



MANAGEMENT'S DISCUSSION AND ANALYSIS
OF THE COMPANY'S FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
FOR THE SIX MONTH PERIOD ENDED
AUGUST 31, 2015

THIS MD&A IS DATED OCTOBER 30, 2015

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with Barkerville Gold Mines' ("Barkerville", the "Company", "we", or "our") unaudited interim condensed consolidated financial statements for the three and six month periods ended August 31, 2015 and 2014 and the related notes thereto, and the Company's audited consolidated financial statements for the years ended February 28, 2015 and 2014 and the related notes thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All figures are in Canadian dollars unless otherwise noted. The Management Discussion and Analysis has been prepared as of October 30, 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

Bonanza Ledge Mine Project

During the six months ended August 31, 2015:

- Total sales for the six months ended August 31, 2015 were 8,976 ounces of gold at an average price of \$1,493 per ounce (six months ended August 31, 2014 - 1,089 ounces of gold at an average price of \$1,427 per ounce). The Company ceased mining operations during the year ended February 28, 2015, as such, no mining operations took place in the period. The Company milled 11,275 (2014: 15,582) dry metric tonnes of Bonanza ledge ore at an average head grade of 10.14 (2014: 4.56) grams per metric tonne at 94% (2014: 87%) recovery at an average net operating cost of production at \$722 (2014: \$5,350) per ounce and all in cost of \$1,279 (2014: \$7,337) per ounce;

As the majority of the revenue from the first six months of fiscal 2016 resulted from the clean out of the mining processing plant, the Company did not incur many of its active cost of production when fully operational which resulted in a higher gross margin for the period.

QR Mine Project

During the six months ended August 31, 2015 the Company did not mine the QR Project. In the comparative six month period ended August 31, 2014, highlights were as follows:

- Total sales for the six months ended August 31, 2014 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 5.03 grams per metric tonne with a 87% recovery and at an average net operating cost of production of \$1,211 per ounce and all in cost of \$1,555 per ounce.

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The table below summarizes operating activities for the six month periods ended August 31, 2015 and 2014:

	6 months August 31, 2015		6 months August 31, 2014	
	Bonanza Ledge	QR	Bonanza Ledge	QR
Financial Data				
Revenues	\$ 13,402,963	\$ -	\$ 1,554,567	\$ 7,199,983
Gain (Loss) from mining operations	6,473,936	-	(4,271,313)	1,032,864
Operating Data				
Tons mined (mt)	-	-	330,079	-
Tons milled (dmt)	11,275	-	15,582	21,007
Strip ratio	NA	NA	17.61	NA
Grade (g Au/mt)	10.14	NA	4.56	5.03
Recovery	94%	NA	87%	87%
Average price	\$ 1,493	NA	\$ 1,427	\$ 1,411
Operating costs of production Per Ozs	\$ 772	-	\$ 5,350	\$ 1,211
All In Costs Per Ozs	\$ 1,279	\$ -	\$ 7,337	\$ 1,555
Net Operating costs of production				
Cost of Sales	\$ 4,934,669	\$ -	\$ 4,470,773	\$ 3,818,643
Mine operating expenses overhead	1,994,358	-	1,355,106	2,348,475
Total operating costs of production	6,929,027	-	5,825,879	6,167,118
Total gold sold (ozs)	8,976	-	1,089	5,094
Operating costs of production Per Ozs	\$ 772	\$ -	\$ 5,350	\$ 1,211
All In costs				
Net operating costs of production	\$ 6,929,027	\$ -	\$ 5,825,879	\$ 6,167,119
Corporate Administration	3,243,283	-	1,002,591	737,121
Exploration	1,304,534	-	1,161,005	1,016,252
Total All In Costs	11,476,844	-	7,989,475	7,920,492
Total gold sold (ozs)	8,976	-	1,089	5,094
All In Costs per Ozs	\$ 1,279	\$ -	\$ 7,337	\$ 1,555

Notes:

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

Review of Operations

Mining operations were completed in March 2015 and the balance of ore was shipped to the QR Mill and processed. The average grade of the 11,275 tons milled was 10.14 g/mt for a total 8,976 oz gold. A program to clean the mill prior to putting the facility on care and maintenance allowed the Company to produce additional gold from material caught in the mill circuit and floor. Repairs and upgrades to the mill and a general clean up were performed in May 2015. Additional maintenance is underway to prepare the mill for future production.

The company commissioned JDS Energy and Mining to undertake an optimization study on the potential of additional mining of the BL deposit from both an underground and open pit scenario. The results of this study was delivered in mid July. Results indicate that the open pit scenario appears more attractive than underground option in terms of project complexity, cash flow and capital cost. Compared to the underground the pit generates nearly 2.5 times NPV from 1.8 times the recovered ounces. On a cash cost per ounce basis the pit is about 14% less expensive to operate than the underground option.

During the period of this report management initiated a flow through financing to fund an extensive exploration program to develop additional resources and evaluate the entire Barkerville land package. After the successful closing of \$6.9 million in flow through funds, an extensive diamond drilling program was initiated in June 2015. The scope of the drilling program is to test the potential of the BC vein structure for continuity and grade as well as investigating and exploring the area for parallel veins or additional sulphide replacement ore bodies similar to Bonanza Ledge. Additional near surface high grade pits for future mill feed are also being developed. Regional studies are also underway to determine the potential and structural controls of the ore bodies along the belt.

