MANAGEMENT'S DISCUSSION AND ANALYSIS

OF THE COMPANY'S FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

FOR THE THREE AND SIX MONTH PERIOD ENDED JUNE 30, 2018

THIS MD&A IS DATED AUGUST 29, 2018

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 June 30, 2018 and 2017 and related notes thereto, and the Company's audited 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 August XX, 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.

Information relating to the Cariboo Gold Project is supported by the technical report titled "NI 43-101 Technical Report and Mineral Resource Estimate Update for the Cariboo Gold Project, B.C., Canada" dated of June 14, 2018 with an effective date of May 2, 2018 prepared by Christine Beausoleil, P. Geo. (OCQ No. 656, EGBC No. 36156) and Carl Pelletier, P. Geo. (OGQ no. 384, APGO no. 1713) from InnovExplo Inc. (the "Cariboo Technical Report"). Reference should be made to the full text of the Cariboo Technical Report, which has been filed with Canadian securities regulatory authorities pursuant to National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") and is available for review on SEDAR under the issuer profile of Barkerville at www.sedar.com.

As per NI 43-101, Maggie Layman, P.Geo. Vice President Exploration, is a Qualified Person for the Company and has prepared, validated and approved the technical and scientific content in this MD&A. The Company strictly adheres to CIM Best Practices Guidelines in conducting, documenting, and reporting its exploration activities on the Cariboo Gold Project.

Forward Looking Statements

This 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 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.

UPDATES DURING THE SIX-MONTH PERIOD AND SUBSEQUENT TO THE SIX MONTH PERIOD

Financings

During the period ended June 30, 2018 and up to the date of this MD&A, Barkerville did not complete any financings. The Company has cash and investments of approximately $11,111,629 as at June 30, 2018.

Corporate Development and Acquisitions

On April 24, 2018, the Company announced it had entered into an agreement, pursuant to which Barkerville acquired a 100% interest in twelve mineral claims covering an area of 5300 hectares in the

Cariboo Gold District in British Columbia. As consideration for the acquisition, Barkerville paid the vendors a cash purchase price of $300,000 in immediately available capital and issued an aggregate of 3,000,000 common shares ("Common Shares") to the vendors.

REVIEW OF OPERATIONS

Exploration in 2018 thus far saw exploration drilling at Island Mountain, Mosquito Creek, Cow Mountain and Grouse Creek. Regionally, the Company has undertaken an extensive soil sampling and prospecting program focused on the Burns and Lightning Creek areas. The Company has also worked to extend the present underground resource areas, which increased prospectivity substantially. General prospecting work was also carried out on the Cayenne Block close to Hixon BC where several new gold anomalies were defined. Results from drilling through to end June 2018 will be included in the next resource update scheduled for Q1 2019.

Mine planning and permit amendments for the Bonanza Ledge Extension ("BC Vein") continued in Q2 with a decision expected in Q3 2018.

The QR Mill started its ramp up with ore coming from the underground development. Ore from the stopes came very late in Q1 and were processed in Q2.

Processing capacity is expected to average 650 tonnes per day at an average grade of about 6.5 g/t. Ore transport is now averaging above 900 tonne per day and therefore has created a stock pile at the QR Mill to a comfortable level of over 5,000 tonne.

The current business objectives of the Company are: (i) the release of a new resource statement first quarter 2019; (ii) the completion of feasibility studies, impact benefit agreements and environmental impact assessments for the Cariboo Gold Project prior to June 2019; and (iii) the commencement of mining on the BC Vein prior to May 2019, allowing for up to 24 months further production beyond the exhaustion of Bonanza Ledge in April 2019.

Metallurgical testing for ores sorting, gravity and floatation is ongoing with encouraging initial results. Tests and accompanying reports and recommendations are due in August 2018. Coordination with Osisko Technical Services for the initiation of the feasibility level work and eventual permitting for a larger mine was carried out.

Exploration drilling on Cow Mountain began again in June 2018 with six rigs, with the objective of converting inferred to indicated resources and extend resource base at depth on Cow Mountain. Thus far, drilling has hit almost all modelled targets and continues to find new targets at depth. Vein density is lower than at shaft zone but more visible gold is observed in the AP veins. Initial results are expected in August 2018.

The plan for Bonanza Ledge for baseline studies with Golder and Associates on the Cariboo Gold Project Environmental Assessment (CGP EA) continues with completion set for Q3 of 2018. Permitting activities for 2018 will include: 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 have been completed and submitted for approval for Bonanza Ledge and QR Mine. The Mosquito Creek

Mine Reclamation and Closure Plan is tentatively set for completion in 2019. The remediation and cleanup of historic production sites is ongoing, and improvements were made to water quality monitoring and tailings facilities prior to and during freshet.

