gold sold (ozs)	6,896	-	16,865	5,094
All In Costs per Ozs	\$ 847	\$ -	\$ 1,604	\$ 1,590

Notes:

1. Tons mined include waste and ore
2. Net Operating Costs and All in costs includes Depletion & Depreciation

Gold Loan Facility

Gold loan facility

By agreement dated October 8, 2013 and amended January 31, 2014, the Company entered into a \$15,000,000 gold loan facility (the "Facility") with 2176423 Ontario Limited (the "Lender"). The amendment was not considered to be substantially different from the original facility, and all changes have been reflected in the amortized cost.

The Facility is guaranteed by the Company, and all subsidiaries, and secured by first ranking security over all of the Company's present and future assets and a pledge of the shares of the Company's subsidiaries (the "Security"). The Gold Loan Facility is subject to a covenant to maintain working capital of not less than \$1,500,000 at all times commencing August 1, 2014.

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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"). Each cash payment will be based on the notional value of 4,181.67 ounces of gold (being 12,545 ounces over the term of the Facility) as priced at the Bloomberg composite closing value of gold at 4 p.m. on the day prior to each repayment. If the gold price is less than US\$1,200 per ounce, then the Company's repayment amount shall be determined using a reference price of US\$1,200 per ounce. If the gold price is above US\$1,650 per ounce, then the Company's repayment amount shall be determined using a reference price of US\$1,650 per ounce. There is no requirement or option to deliver physical gold as a form of repayment under the terms of the Facility. 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.

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\$1,650 per ounce of gold.

The Company also paid the Lender a \$150,000 structuring fee together with legal and other out-of-pocket expenses of \$173,602 incurred in connection with the Facility. A third party finder's fee of \$300,000 was paid, and 360,000 non-transferable finder's warrants (each a "Finder's Warrant") were issued by the Company. The Company may require the holder of the Finder's Warrants to exercise 50% of the Finder's Warrants within 10 days of the Company providing notice.

On July 31, 2014, the Company missed the first scheduled repayment, and the Company incurred penalty interest on the missed scheduled repayment of \$1,103,957 in the period to February 28, 2015.

As a result of missing the first scheduled repayment, the Company received on July 31, 2014 the first of five waivers from the lender waiving any and all events of default and, ultimately, extending the repayment date for the initial installment ultimately to April 30, 2015. The remedy to the defaults did not amend the contractual provisions of the facility, other than delay the scheduled repayment date. The notional amount of the repayment remains at 4,181.67 ounces. The delay to the scheduled repayments did not result in a significant modification of the expected cash flows of the facility, and has not been accounted for as a debt extinguishment.

Subsequent to reporting date, the Company missed the extended repayment date on the first installment of April 30, 2015 and also missed the second scheduled repayment due on May 31, 2015. The Company is negotiating with the lender to obtain an extension to both of these scheduled repayments, the results of these negotiations is not yet known. The Company settled penalty interest of \$934,662 with the Lender through the issuance of 3,015,039 shares in the Company on March 10, 2015.

For the year ended February 28, 2015, the Company has recorded an interest charge of \$4,951,912 (2014: \$1,661,730) related to the host loan, a penalty interest charge of \$1,103,956 related to the first missed payment on July 31, 2014 (2014: \$Nil) and a loss of \$814,779 (2014: loss of \$1,090,321) for the change in fair value of the embedded derivatives. By agreement, the interest on delayed payment is calculated by multiplying the dollar amount of the gold equivalent deliverable at the time by 2.5% per annum.

The Technical Report on the Cariboo Gold Project

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

The Technical Report, co-authored by Peter T. George, P. Geo., of Geoex Limited ("Geoex"), Ivor W.O. Jones, FAusIMM(CP) and Robert McCarthy, P. Eng., of Snowden Mining Industry Consultants Inc. ("Snowden"), and Michael B. Dufresne, P. Geo., of and APEX Geoscience Ltd. ("APEX"), addresses the disclosure issues raised by the BCSC that led to the Cease Trade Order ("CTO") issued by the BCSC on August 14, 2012. At that time, the Company was advised that the CTO would remain in place until the Company had addressed all technical disclosure concerns. On July 15, 2013, the BCSC revoked the cease trade order.

Throughout the period from August 14, 2012, when the CTO was issued, and June 18, 2013, the date that the Technical Report was filed, the Company worked carefully and diligently with the authors noted above to arrive at the Technical Report. We reported on this progress through ongoing news releases throughout fiscal 2013 and 2014. All the Company's news releases are available for viewing on SEDAR or our website.

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 a new technical report, together with previous independent author Peter George, P. Geo., of Geoex. Snowden assisted Geoex and the Company in the review and audit of the data validation and verification aspects of the Cow Mountain data, and the review of the most appropriate estimation method currently applicable at Cow Mountain, and Snowden completed an independent Mineral Resource estimate for the Cow Mountain sector of the Cariboo Gold Project. Snowden also assisted in making recommendations for the Cariboo Gold Project including the exploration targets for the property. APEX assisted Snowden, Geoex and the Company in a review of all exploration data for the property and in the identification and recommendations for the exploration targets for the property.

The Development of the Snowden Estimate

The Technical Report includes a discussion on the reasons for the changes to the Geoex estimation method as adopted by Snowden. As explained in the June 18, 2013 news release (NR13-10), in 2012, Geoex completed two estimates of the tonnes and grade of Cow Mountain. During June, and prior to completion of the Original Technical Report, Geoex had completed preliminary grade-tonnage estimation work. The Company decided that the estimate was material to the shareholders and put out a news release disclosing the estimate on June 29, 2012. Following the August 2012 grade-tonnage estimates, the BCSC raised a number of concerns, and Snowden was contracted to assist the Company and Geoex to address those items.

Between August 2012 and the timing of the Technical Report (as noted above), Snowden completed a significant amount of data validation and verification including twin drilling, QAQC and a database audit.

