MANAGEMENT'S DISCUSSION AND ANALYSIS

OF THE COMPANY'S FINANCIAL CONDITION

AND RESULTS OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2018

THIS MD&A IS DATED MARCH 20, 2019

This Management's Discussion and Analysis ("**MD&A**") should be read in conjunction with Barkerville Gold Mines' ("**Barkerville**", the "**Company**", "**we**", or "**our**") audited consolidated financial statements for the years ended December 31, 2018 and 2017 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 MD&A has been prepared as of March 20, 2019 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 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 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-stage business plan based on existing resources at the Cariboo Gold Projects and the larger exploration potential of the Cariboo District.

UPDATES DURING THE YEAR ENDED DECEMBER 31, 2018 AND SUBSEQUENT TO THE YEAR

Financings

On December 18, 2018 and December 21, 2018, the Company completed two tranches of a brokered private placement financing of (i) 40,132,581 flow-through shares at a price of $0.50 per flow-through share for gross proceeds of $20,066,291, (ii) 6,000,000 flow-through shares at a price of $0.40 per flow-through share for gross proceeds of $2,400,000, and (iii) 20,554,941 common shares at a price of $0.34 per share for gross proceeds of $6,988,680.

On September 6, 2018, the Company completed a royalty sale transaction with Osisko Gold Royalties Ltd ("**Osisko**"), pursuant to which Osisko acquired from Barkerville a 1.75% net smelter return royalty on the Cariboo property for the aggregate purchase price of $20,000,000. Of the purchase price paid on closing, $2,000,000 will be kept by Barkerville in a segregated restricted account and will not be available to Barkerville until certain conditions precedent are satisfied. Those conditions precedent include the delivery to Osisko of certain waivers and consents required from third parties in connection with the royalty transaction, the conditions have not been met as at the date of this document.

As at December 31, 2018, the Company has cash and investments of $37,706,844.

REVIEW OF OPERATIONS

In 2018 the Company explored and delineated resources on the Cariboo Gold Project. The drilling confirmed down dip extensions of mineralized vein corridors to depths of 700 meters and confirmed high grade intercepts within the current resource. The current resource of 1.6 million Au ounces measured & indicated and 2.16 million Au ounces inferred (see the Cariboo Technical Report filed on SEDAR June 14, 2018) is calculated to an average depth of 300 meters over a combined strike length of 3.5 kilometers and includes 50,000 meters of historical drilling and 170,000 meters of new drilling completed up to the end of 2017. A total of 123,300 meters in 442 holes were drilled on the project in 2018. Of the 2018 drilling, 64,000 meters were drilled on Cow Mountain, 50,000 meters on Shaft Zone, 4,500 meters at Mosquito Creek and 4,800 meters on Grouse Creek Regional target. The drilling during the 2018 program was focused on resource conversion, which will feed the economic study in 2019. The 2018 regional rock and soil sampling and surface geologic mapping extend the current mineralized strike to 16 kilometers. Surface geochemical sampling on the newly acquired Yanks Peak claims returned anomalous samples greater than 50 ppb Au in soil over a 4.5-kilometer trend.

2019 Exploration Objectives

Results from the 2018 exploration program defined target areas based on location within the stratigraphy, soil sample anomalies and historic core relog. The 2019 exploration program will:

1. Test the new brownfields targets adjacent to known deposits,
2. Infill high grade vein corridors greater than 6.0 g/t Au to convert from inferred to indicated category and
3. Expand resource to 650 meters with 50-meter step outs down dip of high-grade vein corridors at Shaft Zone, Cow Mountain and Mosquito Creek.

A total of 50,000 meters is planned for this initial phase and an additional 40,000 meters will be proposed following results of Phase 1.

Barkerville Gold Mines Ltd. 3D Deposit Model

An updated Resource statement will be available in 2019 and will include all 2018 drill results. The Company is undertaking required economic, environmental and socio-economic studies to initiate permit applications requesting underground development and mining at the Cariboo Gold Project (including, but not limited to the Shaft Zone, Valley Zone and Cow Mountain deposits).

