BARKERVILLE GOLD MINES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2018 AND 2017

Barkerville Gold Mines Ltd.

Unaudited Interim Condensed Consolidated Statements of Financial Position

As at June 30, 2018 and December 31, 2017

	June 30, 2018	December 31, 2017
Assets		
Current Assets		
Cash and cash equivalents (Note 6)	$ 11,111,629	$ 39,797,324
Investments (Note 7)	-	11,811,409
Amounts receivable (Note 4)	4,417,553	3,159,946
Prepaid expenses (Note 5)	1,198,646	1,037,063
Inventory	1,220,429	1,047,793
Total current assets	17,948,257	56,853,535
Reclamation deposits (Note 12)	8,042,600	7,977,600
Exploration and evaluation assets (Note 9)	1	1
Mineral properties and deferred development costs (Note 10)	25,147,061	20,169,906
Property, plant and equipment (Note 8)	15,264,729	15,520,803
Total assets	$ 66,402,648	$ 100,521,845
Liabilities		
Current liabilities		
Trade and other payables (Note 11)	$ 12,648,982	$ 14,386,967
Due to related parties (Note 14)	442,576	536,406
Lease payable (Note 19)	603,542	501,483
RSU Liability (Note 13)	520,975	-
Provision for site reclamation and closure (Note 12)	-	4,756,697
Total current liabilities	14,216,075	20,181,553
Provision for site reclamation and closure (Note 12)	13,860,155	8,853,662
Lease payable (Note 19)	246,061	350,510
Flow through premium liability (Note 13)	-	9,247,000
Total liabilities	28,322,291	38,632,725
Shareholders' equity		
Share capital (Note 13)	276,757,204	273,366,729
Share-based payments reserve (Note 13)	45,399,579	44,905,079
Accumulated other comprehensive loss (Note 13)	-	(91,864)
Accumulated deficit	(284,076,426)	(256,290,824)
Total shareholders' equity	38,080,357	61,889,120
Total liabilities and shareholders' equity	$ 66,402,648	$ 100,521,845

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

Approved on behalf of the board:

"Chris Lodder" — Chris Lodder, Chief Executive Officer

"Sean Roosen" — Sean Roosen, Chairman

Barkerville Gold Mines Ltd.

Unaudited Interim Condensed Consolidated Statements of Loss and Other Comprehensive Loss

For the three and six month periods ended June 30, 2018 and 2017

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Expenses:				
Operating expense	$ 487,720	$ 354,785	$ 1,050,058	$ 872,472
Exploration	4,765,295	10,202,647	15,768,758	17,694,606
Evaluation	10,698,412	3,861,154	15,696,737	9,080,123
Corporate administration	2,326,240	2,831,997	4,091,069	4,323,555
Finance expense and loss on investments	534,672	21,335	535,286	44,827
Gain on sale of NSR	-	(6,836,558)	-	(6,836,558)
Other (income) expenses	(140,143)	(5,211)	(109,306)	(2,728)
Loss before income taxes	(18,672,196)	(10,430,149)	(37,032,602)	(25,176,297)
Income tax recovery	-	9,100	9,247,000	5,248,200
Net loss for the period	$ (18,672,196)	$ (10,421,049)	$ (27,785,602)	$ (19,928,097)
Other comprehensive loss				
Change in fair value of investments	237,688	378,643	91,864	640,476
Total Comprehensive loss for the period	$ (18,434,508)	$ (10,042,406)	$ (27,693,738)	$ (19,287,621)
Loss per common share, basic and diluted (Note 18)	$ (0.04)	$ (0.03)	$ (0.06)	$ (0.06)
Weighted average number of common shares outstanding, (Note 18)	438,748,612	358,585,998	437,223,942	344,095,176

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

Barkerville Gold Mines Ltd.

