



MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF THE COMPANY'S FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2017

THIS MD&A IS DATED MARCH 13, 2018

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 December 31, 2017 and ten month period ended December 31, 2016 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 March 13, 2018 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 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 the Company**

Barkerville Gold Mines Ltd. is engaged in the exploration and development of precious metals from mineral tenures located in the Cariboo Mining District in Central British Columbia. The company presently controls approximately 195,000 hectares of mineral tenures and Crown-Granted mineral claims. The Company's block of contiguous claims represents 65% of the complete mineral tenures package and is centered around the Town of Wells, which is located approximately 85 km east of Quesnel. In addition to the main claim block, the Company has a further six blocks of mineral tenures in the Cariboo Mining District. These areas were acquired by staking in 2016 based on regional target generation. The Company's QR Mine & Mill are located approximately 58 km southeast of Quesnel, on a separate group of mineral tenures. The mineral tenures encompass seven past producing hard rock mines, 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 3.2 million ounces of placer gold and 1.3 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. Mining of these deposits took place during the periods 1933 to 1967 and 1983 to 1987.

The company has a two staged business plan based on existing resources at the Bonanza Ledge mine and the larger exploration potential of the Cariboo District.

On December 29, 2017, the Company completed a brokered private placement financing of 10,988,000 flow-through shares at a price of \$1.00 per flow-through share for gross proceeds of \$10,988,000.

On September 28, 2017, the Company completed a brokered private placement financing of (i) 25,000,000 flow-through shares at a price of \$1.12 per flow-through share for gross proceeds of \$28,000,000, and (ii) 8,750,000 common shares of the Corporation at a price of \$0.80 per Common Share for additional gross proceeds of \$7,000,000.

On May 18, 2017, Barkerville Gold Mines Ltd. completed brokered and non-brokered private placement financings of an aggregate of 46,519,490 units of the corporation at a price of \$0.95 per unit for aggregate gross proceeds of \$44,193,516. Each unit comprises one common share of the corporation and one-half of one common share purchase warrant of the corporation. Each unit warrant will entitle the holder thereof to purchase one common share of the corporation at a price of \$1.30 per warrant share, for a period of 18 months following the closing date of the offering.

On April 4, 2017 The Company announced that it has successfully completed the permit amendment process required by the Mines Act (British Columbia), and has received the required permits to begin the development and mining of the Bonanza Ledge Deposit on Barkerville Mountain near Wells, British Columbia. Mine development has commenced, with processing of the mineralized material expected to occur approximately three months thereafter. Bonanza Ledge mineralized material will be processed at BGM's 100% owned QR mill facility located 110 kilometres from the deposit by road. The Bonanza Ledge mine is permitted to process up to 150,000 tonnes per year.

This initial production is important to the Company's growth plan in the Cariboo Gold Project. In addition to generating positive cash flow, this underground operation allows BGM to train a local workforce and gain expertise in mining and processing in the district. This experience will assist in the development of other deposits in the camp and the eventual construction of a new centrally located processing facility. In conjunction with this production, BGM's aggressive exploration program continues and will eventually lead to a property scale mineral resource estimate. The short term objective is to reinstate mining via underground methods from Bonanza Ledge and then add further production life from mineralization identified nearby on the BC Vein.

The long term objective is to develop the other targets in the Wells - Barkerville area and a new near site ore processing facility that would accommodate a more robust, long life mine with a capacity and quality which would create significant returns for all shareholders and stakeholders.

On April 19, 2017 the Company completed its agreement with Osisko Gold Royalties Ltd. whereby Osisko purchased an additional 0.75% net smelter return ("NSR") royalty on the Cariboo Gold Project for a cash consideration of \$12,500,000. Upon completion of the Royalty Purchase, Osisko's total NSR royalty is 2.25%. The grant of the additional royalty cancelled Osisko's royalty right which was granted pursuant to the investment agreement between Osisko and Barkerville dated February 5, 2016, however, Osisko will retain a right of first refusal relating to any gold stream offer received by Barkerville with respect to the Cariboo Gold Project.

The Company had entered into a Mining Claim Acquisition Agreement pursuant to which Barkerville acquired a 100% interest in the Yanks Peak Claims comprised of 10 mineral claims located in the Cariboo Mining District, British Columbia, in exchange for (a) \$50,000; and (b) 250,000 common shares of Barkerville issued to the vendors of the claims.

## **Review of Operations**

Exploration in 2017 thus far saw exploration drilling on the BC Vein, Cow Mountain and Island Mountain as well as grade classification of the PAG (Potential Acid Generating) waste pile which was a result of previous mining at Bonanza Ledge. Regionally, an extensive soil sampling and prospecting program focused on the tenement package along the main trend of known mineralization and historic occurrences over a 60 km strike length. This work was supported by an airborne magnetic and electromagnetic (VTEM) geophysical survey. The season's work identified 131 new targets for follow up in 2017 and 2018. General prospecting work was also carried out on the QR block and results are pending. Positive drill results were obtained from the majority of targets and higher degree of the understanding of the controls on the predominantly Jurassic aged mesothermal vein and replacement mineralization was achieved. This has allowed BGM's exploration staff to better define areas of potential new mineralization and how to drill more efficiently when converting that mineralization to resources.

Development on the Bonanza Ledge Project continued in the fourth quarter. As the underground development progress, knowledge was gathered on ground conditions and adjustments were made to the overall mining plan to improve safety, productivity and overall cost. The adjustments made in the last quarter have already improved development rate and related cost. The surface infrastructure to support the Mine operations were completed at 90% in December and the first production stope is planned to be extracted in the first quarter of 2018 and ramping up to full production in the 2nd Quarter of 2018.

The QR Mill remained on care and maintenance with additional upgrades and inspections performed through the end of the fourth quarter. A survey of the tailings facility at the QR Mill Site verified capacity of approximately 900,000 tonnes, which will be adequate for the short term mining. The Company will amend its existing permit to increase permitted tailings capacity as required.

The Environment and Sustainability Department oversaw the MAPA (Mines Act Permit Amendment) Application and submission for the change of mine plan for Bonanza Ledge, resulting in permit amendments to M-238 and PE-17876 in 2017, as well as the second-year baseline studies with Golder and Associates on the Cariboo Gold Project Environmental Assessment (CGP EA). This CGP EA work will support our longer-term production objective. The CGP EA baseline studies began in May 2016 and will continue through 2018 with the Project Description completion set for Q2 of 2018. Permitting activities for 2018 will include: an Underground Exploration Drive from Cow Mountain to Island Mountain; a permit amendment to Bonanza Ledge Permit M-238 for Phase II of Bonanza Ledge; and, the QR Mine Permit amendment to receive tailings from the new projects. Reclamation Closure Plans will be completed and submitted for approval for Bonanza Ledge, Mosquito Creek and QR Mine. The remediation and cleanup of historic production sites carried on through the year and improvements were made to water quality monitoring and tailings facilities. A water treatment plant will be implemented in 2018 for the Bonanza Ledge Mine. This plant will assist in improving water quality being discharged into the receiving environment. First Nations engagement with Lhtako Dene First Nation resulted in a signed Engagement Protocol Agreement, a Relationship Agreement and a 70% negotiated Impact Benefit Agreement which will be completed in 2018. Engagement has also begun with Xat'sull First Nation that has resulted in a signed Interim Relationship Agreement. This Relationship Agreement will have to be revisited and likely an additional scope of the Agreement will include considerations related to the new and proposed projects.