Operations Activities in 2018

Test mining at Bonanza Ledge was completed in December of 2018 on Barkerville Mountain. Valuable technical information and personnel training was achieved during 2018 that benefits ongoing advanced studies, permitting and future mining. A total of 1,400 meters of development took place at the Bonanza Ledge and BC Vein test mine. Approximately 122,000 tonnes were extracted and processed at a grade of 5.98 g/t Au and 21,125 ounces of gold poured in 2018. The company has also applied for a permit amendment to extend the test mining for the BC vein ore bodies on Barkerville Mountain.

Exploration in 2018 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 British Columbia where several new gold anomalies were defined. Results from drilling through to the end of December 2018 will be included in the next resource update scheduled for Q2 2019.

First Nations engagement with Lhtako Dene First Nation resulted in a signed Engagement Protocol Agreement, a Relationship Agreement and a negotiated Impact Benefit Agreement which will be completed in Q3 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 2019 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: (i) the donation of money, equipment and manpower to Barkerville Historic Town towards an underground mining exhibit; and (ii) 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 will be supporting many initiatives for First Nations and the Wells community in 2019 and has begun engagement activities with 6 First Nations as part of the Cariboo Gold Project Environmental Assessment. 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 December 31, 2018 compared to the Three Months Ended December 31, 2017:

The Company reports a net loss of $25,188,156 during the three-month period ended December 31, 2018 as compared to a net loss of $16,331,485 during the comparative three-month period ended December 31, 2017. Overall, this represents a higher net loss of $8,856,671.

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

(i) An increase of $2,934,551 in mill operating expenses, from $(364,994) during the three-month period ended December 31, 2017 to $2,569,557 during the three month period ended December 31, 2018. These costs represent upkeep cost related to the QR Mill. The negative costs in 2017 are primarily due to a reclassification of costs to the balance sheet during the last quarter in the prior year.

Mill Operating Expenses for the Company for the three month periods ended December 31, 2018 and 2017 consist of the following components by nature:

		Three months ended		
		December 31, 2018		December 31, 2017
Repairs and maintenance	$	793,895	$	156,749
Utilities		1,775,662		(521,743)
Total operating expenses	$	2,569,557	$	(364,994)

(ii) A decrease of $4,825,301 in exploration expenses, from $9,840,861 during the three-month period ended December 31, 2017 to $5,015,560 during the three-month period ended December 31, 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 $5,815,272 as compared to $2,091,521 in the current 2018 period. In 2018 the Company focused on allocating more resources towards mine development. Similarly, supporting costs to the drill program decreased as well, with administration fees decreasing from $1,346,947 during the period in 2017 to $421,330 during 2018 as well as assaying costs decreasing from $603,006 in 2017 to $418,888 in 2018.

Exploration expenses for the Company for the three-month periods ended December 31, 2018 and 2017 consist of the following components by nature:

	Three months ended			
		December 31, 2018		December 31, 2017
Administration fees	$	421,330	$	1,346,947
Assaying		418,888		603,006
Depreciation		1,228		-
Assessment and tax		779		16,159
Consulting fees		225,165		335,810
Environmental and permitting		50,443		(34,716)
Equipment and rentals		370,088		364,829
Drilling		2,091,521		5,815,272
Travel		96,851		153,929
Employee salaries and benefits		805,495		1,195,306
Repairs and maintenance		79,772		188,319
Stock based compensation		454,000		792,000
Recovery of exploration expenditures		-		(936,000)
Total exploration expenses	$	5,015,560	$	9,840,861

(iii) There was an increase of $20,593,565 in evaluation expenses, increasing from $4,287,665 during the three-month period ended December 31, 2017 to $24,881,230 during the three-month period ended December 31, 2018. The higher evaluation expenses in 2018 were primarily due to an increase in consulting fees, amounting to $10,597,506 during the current period as compared to $728,278 during the comparable period in 2017. Consulting fees increased due to underground production costs associated with 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 $3,139,150 for the three month period ended December 31, 2018 as compared to $1,647,241 for the same period in 2017.

The Company also incurred an expense in the amount of $6,936,524 (2017: $nil), related to the updated closure plan estimate; see note 14 of the audited financial statements for the years ended December 31, 2018 and 2017 for details.