A program of reclamation and remediation has been initiated at the QR mine and mill sight which involves planting of trees and grass seed and environmental monitoring. The Mosquito Creek Mine and Mill are being dismantled and all delapidated historical structures removed.

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.

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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.

Updated Cow Mountain Resource Estimate

On March 31st 2015, the Company announced an updated resource estimate for the Cow Mountain area of the Cariboo Project prepared by Snowden Mining Industry Consultants (Snowden), of Vancouver, British Columbia. The following is an overview of the methodology applied and discussion of material changes to the estimate. The technical report was filed on SEDAR on May 15th 2015 and is also available on the Company's website www.barkervillegold.com.

The reported Mineral Resource estimate is based upon an open pit scenario for the mining of gold mineralization 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. Table 1 outlines the results of the updated resource.

Table 1: 2015 updated Cow Mountain Mineral Resource reported at a cut-off grade of 0.5 g/t Au

Classification	Tonnes (MTonnes)	Au Grade (g/t)	Au (Moz) ³
Indicated	35.8	2.4	2.8
Inferred ²	27.5	2.3	2.0

Notes:

(1) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues. The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.

(2) The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.

(3) Contained metal may differ due to rounding.

(4) The Mineral Resource estimate stated in Table 1 is defined using 25 ft by 25 ft by 25 ft blocks.

Estimation Methodology

A Datamine block model with cell dimensions of 25 ftE by 25 ftN by 25 ftRL was coded to reflect the estimation domains. Subcelling was used to more accurately define the volumes. The block size is the same as that used for the 2012 estimate. A kriging neighbourhood analysis was carried out to confirm the validity of the block size. This block size represents ¼ and ½ of the drill hole spacing. The lower limit of the block model was restricted to the 3500 ftRL because the data available below this limit is limited.

All data was composited to equal sample lengths of 5 feet prior to statistical analysis and grade estimation. This length was chosen as the majority of sample intervals (75%) were 5 feet in length or less. Declustering of the composite data was tested and the results indicated that the issue of clustering did not have any significant impact, except for the mineralization indicator. All statistics were therefore reported based on the composite file without declustering.

The gold grades within the mineralized domain were estimated with a modified Multiple Indicator Kriging (MIK) approach. Snowden used an indicator approach to define the proportion of mineralized material within the blocks. The grade in the mineralized proportion was then estimated using MIK and the total mean grade within the block was estimated using the average gold grade weighted by proportions. The density was assigned as 2.7 t/m³.

Grade estimates and models were validated by: undertaking global grade comparisons with the input drill hole composites; visual validation of the block model in cross sections; and by grade trend plots. To identify over-smoothing the Indicated Resources were compared with the grade tonnage curves obtained with global change of support. The estimate validated well.

The resource classification definitions (Indicated and Inferred) used for this estimate are those published by the Canadian Institute of Mining, Metallurgy and Petroleum in their document "CIM Definition Standards". Classification was applied based on geological confidence, data quality and grade variability. Other considerations for the classification were the historical underground mining within the mineralized domain, with presence of large stopes; and the completion of a large re-assay campaign.

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Areas classified as Indicated Resources are informed by the first search pass in the estimation and are mostly informed with samples in drill holes drilled after 1980. The remainder estimated with the first or second pass was classified as inferred. Areas where there is no informing data or only containing isolated drill holes are not classified as a part of the Mineral Resource.

Cut-off grade determination and the evaluation of reasonable prospects for economic extraction

Snowden selected a base case cut-off of 0.5 g/t Au assuming that the assumptions for the selection of this cut-off in the previous resource estimate are still valid. This cut-off was based on:

- a) The existence of an open pit optimization
- b) The preferred cut-off grade of 0.2 g/t Au for Spanish Mountain, a nearby project located approximately 60km south of Cow Mountain with a similar mineralization style, with a PEA study using a gold price in the Financial Base Case of US\$1100/oz.

Whilst Snowden, in this instance, does not consider it appropriate to use the cut-off grades used by Spanish Mountain to define the cut-off grade for Cow Mountain, it does provide support that the cut-off grades used are at least consistent with the PEA for that project. Snowden would caution that until a suitable mining study has been completed, the selection of a cut-off grade can at best be considered preliminary. Table 2 outlines the sensitivities of gold cut-off grade to global grade and tonnage for the current Cow Mountain estimate.

In order 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, Snowden completed a pit optimisation exercise using the parameters provided in Table 3. The work was completed by an engineer with sufficient experience in this style of work and mineralization to ensure the robustness of the parameters used. Notwithstanding the pit optimisation exercise, it has not resulted in an engineered and operational open-pit mine design.

Whilst \$1300/oz was the starting point for the optimisation study, the optimisation was tested for gold prices from \$1005/oz to \$2095/oz. The results indicated that the resource potential, as defined by the optimisation study, was constrained by the model limits laterally (the optimisation could not expand past the model boundaries, thereby limiting the evaluation to the model extents).