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 Q1 2019. Engagement has also begun with Xat'sull First Nation that has resulted in a signed Interim Relationship Agreement. This Relationship Agreement is expected to be renegotiated in Q3 2018 and will likely result in a long term agreement (>5years) and will include considerations related to the Cariboo Gold Project, QR Mine tailings storage and ongoing exploration activities.

Barkerville currently employs First Nations members as well as permanent residents of Wells. Community partnerships are maintained including: the donation of money, equipment and manpower to Barkerville Historic Town towards an underground mining exhibit; the donation of the Cariboo Gold Quartz Headframe to the District of Wells as an observation/interpretation tower - located with a view of the proposed Cariboo Gold Mine. Barkerville also provided $50,000 seed money to start the Wells Community Foundation which received matching funds to bring the total endowment to $100,000. Barkerville will be supporting many initiatives for First Nations and Community in 2018 and has begun engagement activities with 6 First Nations as part of the Cariboo Gold Project EA. Community engagement in Wells has resulted in increased support from community members for Barkerville's ongoing activities and an open dialogue to address concerns that are raised. Barkerville currently has good support from our First Nations partners.

RESULTS OF OPERATIONS

Three months Ended June 30, 2018 compared to the Three Months ended June 30, 2017:

The Company reports a net loss of $18,672,196 during the three-month period ended June 30, 2018 as compared to a net loss of $10,421,049 during the comparative three-month period ended June 30, 2017. Overall, this represents a higher net loss of $8,251,147.

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

(i) An increase of $132,935 in mine operating expenses, from $354,785 during the three-month period ended June 30, 2017 to $487,720 during the three month period ended June 30, 2018. These costs represent care and maintenance costs and upkeep on the mine. The higher costs in 2018 are primarily due to an increase in utilities costs between the two periods.

Operating Expenses for the Company for the three month periods ended June 30, 2018 and 2017 consist of the following components by nature:

	Three months ended			
		June 30, 2018		June 30, 2017
Repairs and maintenance	$	2,317	$	141,763
Utilities		485,403		213,022
Total Operating Expenses	$	487,720	$	354,785

(ii) A decrease of $5,437,352 in exploration expenses, from $10,202,647 during the three-month period ended June 30, 2017 to $4,765,295 during the three-month period ended June 30, 2018. The decrease is due primarily to lower expenditures on the drill program. In 2017, the Company undertook a large drill program resulting in expenditures of $4,902,510 as compared to $1,630,664 in the current 2018 period, as in 2018 the Company focused on allocating more resources towards mine development. Stock based compensation also accounts for a large portion of the drop with an expense of $1,591,000 during the three month period ended June 30, 2017 compared to $465,500 during the current three month period ended June 30, 2018. The decrease is due to the stock options and restricted share units ("RSUs") issued during the respective period and the related Black Scholes valuations (see note 13 of the unaudited interim condensed consolidated financial statement for the three and six month periods ended June 30, 2018 and 2017 for details).

Exploration expenses for the Company for the three month periods ended June 30, 2018 and 2017 consist of the following components by nature:

	Three months ended			
		June 30, 2018		**June 30, 2017**
Administration fees	$	393,889	$	554,928
Assaying		334,822		833,078
Depreciation		797		-
Assessment and tax		32,306		103,712
Consulting fees		211,629		409,935
Environmental and permitting		31,772		80,817
Equipment and rentals		450,652		506,327
Drilling		1,630,664		4,902,510
Travel		134,552		109,508
Employee salaries and benefits		1,050,310		1,056,310
Repairs and maintenance		28,402		54,522
Stock based compensation		465,500		1,591,000
Recovery of exploration expenditures		-		-
Total exploration expenses	$	4,765,295	$	10,202,647

(iii) There was an increase of $6,837,258 in evaluation expenses, increasing from $3,861,154 during the three-month period ended June 30, 2017 to $10,698,412 during the three-month period ended June 30, 2018. The higher exploration expenses in 2018 were primarily due to an increase in consulting fees, amounting to $5,394,887 during the current period as compared to $927,362 during the comparable period in 2017. Consulting fees increased due to underground production costs associated with the QR mine, ore hauling, and environmental work conducted on the property. Office and administration expenditures also increased primarily as a result of consulting and overall evaluation expenditures incurred, due to increases in equipment rentals, supplies, camp costs and accommodations and related expenditures, amounting to $2,469,119 for the three month period ended June 30, 2018 as compared to $352,065 for the same period in 2017.