BGM currently employs First Nations members as well as permanent residents of Wells. Community partnerships were also built in 2017. BGM will be supporting many initiatives for First Nations and Community in 2018 and will begin engagement activities as part of the Cariboo Gold Project EA. Community engagement in Wells has resulted in increased support from community members for BGM's ongoing activities and an open dialogue to address concerns that are raised. BGM also currently has good support from our First Nations partners.

## Results of Operations

Three Months Ended December 31, 2017 compared to the Four Months ended December 31, 2016:

The Company reports a net loss of \$16,331,485 during the three month period ended December 31, 2017 as compared to a net loss of \$24,071,874 during the comparative four month period ended December 31, 2016. Overall, this represents a lower net loss of \$7,740,389, and is largely due to the fact the comparative period consisted of four months versus three months in the current period.

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

- (i) Decrease of \$1,014,776 in operating expenses from \$649,782 during the four month period ended December 31, 2016 to \$(364,994) during the three month period ended December 31, 2017. These costs represent care and maintenance costs and upkeep on the mine. As the Company is currently in development of its mine, the Company reclassified costs to mine development on the balance sheet during the current quarter thus resulting in a recovery of expenditures previously expensed.
- (ii) Increase of \$2,188,540 in exploration expenses from \$7,652,321 during the four month period ended December 31, 2016 to \$9,840,861 during the three month period ended December 31, 2017. The increase is due primarily to higher expenditures in connection with the current drill program, with the resulting expenditures of \$5,815,272 as compared to \$2,601,455 in the comparable period. Employee salaries and benefits increased in correlation with the exploration program increasing from \$1,147,445 during the four month period ended

December 31, 2016 to \$1,195,306 during the three month period ended December 31, 2017. Similarly, administration increased from \$1,255,738 during the four month period ended December 31, 2016 to \$1,346,947 during the three month period ended December 31, 2017, as these costs supporting the exploration program increased.

The increase in expenditures during the year ended December 31, 2017 was offset by a recovery of exploration expenditures from government tax credits of \$936,000 (ten month period ended December 31, 2016: \$430,158 expense).

- (iii) Decrease of \$6,220,223 in evaluation expenses from \$10,507,888 during the four month period ended December 31, 2016 to \$4,287,655 during the three month period ended December 31, 2017. The amount decreased as compared with the prior year due to the Company incurring costs to develop the property which are now being capitalized on the balance sheet in the latter part of the year.
- (iv) Decrease of \$874,139 in corporate administration from \$3,833,086 during the four month period ended December 31, 2016 to \$2,958,947 during the three month period ended December 31, 2017. This decrease is primarily due to a decrease in share based payment from \$2,637,263 incurred in the fourth quarter of 2016 compared to \$1,026,000 incurred in the fourth quarter of 2017, see note 16(b) of the audited consolidated financial statements for the year ended December 31, 2017 and ten month period ended December 31, 2016 for details on options issued during the periods.

Year Ended December 31, 2017 compared to the Ten Months ended December 31, 2016:

The Company reports a net loss of \$53,813,125 during the year ended December 31, 2017 as compared to a net loss of \$43,947,658 during the comparative ten month period ended December 31, 2016. Overall, this represents a higher net loss of \$9,865,467.

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

- (i) Decrease of \$99,823 in operating expenses from \$921,458 during the ten month period ended December 31, 2016 to \$821,895 during the year ended December 31, 2017. These costs represent care and maintenance costs and upkeep on the mine. As the Company is currently in development of its mine, the Company is capitalizing mine development costs to its balance sheet thus resulting in reduced expenditures for the year.
- (ii) Increase of \$21,313,584 in exploration expenses from \$17,784,501 during the ten month period ended December 31, 2016 to \$39,098,085 during the year ended December 31, 2017. The increase is due primarily to higher expenditures in connection with the current drill program, with the resulting expenditures of \$22,147,901 as compared to \$6,044,388 in the comparable period. Employee salaries and benefits increased in correlation with the exploration program increasing from \$2,642,137 during the ten month period ended December 31, 2016 to \$4,642,658 during the year ended December 31, 2017. Similarly, administration increased from \$2,210,930 during the ten month period ended December 31, 2016 to \$4,166,954 during the year ended December 31, 2017, and equipment and rentals expenses increased from \$367,690 during the ten month period ended December 31, 2016 to \$1,541,247 during the year ended December 31, 2017, as these costs supporting the exploration program increased. Assaying costs also increased from \$1,962,269 during the ten month period ended December 31, 2016 to \$2,857,509 during the year ended December 31, 2017 as the Company incurred higher costs for assay results as a result of the larger drill program as compared to the prior year. The Company also incurred \$2,383,000 (2016 - \$777,200) in stock based compensation expense in connection with stock options issued during the year ended December 31, 2017, see note 16(b) of the audited consolidated financial statements for the year ended December 31, 2017 and ten month period ended December 31, 2016 for details on options issued during the periods.

The increase in expenditures during the year ended December 31, 2017 was offset by a recovery of exploration expenditures from government tax credits of \$1,612,554 (ten month period ended December 31, 2016: \$430,158 expense).

(iii) Increase of \$953,308 in evaluation expenses from \$16,707,801 during the ten month period ended December 31, 2016 to \$17,661,109 during the year ended December 31, 2017. The increase is due to work on the QR Mill which was put on care and maintenance as the Company works towards restarting production. The Company incurred consulting fees related to environmental and permitting work required as the Company works towards restarting mining operations which resulted in a decrease in consulting expense to \$4,983,057 for the year ended December 31, 2017 (ten month period ended December 31, 2016: \$5,838,529), office and administration expenses of \$4,035,756 (ten month period ended December 31, 2016: \$1,576,221) in support of evaluation activities and employee salaries and benefits of \$5,063,007 (ten month period ended December 31, 2016: \$2,115,060). The Company also saw an increase in stock based compensation incurred of \$1,244,000 (ten month period ended December 31, 2016 - \$620,500) in connection with stock options issued during the year ended December 31, 2017, see note 16(b) of the audited consolidated financial statements for the year ended December 31, 2017 and ten month period ended December 31, 2016 for details on options issued during the periods. The Company also incurred royalty costs of \$477,409 (ten month period ended December 31, 2016: \$nil) in connection with the community agreement with the Lhtako Dene First Nation.