Evaluation expenses for the Company for the three-month periods ended December 31, 2018 and 2017 consist of the following components by nature:

	Three months ended			
		December 31, 2018		December 31, 2017
Mine Contractors and Consulting fees	$	10,957,506	$	728,278
Depreciation		588,594		(311,395)
Employee salaries and benefits		2,187,963		1,461,813
Office and administration		3,139,150		1,647,241
Travel		133,176		41,618
Stock based compensation		140,000		541,000
Assaying		336,098		143,595
Penalties and fines		-		-
Assessment and tax		9,221		1,664
Increase in estimate of asset retirement obligation		6,936,524		-
Royalty		452,998		33,851
Total evaluation expenses	$	24,881,230	$	4,287,665

(iv) A decrease of $1,224,373 in corporate administration from $2,958,947 during the three-month period ended December 31, 2017 to $1,734,574 during the three month period ended December 31, 2018. This decrease is primarily due to a decrease in stock based compensation expense amounting to $1,026,000 during the year ended December 31, 2017 compared to $234,000 during the year ended December 31, 2018. See note 15 of the audited consolidated financial statements for the years ended December 31, 2018 and 2017, for details on options issued during the periods.

Corporate administration expenses for the three-month periods ended December 31, 2018 and 2017 consist of the following components by nature:

	Three months ended			
		December 31, 2018		December 31, 2017
Consulting fees	$	147,040	$	39,262
Depreciation		20,029		21,750
Employee salaries and benefits		604,869		919,313
Legal, audit & accounting		141,926		346,899
Office and administration		386,877		347,969
Shareholder communications and advertising		106,659		108,317
Stock based compensation		234,000		1,026,000
Travel and related expenses		93,174		149,437
Total corporate administration expenses	$	1,734,574	$	2,958,947

(v) The finance expense for the Company for the three-month periods ended December 31, 2018 and 2017 consists of the following components by nature:

		Three months ended		
		December 31, 2018		December 31, 2017
Accretion on provision for site reclamation and closure	$	124,898	$	112,643
Bank charges, interest charges and commissions		4,279		47,846
Realized loss on sale of investments		(11,773)		-
Interest income		(126,834)		(404,469)
Total finance expense and loss on investments	$	(9,430)	$	(243,980)

Finance expenses increased primarily due to lower interest earned on cash balances as the cash balances have averaged lower than the prior year.

Year Ended December 31, 2018 compared to the Year Ended December 31, 2017:

The Company reports a net loss of $67,558,681 during the year ended December 31, 2018 as compared to a net loss of $53,813,125 during the comparative year ended December 31, 2017. Overall, this represents a higher net loss of $13,745,556.

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

(i) An increase of $4,036,245 in operating expenses, increasing from $821,895 during the year ended December 31, 2017 to $4,858,140 during the year ended December 31, 2018. These costs represent care and maintenance costs and upkeep on the mine. The amounts increased due to increased utilities and fuel costs between the two periods due to increase in milling activities.

Mill Operating Expenses for the Company for the years ended December 31, 2018 and 2017 consist of the following components by nature:

		Year ended		
		December 31, 2018		December 31, 2017
Repairs and maintenance	$	1,320,320	$	762,870
Utilities		3,537,820		59,025
Total operating expenses	$	4,858,140	$	821,895

(ii) A decrease of $9,319,022 in exploration expenses, decreasing from $39,098,085 during the year ended December 31, 2017 to $29,779,063 during the year ended December 31, 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 $22,147,901 as compared to expenditures of $16,313,274 in the current 2018 year, as the Company allocated more resources towards mine development. Similarly, supporting activities also decreased, with administration fees decreasing from $4,166,954 for 2017 to $2,255,566 in 2018. Stock based compensation also accounts for a large portion of the drop with an expense of $2,383,000 during the year ended December 31, 2017 compared to $919,500 during the current year ended December 31, 2018. The decrease is due to the number of stock options and restricted share units issued during the respective period and the related Black Scholes valuations (see note 15 of the audited consolidated financial statement for the years ended December 31, 2018 and 2017 for details).