Evaluation expenses for the Company for the three-month periods ended June 30, 2018 and 2017 consist of the following components by nature:

	Three months ended			
		June 30, 2018		June 30, 2017
Consulting fees	$	5,394,887	$	927,362
Depreciation		193,683		481,980
Employee salaries and benefits		1,611,130		1,081,086
Office and administration		2,469,119		352,065
Travel		48,828		40,789
Stock based compensation		582,500		703,000
Assaying		271,284		207,088
Penalties and fines		-		-
Assessment and tax		81,914		67,784
Royalty		45,067		-
Total evaluation expenses	$	10,698,412	$	3,861,154

(iv) A decrease of $505,757 in corporate administration from $2,831,997 during the three-month period ended June 30, 2017 to $2,326,240 during the three month period ended June 30, 2018. This decrease is primarily due to a decrease in stock based compensation with $816,250 expended in the three-month period ended June 30, 2018 compared to $1,436,375 for the comparable 2017 period. This decrease is primarily due to a decrease in the number of stock options and RSU's issued during the respective periods and related Black Scholes valuations (see note 13 of the unaudited interim condensed consolidated financial statement for the three and six month periods ended June 30, 2018 and 2017 for details).

Corporate administration expenses for the three-month periods ended June 30, 2018 and 2017 consist of the following components by nature:

	Three months ended			
		June 30, 2018		June 30, 2017
Consulting fees	$	86,767	$	95,546
Depreciation		20,482		22,740
Employee salaries and benefits		727,063		652,182
Legal, audit & accounting		169,544		185,871
Office and administration		240,923		187,181
Shareholder communications and advertising		143,803		150,823
Stock based compensation		816,250		1,436,375
Travel and related expenses		121,408		101,279
Total corporate administration expenses	$	2,326,240	$	2,831,997

(v) The finance expense for the Company for the three-month periods ended June 30, 2018 and 2017 consist of the following components by nature:

	Three months ended			
		June 30, 2018		June 30, 2017
Accretion on provision for site reclamation and closure	$	124,898	$	112,642
Bank charges, interest charges and commissions		7,730		-
Realized loss on sale of investments		456,700		-
Interest income		(54,656)		(91,307)
Total finance expense and loss on investments	$	534,672	$	21,335

Finance expenses increased primarily due to realized losses on sale of investments upon liquidation of the investments held by the Company.

(vi) The Company recorded a gain on the sale of NSR of $6,836,558 during the comparative three month period ended June 30, 2017. This gain is related to the sale of a 0.75% NSR royalty on the Cariboo Gold Project for a cash consideration of $12,500,000 to Osisko Gold Royalties Ltd, which closed on April 19, 2017.

Six months Ended June 30, 2018 compared to the Six Months ended June 30, 2017:

The Company reports a net loss of $27,785,602 during the six-month period ended June 30, 2018 as compared to a net loss of $19,928,097 during the comparative six-month period ended June 30, 2017. Overall, this represents a higher net loss of $7,857,505, largely due to an increase in income tax recovery of $9,247,000 for the six month period ended June 30, 2018 compared to $5,248,200 for the comparable period in 2017.

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

(i) An increase of $177,586 in operating expenses, increasing from $872,472 during the six-month period ended June 30, 2017 to $1,050,058 during the six month period ended June 30, 2018. These costs represent care and maintenance costs and upkeep on the mine. The amounts increased due to increased utilities costs between the two periods.

Operating Expenses for the Company for the six-month period ended June 30, 2018 and 2017 consist of the following components by nature:

	Six months ended			
		June 30, 2018		**June 30, 2017**
Repairs and maintenance	$	349,252	$	457,936
Utilities		700,806		414,536
Total operating expenses	$	1,050,058	$	872,472

(ii) A decrease of $1,925,848 in exploration expenses, decreasing from $17,694,606 during the six-month period ended June 30, 2017 to $15,768,758 during the six-month period ended June 30, 2018. The decrease is primarily due to lower expenditures in connection with the drill program. In 2017, the Company undertook a large drill program resulting in expenditures of $9,507,416 as compared to expenditures of $8,411,465 in the current 2018 period, as the Company allocated more resources towards mine development. Stock based compensation also accounts for a large portion of the drop with an expense of $1,591,000 during the six month period ended June 30, 2017 compared to $465,500 during the current six month period ended June 30, 2018. The decrease is due to the number of stock options and RSU's issued during the respective period and the related Black Scholes valuations (see note 13 of the unaudited interim condensed consolidated financial statement for the three and six month periods ended June 30, 2018 and 2017 for details).

The decrease in expenditures during the six-month period ended June 30, 2018 was also due by a recovery of exploration expenditures from government tax credits of $nil (2017: $676,554 recovery).