The increase in expenditures during the year ended December 31, 2017 was offset by a decrease in site reclamation and closure costs to \$nil (ten month period ended December 31, 2016: \$5,159,660).

(iv) Increase of \$1,435,443 in corporate administration from \$7,347,716 during the ten month period ended December 31, 2016 to \$8,783,159 during the year ended December 31, 2017. This increase is primarily due to increased professional fees. The prior period saw a decrease in the legal provision recorded in relation to the statement of claim against the Company as described in note 29 of the audited consolidated financial statements for the year ended December 31, 2017 and ten month period ended December 31, 2016 which resulted in legal, audit and accounting expense recovery of \$139,898 for the ten month period ended December 31, 2016, compared to an expense of \$779,305 during the year ended December 31, 2017. This was offset by a decrease in stock based compensation expense amounting to \$2,477,750 during the year ended December 31, 2017 compared to \$3,316,863 during the ten month period ended December 31, 2016. See note 16(b) of the audited consolidated financial statements for the year ended December 31, 2017 and ten month period ended December 31, 2016 for details on options issued during the periods.

(v) The Company recorded a gain on sale of NSR of \$6,836,558 during the year ended December 31, 2017 as compared to \$nil during the ten month period ended December 31, 2016. This gain is related to the sale of a 1.5% net smelter return (“NSR”) royalty on the Cariboo Gold Project for a cash consideration of \$25,000,000 to Osisko Gold Royalties Ltd., during the ten month period ended December 31, 2016 and the sale of a 0.75% net smelter return (“NSR”) royalty on the Cariboo Gold Project for a cash consideration of \$12,500,000 to Osisko Gold Royalties Ltd., during the year ended December 31, 2017, as described in note 11 of the audited consolidated financial statements for the year ended December 31, 2017 and ten month period ended December 31, 2016.

## Selected Annual Information

The following table highlights financial data on the Company for the most recently completed three financial years.

	Fiscal year ended		
	Ten month		
	31- Dec-17	31-Dec-16	29-Feb-16
Revenue	\$0	\$0	\$13,192,311
Net loss	(\$53,813,125)	(\$43,947,658)	(\$8,059,974)
Loss per share	(0.14)	(0.15)	(0.04)
Total assets	\$ 100,521,845	\$ 48,403,698	\$ 46,759,774
Total liabilities	\$ 38,632,725	\$ 23,911,294	\$ 11,419,807
Working capital (deficiency)	\$ 36,671,982	\$ 21,085,727	\$ 27,863,598

## Summary of Quarterly Results

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

	IFRS							
	Period ended							
	31-Dec-17 Q4	30-Sep-17 Q3	30-Jun-17 Q2	31-Mar-17 Q1	31-Dec-16 Q4 (four months)	31-Aug-16 Q3	31-May-16 Q2	29-Feb-16 Q4
Total Revenue	-	-	-	-	-	-	-	-
Loss before income taxes	(16,453,485)	(17,562,643)	(10,430,149)	(14,746,148)	(24,090,074)	(11,916,050)	(7,977,934)	(3,099,325)
Net income (loss)	(16,331,485)	(17,553,543)	(10,421,049)	(9,507,048)	(24,071,874)	(11,906,950)	(7,968,834)	(1,267,135)
Basic income (loss) per Share	(0.04)	(0.04)	(0.03)	(0.03)	(0.08)	(0.04)	(0.03)	(0.02)
Diluted income (loss) per Share	(0.04)	(0.04)	(0.03)	(0.03)	(0.08)	(0.04)	(0.03)	(0.02)

See Results from Operations for discussion of results.

## Liquidity and Capital Resources

On December 31, 2017, the Company had cash and cash equivalents on hand of \$39,797,324 (December 31, 2016: \$19,224,750) and had a working capital of \$36,671,982 (December 31, 2016: working capital of \$21,085,727). The Company's major commitments over the next year are repayment of trade and other payables, and amounts due to related parties, as well as meeting its flow-through expenditure commitments as described in Note 29 of the audited consolidated financial statements for the year ended December 31, 2017 and ten month period ended December 31, 2016.

The Company will rely on future equity financings as well as cash flows from potential future production to fund operations. It is not possible to predict whether any financing efforts will be successful. The Company has no assurance that additional funding will be available for further development, exploration and evaluation and operation 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 and other means, 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. The consolidated financial statements have been prepared in accordance with accounting principles applicable to a going concern and do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and consolidated statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could

be material. These conditions raise material uncertainty that may cast significant doubt as to the ability of the Company to continue operating as a going concern.

Recent financing developments are set out below:

- (i) On December 29, 2017, the Company completed a brokered private placement financing of 10,988,000 flow-through shares at a price of \$1.00 per flow-through share for gross proceeds of \$10,988,000. The Company paid a cash commission equal to \$289,400.
- (ii) On September 28, 2017, the Company completed a brokered private placement financing of (i) 25,000,000 flow-through shares at a price of \$1.12 per flow-through share for gross proceeds of \$28,000,000, and (ii) 8,750,000 common shares of the Corporation at a price of \$0.80 per Common Share for additional gross proceeds of \$7,000,000. The Company paid a cash commission equal to \$764,294.
- (iii) On May 18, 2017, the Company completed brokered and non-brokered private placement financings of an aggregate of 46,519,490 units of the corporation at a price of \$0.95 per unit for aggregate gross proceeds of \$44,193,516. Each unit comprises one common share of the corporation and one-half of one common share purchase warrant of the corporation. Each unit warrant will entitle the holder thereof to purchase one common share of the corporation at a price of \$1.30 per warrant share, for a period of 18 months following the closing date of the offering, and has a fair value of \$8,427,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.66%; volatility 74% and an expected life of 18 months. In consideration for their services, the Underwriters received a cash commission equal to 6.0% of the gross proceeds of the brokered private placement.
- (iv) On December 19, 2016 the Company closed its private placement of flow-through common shares of the Company. The Company issued an aggregate of 20,588,500 flow-through common shares of the Company, comprised of (i) 15,032,000 flow-through shares at a price of \$0.60 per share, and (ii) 5,556,500 flow-through shares at a price of \$0.58 per share, for total aggregate proceeds of \$12,241,970. The Company paid a total cash commission of \$489,728 to the agents.
- (v) On April 26, 2016, the Company completed a bought deal private placement and issued an aggregate of 22,183,500 flow-through common shares at a price of \$0.70 per flow-through share for aggregate gross proceeds of \$15,528,450.  
  
The Company paid the underwriters a cash commission equal to 6% of the gross proceeds of the Offering, not including gross proceeds raised from investors on the president's list and issued an aggregate of 404,200 broker warrants to the underwriters. Each broker warrant entitles the holder to acquire one common share of the Company at a price of \$0.70 until April 26, 2018.
- (vi) On February 5, 2016, the Company completed a private placement of 13,250,000 flow through common shares at a price of \$0.32 per flow through common share for gross proceeds of \$4,240,000 with Osisko Gold Royalties Ltd.