Table 2: 2015 Cow Mountain Indicated and Inferred Mineral Resource estimate reported over a range of cut-off grades

Au Cut-off grade (g/t)	Indicated Category			Inferred Category		
	Tonnes (Mtonnes)	Au grade (g/t)	Total Au Ounces (M)	Tonnes (Mtonnes)	Au grade (g/t)	Total Au Ounces(M)
0.0	147.65	0.69	3.3	168.40	0.46	2.5
0.2	65.95	1.45	3.1	54.10	1.33	2.3
0.4	42.31	2.10	2.9	32.85	2.00	2.1
0.5	35.81	2.40	2.8	27.54	2.30	2.0
0.7	27.30	2.96	2.6	20.99	2.83	1.9
1.0	20.13	3.72	2.4	15.47	3.55	1.8
1.5	13.77	4.87	2.2	10.56	4.63	1.6
2.0	10.22	5.97	2.0	7.89	5.61	1.4
2.5	8.05	6.97	1.8	6.19	6.54	1.3

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3.0	6.51	7.98	1.7	5.02	7.43	1.2
3.5	5.44	8.91	1.6	4.05	8.43	1.1
4.0	4.63	9.81	1.5	3.32	9.46	1.0
4.5	4.00	10.69	1.4	2.80	10.43	0.9
5.0	3.51	11.53	1.3	2.42	11.33	0.9

Notes:

(1) Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues. The Mineral Resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council.

(2) The quantity and grade of reported Inferred Resources in this estimation are uncertain in nature and there has been insufficient exploration to define these Inferred Resources as an Indicated or Measured Mineral Resource and it is uncertain if further exploration will result in upgrading them to an Indicated or Measured Mineral Resource category.

(3) Contained metal may differ due to rounding.

(4) The Mineral Resource estimate stated in Table 1 is defined using 25 ft by 25 ft by 25 ft blocks.

(5) The reader is cautioned that the data presented in this table should not be misconstrued as a mineral resource statement. The figures are only shown to illustrate the sensitivities of the block model quantities and grade estimates to the selection of cut-off grade.

Table 3: 2015 Pit optimization parameters for establishing Reasonable Prospects of Economic Extraction

Parameter	Value
Gold Price	US\$1,300/oz
Royalties	None
Overall Recovery	94%
Cut-off Grade	0.012 Oz/t
Processing (administration and haulage)	\$20.66/t
Mining ore recovery (before dilution)	90%
Mining ore dilution (at 0 ppm dilutant grade)	10%
Geotechnical slope angles	45 degrees
Exchange Rate	0.90 CAD per USD
Owner operator mining (with mining fleet capital amortisation)	\$3.50/t

Comparison with previous estimate (Snowden 2012)

The updated Mineral Resource estimate has been compared with that previously prepared by Snowden (Geoex, Apex, Snowden 2012) at the 0.40 g/t cut-off to understand the changes in the reported numbers (Table 4). The most significant difference in the data set used for the updated estimate is the new assay values from the re-assay program. The two estimates have similar model extents and the MIK methodology was used for both. The previous estimate had large portions of assigned data. This assigned data has now been replaced with the results of the re-assay program increasing confidence in the data. This increase in confidence is reflected in the increase in indicated category. The large increase (262%) in the Indicated global tonnage is from the inclusion of previously excluded blocks that were informed with assigned data in the previous estimate and are now included because the assigned data is replaced with the results from the re-assay program. Snowden considers the comparison acceptable.

Table 4: Comparison of Snowden 2015 and Snowden 2012 estimates at 0.4 g/t gold cutoff

Classification	Snowden estimate (2015) – 0.40 g/t cut-off			Snowden estimate (2012) – 0.40 g/t cut-off		
	Tonnage	Gold Grade	Contained Au	Tonnage	Gold Grade	Contained Au
	(MTonnes)	(g/t)	(Moz)	(MTonnes)	(g/t)	(Moz)
Indicated	42.31	2.10	2.9	16.11	2.00	1.04
Inferred	32.85	2.00	2.1	44.66	2.74	3.94

Discussion of New Results

The Cow Mountain database was updated with the results of the re-assay program outlined in the recommendations section of the 2012 report (Geoex, Apex, Snowden, 2012). A total of 27,473 coarse reject samples in drill holes from 2009 to 2012, which were originally assayed with standard fire assay method with atomic absorption finishing, were re-assayed using screen metallic analysis. A total of 7,698 non-assayed intervals in pre-existing drill holes from 2007 to 2011 were also assayed and incorporated into the estimate.

In the previous estimate the drill holes CM12-04, CM12-05, CM12-06 and CM12-07 were discarded because there were large differences between the survey at the collar and the downhole survey data. In the 2015 estimate these drill holes were used for the resource estimate and the downhole inclination was assigned from the deviations measured at the collar.

A set of historic underground drill hole data excluded from the previous estimate was revised and incorporated into this estimate because the position can now be verified with the underground tunnels from adjacent levels. Drill holes reported in the previous estimate but lying outside of the mineralized zone were excluded in this estimate. In the year 2014 ten new drill holes were drilled logged and assayed, five of these drill holes are outside of the main estimation domain. There was no drilling in the year 2013. In addition results from the re-assaying project carried out in 2014 were included in the updated database. In total, 1,464 drill holes were utilized to inform the 2015 resource update.

An estimation approach similar to that one applied in the previous estimate was used but with estimation parameters reviewed and modified to reflect changes resulting from incorporation of the new data.

Current Activities

Phase I Diamond Drilling Program

On June 23rd 2015, the Company announced the commencement of its Phase I diamond drilling program that is focused on the Bonanza Ledge - BC Vein Areas of the property (Barkerville Mountain). Geotech Drilling Services Limited, based out of Prince George, British Columbia has been awarded the contract to perform 20,000 metres of diamond drilling. The Phase I program is designed to validate the historical drilling performed on the property by previous operators, expand the known gold mineralization hosted in the BC Vein and also to assess the potential for additional occurrences of Bonanza Ledge style replacement sulphide gold mineralization. As of 31 August 2015, three drill rigs have completed 46 drillholes totaling 8,370 metres as part of the Phase I Program.