Exploration expenses for the Company for the six-month period ended June 30, 2018 and 2017 consist of the following components by nature:

	Six months ended			
		June 30, 2018		June 30, 2017
Administration fees	$	1,320,423	$	1,606,167
Assaying		1,315,227		1,245,076
Depreciation		1,635		-
Assessment and tax		102,873		103,712
Consulting fees		556,158		970,953
Environmental and permitting		31,772		90,937
Equipment and rentals		847,326		801,148
Drilling		8,411,465		9,507,416
Travel		284,928		211,315
Employee salaries and benefits		2,287,567		2,032,382
Repairs and maintenance		143,884		211,054
Stock based compensation		465,500		1,591,000
Recovery of exploration expenditures		-		(676,554)
Total exploration expenses	$	15,768,758	$	17,694,606

(iii) An increase of $6,616,614 in evaluation expenses, increasing from $9,080,123 during the six-month period ended June 30, 2017 to $15,696,737 during the six month period ended June 30, 2018. The amount increased as primarily as a result of an increase in consulting fees, being $7,068,813 during the current 2018 period as compared to $3,176,666 during the comparable 2017 period. Consulting fees increased due to underground production cost associated to the QR mine, ore hauling, and environmental work conducted on the property. Office and administration expenditures increased in relation to the increase in consulting and overall evaluation expenditures incurred, due to increases in equipment rentals, supplies, camp costs and accommodations and related expenditures, amounting to $3,626,041 for the six-month period ended June 30, 2018 as compared to $1,482,561 for the same period in 2017.

Evaluation expenses for the Company for the six-month period ended June 30, 2018 and 2017 consist of the following components by nature:

	Six months ended			
		June 30, 2018		June 30, 2017
Consulting fees	$	7,068,813	$	3,176,666
Depreciation		379,041		768,532
Employee salaries and benefits		3,076,430		2,495,313
Office and administration		3,626,041		1,482,561
Travel		97,732		88,500
Stock based compensation		582,500		703,000
Assaying		516,577		283,156
Penalties and fines		200,000		-
Assessment and tax		84,853		82,395
Royalty		64,750		-
Total evaluation expenses		15,696,737		9,080,123

(iv) Decrease of $232,486 in corporate administration from $4,323,555 during the six-month period ended June 30, 2017 to $4,091,069 during the six month period ended June 30, 2018. This decrease is primarily due to a decrease in stock based compensation to $816,250 for the current period compared to $1,451,750 for the comparable period, stemming from the number of stock options and RSU's issued during the respective and related Black Scholes valuations, see note 13 of the unaudited interim condensed consolidated financial statement for the three and six month periods ended June 30, 2018 and 2017 for details.

Corporate administration expenses for the six-month period ended June 30, 2018 and 2017 consist of the following components by nature:

	Six months ended			
	June 30, 2018		June 30, 2017	
Consulting fees	$	144,244	$	172,729
Depreciation		40,375		43,271
Employee salaries and benefits		1,546,150		1,432,471
Legal, audit & accounting		367,700		256,123
Office and administration		572,381		574,548
Shareholder communications and advertising		340,252		226,149
Stock based compensation		816,250		1,451,750
Travel and related expenses		263,717		166,514
Total corporate administration expenses	$	4,091,069	$	4,323,555

(v) The finance expense for the Company for the six-month period ended June 30, 2018 and 2017 consist of the following components by nature:

	Six months ended			
	June 30, 2018		June 30, 2017	
Accretion on provision for site reclamation and closure	$	249,796	$	250,508
Bank charges, interest charges and commissions		15,346		-
Realized loss on sale of investments		456,700		-
Interest income		(186,556)		(205,681)
Total finance expense and loss on investments	$	535,286	$	44,827

Finance expenses increased primarily due to realized losses on sale of investments upon liquidation of the investments held by the Company.

(vi) The Company recorded a gain on sale of NSR of $6,836,558 during the comparative six month period ended June 30, 2017. This gain is related to 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, which closed on April 19, 2017.

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.

	Period ended							
	30-Jun-18 Q2	31-Mar-18 Q1	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
Total Revenue	-	-	-	-	-	-	-	-
Loss before income taxes	(18,672,196)	(18,360,406)	(16,453,485)	(17,562,643)	(10,430,149)	(14,746,148)	(24,090,074)	(11,916,050)
Net loss	(18,672,196)	(9,113,406)	(16,331,485)	(17,553,543)	(10,421,049)	(9,507,048)	(24,071,874)	(11,906,950)
Basic loss per Share	(0.04)	(0.02)	(0.04)	(0.04)	(0.03)	(0.03)	(0.08)	(0.04)
Diluted loss per Share	(0.04)	(0.02)	(0.04)	(0.04)	(0.03)	(0.03)	(0.08)	(0.04)

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

LIQUIDITY AND CAPITAL RESOURCES

On June 30, 2018, the Company had cash and cash equivalents on hand of $11,111,629 (December 31, 2017: $39,797,324) and had a working capital of $3,732,182 (December 31, 2017: working capital of $36,671,982). 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 20 of the unaudited interim condensed consolidated financial statements for the three and six-month periods ended June 30, 2018 and 2017.