Exploration expenses for the Company for the year ended December 31, 2018 and 2017 consist of the following components by nature:

	Year ended			
		December 31, 2018		December 31, 2017
Administration fees	$	2,255,566	$	4,166,954
Assaying		2,568,982		2,857,509
Depreciation		3,621		-
Assessment and tax		102,834		151,615
Consulting fees		920,964		1,796,778
Environmental and permitting		140,511		59,980
Equipment and rentals		1,557,685		1,541,247
Drilling		16,313,274		22,147,901
Travel		508,015		495,344
Employee salaries and benefits		4,227,821		4,642,658
Repairs and maintenance		260,290		467,653
Stock based compensation		919,500		2,383,000
Recovery of exploration expenditures		-		(1,612,554)
Total exploration expenses	$	29,779,063	$	39,098,085

(iii) An increase of $35,937,267 in evaluation expenses, from $17,661,109 during the year ended December 31, 2017 to $53,598,376 during the year ended December 31, 2018. The amount increased primarily as a result of an increase in consulting fees, being $26,304,121 during the current 2018 period as compared to $4,983,057 during the comparable 2017 period. Consulting fees increased due to underground production costs associated with 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 $8,482,077 for the year ended December 31, 2018 as compared to $4,035,756 for the same period in 2017.

The Company also incurred an expense in the amount of $6,936,524 (2017: $nil), related to the updated closure plan estimate, see note 14 of the audited financial statements for the years ended December 31, 2018 and 2017 for details.

Evaluation expenses for the Company for the year ended December 31, 2018 and 2017 consist of the following components by nature:

	Year ended December 31, 2018	Year ended December 31, 2017
Mine Contractors and Consulting fees	$ 26,304,121	$ 4,983,057
Depreciation	1,428,553	988,604
Employee salaries and benefits	6,862,006	5,063,007
Office and administration	8,482,077	4,035,756
Travel	345,909	207,566
Stock based compensation	722,500	1,244,000
Assaying	1,117,294	556,122
Penalties and fines	200,000	-
Assessment and tax	125,076	105,588
Increase in estimate of asset retirement obligation	6,936,524	-
Royalty	1,074,316	477,409
Total evaluation expenses	$ 53,598,376	$ 17,661,109

(iv) A decrease of $854,698 in corporate administration from $8,783,159 during the year ended December 31, 2017 to $7,928,461 during the year ended December 31, 2018. The decrease was primarily due to a decrease in stock based compensation to $1,050,250 for the current period compared to $2,477,750 for the comparable year, stemming from the number of stock options and restricted share units issued during the respective periods and related Black Scholes valuations; see note 15 of the audited consolidated financial statement for the years ended December 31, 2018 and 2017 for details.

Corporate administration expenses for the years ended December 31, 2018 and 2017 consist of the following components by nature:

	Year ended December 31, 2018	Year ended December 31, 2017
Consulting fees	$ 394,271	$ 265,970
Depreciation	81,496	88,326
Employee salaries and benefits	2,982,139	3,015,343
Legal, audit & accounting	1,023,724	779,305
Office and administration	1,341,743	1,243,231
Shareholder communications and advertising	572,689	428,748
Stock based compensation	1,050,250	2,477,750
Travel and related expenses	482,149	484,486
Total corporate administration expenses	$ 7,928,461	$ 8,783,159

(v) The finance expense for the Company for the years ended December 31, 2018 and 2017 consists of the following components by nature:

Year ended

		December 31, 2018		December 31, 2017
Accretion on provision for site reclamation and closure	$	499,592	$	475,794
Bank charges, interest charges and commissions		27,591		47,846
Realized loss on sale of investments		414,927		-
Interest income		(365,353)		(783,543)
Total finance expense and loss on investments	$	576,757	$	(259,903)

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

(vi) The Company recorded a gain on the sale of a net smelter return royalty of $11,207,296 during the year as compared to a gain of $6,836,558 during the comparative year ended December 31, 2017. The prior period gain is related to the sale of a 0.75% net smelter return royalty on the Cariboo Gold Project for a cash consideration of $12,500,000 to Osisko, which closed on April 19, 2017. During the current year ended December 31, 2018, the Company completed the sale of a 1.75% net smelter return royalty on the Cariboo Gold Project for cash consideration of $20,000,000 to Osisko, which closed on September 6, 2018.