Further work by Snowden in a review of the geology and appropriateness of the style of modelling concluded that:

- Attempts at building a constrained geological model were found not to constrain the mineralization appropriately and were discarded in favour of a model based on an estimate of the proportion of mineralized material in each block.
- Sampling of drill intervals that had previously not been sampled indicated gold mineralization in areas that would have previously been considered barren (although these were still dealt with by adding a default grade of 0.003 ppm Au prior to grade estimation).
- Compositing needed to be at a longer interval. Five feet was chosen for the composite length as it represents the median of the sample intervals in the mineralized zone.
- Statistics of the mineralization showed a strongly skewed distribution. In this instance, the use of capping to control high grades using linear methods in grade estimation (such as inverse distance weighting or ordinary kriging) can either over-estimate or under-estimate the grade significantly, with the choice of capping being a relatively arbitrary decision.

The Snowden estimate was based on a similar block model and the application of MIK to interpolate the gold grades. MIK, unlike linear methods, is an estimation method that recognises that high grades have less grade continuity than lower grades and helps to minimise the smearing of high grades that can arise in linear estimation methods such as inverse distance and ordinary kriging.

An additional constraint in the classification of the resource model over previous models was that Snowden down-graded the classification of some areas in the model to Inferred where they had been estimated using the pre-2009 data. This consideration in the classification was to reflect the lower confidence in the data collected prior to 2009.

The Company has adopted the Snowden estimate as the only current resource estimate on the Cow Mountain deposit.

Previous estimates disclosed by the Company on the Cow Mountain deposit should not be relied upon.

Revised Mineral Resource

As reported in NR 13-10, issued on June 18, 2013, the mineral resource estimate is based upon 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 mineral estimation for Cow Mountain. See also, **The Development of the Snowden Estimate**.

TABLE 1 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.

The underlying premise in the exploration model is that there are widespread, small scale veins and pyrite replacement zones that, if encountered during historic underground mapping, would have been too small to be economically recovered during the historic underground operations.

The mineral resource reported above was derived from the original data with default values added to unsampled intervals. The resultant resource estimates were prepared using MIK in 25 ft x 25 ft x 25 ft blocks, and the prospect of economic extraction tested using open pit optimisation. This demonstrated that the project is worthy of a more rigorous engineering study to evaluate the economic potential of the mineral resource identified at Cow Mountain.

The estimates were prepared using the following steps: data validation; data preparation; geological interpretation and modelling; establishment of block models; compositing of assay intervals; exploratory data analysis of gold; variogram analysis; derivation of kriging plan and boundary conditions; grade interpolation of gold; validation of gold grade estimates; classification of estimates with respect to Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") guidelines; and then resource tabulation and resource reporting.

Classification was applied based on geological confidence, data quality and grade variability. Overall, after review of all relevant items, the most significant considerations in preparing the classification were:

- The area has been subjected to historical underground gold mining. The dimensions of the underground workings have given Snowden some confidence in the continuity parameters considered appropriate in estimation.
- The post 2009 drill data has QA/QC that indicates no material bias, and has grades similar to those of the historic drilling (with the exception of the drill data only selectively sampled).

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- Un-sampled intervals were given either a zero grade (in the database) or a 0.003 ppm value in the data used for modelling.

Given these considerations, the remaining part of the classification was based on aspects of the modelling. This included an assessment as to whether or not a block was estimated using the surface drill data (which has the best confidence), or the underground drill data (with which there is lower confidence).

For the classification of the estimate to be indicated, both criteria below must be met:

- The estimate must have been formed in the first search volume. That is, the estimate used a nominal search distance of 100 ft by 100 ft by 60 ft, with a minimum of 12 samples to inform the estimate and a maximum of 10 samples per drillhole with at least 2 drillholes.
- The estimate must have used mostly surface drill data. There is more confidence in the surface drillholes than the selectively sampled underground drillholes.

For the classification Inferred, the estimate was estimated using either the first or second search volume, but without achieving the criteria required for an Indicated Resource.

TABLE 2 CLASSIFICATION CRITERIA

Criteria	Indicated	Inferred
Nominal Search Distance (ft)	100 x 100 x 60	200 x 200 x 120
Minimum number of samples to inform estimate	12	4
Minimum number of samples to inform estimate	20	30
Maximum number of samples per drillhole	10	10
Number of drillholes to inform estimate	2 or more	1 or more
Surface or underground holes	Mostly surface holes	Either or both

Cut-off Grade Determination and the Evaluation of Reasonable Prospects for Economic Extraction

Snowden completed a pit optimization exercise to demonstrate that the mineralization as estimated in the block model has a reasonable expectation of being mined at some time in the foreseeable future. For a fully detailed discussion of the optimization exercise and its assumptions, parameters and methods used to estimate the mineral resource and known risks that could materially affect the potential development of the mineral resources, please refer to the Technical Report, available on SEDAR or our website at www.barkervillegold.com.

Audit of Data Verification, Data Verification and Quality Assurance/Quality Control ("QA/QC")

Due to concerns with the documentation of data verification in the Original Technical Report issued on August 13, 2012 and, at the request of the Company, the Company drilled nine twin core holes. Additional information about the twin holes drilled can be found in News Releases 12-25 and 12-28, dated November 5 and 30, 2012, respectively, where the Company's Chief Geologist, Jim Yin, reported on the completion of that drilling. Snowden concluded:

"the mineralization recognized in the new drillholes was consistent in thickness and grade with the original drillholes."

As part of their engagement, Snowden conducted an audit of the Cow Mountain database and a review of the Cow Mountain drilling quality assurance and quality control data. Snowden concluded that:

"...there are parts of the Cow Mountain database, where a high level of confidence in the data cannot be demonstrated (some of the older data where there is selective sampling and no QA/QC), and parts where the confidence in the data is relatively high (such as the new surface drilling data)."

Snowden's analysis in the comparison of some of the earlier drill data with the more recent data indicates

the fully sampled drill data has grades consistent with the higher confidence data.

In Snowden's opinion the database at Cow Mountain is suitable for use in the estimation of a Mineral Resource if the following considerations are followed:

- Intervals in the drilling which were not sampled should be included in the database, with a very low grade. Snowden has entered a grade of 0.003 ppm, but these intervals should be sampled where possible and assayed.
- Estimates based on the data collected prior to 2009 should be limited to an Inferred Mineral Resource mainly due to the lack of QA/QC results (and selective sampling issues) in some of the underground data.
- Only estimates based largely on the 2009 data (and later) are suitable to create higher confidence estimates.