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.

Outstanding Share Capital

The Company has an unlimited number of common shares authorized, with 439,803,997 common shares outstanding on June 30, 2018 and 439,803,997 as of the date of this MD&A. A total of 30,055,000 stock options, 1,145,000 restricted share units and 23,259,738 share purchase warrants were outstanding on June 30, 2018 and 27,765,000 stock options, 1,260,000 restricted share units and 23,259,738 purchase warrants as of the date of this MD&A.

Current Exploration Activities

2018 Island Mountain Drilling Program

A total of 50,087 metres were drilled including 162 holes with seven drill rigs on Island Mountain. The objective of the program was to further delineate modelled high-grade vein corridors to a depth of 300 meters from surface at both Shaft Zone and Mosquito Creek. Additional exploration occurred at depths of 500 metres targeting extensions along strike and at the depths of known high-grade intercepts. The infill drilling results continue to demonstrate continuity and expansion of modelled vein corridors. Selected Assay highlights released in Q2 are listed below.

Mineralized quartz veins on the Cariboo Gold Project are overall sub-vertical dip and northeast strike. These corridors have been defined from surface to a vertical depth of 600 meters and remain open for expansion both "at depth" and "down plunge". Gold grades are intimately associated with vein-hosted pyrite as well as pyritic, intensely silicified wall rock haloes in close proximity to the veins. Recent modelling of veins at Shaft Zone proposes 67 mineralized vein corridors with an estimated horizontal width of 3 meters and a strike length of up to 300 meters. Modeling at Mosquito Creek proposes 37 Vein corridors. These corridors, as well as others that are developing in the Shaft and 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.

2018 Regional Mapping and Sampling

The Company is conducting a surface geological mapping and sampling program on the Cariboo Property in selected areas with the objective to define targets north-west of Island Mountain, and along a parallel trend on the recently acquired Burns Mountain and Yanks Peak claims.

The regional reconnaissance results from 2016 and 2017 geochemical sampling and mapping programs 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 '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 the mine trend on Island, Cow and Barkerville Mountains. A second trend of gold bearing mineralization extending from Burns Mountain to Yanks Peak is proposed and being further defined with the 2018 sampling and mapping program.

Updated Mineral Resource Statement

On May 2, 2018, The Company announced a maiden underground resource for Cow and Island Mountains and an update for Barkerville Mountain on the Company's Cariboo Gold Project. The underground mineral resource estimate incorporates the Cow Mountain ("Cow") and Valley Zones ("Valley") on Cow Mountain and Shaft Zone ("Shaft") and Mosquito Creek ("Mosquito") on Island Mountain at a cut-off grade of 3.0 g/t Au ("grams per metric tonne"). A mineral resource on Bonanza Ledge and BC Vein is also included. The resource is defined over 6 kilometers of BGM's 67-kilometer-long land package. Infill and exploration drilling is ongoing and resource updates will be presented annually. The mineral resource estimate was conducted by Talisker Exploration Services Inc. and validated by InnovExplo Inc., an independent consulting firm based out of Val-d'Or, Quebec. 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 was filed on June 14th, 2018 on SEDAR.

The maiden Mineral resource estimate for Cow and Island Mountain deposits is built upon over 210,000 meters of diamond drilling from BGM's 2016 and 2017 drill campaigns, and historically verified drill data using a total of 2,328 drillholes. The mineral resource estimate is supported by a robust 3D litho-structural model of the gold-bearing vein corridors. A strong understanding of the controls of mineralization enabled the Company's technical team to construct a mineral resource estimate constrained by lithology, alteration, structure and mineralization. A total of 181 vein corridors were modelled.