(vii) The Company also recorded a gain on gold and silver sales of $9,077,481 during the year from sales above and beyond the costs capitalized to the balance sheet during the year ended December 31, 2018. Total gold sales during the year ended December 31, 2018 amounted to $32,331,880 (2017 - $1,504,882).

SELECTED ANNUAL INFORMATION

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

	Year ended				Ten month period ended	
	31-Dec-18		31-Dec-17		31-Dec-16	
Revenue	**$**	**0**	$	0	$	0
Net loss	**$**	**(67,558,681)**	$	(53,813,125)	$	(43,947,658)
Loss per share		**(0.15)**		(0.14)		(0.15)
Total assets	**$**	**64,768,967**	$	100,521,845	$	48,403,698
Total liabilities	**$**	**41,747,666**	$	38,632,725	$	23,911,294
Working capital (deficiency)	**$**	**30,297,812**	$	36,671,982	$	21,085,727

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							
	31-Dec-18	30-Sep-18	30-Jun-18	31-Mar-18	31-Dec-17	30-Sep-17	30-Jun-17	31-Mar-17
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total Revenue	-	-	-	-	-	-	-	-
Loss before income taxes	(25,188,156)	(14,584,923)	(18,672,196)	(18,360,406)	(16,453,485)	(17,562,643)	(10,430,149)	(14,746,148)
Net loss	(25,188,156)	(14,584,923)	(18,672,196)	(9,113,406)	(16,331,485)	(17,553,543)	(10,421,049)	(9,507,048)
Basic loss per Share	(0.06)	(0.03)	(0.04)	(0.02)	(0.04)	(0.04)	(0.03)	(0.03)
Diluted loss per Share	(0.06)	(0.03)	(0.04)	(0.02)	(0.04)	(0.04)	(0.03)	(0.03)

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

LIQUIDITY AND CAPITAL RESOURCES

On December 31, 2018, the Company had cash and cash equivalents on hand of $37,706,844 (December 31, 2017: $39,797,324) and had a working capital of $30,297,812 (December 31, 2017: $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 22 of the audited consolidated financial statements for the years ended December 31, 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 506,558,119 common shares outstanding on December 31, 2018 and 506,558,119 as of the date of this MD&A. A total of 32,175,000 stock options, 1,020,000 restricted share units and 10,000,000 share purchase warrants were outstanding on December 31, 2018 and 32,925,000 stock options, 930,000 restricted share units and 10,000,000 purchase warrants as of the date of this MD&A.

Current Exploration Activities

2018 Island Mountain and Cow Mountain Drill Programs

A total of 123,022 meters were drilled in 442 holes on Cow and Island Mountains in 2018. On Shaft Zone, a total of 49,655 meters were drilled in 177 holes, on the Mosquito Creek Deposit, a total of 4,597 meters were drilled in 20 holes. On the Cow Mountain Deposit, a total of 63,970 meters were drilled in 231 holes. The objective of these programs was to further delineate modelled high-grade vein corridors to a depth of 300 meters from surface and explore to depths of 500 meters targeting extensions down dip and down plunge of known high grade intercepts. The infill drilling results continue to demonstrate continuity and expansion of high-grade vein corridors. Up to 8 drill rigs have been used for the duration of the drill programs from January to December. The Grouse Creek Regional target tested surface geochemical anomalies for a total of 4,800 meters in 14 holes. Assay results from these intervals are available on the Company's website.

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.

Metallurgical Testing

Selected holes were drilled on Island and Cow Mountains to collect material for metallurgical test purposes. The holes were designed to show representative intercepts from known vein zones throughout the deposits at various depths and grade intercepts. A total of 2,575 meters of PQ core were drilled in 12 holes.

Geotechnical Drilling

A two-phase geotechnical program was conducted at Shaft, Valley and Cow with the objective to collect detailed geotechnical information on the deposits for structural and engineering purposes. A total of 4,187 meters in 14 holes were drilled in 2018.