### **Outstanding Share Capital**

The Company has an unlimited number of common shares authorized, with 434,953,997 common shares outstanding on December 31, 2017 and 436,563,997 as of the date of this MD&A.

A total of 28,355,000 stock options, 800,000 restricted share units and 23,662,738 share purchase warrants were outstanding on December 31, 2017 and 28,355,000 stock options and 23,662,738 purchase warrants as of the date of this MD&A.

## **Current Exploration Activities**

### **2016 Island Mountain Phase I Diamond Drilling Program**

The 27,131 metre Phase I exploratory and stratigraphic drilling program on Island Mountain was the first major drilling campaign of its kind since it was last explored in 2009. The program was intended to determine the extents of the vein systems that have historically never been developed or explored as well as discovering new occurrences of the massive sulphide replacement bodies. Past exploration and mining primarily focused on the replacement hosted gold as opposed to the veining due to the higher gold tenor and as such, the extents of the vein sets have never been investigated.

The former Aurum and Island Mountain Mines produced vein and replacement ore from 1934-1967 before being shut down due to depressed gold prices and financial misfortunes. Subsequent to a protracted history of fragmented tenement ownerships and unconnected exploration programs, the former Aurum Mine was developed and brought into production from 1980-1987. The high tenor of the massive sulphide replacement mineralization led to preferential mining of that ore type despite the abundance and awareness of the quartz vein mineralization. Moreover, underground exploration drilling programs were focused on delineating the massive sulphide bodies with drillhole lengths that averaged only 30 metres from the underground development and as such were not able to outline the vein systems by exploring the host footwall rocks.

After 1987, exploration by various operators on the unconsolidated land package was dominated by grassroots programs in the form of mapping, trenching, soil sampling and limited drilling programs in select areas. Disjointed land title amongst the various previous owners inhibited exploration of the complete mine sequence and only 10,000 metres of surface and underground diamond drilling has been performed since 2009 again focusing on the replacement hosted mineralization.

### **2017 Phase II Diamond Drilling Program**

The Phase II exploration drilling program on Island Mountain and the Valley Zone included 157,000 meters of diamond drilling with nine drill rigs in 2017. Discovered by way of the 2016 Phase I program, the Shaft Zone is defined by a series of previously undrilled vertically dipping vein sets occurring immediately footwall to the former Aurum Mine development.

Mineralized quartz veins at the Shaft Zone on Island Mountain are hosted within the sandstones and are an anastomosing network of high vein density with an overall sub-vertical dip and northeast strike. Recent modelling of veins at Shaft Zone proposes 50 mineralized vein corridors with an estimated horizontal width of 3 meters and a strike length of up to 300 meters. These corridors, as well as others that are developing in the Shaft and Valley Zones have been defined from surface to a vertical depth of 600 meters and remain open for expansion to depth and down plunge. Drillhole spacing in the corridors currently averages 25 meters between drilling sections with vertical drilling separations ranging from 20 to 75 meters with hole spacing increasing at depth. Gold grades are intimately associated with vein-hosted pyrite as well as pyritic, intensely silicified wall rock haloes in close proximity to the veins.

### **2017 Phase II Island Mountain Drilling Highlights:**

- IM-17-176: 5.56 g/t over 5.10 meters
- IM-17-177: 6.62 g/t over 11.00 meters
- IM-17-179: 18.57 g/t over 2.85 meters
- IM-17-183: 35.69 g/t over 3.10 meters
- IM-17-187: 10.40 g/t over 3.20 meters
- IM-17-189: 7.99 g/t over 5.65 meters
- IM-17-192: 8.75 g/t over 1.10 meters
- IM-17-195: 10.49 g/t over 4.90 meters
- IM-17-190: 11.08 g/t over 6.70 meters
- IM-17-192: 5.50 g/t over 3.00 meters

- IM-17-193: 9.03 g/t over 2.15 meters
- IM-17-196: 16.38 g/t over 5.80 meters
- IM-17-197: 13.37 g/t over 3.50 meters
- IM-17-198: 5.20 g/t over 6.25 meters
- IM-17-199: 21.14 g/t over 1.70 meters
- IM-17-202: 29.20 g/t over 5.55 meters
- IM-17-203: 105.00 g/t over 0.55 meters
- IM-17-205: 8.21 g/t over 4.85 meters
- IM-17-206: 70.80 g/t over 0.70 meters
- IM-17-207: 16.75 g/t over 3.20 meters
- IM-17-208: 62.20 g/t over 1.20 meters
- IM-17-210: 9.43 g/t over 1.85 meters
- IM-17-211: 16.90 g/t over 2.05 meters
- IM-17-214: 5.30 g/t over 1.90 meters
- IM-17-201: 104.50 g/t over 1.00 meters
- IM-17-201: 5.38 g/t over 5.00 meters
- IM-17-204: 9.05 g/t over 2.20 meters
- IM-17-209: 75.70 g/t over 0.75 meters
- IM-17-213: 27.70 g/t over 1.30 meters
- IM-17-215: 12.17 g/t over 13.30 meters
- IM-17-216: 9.86 g/t over 2.60 meters
- IM-17-218: 51.20 g/t over 0.90 meters
- IM-17-221: 5.39 g/t over 7.30 meters
- IM-17-225: 48.80 g/t over 0.50 meters
- IM-17-226: 28.73 g/t over 4.45 meters
- IM-17-227: 13.61 g/t over 1.70 meters
- IM-17-228: 4.17 g/t over 5.30 meters
- IM-17-230: 5.22 g/t over 4.30 meters
- IM-17-231: 24.76 g/t over 5.10 meters
- IM-17-232: 24.62 g/t over 1.80 meters
- IM-17-233: 6.01 g/t over 2.00 meters
- IM-17-234: 16.40 g/t over 1.05 meters
- IM-17-235: 15.43 g/t over 3.00 meters
- IM-17-238: 79.40 g/t over 0.50 meters

A complete list of all drill results is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) as well as the Company's website at <http://www.barkervillegold.com/>.

#### **New High Grade Stockworks Intersected at Shaft Zone**

The Company was very pleased to announce on November 20th, 2017 that Phase II Island Mountain Shaft Zone drill hole IM-17-177 was successful in confirming short range continuity of the vein hosted gold mineralization as well as expanding the modelled vein corridors. IM-17-177 predictably extended mineralization along vein strike as well as down dip having intersected 14.02 g/t Au over 6.50 metres at a vertical depth of 370 metres below surface. This new intersection correlates with previously reported drill holes IM-17-142 and IM-17-173 which intersected 10.04 g/t Au over 8.20 metres and 7.70 g/t Au over 8.35 metres respectively. Further up-hole, at a vertical depth of 275 metres below surface, IM-17-177 also intersected 6.62 g/t Au over 11.00 metres and correlates with Phase II drill hole IM-17-173 which averaged 10.82 g/t Au over 8.60 metres, 25 metres along corridor strike. This vein corridor remains open for expansion to depth. Drill hole IM-17-177 significantly expanded the known mineralization having pierced 46.50 g/t Au over 6.00 metres.