Issues with respect to coarse gold in the samples have recently raised concerns about the appropriateness of the older assaying and therefore precision. For this reason, the confidence in the estimates is restricted to the Indicated category.”

Revised Exploration Target Potential Estimates for Further Exploration

The Company's news release dated June 29, 2012 (the “June News Release”), as well as the Original Technical Report, included disclosure on potential of exploration targets at the Cariboo Gold Project. The disclosure of the potential exploration targets did not include the assumptions regarding the exploration targets, or the local data for the exploration targets.

The Company advises exploration targets disclosed in the June 2012 news release and the Original Technical Report should not be relied upon.

Other Properties

Exploration programs on Island Mountain, Cow Mountain, Barkerville Mountain, and the Grouse Creek are currently under discussion.

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.

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.

Summary of Activities from March 1, 2014 to February 28, 2015

Drilling

In 2014, 10 surface diamond drill holes totaling 4,142 metres were drilled on Cow Mountain. Four of these drill holes intersected a new gold mineralized zone. The new zone, which is outside of the previously proposed open pit and about 570 meters to the mine grid southeast from the center of the proposed open pit, runs 110 degrees to the local mine grid. The controlled length of the zone via four diamond drill holes on two set-ups is approximately 34.3 meters. The intercepted width of the new zone varies between 10.0 and 18.3 meters and its gold grade varies between 1.401 and 3.459 g/t.

The new zone which is located at the Rainbow 3, Rainbow 4 contact and close to the Rainbow, BC, Lowhee contact, is a combination of both the quartz-pyrite vein and replacement styles of mineralization and confirms the existence of the Wells Trend, a soil geochemical anomaly found in 2000 after a large-scale soil sampling program in the area.

The objective of the 2014 drill program was to gain a better understanding of the potential of both the Baker, Rainbow Contact and the Rainbow, BC Argillite, Lowhee Contact. The first six drill holes were collared on two drill pads at the Baker, Rainbow Contact, which was on a drill gap at the mine grid northeast border of the proposed open pit. All six drill holes cut into weak replacement pyrite mineralization hosted mainly in strongly calcareous chlorite phyllite and quartzite.

Historical Drill Core Resampling

As recommended in the Company's NI 43-101 report dated December 31, 2012 (the "Technical Report", all reject samples from drill core that was originally analyzed in 2011 with standard fire assays and unassayed infill core samples from those same holes collected in 2013 were sent for 1,000 g metallic screen and 50 g lead collection/gravimetric fire assay. Considering coarse grained gold is common in the area it has been determined that the original 30 g standard fire assay method possibly undervalued gold grade. In total, 138 Cow Mountain and 49 Island Mountain historical drillholes were resampled and also infill sampled. Drill core processing also included descriptive logging.

The standard fire assay technique was conducted on a relatively small (30 g) aliquot of sample material that may or may not be truly representative of the gold content of the sample as a whole, particularly if coarse gold or visible gold is present that is notoriously difficult to homogenize within a sample pulp. The Screen Metallic technique utilized in the Company's Double Assay Program effectively evaluates 1,000 grams of pulverized material for each sample and was specifically developed by laboratories to measure coarse or visible gold within pulverized sample materials to provide a more representative estimate of overall gold content.

Activities beyond February 28, 2015

The Company is currently performing an assessment and compilation of all historical technical data in an effort to establish a comprehensive and quality assured database that will form the basis of a three dimensional geological model of the property. This exercise will allow for a detailed interpretation of the geological controls of the gold mineralization allowing for more constrained and detailed resource estimates to be performed that will entertain the potential amenability of the mineralization to underground mining scenarios. As well, the Company is compiling historical data as part of its ongoing regional assessment.

Dependent on financing, the Company is currently planning a 50,000 metre multifaceted diamond drilling program that will aim to expand and add confidence to the current gold resources as well as assess the largely untested regional potential of the property. The first phase of the proposed drilling program will focus on delineating mineable resources to 300 metres below surface with an emphasis on the BC Vein/Bonanza Ledge, Cow Mountain and Island Mountain areas. This shallow constraint provides optionality for low CAPEX mine development. The total budget of the proposed program is approximately \$5,000,000 inclusive of all ancillary costs.

Bonanza Ledge Deposit

Beginning in 1998, the Company focused on delineating a high grade resource 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. The Company is focused on bringing the Bonanza Ledge open pit mine into production as soon as reasonably possible, as all necessary approvals and permits have been obtained.

In December 2012, Snowden Mining Industry Consultants Inc. ("Snowden") 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.

The Technical Report notes that the only prior mining study conducted in the Cariboo Gold Project area, including costing and economic analysis, was completed for the Bonanza Ledge deposit and formed part of the Company's pre-feasibility study titled "Pre-Feasibility Study of the Bonanza Ledge Deposit, Wells, BC, Canada" dated August 17, 2009, and prepared by EBA Engineering Consultants Ltd. (available on SEDAR). However, the economics of the same are now considered to be outdated due to:

- Changes to capital and operating costs over time.
- Changes to metal prices.
- Purchase of the QR Mill such that toll milling is no longer applicable.
- Purchase of property interests such that royalty payments are no longer applicable.

Consequently, Snowden completed an update to the economic analysis for Bonanza Ledge in order to assess the relevance of the mineral reserve under the revised modifying factors.

After the results obtained as at February 28, 2015 (refer to section "Results of Operations"), management decided to stop production and to put Bonanza Ledge under Care and Maintenance, this decision will be revised as soon as commodity prices increase to a level where this project can be economical.

Permits

The Bonanza Ledge deposit was discovered when the Company intersected a new style of mineralization in the footwall of the BC Vein in March 2000. Since that time 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. The receipt of the Mines Act permit for the proposed open-pit mine at Bonanza Ledge was received and announced in a News Release on December 6, 2011.