BC Vein Drilling Program

Two of the three drill rigs on Barkerville Mountain are currently performing a two stage, systematic drilling program on the BCV structure with the goal of methodically exploring undrilled portions of this large system as well as upgrading the historical drilling that may not have recovered all sulphide bearing drill core in the BCV due to poor drilling recoveries. During the preliminary stages of the 2015 Phase I drilling campaign, it was observed that portions of the mineralized zones were not recovered by the drilling process. These intervals of lost core have been assigned zero gold grade. It has been ascertained that the high sulphide intervals were essentially "washed away" by the drilling process and hence not recovered in their entirety. In consultation with Geotech Drilling Services Limited, an industry standard, environmentally safe drilling additive is now being utilized in all holes and core recoveries have increased to greater than 95% through the mineralized sulphide zones.

The BCV has been outlined by past operators over a continuous 1,400 metres strike length and on average only tested to a vertical depth of 75 metres below surface. The deepest historical intersection on the BCV was drilled in 2000 via drillhole BC-00-33 which graded 22.74 g/t Au (0.66 oz/t) Au over 4.11 metres. This intersection is located immediately below the Bonanza Ledge open pit at a vertical depth of only 150 metres below surface and remains completely unexplored below this depth and also along strike. Drillhole pierce points for the current 2015 program are designed to intersect the vein on aggressively spread out 50 metre hole spacings with the aim of outlining the most economically viable portions of the known 1,400 metre vein strike length. The first pass of shallow drilling will test the BCV from surface to 200 metres vertical depth whilst the second pass will selectively assess the depth potential of the vein from 200 to 400 metres below surface based on the results gathered from the first pass of shallow drilling.

Drill Testing of Soil Anomalies and Other Targets

The third drill rig on Barkerville Mountain is currently selectively testing the numerous surficial gold in soil anomalies that have been defined by previous operators. The Company plans to investigate these anomalies as well as other targets in the vicinity of Barkerville Mountain.

Engagement of SGS Canada

SGS (Canada) has been engaged to perform all analytical work for the Phase I drilling/sampling campaign. The SGS facility is accredited to the ISO/IEC 17025 standard for gold assays and all analytical methods include quality control materials at set frequencies with established data acceptance criteria. SGS methodology includes quality control materials at set frequencies with established data acceptance criteria and includes preparation blanks, duplicates, method blanks, weighed pulp replicates and certified reference materials in each sample batch.

Samples are submitted to SGS's facility in Burnaby, B.C. for preparation and analysis. The entire sample is crushed and 1,000 grams is pulverized. Analysis for gold is by 50g fire assay fusion with atomic absorption (AAS) finish with a lower limit of 5ppb and upper limit of 10,000ppb. Samples with gold assays greater than 10,000ppb are re-analyzed using 50g fire assay with gravimetric finish, as well as 1000g screen metallics fire assay. Samples are also analyzed using a 49 multi-elemental geochemical package by a 4-acid digestion, followed by Inductively Coupled Plasma Atomic Emission Spectroscopy (ICP-AES) and Inductively Coupled Plasma Mass Spectroscopy (ICP-MS).

New QAQC Program Implementation

Lynda Bloom M.Sc., P.Geo, of Analytical Solutions Limited (ASL), was engaged to design a rigorous QAQC program and operations manual for the Company's diamond drilling sampling programs. ASL was chosen due to their extensive experience in exploration geochemistry, data interpretation and quality control for assay programs. ASL provides independent consulting services that enable mining companies to comply with security exchange regulations. Quality assurance/ quality control (QAQC) programs are designed and monitored according to specific project requirements. ASL provides QPs with assistance in designing QC programs so that regulators and third-party auditors are satisfied with the integrity of the assays, while minimizing expense.

Data Compilation

The Company is still performing an ongoing 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.

Surface Mapping and Sampling

Talisker Exploration Services Incorporated, based out of Toronto, Ontario has been engaged to perform a project wide surface and underground geological mapping and sampling program with the aim of developing a clear geological understanding on the controls of the gold mineralization in the district as well as establishing a stronger understanding of the larger scale geological framework as it pertains to regional targeting. This work will be performed in parallel with the regional compilations and also the geological modelling of the Cow Mountain drilling database.

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 August 31, 2015, the Company has a total payable to the former CEO of \$nil (February 28, 2015: \$16,503), which consists of \$nil (February 28, 2015: \$7,444) in principal and \$nil (February 28, 2015: \$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.

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 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.

On July 14, 2015, the Company settled the balance of the gold loan facility with 2176423 Ontario Ltd., a company controlled by Mr. Eric Sprott, through the issuance of an aggregate of 74,885,900 common shares of the Company at a price of \$0.27 per common share. As a result of the Debt Settlement, Mr. Eric Sprott is now the "Control Person" (as that term is defined in the policies of the TSX Venture Exchange) of the Company.

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 August 31, 2015 compared to the Three Months ended August 31, 2014:

The Company reports a net loss of \$5,044,106 during the three month period ended August 31, 2015 as compared to a net loss of \$6,177,605 during the three month period ended August 31, 2014. Overall, this represents a lower net loss of \$1,133,499.