2018 Regional Mapping and Sampling

The Company conducted a surface geological mapping and sampling program on the Cariboo Property in selected areas with the objective of defining targets north-west of Island Mountain and south east of

Bonanza Ledge at Williams creek, and along a parallel trend on the recently acquired Burns Mountain and Yanks Peak claims. A total of 6308 soil samples and 314 rock samples were collected.

Detailed geologic mapping was completed on Barkerville and Cow Mountains to further define the structural and lithologic controls in these areas. This compilation is parallel to the ongoing update of the 3D geologic model.

The regional reconnaissance results from the 2016 and 2017 geochemical sampling and mapping programs have 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 and Valley Zones on Cow Mountain and Shaft Zone and Mosquito Creek on Island Mountain at a cut-off grade of 3.0 g/t Au. A mineral resource on Bonanza Ledge and BC Vein is also included. The resource is defined over 6 kilometers of Barkerville'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 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 Barkerville'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	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. 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 quality assurance/quality control (**"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. QAQC programs are designed and monitored according to specific project requirements. ASL provides QPs with assistance in designing quality control programs so that regulators and third-party auditors are satisfied with the integrity of the assays, while minimizing expenses.

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 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 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 and Inductively Coupled Plasma Mass Spectroscopy.

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 the value established and agreed upon by the related parties.

Name of Related Party	Description	Year ended December 31, 2018 $	Year ended December 31, 2017 $
Tom Obradovich, former CEO	Salary & benefits[1]	Nil	Nil
	Severance	Nil	Nil
	Consulting fees & benefits	156,038	155,506
	Share based payments	Nil	Nil
Chris Lodder, CEO	Salary & benefits[9]	751,310	605,436
	Share based payments	215,000	Nil
	Restricted Share Units[16]	192,500	450,000
Andres Tinajero, CFO	Salary & benefits[2]	522,503	365,212
	Share based payments	249,000	185,000
	Restricted Share Units[16]	137,500	150,000
Lisa McCormack, former Corporate Secretary	Salary-Severance & benefits[3]	4,550	124,185
	Share based payments	Nil	111,000
Claire Lehan, Corporate Secretary	Restricted Share Units[16]	49,500	-
	Share based payments	-	45,000
Paul Geddes, former VP Exploration	Salary & benefits	46,508	365,436
	Share based payments	Nil	185,000
Maggie Layman, VP Exploration	Salary & benefits[17]	242,489	Nil
	Share based payments	152,000	Nil
	Restricted Share Units[16]	99,000	Nil
Chris Pharness, VP Environment	Salary & benefits[10]	307,101	367,653
	Share based payments	174,000	185,000
	Restricted Share Units[16]	123,750	Nil
Cale Pharness	Salary & benefits[8]	8,784	42,618
Dave Rouleau, former VP Operations	Salary & benefits[11]	193,073	183,438
	Share based payments	108,000	579,000
	Restricted Share Units[16]	99,000	Nil
Wildeboer Dellelce	Legal fees[5]	Nil	13,370
Bennett Jones LLP	Legal fees[6]	847,293	283,338
Talisker Exploration Services Inc.	Exploration[7]	124,232	94,050
Osisko Gold Royalties Ltd.	Operation & Administrative[13]	1,449,771	547,399
	Gold royalties	1,057,736	32,904
Falco Resources	Operation & administrative[14]	74,844	1,617
Orion Capital	Rent[15]	Nil	16,766

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 December 31, 2018 $	Year ended December 31, 2017 $
Greg Gibson, (former director)	Directors' fees	Nil[4]	22,250
	Share based payments	Nil	Nil
Tom Obradovich	Directors' fees	60,000[4]	45,000
	Share based payments	Nil	45,000
Anthony Makuch	Directors' fees	54,000[4]	43,500
	Share based payments	Nil	45,000
John Kutkevicius	Directors' fees	61,500[4]	49,500
	Share based payments	Nil	34,000
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	73,000[4]	75,500
	Share based payments	Nil	45,000
Chris Lodder	Directors' fees	Nil	Nil
	Share based payments	Nil	Nil
Sean Roosen	Directors' fees	100,500[4]	69,000
	Share based payments	Nil	45,000
	Restricted Share Units	Nil[12]	87,000
Andree St-Germain	Directors' fees	57,000[4]	21,682
	Share based payments	Nil	349,000
John Sabine	Directors' fees	55,500[4]	21,682
	Share based payments	Nil	349,000
John Burzynski	Directors' fees	45,000[4]	20,182
	Share based payments	Nil	349,000

Notes:

1) 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 100% of base salary based on achievement. The agreement includes a 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 committee meetings 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 Inc. 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 is 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 a 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 a 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 a 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

During the development stage of a mine up until the determination of commercial production, incidental revenues earned are credited against the mineral property and deferred development costs. 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 at January 1, 2018 and no measurement differences as a result of adopting IFRS 9.