The Company has defined a mineable resource, developed a mine and reclamation plan, and completed a Preliminary Assessment Report of the economic feasibility of the proposed open pit at Bonanza Ledge. These formed the basis for the application submitted in April 2006, under the provisions of the *BC Mines Act*, to produce up to 74,000 tonnes of ore per year. Over the course of the application process, the Company received comments from government review agencies, completed supplemental engineering and environmental work, and submitted updates. The Company received its *Mines Act* permit for the proposed open-pit mine at Bonanza Ledge on December 5, 2011 and currently has a mine life of four years.

In July 2012, the Company received an amendment to *Mines Act* Permit M-198 to allow the custom milling of up to 300,000 tonnes of ore from the Bonanza Ledge Mine and up to 300,000 tonnes of ore from the Dome Mountain Mine, as well as the disposal of associated mine tailings in the QR Main Zone Pit. In December 2012, the Company received its amended *Environmental Management Act* permit, PE 17876, to allow effluent discharge associated with active mining at

Bonanza Ledge. Dewatering of the Main Zone pit is ongoing. The Company engaged the services of consultants to update its mineral resource calculations and the Bonanza Ledge pre-feasibility study.

In January 2013 the Company provided updates and reported that final clearing of the laydown area for Bonanza Ledge and stump tub grinding for reclamation were both complete. Mining equipment, including excavators, cats, and trucks used at QR Mine for the dam raise, had been moved to the Bonanza Ledge Mine site.

In March 2014, the Company announced the commencement of operations at the Bonanza Ledge Mine. The first production blast was achieved on March 12, 2014.

QR Mine and Mill

QR Mill

The QR Mill operates under Permit M-198, received in June 2012, as amended, to allow the Company to process Bonanza Ledge ore at the QR Mill. The Company has completed the dam raise of the tailings storage facility dams at the QR Mine site in accordance with Permit M-198, and the Company is currently negotiating the amounts and terms of the bond that would have otherwise been due. The trial grouting of the first hole on the North Dam was completed. During the year ended February 28, 2015 the Company decided to place the QR Mill into Care and Maintenance, this resulted in an impairment charge of \$2,869,545.

Goldstream Mill

During the year ended February 28, 2013, the Company recognized an impairment loss of \$224,000, which reduced the carrying value of the Goldstream mill to fair value less costs to sell. The impairment loss was primarily a result of declining scrap steel prices. There were no further indicators of impairment at February 28, 2014 nor as at February 28, 2015.

Loan from the former CEO 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 the Company's former CEO to loan the Company up to \$2.44 million (the "Loan"). As at February 28, 2015, the Company has a total payable to the former CEO of \$16,503, which consists of \$7,444 in principal and \$9,059 in accrued interest. This debt was assigned to Standard Drilling and Engineering Ltd., a company controlled by the former CEO. All the terms on the Loan remained unchanged.

Annual General Meeting

The Company held its annual general meeting on April 2, 2015. As reported on April 2, 2015, the shareholders voted in accordance with management's recommendations on all matters placed before them at the meeting.

Results of Operations

Three Months Ended February 28, 2015 ("2015 Q4") compared to the Three Months ended February 28, 2014 ("2014 Q4"):

The Company reports a net loss of \$9,567,886 in 2015 Q4 as compared to a net loss of \$2,766,386 in 2014 Q4. Overall, this represents an increase in losses of \$6,801,500.

The biggest contributions to the increase in losses were in the following items:

- (i) Increase of \$8,389,718 in mine operating income from loss of \$2,032,162 in 2014 Q4 to \$6,357,556 in 2015 Q4. The Company commenced production at Bonanza Ledge and milled higher grade ore.
- (ii) Increase of \$2,000,496 in Exploration from recovery of \$1,041,466 in 2014 Q4 to \$959,030 in 2015 Q4. This increase was primarily due to no recovery of exploration expenditures (Mining Exploration Tax Credit) received in 2015 Q4.

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- (iii) Increase in financing expense of \$989,8867 from \$1,306,365 in 2014 Q4 to \$2,296,232 in 2015 Q4. The major contributor to this increase was the penalty interest of \$1,103,956 (2014 Q4: \$nil) related to the \$15,000,000 Gold Loan Facility entered during 2014 Q4.
- (iv) The Company recorded impairment of \$10,802,324 on Bonanza Ledge Mine and QR Mill and Equipment during the three months ended February 28, 2015 (2014:\$nil) The Company decided to place the QR Mill and Bonanza Ledge under Care of Maintenance due to uneconomical results; therefore and impairment charge was recorded.

Year Ended February 28, 2015 compared to the Year Ended February 28, 2014:

The Company reports a net loss of \$21,307,854 for year ended February 28, 2015 as compared to a net loss of \$12,703,957 for year ended February 28, 2014. Overall, this represents an increase in losses of \$8,603,897.

The biggest contributions to the increase in losses were in the following items:

- (i) Increase of \$7,825,565 in mine operating income from a loss of \$4,687,705 in the year ended February 28, 2014 to income of \$3,137,860 in the year ended February 28, 2015. The Company sold 21,959 ounces at an average price per ounce of \$1,413 as at February 28, 2015, totalling \$31,031,756 in revenue. (Prior year, the Company sold 21.5 ounces at an average price of \$1,645, totalling gold revenues of \$36,788). The Company incurred in reclamation cost of \$1,418,411 compared to a recovery of 63,000 in prior year.
- (ii) Increase of \$2,962,949 in Exploration expense from \$835,866 in the year ended February 28, 2014 to \$3,798,815 in the year ended February 28, 2015. This increase was primarily due to no recovery of exploration expenditures in the period (Mining Exploration Tax Credit) (2014: 2,714,000) and prepaid royalty expenses accrued in 2015, \$250,000 (2014: \$nil).
- (iii) Decrease of \$793,356 in Corporate Administration from \$4,257,824 in the year ended February 28, 2014 to \$3,464,468 in the year ended February 28, 2015. The decrease was primarily due to decrease in Stock Based compensation recorded by \$1,171,000, decrease in Shareholder Communications and Advertising by \$607,304 due to a lesser communication with Shareholders and meetings, increase in accrued severance to the former CEO in the amount of \$480,000, increase in office administration by \$315,535 due to the hire of consultants supporting the Company.