2018 Cariboo Gold Project Underground Mineral Resource Estimate reported at a 3.0 g/t Au cut-off grade

Cariboo Gold Project Mineral Resources

Deposit		Tonnes	Au (g/t)	Au Oz
Measured				
	Bonanza Ledge	264,000	7.3	61,900
Indicated				
	Bonanza Ledge	63,400	4.8	9,700
	BC Vein	444,900	6.4	91,600
	Mosquito	247,000	9.5	75,700
	Shaft	4,373,200	5.9	835,600
	Valley	769,600	5.8	142,700
	Cow	1,947,800	6.1	381,800
Total Indicated		7,845,900	6.1	1,537,100
Total Measured and Indicated		8,109,900	6.1	1,599,000
Inferred				
	BC Vein	173,400	4.6	25,400
	Mosquito	699,200	6.0	135,600
	Shaft	7,357,000	5.1	1,213,000
	Valley	2,454,300	5.4	423,400
	Cow	2,047,300	5.4	358,300
Total Inferred		12,731,200	5.2	2,155,700

Given the nature of these vein corridors, extensions down dip and along strike are highly plausible. Drilling has occurred to depths of 600 metres from surface. BGM plans to drill down dip and along strike of mineralized vein corridors to define additional resources at Cow and Island Mountain. BGM intends to drill underground once permitting and construction of an exploration drift is complete. The mineral resource estimate reported herein represents the first mineral resource estimate on Cow and Island published by the new management team. The robust 3D litho-structural model that defines the controls of mineralization allows the exploration team to define additional mineral resource much more efficiently, this model can be applied to the remaining 65 kilometers of strike.

QAQC Program and Core Sampling Protocols

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.

Once received from the drill and processed, all drill core samples are sawn in half, labelled and bagged. The remaining drill core is subsequently stored on site at the Company's secure facility in Wells, BC. Numbered security tags are applied to lab shipments for chain of custody requirements. The Company inserts quality control (QC) samples at regular intervals in the sample stream, including blanks and reference materials with all sample shipments to monitor laboratory performance.

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 0.01 ppm and upper limit of 100 ppm. Samples with gold assays greater than 100 ppm are re-analyzed using a 1,000g screen metallic fire assay. A selected number of 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).

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	Six month period ended June 30, 2018 $	Six month period ended June 30, 2017 $
Tom Obradovich, former CEO	Salary & benefits[1]	Nil	Nil
	Severance	Nil	Nil
	Consulting fees & benefits	78,077	77,928
	Share based payments	Nil	Nil
Chris Lodder, CEO	Salary & benefits[10]	535,619	202,858
	Share based payments	215,000	Nil
	Restricted Share Units[16]	192,500	Nil
Andres Tinajero, CFO	Salary & benefits[2]	369,308	122,858
	Share based payments	151,000	185,000
	Restricted Share Units[16]	137,500	Nil
Lisa McCormack, former Corporate Secretary	Salary-Severance & benefits[3]	2,331	37,595
	Share based payments	Nil	111,000
Claire Lehan, Corporate Secretary	Restricted Share Units[16]	49,500	Nil
Paul Geddes, former VP Exploration	Salary & benefits	46,508	122,858
	Share based payments	Nil	185,000
Maggie Layman, VP Exploration	Salary & benefits[17]	120,700	Nil
	Share based payments	86,000	Nil
	Restricted Share Units[16]	99,000	Nil
Chris Pharness, VP Environment	Salary & benefits[10]	183,610	124,064
	Share based payments	108,000	185,000
	Restricted Share Units[16]	123,750	Nil
Cale Pharness	Salary & benefits[9]	8,784	22,128
Dave Rouleau, VP Operations	Salary & benefits[11]	154,808	60,000
	Share based payments	108,000	444,000
	Restricted Share Units[16]	99,000	Nil
Wildeboer Dellelce	Legal fees[5]	Nil	13,370

Bennett Jones LLP	Legal fees[6]	237,280	82,214
Talisker Exploration Services	Exploration[7]	35,640	39,600
Osisko Gold Royalties Ltd.	Operation & Administrative[13]	487,853	193,614
	Gold royalties	177,772	Nil
Falco Resources	Operation & administrative[14]	Nil	1,617
Orion Capital	Rent[15]	Nil	11,516

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	Six month period ended June 30, 2018 $	Six month period ended June 30, 2017 $
Greg Gibson, (former director)	Directors' fees	Nil[4]	22,250
	Share based payments	Nil	Nil
Tom Obradovich	Directors' fees	21,000[4]	18,000
	Share based payments	Nil	Nil
Anthony Makuch	Directors' fees	18,000[4]	21,000
	Share based payments	Nil	Nil
John Kutkevicius	Directors' fees	21,000[4]	21,000
	Share based payments	Nil	Nil
Ian Gordon, (former director)	Directors' fees	Nil[4]	15,955
	Share based payments	Nil	Nil
Allan Folk, (former director)	Directors' fees	Nil[4]	15,955
	Share based payments	Nil	Nil
Morris Prychidny	Directors' fees	26,000[4]	26,000
	Share based payments	Nil	Nil
Chris Lodder	Directors' fees	Nil	Nil
	Share based payments	Nil	Nil
Sean Roosen	Directors' fees	45,000[4]	22,500
	Share based payments	Nil	Nil
	Restricted Share Units	Nil[12]	87,000
Andree St-Germain	Directors' fees	18,000[4]	2,182
	Share based payments	Nil	315,000
John Sabine	Directors' fees	18,000[4]	2,182
	Share based payments	Nil	315,000
John Burzynski	Directors' fees	18,000[4]	2,182
	Share based payments	Nil	315,000