The variances between the two periods were primarily due to the following items:

- (i) Decrease of \$1,320,963 in mine operating loss from a loss of \$2,223,072 during the three month period ended August 31, 2014 to a loss of \$902,109 during the three month period ended August 31, 2015. The Company sold 377 ounces at an average price per ounce of \$1,556 for the three month period ended August 31, 2015, totalling \$586,755 in revenue. (Prior year, the Company sold 4,160 ounces at an average price of \$1,421, totalling gold revenues of \$5,909,923). The Company ceased milling operations in February 2015, as such, recoveries during the three month period ended August 31, 2015 carried a lower cost than the comparable quarter when milling operations were ongoing. Cost of sales and direct costs were \$220,181 on sales of \$586,755 for the three month period ended August 31, 2015 as compared to \$6,150,627 on sales of \$5,909,923 for the three month period ended August 31, 2014, reflecting the higher cost of full production during the comparative period. The revenue for the three month period ended August 31, 2015 resulted from the clean out of the mining processing plant, therefore the Company did not incur many of its active cost of production when fully operational that it incurred in the comparative period.

Furthermore, mine operating expenses decreased mainly as reclamation costs decreased from \$1,352,174 during the three month period ended August 31, 2014 to \$5,912 for the three month period ended August 31, 2015. As the mining operations were put in care and maintenance the Company did not incur significant costs on reclamation work, whereas during the comparable period, the Company was actively mining and incurred significant reclamation costs, in particular incurring significant costs related to raising the tailings dam at its QR project.

- (ii) Increase of \$1,178,891 in corporate administration from \$1,021,903 during the three month period ended August 31, 2014 to \$2,200,794 during the three month period ended August 31, 2015. This increase was primarily due to stock based compensation expense of \$1,454,800 during the three month period ended August 31, 2015 compared to \$nil during the three month period ended August 31, 2014. See note 18(b) of the unaudited interim condensed consolidated financial statements for the three and six month periods ended August 31, 2015 for details on options issued during the periods. This increase was offset by a decrease in salaries and benefits of \$409,187 which went from \$732,116 during the three month period ended August 31, 2014 to \$322,929 during the three month period ended August 31, 2015. The decrease comes as the Company changed management between the comparable periods resulting in decreased costs as well as salaried employees in the comparative period being replaced by lower cost consultants during the current period.
- (iii) Decrease of \$880,836 in finance expense from \$1,469,472 during the three month period ended August 31, 2014 to \$588,636 during the three month period ended August 31, 2015. The decrease is due to a decrease in interest costs related to the gold loan facility that was settled on July 14, 2015 as detailed above. The settlement also resulted in a gain of \$798,069 (2014 - \$nil) in relation to this settlement.

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- (iv) Increase of \$635,952 in the loss in regards to the change in value of the derivative liability in the gold loan which went from a loss of \$328,483 during the three month period ended August 31, 2014 to a loss of \$964,435 during the three month period ended August 31, 2015.

Six Months Ended August 31, 2015 compared to the Six Months ended August 31, 2014:

The Company reports a net income of \$624,479 during the six month period ended August 31, 2015 as compared to a net loss of \$8,956,050 during the six month period ended August 31, 2014. Overall, this represents a higher net income of \$9,580,529.

The variances between the two periods were primarily due to the following items:

- (i) Increase of \$9,712,384 in mine operating income from a loss of \$3,238,448 during the six month period ended August 31, 2014 to an income of \$6,473,936 during the six month period ended August 31, 2015. The Company sold 8,976 ounces at an average price per ounce of \$1,493 for the three month period ended August 31, 2015, totalling \$13,402,963 in revenue. (Prior year, the Company sold 6,183 ounces at an average price of \$1,416, totalling gold revenues of \$8,754,550). The Company ceased milling operations in February 2015, as such, recoveries during the six month period ended August 31, 2015 carried a lower cost than the comparable quarter when milling operations were ongoing, with cost of sales and direct costs decreasing by roughly 60% from \$8,289,416 for the six month period ended August 31, 2014 to \$4,934,669 for the six month period ended August 31, 2015, while sales increased by around 53% increasing from \$8,754,550 for the six month period ended August 31, 2014 to \$13,402,963 for the six month period ended August 31, 2015. As the majority of the revenue from the first quarter of 2016 resulted from the clean out of the mining processing plant, the Company did not incur many of its active cost of production when fully operational.

Furthermore, mine operating costs decreased as mining operations were ceased in February 2015 and thus, various costs decreased as follows:

- Reclamation costs decreased from \$1,352,175 during the six month period ended August 31, 2014 to \$5,912 for the six month period ended August 31, 2015. As the mining operations were put in care and maintenance the Company did not incur significant costs on reclamation work, whereas during the comparable period, the Company was actively mining and incurred significant reclamation costs, in particular incurring significant costs related to raising the tailings dam at its QR project.
- Salaries and benefits accounted for a large portion of the overall decrease in mine operating costs decreasing from \$845,872 during the six month period ended August 31, 2014 to \$590,694 for the six month period ended August 31, 2015. This decrease is due to the Company's employee base working on mine operations decreasing from 69 employees to 23 employees between those same periods as the mine was placed on care and maintenance.
- Consulting expenses also decreased as the Company used less consultants as mining operations ceased, decreasing from \$223,198 during the six month period ended August 31, 2014 to \$61,207 for the six month period ended August 31, 2015.
- Repairs and maintenance decreased from \$556,991 during the six month period ended August 31, 2014 to \$67,599 for the six month period ended August 31, 2015. As the mining operations were put in care and maintenance the Company did not incur any costs on repairs, whereas during the comparable period, the Company was actively maintaining its mining operations to achieve the best possible output.