	February 28, 2015	February 28, 2014
Consulting fees	\$ 255,707	\$ 192,368
Depreciation	68,492	57,775
Employee salaries and benefits	1,699,441	810,707
Legal, audit & accounting	516,348	533,676
Office and administration	569,958	254,423
Shareholder communications and advertising	83,720	691,024
Stock based compensation	108,500	1,279,500
Other corporate administration costs	-	221,778
Travel and related expenses	162,302	216,573
Total corporate administration expenses	\$ 3,464,468	\$ 4,257,824

- (iv) Increase in financing expense of \$4,557,998 from \$1,938,241 in the year ended February 28, 2014 to \$6,496,239 in the year ended February 28, 2015. The major contributor to this increase was the loan accretion (accrued for full year) and penalty interest expense (accrued since August 2014) related to the \$15,000,000 Gold Loan Facility entered during 2014 Q4, in the amount of \$6,055,869 (PY, \$1,661,730).
- (v) The Company recorded impairment of \$10,802,324 on Bonanza Ledge Mine and QR Mill and Equipment during the year ended February 28, 2015 (2014:\$nil), the impairment charge was a consequence of putting Bonanza Ledge under Care and Maintenance.

Resource Properties that have not yet Generated Operating Revenue

Cariboo Gold Project

The Company has been focused on the Cariboo Gold Project since 1994. The initial focus was to delineate a mineable resource within the historic workings of the Cariboo Gold Quartz Mine. The Company has been working towards the further definition of the mineral deposit within and surrounding the historic workings of the Cariboo Gold Quartz Mine. Once a geological model is developed, and dependent upon identifying necessary resources, a working conceptual mine plan would be more fully developed, which would form the basis for a preliminary assessment of mine economics. Resource definition, mine planning and economic evaluations, together with additional social and environmental impact and permitting, will in aggregate require additional expenditures of several million dollars. See also **Current Operations**.

Cow Mountain

In order to expand upon the Mineral Resource and the potential of the Cow Mountain property, several recommendations were made in the 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. (Completed July 2014)
- ✓ 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. (Ongoing)
- ✓ The Company and its consultants are evaluating the best way to establish and maintain an industry standard secure database for all drill log information. (Ongoing)
- ✓ 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. (Ongoing)
- ✓ 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. (Ongoing)
- ✓ The Company is evaluating the potential of the exploration targets at Cow Mountain, Island Mountain and Barkerville Mountain through further trenching and drilling. (Ongoing)
- ✓ The Company will continue Base line environmental studies within the immediate project areas of Cow, Island and Barkerville Mountain. (Ongoing)

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 delineate various mineralized zones.

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		
	2015	2014	2013
Revenue	\$31,031,756	\$36,788	\$1,502,567
Net loss	(\$21,307,854)	\$12,703,957	\$12,538,792
Loss per share	\$0.17	\$0.12	\$0.12
Total assets	\$39,697,256	\$44,722,214	\$36,684,064
Total liabilities	\$38,559,010	\$30,426,090	\$15,395,558
Working capital (deficiency)	(26,022,817)	(\$17,973,355)	(\$11,988,219)

Summary of Quarterly Results

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

	IFRS							
	Period ended							
	28-Feb-15 Q4	30-Nov-15 Q3	Aug 31/15 Q2	31-May-15 Q1	28-Feb-14 Q4	30-Nov-14 Q3	31-Aug-14 Q2	31-May-14 Q1
Total Revenue	10,189,409	11,494,915	6,683,195	2,664,237	-	-	-	36,788
Loss before income taxes	10,497,886	4,273,009	3,193,835	4,273,124	2,872,385	5,103,131	2,301,564	2,532,877
Net loss	9,567,886	4,273,009	3,193,835	4,273,124	2,766,385	5,103,131	2,301,564	2,532,877
Basic loss per Share	0.08	0.03	0.03	0.03	0.03	0.05	0.02	0.02
Diluted loss per Share	0.08	0.03	0.03	0.03	0.03	0.05	0.02	0.02

See **Results from Operations** for discussion of results.

Liquidity and Capital Resources

On February 28, 2015, the Company had cash on hand of \$476,958 and had a working capital deficit of \$26,022,817. The Company's major commitments over the next year are repayment of trade and other payables, and repayments due on the gold loan facility. The Company will rely on future equity financings to fund operations. Is not possible to predict whether financing efforts will be successful.

Outstanding Share Capital

The Company has an unlimited number of common shares authorized, with 126,634,706 outstanding on February 28, 2015 and 129,649,745 as of the date of this MD&A.

A total of 5,771,659 stock options and 9,360,000 share purchase warrants were outstanding on February 28, 2015 and 5,531,659 stock options were outstanding as of the date of this MD&A.

During the period year February 28, 2015:

- The Company issued 13,783,000 shares at a price of \$0.50 per share for proceeds of \$6,891,500 under a private placement. The Company paid finders fees of \$298,224 in relation to this private placement.

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- The Company completed a shares for debt settlement, where the Company issued 3,000,000 common shares of the Company for settlement of trade and other payables totalling \$1,500,000. Loss on settlement of \$57,390 was recognized in loss and other comprehensive loss.

During the year ended February 28, 2014:

- The Company issued 375,000 common shares for proceeds of \$175,726 relating to stock options exercised.
- The Company issued 49,000 common shares for proceeds of \$41,650 (received in fiscal 2013) relating to warrants that were exercised.