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.
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) 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.
8) Cale Pharness are immediate family of Mr. Chris Pharness, the VP of Environment.
9) 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.
10) 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 Environment 24 months of base fees. In the event of a change of control, the VP of Environment is entitled to a lump sum payment equal to 24 months of his annual fee.
11) 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.
12) On December 29, 2017 and June 28, 2017, the Company granted an aggregate of 900,000 restricted share units to certain directors and officers.
13) These fees were paid to a firm in which Mr. Roosen is the CEO & Director and Mr. Burzynski is a Director.
14) These fees were paid to an entity in which Mr. Roosen and Mr. Luc Lessard are officers of the Company.
15) These fees were paid to an entity in which Mr. Prychidny is a partner.
16) On June 5, 2018, the Company granted an aggregate of 1,595,000 restricted share units to certain directors and officers.
17) On February 1, 2018, the Company amended Maggie Layman's employment agreement. The agreement is to pay the VP of Exploration $240,000 per annum, and annual bonus at the discretion of the Board. The agreement includes termination clause to pay the VP of Exploration 12 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 12 months of her annual fee.

OFF-BALANCE SHEET ARRANGEMENTS

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

RECENT ACCOUNTING PRONOUNCEMENTS

The adoption of the following new standards, interpretations and amendments were included in the financial statements for the year beginning January 1, 2018.

IFRS 15 Revenue Recognition

The Company has adopted all of the requirements of IFRS 15 as of January 1, 2018. IFRS 15 replaced IAS 18 Revenue, IAS 11 Construction Contracts, and related interpretations on revenue. The Company has used the modified retrospective transition method, which had no impact on the Company's consolidated financial statements as the Company has not yet reached commercial production and had no revenue recorded in the financial statements. The following is the Company's new accounting policy for revenue recognition under IFRS 15:

Revenue recognition

Once commercial production is declared, revenue from the sales of gold and silver is recognized based on the identification of contracts with a customer, the determination of performance obligation under the contract and the related transaction price, and the point at which the Company satisfies its performance obligation.

IFRS 9 Financial Instruments

The Company has adopted IFRS 9 effective January 1, 2018 and elected not to retroactively restate comparative periods. There was no impact on carrying values and equity as of January 1, 2018 and no measurement differences as a result of adopting IFRS 9.

IFRS 9 is based on entity management of its financial instruments and the contractual cash flow characteristics of the financial asset. Most of the requirements in IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") for classification and measurement of financial liabilities were carried forward in IFRS 9. IFRS 9 introduced a single expected credit loss impairment model, which is based on changes in credit quality since initial application. The adoption of the expected credit loss impairment model had no impact on the Company's financial statements. The Company's financial instruments are accounted for as follows under IFRS 9 as compared to the Company's previous policy in accordance with IAS 39:

	IAS 39	**IFRS 9**
Cash & Cash Equivalents	Fair Value through profit or loss	Fair Value through profit or loss
Reclamation deposits	Loans and Receivables, measured at amortized cost	Amortized cost
Amounts receivable	Loans and Receivables, measured at amortized cost	Amortized cost
Investments	Available for sale	Financial asset at fair value through other comprehensive income
Trade and other payables, Due to related parties, Lease payable	Financial liabilities at amortized cost	Financial liabilities at amortized cost

As a result of the adoption of IFRS 9, the Company's accounting policy for financial instruments has been updated as follows:

1. Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), amortized cost, or fair value through other comprehensive income ("FVOCI"). The Company determines the classification of its financial assets at initial recognition.

(1.1) FVTPL

Financial assets are classified at FVTPL if they are acquired for the purpose of selling in the near term. Gains or losses on these items are recognized in net earnings or loss.

(1.2) Amortized cost

Financial assets are classified at amortized cost if both of the following criteria are met and the financial assets are not designated as at FVTPL:

1) The object of the Company's business model for these financial assets is to collect their contractual cash flows and;

2) The asset's contractual cash flows represent "solely payments of principal and interest".