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- (ii) Decrease of \$872,723 in Exploration from \$2,177,257 during the six month period ended August 31, 2014 to \$1,304,534 during the six month period ended August 31, 2015. This decrease was primarily due to a recovery of exploration expenditures (Mining Exploration Tax Credit) of \$1,366,855 (2014: \$nil) which was received during the six month period ended August 31, 2015 as well as a decrease in assaying costs which decreased from \$635,299 during the six month period ended August 31, 2014 to \$161,867 for the six month period ended August 31, 2015. The decrease is due to higher costs in 2014 on assaying for work on the Cow Mountain and Island Mountain projects. These decreases were offset by an increase in administration costs which increased from \$103,517 during the six month period ended August 31, 2014 to \$386,167 for the six month period ended August 31, 2015 reflecting costs incurred for exploration software, as well as increases in drilling which increased from \$448,007 during the six month period ended August 31, 2014 to \$955,145 during the six month period ended August 31, 2015. Increased drilling costs is due to the Company's exploration program to define and expand its resource estimate which is being funded through the recently completed flow through private placements, see note 18(a) of the unaudited interim condensed consolidated financial statements for the three and six month periods ended August 31, 2015 for details.
- (iii) Increase of \$1,503,571 in corporate administration from \$1,739,712 during the six month period ended August 31, 2014 to \$3,243,283 during the six month period ended August 31, 2015. This increase was primarily due to stock based compensation expense of \$1,454,800 during the six month period ended August 31, 2015 compared to \$nil during the three month period ended August 31, 2014. See note 18(b) of the unaudited interim condensed consolidated financial statements for the three and six month periods ended August 31, 2015 for details on options issued during the periods.
- (iv) Decrease of \$910,538 in finance expense from \$2,702,501 during the six month period ended August 31, 2014 to \$1,791,961 during the six month period ended August 31, 2015. The decrease is due to a decrease in interest costs related to the gold loan facility that was settled on July 14, 2015 as detailed above. The settlement also resulted in a gain of \$798,069 (2014 - \$nil) in relation to this settlement.
- (v) Increase of \$1,357,747 in the loss in regards to the change in value of the derivative liability in the gold loan which went from a gain of \$997,195 during the six month period ended August 31, 2014 to a loss of \$360,552 during the six month period ended August 31, 2015.

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							
	31-Aug-15 Q2	31-May-15 Q1	28-Feb-15 Q4	30-Nov-14 Q3	Aug 31/14 Q2	31-May-14 Q1	28-Feb-14 Q4	30-Nov-13 Q3
Total Revenue	586,755	12,816,208	10,189,409	11,494,915	5,909,923	2,844,627	-	-
Income (loss) before income taxes	(5,053,206)	5,652,585	(10,497,886)	(4,273,009)	(6,224,605)	(2,829,445)	(2,872,385)	(5,103,131)
Net income (loss)	(5,044,106)	5,668,585	9,567,886	(4,273,009)	(6,177,605)	(2,778,445)	(2,766,385)	(5,103,131)
Basic income (loss) per Share	0.00	0.04	(0.08)	(0.03)	(0.05)	(0.02)	(0.03)	(0.05)
Diluted income (loss) per Share	0.00	0.04	(0.08)	(0.03)	(0.05)	(0.02)	(0.03)	(0.05)

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

Liquidity and Capital Resources

On August 31, 2015, the Company had cash and cash equivalents on hand of \$10,276,781 (February 28, 2015: \$476,958) and had a working capital of \$3,908,817 (February 28, 2015: working capital deficit of \$26,022,817). The Company's major commitments over the next year are repayment of trade and other payables, and due to related parties.

The Company will rely on future equity financings to fund operations. It is not possible to predict whether financing efforts will be successful. The Company has no assurance that additional funding will be available to it for further development of its projects in the event that there is a shortfall from its operations that would result in the Company being unable to meet current obligations or further the development of its projects. Any additional funding will be dependent upon the Company's ability to obtain financing through joint ventures, equity or debt financing or other means. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further business advancements.

On June 17, 2015, 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 through the issuance of an aggregate of 422,148 common shares.

On June 22, 2015 the Company issued an aggregate 6,250,000 flow through common shares at a price of \$0.32 per common share, for gross proceeds of \$2,000,000.

On June 29, 2015, the Company completed a private placement of 6,059,375 flow through units at a price of \$0.32 per flow through unit for gross proceeds of \$1,939,000. Each flow through unit consists of one common share and one half of one common share purchase warrant with each warrant entitling the holder thereof to purchase a common share at a price of \$0.40 until December 29, 2016. The Company paid the agent a cash commission of 6% of the gross proceeds of the offering and issued 363,563 broker warrant with each broker warrant entitling the agent to purchase one common share at a price of \$0.32 until December 29, 2016.

On July 14, 2015, the Company settled the balance of the gold loan facility with 2176423 Ontario Ltd., a company controlled by Mr. Eric Sprott, through the issuance of an aggregate of 74,885,900 common shares of the Company at a price of \$0.27 per common share. As a result of the Debt Settlement, Mr. Eric Sprott is now the "Control Person" (as that term is defined in the policies of the TSX Venture Exchange) of the Company.

On July 23, 2015 the Company completed a private placement of 9,375,000 flow through units at a price of \$0.32 per flow through unit, for gross proceeds of \$3,000,000. Each flow through unit consists 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 until January 23, 2017.