The approach in IFRS 9 is based on how an entity manages 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.

The following new standards, interpretations and amendments which are relevant to the Company's operations are effective for annual periods beginning on or after January 1, 2019 and have not been early adopted by the Company:

IFRS 16 Leases

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 has been adopted.

The Company has begun its evaluation of the impact of the new standard, which is not expected to be material.

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**	
	December 31 2018	**December 31, 2017**	**December 31 2018**	**December 31, 2017**	**December 31 2018**	**December 31, 2017**
Cash and cash equivalents	$ 37,706,844	$ 39,797,324	$ -	$ -	$ -	$ -
Restricted cash	2,000,000	-	-	-	-	-
Amounts receivable	-	-	2,446,023	3,159,946	-	-
Fair Value through Other Comprehensive Income Investments	-	-	-	-	-	11,811,409
Reclamation deposits	-	-	5,361,400	7,977,600	-	-
Total Financial Assets	$ 39,706,844	$ 39,797,324	$ 7,807,423	$ 11,137,546	$ -	$ 11,811,409

	December 31, 2018	December 31, 2017
Financial liabilities at amortized cost:		
Trade and other payables	$ 12,483,585	$ 14,386,967
Due to related parties	689,469	536,406
Lease payable	824,000	851,993
Total Financial Liabilities	$ 13,997,054	$ 15,775,366

GENERAL OBJECTIVES, POLICIES AND PROCESSES:

The Board of Directors (**"Board"**) 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.

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 common shares 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 of British Columbia 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 and restricted cash of $39,706,844 in total (December 31, 2017: $39,797,324), reclamation deposits of $5,361,400 (December 31, 2017: $7,977,600), amounts receivable of $2,446,023 (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 December 31, 2018, the Company had a working capital of $30,297,812 (December 31, 2017: $36,671,982).

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

	Book Value at December 31, 2018	**Within 1 Year**	**2 to 5 years**	**Over 5 years**	**Total**
Trade and other payables	$ 12,483,585	$ 12,483,585	$ -	$ -	$ 12,483,585
Due to related parties	689,469	689,469	-	-	689,469
Lease payable	835,747	397,979	437,768	-	835,747
Total	$ 14,008,801	$ 13,571,033	$ 437,768	$ -	$ 14,008,801

	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

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.

Cyber Security

The Company relies on information technology systems in all areas of operations. These systems are subject to an increasing number of sophisticated cyber threats. The methods used to obtain unauthorized access, disable or degrade service or sabotage systems are constantly evolving. Should a cyber-attack be successful, and a breach of sensitive information occur, or its systems and services be disrupted, Barkerville's financial position, and/or ability to achieve its strategic objectives may be negatively affected.

The Company maintains policies, processes, and procedures to address capabilities, performance, security, and system availability including resiliency and disaster recovery for systems, infrastructure, and data. Security protocols, along with information technology security policies, address compliance with information technology security standards. The Company actively monitors, manages, and continues to enhance its ability to mitigate cyber risk through its enterprise wide programs. However, there is no assurance that any of these measures will be successful.

Legal Risk

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.

Conflicts of Interest

Certain directors of the Company also serve as directors 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, 2018, the Company is committed to spending approximately $23,000,000 by December 31, 2019 in connection with its flow-through offerings (December 31, 2017 - $29,454,000).

FINANCIAL AND DISCLOSURE CONTROLS AND PROCEDURES

During the year ended December 31, 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 52-109 - *Certification of Disclosure in Issuer's Annual and Interim Filings* ("**NI 52-109**"), 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"

Chris Lodder
President & Chief Executive Officer