The Company's amounts receivables are recorded at amortized cost as they meet the criteria above. A provision is recorded when the estimated recoverable amount of the financial asset is lower than the carrying amount. At each statement of financial position date, the Company assesses, on a forward-looking basis, the expected credit losses associated with its financial asset carried at amortized cost and fair value through other comprehensive income. This impairment methodology depends on whether there has been a significant increase in credit risk. When sold or impaired, any accumulated fair value adjustments previously recognized are included in profit or loss.

(1.3) FVOCI

Listed and unlisted bonds and GICs were reclassified from "available for sale" to FVOCI, as the Company's business model is achieved both by collecting contractual cash flows and selling of these assets. The contractual cash flows of these investments are solely principal and interest.

For equity securities that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at FVOCI, with all subsequent changes in fair value being recognized in other comprehensive income ("OCI"). This election is available for each separate investment. Under this new FVOCI category, fair value changes are recognized in OCI, while dividends are recognized in profit or loss. On disposal of the investment, the cumulative fair value change remains in OCI and is not recycled to net earnings or loss.

(1.4) Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

2. Financial liabilities

For financial liabilities, IFRS 9 retains most of the IAS 39 requirements and since the Company does not have any financial liabilities designated at FVTPL, the adoption of IFRS 9 did not impact the Company's accounting. Trade and other payables due to related parties and lease payable are accounted for at amortized cost.

Transaction costs associated with financial instruments, carried at FVTPL, are expensed as incurred, while transaction costs associated with all other financial instruments are included in the initial carrying amount of the asset or the liability.

The following new standards, amendments to standards, and interpretations have been issued but are not effective during the period ended December 31, 2018.

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. 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

The Company is exposed to risks that arise from its use of financial instruments. The following are 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 and Loss		Amortized Cost		Fair Value through Other Comprehensive Income	
	June 30 2018	**December 31, 2017**	**June 30 2018**	**December 31, 2017**	**June 30 2018**	**December 31, 2017**
Cash and cash equivalents	$ 11,111,629	$ 39,797,324	$ -	$ -	$ -	$ -
Amounts receivable	-	-	4,417,553	3,159,946	-	-
Fair Value through Other Comprehensive Income Investments	-	-	-	-	-	11,811,409
Reclamation deposits	-	-	8,042,600	7,977,600	-	-
Total Financial Assets	$ 11,111,629	$ 39,797,324	$ 12,460,153	$ 11,137,546	$ -	$ 11,811,409

	June 30, 2018	December 31, 2017
Financial liabilities at amortized cost:		
Trade and other payables	$ 12,648,982	$ 14,386,967
Due to related parties	442,576	536,406
Lease payable	849,603	851,993
Total Financial Liabilities	$ 13,941,161	$ 15,775,366

GENERAL OBJECTIVES, POLICIES AND PROCESSES:

The Board of Directors is responsible for the determination of the Company's risk management objectives and policies. The Board has delegated to the Company's management the authority for designing and operating processes that ensure the effective implementation of the objectives and policies.

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.

(i) 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.

(ii) 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.

(iii) 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 $11,111,629 (December 31, 2017: $39,797,324), reclamation deposits of $8,042,600 (December 31, 2017: $7,977,600), amounts receivable of $4,417,553 (December 31, 2017: $3,159,946), and fair value through other comprehensive income investments of $nil (December 31, 2017: $11,811,409).

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 June 30, 2018, the Company had a working capital of $3,732,182 (December 31, 2017: $36,671,982 working capital).

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities as at June 30, 2018 and December 31, 2017:

	Book Value at June 30, 2018	Within 1 Year	2 to 5 years	Over 5 years	Total
Trade and other payables	$ 12,648,982	$ 12,648,982	$ -	$ -	$ 12,648,982
Due to related parties	442,576	442,576	-	-	442,576
Lease payable	870,957	621,459	249,498	-	870,957
Total	$ 13,962,515	$ 13,713,017	$ 249,498	$ -	$ 13,962,515

	Book Value at December 31, 2018	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

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 11th 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 2, 2018, the Company announced that a previously announced class action lawsuit relating in part to an August 12, 2012 technical report concerning a mineral resource estimate for the Cariboo Gold Project, has been settled and the settlement has been approved by the Court. The settlement agreement provides for a payment of an aggregate settlement amount of $250,000 that will be fully funded by insurance coverage maintained by the Company. The settlement agreement contains no admission of liability or wrongdoing.

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 and occupational health standards, mine safety, toxic substance and other related 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.

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.

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

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Flow-through shares

As at June 30, 2018, the Company is committed to spending approximately $14,801,000 by December 31, 2018 in connection with its flow-through offerings (December 31, 2017 - $29,454,000).

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the six-month period ended June 30, 2018 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.

"Chris Lodder"

President & Chief Executive Officer