Outstanding Share Capital

The Company has an unlimited number of common shares authorized, with 226,642,168 common shares outstanding on August 31, 2015 and 227,442,168 as of the date of this MD&A.

A total of 12,006,661 stock options and 17,440,750 share purchase warrants were outstanding on August 31, 2015 and 15,001,661 stock options and 17,440,750 share purchase warrants were outstanding as of the date of this MD&A.

During the six month period ended August 31, 2015:

- The Company completed the debt settlement of penalty interest relating to the gold loan (see note 16 of the unaudited interim condensed consolidated financial statements for the six month periods ended August 31, 2015 and 2014). Under the debt settlement, the Company issued an aggregate of 3,015,039 common shares with a fair value of \$783,910 (\$0.26 per share) for settlement of penalty interest payable totalling \$934,662 resulting in a gain on settlement of \$150,752 which was recognized in income and other comprehensive income.
- On June 17, 2015, 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 through the issuance of an aggregate of 422,148 common shares with a fair value of \$109,758 (\$0.26 per share being the quoted market price on issuance date) which resulted in a loss on settlement of \$8,443 which was recognized in the condensed consolidated statement of income (loss) and other comprehensive income (loss).
- On June 22, 2015 the Company issued an aggregate 6,250,000 flow through common shares at a price of \$0.32 per common share, for gross proceeds of \$2,000,000.
- On June 29, 2015, the Company completed a private placement of 6,059,375 flow through units at a price of \$0.32 per flow through unit for gross proceeds of \$1,939,000. Each flow through unit consists of one common share and one half of one common share purchase warrant with each warrant entitling the holder thereof to purchase a common share at a price of \$0.40 until December 29, 2016.

The Company paid the agent a cash commission of \$116,340, representing 6% of the gross proceeds of the offering and issued 363,563 broker warrant with each broker warrant entitling the agent to purchase one common share at a price of \$0.32 until December 29, 2016.

- On July 14, 2015, the Company settled an aggregate of \$21,017,262 of indebtedness with 2176423 Ontario Ltd., in connection with the Gold Loan Facility as described in note 17. The Company issued an aggregate of 74,885,900 common shares of the Company with a fair value of \$20,219,193 (\$0.27 per share being the quoted market price on issuance date) in connection with the settlement, which resulted in a gain on settlement of \$798,069 which was recognized in the condensed consolidated statement of income (loss) and other comprehensive income (loss).
- On July 23, 2015 the Company completed a private placement of 9,375,000 flow through units at a price of \$0.32 per flow through unit, for gross proceeds of \$3,000,000. Each flow through unit consists 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 until January 23, 2017.

During the year ended 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.
- 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.

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Related party balances and transactions:

These transactions are recorded at exchange value, being the value established and agreed upon by the related parties.

Name of Related Party	Description	August 31, 2015	August 31, 2014
		\$	\$
J. Frank Callaghan, former CEO	Salary & benefits ¹	Nil	100,000
	Loan interest ³	Nil	36,882
	Severance ¹	Nil	480,000
Standard Drilings & Engineering Ltd.	Exploration costs ²	Nil	548,196
	Deferred development costs ²	Nil	89,274
	Reclamation costs ²	Nil	24,751
	Administrative costs ²	Nil	48,000
	Inventory ²	Nil	6,827
	Cost of Goods Sold ²	30,856	293,898
	Rent ²	Nil	49,843
Pubco Management	Rent ²	Nil	Nil
	Paralegal services ²	7,856	Nil
Minaz Dhanani, former CFO ⁴	Salary & benefits	33,341 ⁵	56,769
	Severance	240,000 ⁴	Nil
	Options	69,000 ⁴	Nil
Andrew H. Rees ⁶	Severance ⁶	60,000	Nil
	Consulting fees ⁶	Nil	30,000
Sean Callaghan ⁷	Salary & benefits	Nil	33,230
Tom Obradovich, CEO	Salary & benefits ⁸	161,420	Nil
Alex Obradovich	Salary & benefits ²⁰	11,606	Nil
Greg Gibson, Director	Consulting fees ⁹	26,400	Nil
Andres Tinajero, CFO	Consulting fees ¹⁰	75,000	Nil
Lisa McCormack, Corporate Secretary	Consulting fees ¹¹	25,000	Nil
Wildeboer Dellelce	Legal fees ¹⁷	5,255	Nil
San Gold Corporation	Inventory ¹⁹	31,613	Nil
	Equipment ¹⁹	200,000	Nil

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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	August 31, 2015	August 31, 2014
		\$	\$
Greg Gibson	Directors' fees	14,833 ¹²	-
Anthony Makuch	Directors' fees	9,000 ¹²	-
Norman Anderson	Directors' fees	1,500 ¹³	6,000
John Kutkevicius	Directors' fees	9,000 ¹⁴	4,000
Michael Steele	Directors' fees	Nil ¹⁵	2,500
Elena Clarici	Directors' fees	Nil ¹²	3,000
David McMillan	Directors' fees	Nil ¹⁶	4,000
Ian Gordon	Directors' fees	9,500 ¹⁸	Nil
Chris Lodder	Directors' fees	3,000 ¹²	Nil
Allan Folk	Directors' fees	3,000 ¹²	Nil
Morris Prychidny	Directors' fees	10,667 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, 36 months to exercise all the outstanding options and to issue 500,000 options in the next grant.
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.
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 was 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 is the immediate family of the former CEO.
8. 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. The agreement includes termination clause to pay the CEO 24 months of base salaries, plus one time his average annual bonus. In the event of a change of control, the CEO is entitled to a lump sum payment equal to 24 months of his annual salary plus two times his average annual bonus.