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	February 28, 2015	February 28, 2014
		\$	\$
J. Frank Callaghan, former CEO	Salary & benefits ¹	106,679	240,000
	Severance ¹	480,000	Nil
	Share based compensation ¹	108,500	35,925
	Loan interest ³	52,240	229,311
Standard Drilings & Engineering Ltd.	Exploration costs ²	586,591	234,642
	Deferred development costs ²	22,885	685,245
	Reclamation costs ²	17,229	Nil
	Administrative costs ²	40,000	83,578
	Inventory ²	115,750	187,461
	Cost of Goods Sold ²	604,170	Nil
	Mine Operating ²	53,941	Nil
Pubco Management	Rent ²	160,049	102,359
Minaz Dhanani, former CFO ⁴	Salary & benefits	136,170 ⁵	111,693
	Share based compensation	Nil	35,925
Andrew H. Rees ⁶	Consulting fees ⁶	60,820	60,000
	Share based compensation	Nil	35,925
Sean Callaghan ⁷	Salary & benefits	65,420	68,565
	Share based compensation	Nil	8,981
Sarah Callaghan ⁷	Salary & benefits	-	600
David McMillan, Interim President ⁸	Management & consulting fees	77,250	Nil
Elena Clarici, Interim CEO ⁹			
	Management fees	72,000	Nil
Greg Sparks, Interim COO	Salary	98,066	Nil
Tom Obradovich	Salary & benefits ¹⁰	37,833	Nil

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Greg Gibson	Consulting fees ¹¹	36,000	Nil
Ian Gordon	Consulting fees ¹⁷	15,000	Nil
	Finder's fees ¹⁷	237,500	Nil

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

- \$500 for each director or committee meeting attended in person or by teleconference and
- \$1,000 for each meeting attended in the capacity of chair.

Name of Director	Description	February 28, 2015	February 28, 2014
		\$	\$
Greg Gibson	Directors' fees	2,500 ¹²	-
Anthony Makuch	Directors' fees	2,000 ¹²	-
Norman Anderson	Directors' fees	33,000 ¹³	25,500
	Share based compensation	Nil	215,550
John Kutkevicius	Directors' fees	22,500 ¹⁴	14,500
	Share based compensation	Nil	215,550
Michael Steele	Directors' fees	12,000 ¹⁵	10,000
	Share based compensation	Nil	215,550
Elena Clarici	Directors' fees	13,500 ¹²	13,500
	Share based compensation	Nil	215,550
David McMillan	Directors' fees	19,000 ¹⁶	19,000
	Share based compensation	Nil	35,925
Ian Gordon	Directors' fees	9,500 ¹⁸	Nil

Notes:

1. The former CEO receives a base salary of \$20,000 per month. During the year ended February 28, 2015, Frank Callaghan resigned. The Board of Directors intends to fulfill the terms of employment contract by providing severance of \$480,000 from the date of resignation and issue 401,161 options in the next grant.
2. These fees were paid to a company controlled by the former CEO.
3. See **Loan from Mr. Callaghan and Partial Revocation of Cease Trade Order**. Amounts payable to the Company's CEO from the PRO bear interest at 20% per annum in the first year and 10% in the second year; interest is payable in full to the lender on repayment of the principal, due six months from the date of any such loan.
4. On November 1, 2012, the Company entered into an employment agreement with the CFO. 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. The agreement includes termination clause to pay the CFO 24 months of base salaries, one year of group benefits and 36 months to exercise all the outstanding options.
5. This represents payment of the base salary and benefits to Mr. Dhanani. The Company may recover some of the salary paid from other companies when Mr. Dhanani performs non-contractual services for them from time to time.

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6. On November 1, 2012, the Company entered into a consulting agreement with Mr. Rees (the "Consulting Agreement"). Mr. Rees was required to provide reasonably full time consulting services to the Company. 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. The agreement includes termination clause to pay Mr. Rees 24 months of base charges, one year of group benefits and 36 months to exercise all the outstanding options. Source deductions were remitted.

7. Sean Callaghan and Sarah Callaghan are the immediate family of the former CEO.

8. On October 3, 2014, the Company entered into an employment agreement with the interim President. The agreement is to pay the interim President at the rate of \$1,000 per day plus GST commencing September 25, 2014. Any out-of-pocket and travelling expenses will be paid by the Company. Source deductions were remitted.

9. On October 3, 2014, the Company entered into an employment agreement with the interim CEO. The agreement is to pay the interim CEO at the rate of \$1,000 per day plus GST commencing September 25, 2014. Any out-of-pocket and travelling expenses will be paid by the Company. Source deductions were remitted.

10. On January 15, 2015, the Company entered into an employment agreement with the CEO. The agreement is to pay the CEO \$300,000 per annum, an annual bonus at the discretion of the Board. The bonus shall have a target payout of 100% of Base salary based on achievement. The agreement is also to pay a \$1,200 monthly car allowance, reimbursement for an annual physical performed and reimbursement for an annual out of town membership at The Cambridge Club.

11. The Company pays Chairman of the Board \$1,200 per day plus GST when services were performed as required.

12. includes fee for Board meetings attended.

13. includes fee for Board meetings, Search Committee and Audit meetings attended.

14. includes fee for Board meetings, Finance Committee, GNC and audit meetings attended.

15. includes fee for Board meetings and Finance Committee meetings attended. 16. includes fee for chairing of Audit Committee meetings attended, GNC Committee, Search Committee meetings & Board meetings attended.

16. includes fee for Search Committee, Board meetings & audit meetings attended.

17. fees were paid before Mr. Gordon became a related party to the Company

18. includes fee Board meetings & audit meetings attended.

Off-Balance Sheet Arrangements

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

Critical Accounting Estimates

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates 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 consolidated financial statements within the next financial year are discussed below:

Provision for Site Reclamation and Closure

Provisions for Site Reclamation and Closure have been recorded based on management estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability as shown in Note 15. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of discount rate, contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual reclamation and closure costs will ultimately depend on future market prices for the costs which will reflect the market condition at the time the costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

Mineral Reserves and Mineral Resource Estimates

Mineral reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its mineral reserve and mineral resources based on information compiled by Qualified Persons as defined by Canadian Securities Administrators National Instrument 43-101 Standards for Disclosure of Mineral Projects. Such information includes geological data on the size, depth and shape of the mineral deposit, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade that comprise the mineral reserves. Changes in the mineral reserve or mineral resource estimates may impact the carrying value of mineral properties and deferred development costs, property, plant and equipment, provision for site reclamation and closure, recognition of deferred income tax assets and depreciation and amortization charges.

Units of production depletion

Estimated recoverable reserves are used in determining the depreciation of mine specific assets. This results in depreciation charges proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimate of future capital expenditure. Changes are accounted for prospectively.

Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward only to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in consolidated financial statements.