This new pierce point is located 130 metres southwest along vein strike from previously disclosed Phase II drillhole IM-17-124 (18.84 g/t Au over 30.85 metres), at a vertical depth of 460 metres below surface.

### **New Veining Intersected at Valley Zone**

Located in the low-lying area between Island and Cow Mountains, drillhole CM-17-011 intersected new veining grading 10.85 g/t Au over 10.75 metres only 70 metres vertically below surface. On the same drill section, drillhole CM-17-013 intersected veining grading 7.96 g/t Au over 5.80 metres and a second wider vein stockwork grading 6.41 g/t Au over 16.75 metres. The latter intersections are situated 50 and 75 metres below CM-17-011 respectively. Further downhole at a vertical depth of 250 metres below surface, CM-17-013 intersected another veining stockwork averaging 6.57 g/t Au over 14.60 metres.

Drillhole CM-17-014 also intersected numerous vein swarms, most notably 11.98 g/t Au over 4.35 metres, 350 metres below surface in the deepest portion of the Shaft Zone. Apart from previously reported drillhole CM-17-012 which intersected 6.62 g/t Au over 5.85 metres, no other drilling later than 1960 occurs in this area and as such is open for expansion in all directions. The deepest intersection to date on the Cariboo Gold Project (CM-17-014), is now 160 metres below the deepest levels of the former Aurum Mine at a vertical depth of 540 metres below surface grading 16.70 g/t Au over 0.95 metres.

### **2017 Phase II Valley Zone Drilling Highlights:**

- CM-17-002: 7.10 g/t Au over 10.70 metres
- CM-17-011: 10.85 g/t Au over 10.75 metres
- CM-17-012: 10.35 g/t Au over 7.85 metres
- CM-17-013: 6.41 g/t Au over 16.75 metres
- CM-17-013: 6.57 g/t Au over 14.60 metres
- CM-17-014: 11.98 g/t Au over 4.35 metres
- CM-17-015: 25.21 g/t Au over 2.00 metres
- CM-17-018: 12.58 g/t Au over 5.50 metres
- CM-17-018: 59.20 g/t Au over 1.00 metres
- CM-17-021: 10.77 g/t Au over 5.90 metres
- CM-17-023: 5.22 g/t Au over 19.55 metres
- CM-17-023: 12.43 g/t Au over 7.20 metres
- CM-17-023: 10.94 g/t Au over 7.85 metres
- CM-17-024: 7.20 g/t Au over 9.05 metres
- CM-17-025: 17.55 g/t Au over 6.20 metres
- CM-17-044: 5.44 g/t Au over 13.95 metres
- CM-17-046: 145.00 g/t Au over 0.50 metres
- CM-17-046: 2.86 g/t Au over 18.95 metres
- CM-17-048: 12.27 g/t Au over 4.55 metres
- CM-17-057: 17.30 g/t Au over 7.50 metres

### **Updated Mineral Resource Statement**

On April 6th, 2017, Barkerville Gold Mines Ltd. announced an updated mineral resource estimate for Barkerville Mountain at the Company's flagship Cariboo Gold Project (the "CGP" or "Cariboo Gold Project"). The undiluted and in-situ mineral resource estimate incorporates the Bonanza Ledge ("BL") and BC Vein ("BCV") deposits reported at underground cutoff grades (3.50 grams per tonne ("g/t") of gold ("Au")). The updated mineral resource estimate was conducted by InnovExplo Inc., an independent consulting firm based out of Val-d'Or, Québec, and includes drilling campaigns from 2015 and 2016. The updated mineral resource estimate is supported by a new understanding of geological controls on gold mineralization at the Cariboo Gold Project developed by the Company's technical team. In accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"), an updated technical report for the Cariboo Gold Project will be filed on SEDAR and the Company's website.

Table 1: 2017 Barkerville Mountain Mineral Resource Estimate reported at a 3.50 g/t Au cut-off grade (BC Vein and Bonanza Ledge).

CATEGOR Y	TONNES (T)	AU (G/T)	CONTAINED AU (OZ)
MEASURED	248,200	8.07	64,400
INDICATED	436,700	6.72	94,400
TOTAL M+I	684,900	7.21	158,800
INFERRED	108,100	5.34	18,600

Table 2: BC Vein Mineral Resource Estimate reported at a 3.50 g/t Au cut-off grade.

CATEGOR Y	TONNES (T)	AU (G/T)	CONTAINED AU (OZ)
INDICATED	381,500	6.93	85,000
INFERRED	108,100	5.34	18,600

Table 3: Bonanza Ledge Mineral Resource Estimate reported at a 3.50 g/t Au cut-off grade.

CATEGOR Y	TONNES (T)	AU (G/T)	CONTAINED AU (OZ)
MEASURED	248,200	8.07	64,400
INDICATED	55,200	5.30	9,400
TOTAL M+I	303,400	7.57	73,800
INFERRED	-	-	-

The mineral resources disclosed were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (“CIM”) standards on mineral resources and reserves, definitions, and guidelines prepared by the CIM standing committee on reserve definitions and adopted by the CIM council.

Technical considerations for the estimation:

- Each of Karine Brousseau, P.Eng and Carl Pelletier, P.Geo, B.Sc. of InnovExplo Inc. is an independent “qualified person” (as defined in NI 43-101) responsible for the 2017 mineral resource estimate. The effective date of the 2017 mineral resource estimate is March 21, 2017.
- Mineral resources are not mineral reserves and do not have demonstrated economic viability.
- Results are presented in-situ and undiluted.
- The estimate includes two gold zones.
- Sensitivity was assessed using cut-off grades of 1.50, 2.00, 2.50, 3.00, 3.50, 4.00, 4.50, 5.00 and 6.00 g/t Au. The final underground resource is reported at a cut-off grade of 3.50 g/t Au. Cut-off grades must be re-evaluated considering prevailing market conditions (including gold prices, exchange rates and mining costs).
- Density (g/cm<sup>3</sup>) data was established on a per zone basis and ranges from 2.72 to 3.20 g/cm<sup>3</sup>.
- A minimum true thickness of 2.0 metres was applied, using the grade of the adjacent material when assayed, or a value of zero when not assayed.
- Compositing was done on drill hole sections falling within the mineralized zones (composite = 2.0 metres for BC Vein and Bonanza Ledge with distributed tails).
- High-grade capping (g/t Au) was done on composited data and varies from 32 to 70 g/t Au based on the statistical analysis of individual mineralized zones. Restricted search ellipsoids were used during the BC Vein interpolation using ½ variographic ranges and a threshold of 21 g/t Au.
- Resources were estimated using GEOVIA GEMS 6.7 software from drill hole sampling, using a 2-pass Ordinary Kriging interpolation method in a block model (block size = 2 metres x 2 metres x 5 metres).
- The “inferred mineral resource” category is only defined within areas where blocks were interpolated during Pass 1 or Pass 2, where continuity is sufficient to avoid isolated blocks being interpolated by only one drill hole. The “indicated mineral resource” category is only defined by blocks interpolated by a minimum of two drill holes in areas where the maximum distance to drill hole composites is less than 20 metres for blocks

interpolated in Pass 1. The “measured mineral resource” category is only defined by blocks interpolated by a minimum of three drill holes in areas where the maximum distance to the closest drill hole composite is less than 10 metres for blocks interpolated in Pass 1 and in close proximity with the sampled open pit (< 40 metres).