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9. The Company pays the Chairman of the Board \$1,200 per day plus HST when services were performed as required.
10. The Company pays the Chief Financial Officer \$15,000 per month plus HST.
11. The Company pays Corporate Secretary \$5,000 per month plus HST.
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 Audit Committee meetings attended, GNC Committee, Search Committee meetings & Board meetings attended.
17. These fees were paid to a law firm in which a director is a partner.
18. Includes fee for Board meetings & audit meetings attended.
19. These purchases were paid to a company whose CEO is a director of the Company.
20. Alex Obradovich is the immediate family of the CEO.

Off-Balance Sheet Arrangements

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

Recent Accounting Pronouncements

The Company did not adopt any new or amended standards for the year beginning March 1, 2015 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 August 31, 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.

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.

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	
	August 31, 2015	February 28, 2015	August 31, 2015	February 28, 2015	August 31, 2015	February 28, 2015
Cash and cash equivalents	\$ 10,276,781	\$ 476,958	\$ -	\$ -	\$ -	\$ -
Amounts receivable	-	-	79,317	5,094,589	-	-
Available for sale investments	-	-	-	-	1,380	2,760
Reclamation deposits	-	-	3,395,800	3,395,800	-	-
Total Financial Assets	\$ 10,276,781	\$ 476,958	\$ 3,475,117	\$ 8,490,389	\$ 1,380	\$ 2,760

	August 31, 2015	February 28, 2015
Financial liabilities at amortized cost:		
Trade and other payables	\$ 2,237,478	\$ 9,993,337
Due to related parties	486,200	1,377,402
Lease payable	121,974	139,824
Gold loan facility (Note 17)	-	17,481,739
Financial liabilities at fair value:		
Derivative liability (Note 17)	-	2,341,657
Total Financial Liabilities	\$ 2,845,652	\$ 31,333,959

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 \$nil increase/decrease to the Company's net income/loss for the six month period ended August 31, 2015 (2014: 883,000) as the gold loan facility was settled.

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 approximately \$nil. 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 and cash equivalents of \$10,276,781 (February 28, 2015: \$476,958), reclamation deposits of \$3,395,800 (February 28, 2015: \$3,395,800), and amounts receivable of \$79,317 (February 28, 2015: \$5,094,589).

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 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Six Month Period Ended August 31, 2015

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 August 31, 2015, the Company had a working capital of \$3,908,817 (February 28, 2015: \$26,022,817).

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities as at August 31, 2015 and February 28, 2015:

	Book Value at August 31, 2015	Within 1 Year	2 to 5 years	Over 5 years	Total
Trade and other payables	\$ 2,237,478	\$ 2,237,478	\$ -	\$ -	\$ 2,237,478
Due to related parties	486,200	486,200	-	-	486,200
Lease payable	121,974	34,000	87,974	-	121,974
Gold loan facility	-	-	-	-	-
Total	\$ 2,845,652	\$ 2,757,678	\$ 87,974	\$ -	\$ 2,845,652

	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

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 April 1, 2014, the Company entered into an Administrative Service Agreement with a company owned by a former director. The Company was due to pay \$10,220 per month for its office lease from May 1, 2014 to May 30, 2019. The Company also charges other former related companies rent. On February 3, 2015, the Company terminated the Administrative Service Agreement as part of the settlement with the former CEO. In addition, the Company agreed to pay the former CEO ongoing legal fees related to BCSC claims.

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

Events Occurring After the Reporting Date

Subsequent to August 31, 2015:

- (i) Pursuant to an option agreement dated September 12, 2000, between Istana and Golden Cariboo Exploration Ltd. ("Golden Cariboo"), which agreement and the rights and obligations thereunder were assigned to the Company, Golden Cariboo acquired certain mineral claims which now comprise a part of the Company's Grouse Property. Under the terms of the option agreement, Golden Cariboo had agreed to pay Istana annual advance royalty payments of \$50,000 commencing in September, 2010, of which, royalty payments in the amount of \$237,500 are currently outstanding.

Under the terms of the Settlement Agreement, the Company agreed to pay Istana a cash payment in the amount of \$150,000 and issue an aggregate of 800,000 common shares of the Company in settlement of the outstanding advance royalty payments and to relieve BGM of the obligation to make any future advance royalty payments.

Istana will continue to retain a 3% net smelter return royalty (the "NSR") on the mineral claims and BGM shall have the right to purchase one-half of the NSR from gold and silver and two-thirds of the NSR on base metals and other minerals for \$1,500,000 on or prior to commencement of commercial production.

The settlement remains subject to final approval of the TSX Venture Exchange and the common shares issuable thereunder will be subject to a statutory hold period of four months and one day from the date of issuance

- (ii) On October 14, 2015, the Company announced that it has granted an aggregate of 3,090,000 options to purchase common shares of the Company exercisable at a price of \$0.29 per share for a period of five years, to certain directors, officers, employees and consultants. The common shares issuable upon exercise of the options are subject to a four month hold period from the original date of grant.

Financial and Disclosure Controls and Procedures

During the six month period ended August 31, 2015 there has been no significant change in the Company's internal control over financial reporting.

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