Fair Value Measurement

The Company measures financial instruments, such as derivatives, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or liability is measured using the assumption that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Changes in estimates and assumptions about these inputs could affect the reported fair value.

When the fair values of non-financial assets/CGUs need to be determined, e.g. when calculating fair value less cost to sell for impairment purposes, fair value is measured using valuation techniques including comparable calculations and discounted cash flow models. Further information about the judgments and estimates and assumptions impacting impairment testing is contained in consolidated financial statements.

Inventories

Net realizable value tests are performed at each reporting date and represent the estimated future sale price of the product the Company expects to realize when the product is sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

Stockpiles are measured by estimating the number of tones added and removed from the stockpile, the number of contained gold ounces is based on assay data, and estimated recovery percentage is based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

Critical Accounting Judgements

Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

Commencement of Production

The Company assesses the stage of each mine under construction to determine when a mine moves into the production stage, being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location. The Company considers various relevant criteria to assess when the production phases are considered to commence and all related amounts are reclassified from 'Mines under construction' to 'Producing mines' and 'Property, plant and equipment'. The principal criteria used include, but is not limited to, the following:

- Level of capital expenditure incurred compared to the original construction cost estimate
- Completion of a reasonable period of testing of the mine plant and equipment
- Ability to produce metal in saleable form (within specification)
- Ability to sustain ongoing production of metal
- Ability to sustain ongoing profitable production

When a mine development / construction project moves into the production stage, the capitalization of certain mine development costs ceases. Costs are either regarded as forming part of the cost of inventory or expensed. However, any costs relating to mining asset additions or improvements, underground mine development or mineable reserve development are assessed to determine whether capitalization is appropriate. It is also at this point that depreciation / amortization commences.

Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Impairment of Property, Plant and Equipment, Mining Properties and Deferred Development Costs and Exploration and Evaluation Properties

Management considers both external and internal sources of information in determining if there are any indications that the Company's property, plant and equipment assets, mining properties and deferred development costs and exploration and evaluation assets are impaired. External sources of information management consider include the market, economic, and legal environment in which the Company operates. Internal sources of information management considers include the manner in which the property, plant and equipment, mining properties and deferred development costs are being used or are expected to be used, and indication of economic performance of the assets. Management has used its judgment to determine the appropriate allocation of assets to a specific cash generating unit (CGU), for which it was determined that there are two CGUs (individual mining locations). These locations are the lowest level for which cash inflows are largely independent of those from other assets/CGUs. Further information on assumptions and estimates used in the Company's impairment assessment are given in the consolidated financial statements.

Exploration and Evaluation properties have not been included with other CGUs for assessment for impairment indicators.

If, after exploration and evaluation expenditure is capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the cash generating unit or group of cash generating units level in the year the new information becomes available. The Company took an impairment charge of \$10,802,324 as at February 28, 2015 (\$Nil in 2014) for the QR Mill and the Bonanza Ledge Property.

Embedded Derivatives and Hybrid Financial Instruments

Judgment is required in determining whether financial instruments are classified as debt or equity and whether instruments contain one or more embedded derivatives. The Company makes significant judgments in assessing whether instruments meet the definition of an equity instrument or financial liability and in determining whether a contract gives rise to one or more derivatives with economic characteristics distinct from the host contract.

Recent Accounting Pronouncements

The Company did not adopt any new or amended standards for the year beginning March 1, 2014 that had a material impact on the consolidated financial statements.

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended February 28, 2015.

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended February 28, 2015:

IFRS 15 Revenue Recognition

On May 28, 2014 the IASB issued IFRS 15 Revenue from Contracts with Customers. The new standard is effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on March 1, 2017. The extent of the impact of adoption of the standard has not yet been determined.

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, 2017. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

IFRS 2 Share-Based Payments

IFRS 2 Share-Based Payments clarifies the definition of a vesting condition and separately defines performance and services condition. The standard is effective for annual periods beginning on or after July 1, 2014.

IAS 24 Related Party Disclosures

IAS 24 Related Party Disclosures requires a reporting entity to include as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity. The standard is effective for annual periods beginning on or after July 1, 2014.

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

Financial Instruments and Risk Management

The company is exposed through its operations to the following financial risks:

- 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 note 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 consolidated 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 periods unless otherwise stated in this note.

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For the Year Ended February 28, 2015

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

	Financial Assets at Fair Value through Profit or Loss		Loans and Receivables		Available for Sale Investments	
	February 28, 2015	February 28, 2014	February 28, 2015	February 28, 2014	February 28, 2015	February 28, 2014
Cash	\$ 476,958	\$ 352,275	-	-	-	-
Amounts receivable	-	-	\$5,094,589	\$ 169,683	-	-
Available for sale investments	-	-	-	-	\$ 2,760	\$ 3,450
Reclamation deposits	-	-	\$3,395,800	\$2,730,800	-	-
Total Financial Assets	\$ 476,958	\$ 352,275	\$ 8,490,389	\$ 2,900,483	\$ 2,760	\$ 3,450

	February 28, 2015	February 28, 2014
Financial liabilities at amortized cost:		
Trade and other payables	\$ 9,993,337	\$ 9,954,356
Due to related parties	1,377,402	648,254
Lease payable	139,824	-
Gold loan facility (Note 16)	17,481,739	11,425,871
Financial liabilities at fair value:		
Derivative liability (Note 16)	2,341,657	1,526,878
Total Financial Liabilities	\$31,333,959	\$ 23,555,359

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 management.

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.

a) 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. The Company is exposed to foreign exchange rate fluctuation due to the payment terms of its gold facility loan. A 5% increase/decrease to the Canadian Dollar to United States Dollar foreign exchange rate would have a \$760,970 increase/decrease to the Company's net loss for the year ended February 28, 2015 (2014: no exposure).

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

c) 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. A 5% increase/decrease in gold price would have an impact of \$980,052 on the statement of loss. The Company has elected not to actively manage its exposure to metal prices at this time.

d) 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 not a source of market risk.

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, reclamation deposits and amounts receivable. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand. The reclamation bonds are maintained with financial institutions by the Province and can be released upon the Company fulfilling its reclamation obligations.