- Ounce (troy) = metric tons x grade / 31.10348. Calculations used metric units (metres, tonnes, g/t).
- The number of metric tons was rounded to the nearest hundred. Any discrepancies in the totals are due to rounding effects; rounding followed the recommendations as per NI 43-101.
- Neither the Company nor InnovExplo Inc. is aware of any known environmental, permitting, legal, title-related, taxation, socio-political, marketing or other relevant issue that could materially affect the mineral resource estimate.

Table 4: Input parameters used for determination of underground cut-off grade. Gold price and exchange rates are based upon three year trailing averages.

PARAMETER	UNIT	VALUE
EXCHANGE RATE	USD/CAD	1.31
GOLD PRICE	\$US/OZ	\$ 1,222.00
GOLD PRICE	\$CAD/OZ	\$ 1,602.00
PROCESSING COSTS	\$C/T	\$ 25.00
PROCESS RECOVERY	%	95%
DILUTION	%	0%
GLOBAL MINING COST	\$C/T	\$ 130.00
TOTAL COST	\$C/T	\$ 155.00

### 2017 Mineral Resource Estimation Methodology

The 2017 mineral resource for Barkerville Mountain was created in GEMS software using 3D block modelling and the ordinary kriging interpolation (OK) method. The resource area measures 1,525 metres along strike, 250 metres wide and 500 metres deep. The resource estimate is based on a compilation of historical and recent diamond drill holes and wireframed mineralized zones constructed by InnovExplo Inc.

The diamond drill hole database contains 659 surface diamond drill holes and 109 underground drill holes. A selection of 680 holes was considered for the resource estimate. From these, a subset of 496 holes (436 from surface and 60 from underground) cut across the mineralized zones. The database also contains 7,688 production blast holes, which were used as guidelines for interpretation purposes only.

Data verification included a site visit to the Barkerville Mountain field site as well as to the logging facilities. It also included a review and re-sampling of selected core intervals, drill hole collar locations, assays, the newly implemented QA/QC program, downhole surveys, information on mined-out areas, and the descriptions of lithologies, alteration and structures.

To conduct accurate resource modelling of the deposit, InnovExplo Inc. based its mineralized-zone wireframe model on the drill hole database and its knowledge of the Bonanza Ledge deposit and similar deposits. In doing so, InnovExplo Inc. created two mineralized solids that honor the drill hole database. Construction lines were created on cross sections varying in spacing from 5 metres to 25 metres, which were snapped to drill hole intercepts to produce valid solids.

The Bonanza Ledge wireframe was inspired by a sulfide shell of previous work using a threshold of 3% pyrite content and clipped on the footwall fault located to the south-west, which was modeled from drill log descriptions. The BC Vein wireframe was largely inspired by Barkerville’s geologist interpretation.

To minimize any bias introduced by the variable sample lengths, the raw gold assays of the drillholes were composited within each mineralized zone. The thickness of the mineralized domains, the proposed block size, and the original sample length were taken into consideration for the selected composite length. For the BC Vein and the Bonanza Ledge zones composites of 2.0 metres with distributed tails were selected. All intervals within solids that are not assayed were given a value of zero during compositing.

Given the density of the processed data, the search ellipse criteria, the drill hole density and the specific interpolation parameters, InnovExplo Inc. believes the current mineral resource estimate can be classified using the “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” categories. The estimate is compliant with CIM standards and guidelines for reporting mineral resources and mineral reserves.

#### **Prior Technical Reports on Non-Material Properties Property Outdated**

The Company’s flagship Cariboo Gold Project described above is the primary focus of the Company at this stage and is the only material mining property of the Company. The Company notes that while a prior technical report in respect of the Cariboo Gold Project, entitled “Barkerville Gold Mines Ltd., Cow Mountain NI 43-101 Technical Report, Project No. V1458” dated May 15, 2015 (effective date of March 31, 2015) was prepared by Snowden Mining Industry Consultants and filed, however, the Company cautions that the information in that report should not be relied upon by investors. The Company anticipates ongoing drilling work and geological modeling will result in a new and different understanding of both the Cow Mountain and Island Mountain areas and is expected to attenuate the prior understanding of the potential of the Cow Mountain resource. An updated resource estimate and technical report will be disclosed in due course.

#### **Qualified Persons**

Each of Karine Brousseau, P.Eng and Carl Pelletier, P.Geo, B.Sc. of InnovExplo Inc. is an independent “qualified person” (as defined in NI 43-101) responsible for this mineral resource estimate.

#### **Engagement of ALS (Canada)**

ALS Geochemistry (Canada) has been engaged to perform all analytical work for all drilling/sampling campaigns. Drill core samples are submitted to ALS Geochemistry’s analytical facility in North Vancouver, British Columbia for preparation and analysis. The ALS 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. The entire sample is crushed and 250 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 1,000g screen metallic fire assay. Samples are also analyzed using a 48 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 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. Additionally, the Company is compiling historical data as part of its ongoing regional assessment.

## **2017 Regional Surface Mapping and Sampling**

The Company continued property wide surface 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 is being performed in parallel with the regional compilations.

The regional reconnaissance program initiated in May 2016 has delineated a previously unknown 25 kilometer long corridor of multi-station and multi-line auriferous soil anomalies beginning at Cow Mountain and trending southwest along strike to the past producing Cariboo-Hudson Mine. Defined by both the geophysical and geochemical data, the width of the mineralized corridors ranges between 150 and 500 metres, which is consistent with the mineralized envelopes on Island, Cow and Barkerville Mountains. To date, 160 regional targets have been generated over 67 kilometers of the Cariboo Break. The regional grassroots exploration program was intended to assess the larger scale potential of the Cariboo Belt through a combination of systematic grid-based B-horizon soil sampling, geological mapping and prospecting augmented by the regional airborne geophysical data.

The 'Cariboo Break', a major deep-seated shear which appears to have focused gold mineralization along its length is manifested as a well constrained magnetic depression coincident with the auriferous soil anomalies generated from the 2016 and 2017 regional exploration program and also the mine trend on Island, Cow and Barkerville Mountains. The Cariboo Break is interpreted to be 67 km along strike. Historic regional geological mapping and data compilations crudely indicated the existence of the Cariboo Break, but poor outcrop exposure throughout the area precluded an irrefutable, empirical interpretation of its occurrence until now.