The Company's maximum exposure to credit risk at the reporting date is the carrying value of its cash of \$476,958 (2014: \$352,275), reclamation deposits of \$3,395,800 (2014: \$ 2,730,800), and amounts receivable of \$5,094,589 (2014: \$ 169,683).

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 monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable. As at February 28, 2015, the Company had a working capital deficit of \$26,022,817 (2014: \$17,973,355).

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities as at February 28, 2015 and 2014:

	Book Value at February 28, 2015	Within 1 Year	2 to 5 years	Over 5 years	Total
Trade and other payables	9,993,337	9,993,337	-	-	9,993,337
Due to related parties	1,377,402	1,377,402	-	-	1,377,402
Lease payable	139,824	34,000	105,824	-	139,824
Gold loan facility	19,823,396	21,219,417	-	-	21,219,417
Total	31,333,959	32,624,156	105,824	-	32,729,980

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	Book Value at February 28, 2014	Within 1 Year	2 to 5 years	Over 5 years	Total
Trade and other payables	9,954,356	9,954,356	-	-	9,954,356
Due to related parties	648,254	648,254	-	-	648,254
Gold loan facility	12,952,749	6,250,000	12,500,000	-	18,750,000
Total	23,555,359	16,852,610	12,500,000	-	29,352,610

Other Risk Factors

As a mining company the Company faces other risks including, but not necessarily limited to, the following:

Reliance on Management's Expertise

Barkerville strongly depends on the business acumen expertise of its management team and there is little possibility that this dependence will decrease in the near term. The loss of the services of any member of such team could have a material adverse effect on the Company.

Mining Industry

The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, major expenses may be required to establish ore reserves, to develop metallurgical processes and to construct, operate and maintain mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit, such as size, grade and proximity to infrastructure, as well as metal prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection.

The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital. Mining operations generally involve a high degree of risk. The Company's operations are subject to all the hazards and risks normally encountered in the exploration, development and production of ore, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk are taken, milling operations are subject to hazards such as equipment failure or failure of retaining dams around tailings disposal areas, which may result in environmental pollution and consequent liability.

The Company's mineral exploration activities are directed towards the search, evaluation and development of mineral deposits. There is aggressive competition within the mining industry for the discovery and acquisition of properties considered to have commercial potential. The Company will compete with other interests, many of which have greater financial resources than it will have for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

Government Regulation

The exploration activities of the Company are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substance and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste.

Although the Company's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of exploration, mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

Permits and Licenses

The exploitation and development of its mineral properties requires the Company to obtain regulatory or other permits and licenses from various governmental licensing bodies. There can be no assurance that the Company will be able to obtain all necessary permits and licenses that may be required to carry out exploration, development and mining operations on its properties.

Environmental Risks and Hazards

All phases of the Company's mineral exploration operations are subject to environmental regulation in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees.

There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties on which the Company holds interests which are unknown to the Company at present, which have been caused, by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently, and may in the future be, required in connection with the Company's operations. To the extent such approvals are required and not obtained; the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Production of mineral properties may involve the use of dangerous and hazardous substances such as sodium cyanide. While all steps will be taken to prevent discharges of pollutants into the ground water the environment, the Company may become subject to liability for hazards that cannot be insured against.

Uninsured Risks

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include environmental pollution or other hazards against which such corporations cannot insure or against which they may elect not to insure.

Conflicts of Interest

Certain of the directors of the Company also serve as directors and/or officers of other companies involved in natural resource exploration and development. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Commitments

On February 3, 2015, the Company entered a lease agreement where the Company will pay \$2,833 per month from February 6, 2015 to Jan 6, 2019 to purchase a grader. This lease agreement carries nil interest.

Events Occurring After the Reporting Date

Subsequent to February 28, 2015:

a) On March 10, 2015, the Company completed the debt settlement of penalty interest relating to the gold loan. Under the debt settlement, the Company issued an aggregate of 3,015,039 common shares.

b) On June 9, 2015 The Company announced that it has entered into an agreement with Primary Capital Inc. in connection with a proposed "best efforts" private placement offering of up to 9,375,000 Flow Through units at a price of \$0.32 per Flow Through Unit, for gross proceeds of up \$3,000,000. Each Flow Through Unit will consist of one common share of the Company and one-half of one common share purchase warrant with each Warrant entitling the holder thereof to purchase a Common Share at an exercise price of \$0.40 for a period of eighteen month following the closing of the FT Unit Offering.

The Agent will be paid a cash commission equal to 6% of the gross proceeds of the FT Unit Offering and the Company will also issue broker warrants exercisable to purchase that number of Common Shares equal to 6% of the aggregate number of Flow Through Units sold pursuant to the FT Unit Offering. Each Broker Warrant entitles the holder to acquire one Common Share at a price of \$0.32 for a period of eighteen months from the date of the closing of the FT Unit Offering.

c) On June 23, 2015 - the Company announced that it has completed a private placement of 6,250,000 flow through common shares at a price of \$0.32 per Flow Through Share for gross proceeds of \$2,000,000. The Company intends to use the net proceeds from the FT Offering to explore its extensive property package encompassing the Cariboo Mining District and related properties in British Columbia. The securities issued pursuant to the FT Offering and the Debt Settlement are subject to a four month hold period. Completion of the FT Offering is subject to final acceptance of the TSX Venture Exchange.

d) The Company entered into a debt settlement agreement with an arm's length creditor, pursuant to which the Company has settled an aggregate of \$118,201 of indebtedness of through the issuance of an aggregate of 422,148 common shares.

e) Subject to receipt of shareholder approval at its upcoming special meeting on June 30, 2015, the Company intends to settle indebtedness owing to 2176423 Ontario Inc., a company controlled by Mr. Eric Sprott, through the issuance of approximately 63,333,333 common shares.

f) The Company announced the resignation of Minaz Dhanani as Chief Financial Officer and the appointment of Andres Tinajero in his stead. In addition, the Company reported that Morris Prychidny joined its Board of Directors and that Mr. Norman Anderson resign as a Director.

Financial and Disclosure Controls and Procedures

During the year ended February 28, 2015 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 Annual 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.

"Tom Obradovich"

Tom Obradovich
President & Chief Executive Officer