The Regional program has defined 11 new drill ready targets for 2018

## **Bonanza Ledge Deposit and QR Mill**

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. At that time, the Company was focused on bringing the Bonanza Ledge open pit mine into production as soon as reasonably possible, as all necessary approvals and permits had been obtained.

### 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.

### 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 trial grouting of the first hole on the North Dam was completed.

## 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	Year ended December 31, 2017	Ten month period ended December 31, 2016
		\$	\$
Tom Obradovich, former CEO	Salary & benefits <sup>1</sup>	Nil	166,177
	Severance	Nil	780,000
	Consulting fees & benefits	155,506	68,750
	Share based payments	Nil	187,500
Chris Lodder, CEO	Salary & benefits <sup>10</sup>	605,436	252,813
	Share based payments	Nil	570,825
	Restricted Share Units	450,000	Nil
Reid Obradovich	Salary & benefits <sup>7</sup>	Nil	19,649
Andres Tinajero, CFO	Consulting fees & benefits	Nil	219,044
	Salaries & benefits <sup>2</sup>	365,212	Nil
	Share based payments	185,000	153,300
	Restricted Share Units <sup>13</sup>	150,000	Nil
Lisa McCormack, former Corporate Secretary	Salary-Severance & benefits <sup>3</sup>	124,185	81,906
	Share based payments	111,000	95,700
Claire Lehan, Corporate Secretary	Share based payments	45,000	Nil
Paul Geddes, former VP Exploration	Salary & benefits	365,436	285,254
	Share based payments	185,000	153,300
Chris Pharness, VP Environment	Salary & benefits <sup>11</sup>	367,653	179,621
	Share based payments	185,000	387,050
Aaron Pharness	Salary & benefits <sup>9</sup>	Nil	20,245
Cale Pharness	Salary & benefits <sup>9</sup>	42,618	9,001
Dave Rouleau, VP Operations	Salary & benefits <sup>12</sup>	183,438	Nil
	Share based payments	579,000	Nil
Wildeboer Dellelce	Legal fees <sup>5</sup>	13,370	Nil
Bennett Jones LLP	Legal fees <sup>6</sup>	283,338	Nil
Talisker Exploration Services	Exploration <sup>8</sup>	94,050	231,690
Osisko Gold Royalties Ltd.	Operation & Administrative <sup>14</sup>	547,399	222,338
	Gold royalties	32,904	Nil

Falco Resources	Operation & administrative	1,617	Nil
Orion Capital	Rent	16,766	Nil
Spirit of York Distillery	Administrative	12,500	Nil

The Company accrued directors' fees of \$1,500 for its Non-Executive directors for each meeting and committee meeting that a director attends in person or by teleconference.

Name of Director	Description	Year ended	Ten month period
		December 31, 2017	ended December 31, 2016
		\$	\$
Greg Gibson (former director)	Directors' fees	22,250 <sup>4</sup>	74,167
	Share based payments	Nil	374,800
Tom Obradovich	Directors' fees	45,000 <sup>4</sup>	Nil
	Share based payments	45,000	Nil
Anthony Makuch	Directors' fees	43,500 <sup>4</sup>	35,000
	Share based payments	45,000	196,000
John Kutkevicius	Directors' fees	49,500 <sup>4</sup>	35,000
	Share based payments	34,000	196,000
Ian Gordon (former director)	Directors' fees	15,955 <sup>4</sup>	30,000
	Share based payments	Nil	187,500
Allan Folk (former director)	Directors' fees	15,955 <sup>4</sup>	30,000
	Share based payments	Nil	187,500
Morris Prychidny	Directors' fees	75,500 <sup>4</sup>	43,333
	Share based payments	45,000	196,000
Chris Lodder	Directors' fees	Nil	Nil
	Share based payments	Nil	196,000
Sean Roosen	Directors' fees	69,000 <sup>4</sup>	41,250
	Share based payments	45,000	608,550
	Restricted Share Units	87,000 <sup>13</sup>	Nil
Andree St-Germain	Directors' fees	21,682 <sup>4</sup>	Nil
	Share based payments	349,000	Nil
John Sabine	Directors' fees	24,682 <sup>4</sup>	Nil
	Share based payments	349,000	Nil
John Burzynski	Directors' fees	20,182 <sup>4</sup>	Nil
	Share based payments	349,000	Nil

**Notes:**

- 1) On January 15, 2015, the Company entered into an employment agreement with the former CEO. The agreement was to pay the CEO \$300,000 per annum. Currently Mr. Obradovich has an ongoing consulting agreement with the Company for \$12,500 a month.
- 2) On May 1, 2015, Andres Tinajero was appointed as CFO of the Company. The agreement is to pay the CFO \$300,000 per annum, an annual bonus at the discretion of the Board. The bonus shall have a short and long target payout of 150% of Base salary based on achievement. The agreement includes termination clause to pay the CFO 24 months of base fees. In the event of a change of control, the CFO is entitled to a lump sum payment equal to 24 months of his annual fee plus average bonus. On December 29, 2017, the CFO was granted 200,000 RSU.
- 3) The Company paid the former Corporate Secretary a salary of \$70,000 per year.
- 4) Includes fee for Board meetings and Committees attended.
- 5) These fees were paid to a law firm in which Mr. Kutkevicius is a partner.
- 6) These fees were paid to a law firm in which Mr. Sabine is Legal Counsel.
- 7) Reid Obradovich are immediate family of Mr. Tom Obradovich, Director of the Company.
- 8) Talisker Exploration Services is a company controlled by Mr. Chris Lodder. Mr. Lodder (CEO & Director of the Company) owns 33.33% interest and is the President of the company. The Company is specialized in ore controls, geological modelling and greenfields exploration.
- 9) Aaron Pharness and Cale Pharness are immediate family of Mr. Chris Pharness, the VP of Environment.
- 10) On July 1, 2016 Chris Lodder was appointed as CEO of the Company. The agreement is to pay the CEO \$425,000 per annum, an annual bonus at the discretion of the Board. The bonus shall have a short and long target payout of 200% of Base salary based on achievement. The CEO is entitled in the event of termination of employment without cause, of an amount equal to two (2) times his base salary plus average bonus paid for the previous 2 - year period. In the event where less than 2 - year bonus was paid, the average paid for the previous period will be used to calculate the 2 - year average; payment, in the event of a change of control of the Company, of an amount equal to two (2) times his base salary plus bonus at target for the previous 2 - year period; participation in the executive medical benefits plan offered by the Company. On December 29, 2017 the CEO was granted 600,000 RSU.
- 11) On October 17, 2016, The Company amended Chris Pharness' employment agreement. The agreement is to pay the VP of Environment \$240,000 per annum, an annual bonus at the discretion of the Board. The bonus shall have a short and long term target payout of 100% of Base fee based on achievement. The agreement includes termination clause to pay the VP of Exploration 24 months of base fees. In the event of a change of control, the VP of Exploration is entitled to a lump sum payment equal to 24 months of his annual fee.
- 12) On April 3, 2017, The Company entered into an employment agreement with Dave Rouleau. The agreement is to pay the VP of Operations \$240,000 per annum, an annual bonus at the discretion of the Board. The bonus shall have a short and long term target payout of 100% of Base fee based on achievement. The agreement includes termination clause to pay the VP of Operations 24 months of base fees. In the event of a change of control, the Vp of Operations entitled to a lump sum payment equal to 24 months of his annual fee.
- 13) On December 29, 2017 and June 28, 2017, the Company granted an aggregate of 900,000 restricted share units to certain directors and officers.
- 14) These fees were paid to a firm in which Mr. Roosen is the CEO & Director.
- 15) These fees were paid to an entity in which Mr. Roosen and Mr. Luc Lessard are officers of the Company.
- 16) These fees were paid to an entity in which Mr. Prychidny is a partner.
- 17) These fees were paid to an entity in which Mr. Prychidny and Mr Roosen are partners.

**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 January 1, 2017 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 year ended December 31, 2017:

**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, 2018. 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 recognizing 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 consolidated financial statements for the annual period beginning on January 1, 2018. The Company will implement this standard on future contracts for gold and silver sales noting that at present there is no revenue recorded in the financial statements.

#### 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, 2018. The Company has evaluated the impact of the new standard on the accounting for the available-for-sale investment, and has concluded that the impact will not be material.

#### IFRS 16 Leases

IFRS 16 - In 2016, the IASB issued IFRS 16, Leases ("IFRS 16"), replacing IAS 17, Leases and related interpretations. The standard introduces a single on-balance sheet recognition and measurement model for lessees, eliminating the distinction between operating and finance leases. Lessors continue to classify leases as finance and operating leases. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019, and is to be applied retrospectively. Early adoption is permitted if IFRS 15, Revenue from Contracts with Customers ("IFRS 15") has been adopted. The Company has not yet determined the impact of the amendments on the Company's financial statements.

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.

## 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	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
Cash and cash equivalents	\$ 39,797,324	\$ 19,224,750	\$ -	\$ -	\$ -	\$ -
Amounts receivable	-	-	3,159,946	471,600	-	-
Available for sale investments	-	-	-	-	11,811,409	10,965,097
Reclamation deposits	-	-	7,977,600	3,395,800	-	-
<b>Total Financial Assets</b>	<b>\$ 39,797,324</b>	<b>\$ 19,224,750</b>	<b>\$ 11,137,546</b>	<b>\$ 3,867,400</b>	<b>\$ 11,811,409</b>	<b>\$ 10,965,097</b>

  

	December 31, 2017	December 31, 2016
<b>Financial liabilities at amortized cost:</b>		
Trade and other payables	\$ 14,386,967	\$ 5,221,681
Due to related parties	536,406	101,374
Lease payable	851,993	74,375
<b>Total Financial Liabilities</b>	<b>\$ 15,775,366</b>	<b>\$ 5,397,430</b>

### 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 much 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) 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.

b) 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.

c) 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 \$39,797,324 (December 31, 2016: \$19,224,750), reclamation deposits of \$7,977,600 (December 31, 2016: \$3,395,800), amounts receivable of \$3,159,946 (December 31, 2016: \$471,600), and available for sale investments of \$11,811,409 (December 31, 2016: \$10,965,097).

Liquidity Risk

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable. As at December 31, 2017, the Company had a working capital of \$36,671,982 (December 31, 2016: \$21,085,727 working capital).

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities as at December 31, 2017 and December 31, 2016:

	Book Value at December 31, 2017	Within 1 Year	2 to 5 years	Over 5 years	Total
Trade and other payables	\$ 14,386,967	\$ 14,386,967	\$ -	\$ -	\$ 14,386,967
Due to related parties	536,406	536,406	-	-	536,406
Lease payable	880,525	524,303	356,222	-	880,525
Total	\$ 15,803,898	\$ 15,447,676	\$ 356,222	\$ -	\$ 15,803,898

  

	Book Value at December 31, 2016	Within 1 Year	2 to 5 years	Over 5 years	Total
Trade and other payables	\$ 5,221,681	\$ 5,221,681	\$ -	\$ -	\$ 5,221,681
Due to related parties	101,374	101,374	-	-	101,374
Lease payable	74,375	34,000	40,375	-	74,375
Total	\$ 5,397,430	\$ 5,357,055	\$ 40,375	\$ -	\$ 5,397,430

## 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.

### Legal risk

The Company has been made aware of a complaint filed in the Circuit Court of the 11<sup>th</sup> Judicial Circuit in Miami-Dade County, Florida, between Jack Kachkar, as plaintiff, and the Company, and approximately seventy (70) other persons, as defendants, being Case No. 15-27567-CA-27. The Claim relates to a convertible debenture financing that occurred in 2006. The claim does not specify the quantum of damages allegedly suffered by the plaintiff and has not been formally served on the Company. If and when the Company is formally served with the complaint, the Company will vigorously defend itself against the claim.

On April 8 and March 30, 2016, the Company announced that it has been served with a proposed class action lawsuit that has been commenced in the Ontario Superior Court of Justice relating to an August 12, 2012, technical report prepared by Peter T. George, P. Geo, concerning a mineral resource estimate for the Cariboo Gold Project. The Notice of Action also names the Company's former President and CEO, James Francis Callaghan, former CFO, Minaz Dhanani, the author of the Technical Report Peter T. George and his consulting company, Geox Limited.

On November 2, 2017, a court order was granted certifying the action for settlement purposes and approving notice to class members. The court hearing was held on February 14, 2018, the Company will complete the settlement process by the end of Q1 2018.

While the outcomes of this matter is uncertain, based upon the information currently available, the Company does not believe that these matters in aggregate will have a material adverse effect on its consolidated financial position, cash flows or results of operations. In the event that management's estimate of the future resolution of these matters changes, the Company will recognize the effects of these changes in its consolidated financial statements in the appropriate period relative to when such changes occur.

The Company has retained counsel and intends to vigorously defend its interest and protect its rights. The costs of defense are covered under the Company's Directors and Officers Insurance.

### 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 directors of the Company also serve as a director and/or officers of a major shareholder of the Company or 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 and Contingencies

Due to the size, complexity and nature of the Company's operations, various legal, tax, environmental and regulatory matters are outstanding from time to time. By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

#### Flow-through shares

As at December 31, 2017, the Company is committed to spending approximately \$18,466,000 by December 31, 2018 in connection with its flow-through offerings (December 31, 2016 - \$18,163,000).

#### Financial and Disclosure Controls and Procedures

During the year ended December 31, 2017 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](http://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](http://www.sedar.com).

“Chris Lodder”

**President & Chief Executive Officer**