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

As at June 30, 2018 and 2017

	Outstanding Shares	Share Capital	Shares to be Issued	Share-based payments reserve	Accumulated other comprehensive loss	Accumulated deficit	Total Shareholders' Equity
Balance at January 1, 2017	325,370,394	$ 193,651,714	$ 332,500	$ 33,088,879	$ (102,990)	$ (202,477,699)	$ 24,492,404
Net loss for the year	-	-	-	-	-	(19,928,097)	(19,928,097)
Change in fair value of fair value through OCI investments	-	-	-	-	640,476	-	640,476
Stock based compensation	-	-	-	3,658,750	-	-	3,658,750
Issuance of RSU's	-	-	-	87,000	-	-	87,000
Issue of shares pursuant to private placements	46,519,490	33,946,616	-	8,427,000	-	-	42,373,616
Issue of shares for acquisition of mineral property	250,000	289,250	-	-	-	-	289,250
Exercise of options and warrants	13,724,950	7,581,265	(332,500)	(2,227,350)	-	-	5,021,415
Balance at June 30, 2017	385,864,834	$ 235,468,844	$ -	$ 43,034,279	$ 537,486	$ (222,405,796)	$ 56,634,813
Balance at January 1, 2018	434,953,997	$ 273,366,729	$ -	$ 44,905,079	$ (91,864)	$ (256,290,824)	$ 61,889,120
Net loss for the period	-	-	-	-	-	(27,785,602)	(27,785,602)
Change in fair value of fair value through OCI investments	-	-	-	-	91,864	-	91,864
Stock based compensation	-	-	-	987,000	-	-	987,000
Issuance of shares pursuant to RSU plan	400,000	300,000	-	(300,000)	-	-	-
Issue of shares for acquisition of mineral property	3,860,000	2,631,000	-	-	-	-	2,631,000
Exercise of options and warrants	590,000	459,475	-	(192,500)	-	-	266,975
Balance at June 30, 2018	439,803,997	$ 276,757,204	$ -	$ 45,399,579	$ -	$ (284,076,426)	$ 38,080,357

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

Barkerville Gold Mines Ltd.

Unaudited Interim Condensed Consolidated Statements of Cash Flows

For the six month periods ended June 30, 2018 and 2017

	Six months ended June 30, 2018	Six months ended June 30, 2017
Cash flows from (used in) operating activities		
Net loss for the period	$ (27,785,602)	$ (19,928,097)
Adjustments to reconcile loss to net cash used in operating activities		
Depreciation	421,051	811,802
Accretion expense - provision for site reclamation and closure	249,796	250,509
Gain on sale of NSR	-	(6,836,558)
Gain on revaluation of RSU	(133,435)	-
Realized loss on sale of investments	456,700	-
Stock based compensation	1,864,250	3,745,750
Deferred tax recovery	(9,247,000)	(5,248,200)
Changes in non-cash working capital balances:		
Accounts receivable	(1,257,607)	(979,635)
Prepaid expenses	(161,583)	(598,814)
Trade and other payables	(1,737,985)	5,039,990
Inventory	(172,636)	(119,324)
Total cash outflows from operating activities	(37,504,051)	(23,862,577)
Cash flows from (used in) investing activities		
Proceeds from sale of NSR	-	12,500,000
Reclamation deposits	(65,000)	(8,090,000)
Disposals (purchase) of investments, net of additions and disposals	11,446,573	(20,407,922)
Acquisition of property, plant and equipment, net of disposals	(736,478)	(4,785,330)
Acquisition of mineral properties and deferred development costs, net of gold sales	(1,494,154)	(4,050,409)
Total cash inflows (ouflows) from investing acitivites	9,150,941	(24,833,661)
Cash flows from (used in) financing activities		
Amounts advanced by (paid to) related parties	(93,830)	23,016
Finance lease	(282,890)	(47,738)
Net issuance of share capital	266,975	47,395,030
RSU settled in cash	(222,840)	-
Total cash inflows (outflows) from financing activities	(332,585)	47,370,308
Total decrease in cash and cash equivalents during the period	(28,685,695)	(1,325,930)
Cash and cash equivalents at the beginning of the period	39,797,324	19,224,750
Cash and cash equivalents at the end of the period	$ 11,111,629	$ 17,898,820

The accompanying notes form an integral part of these unaudited interim condensed consolidated financial statements.

1. CORPORATE INFORMATION

Barkerville Gold Mines Ltd. ("the Company" or "Barkerville") was incorporated on February 12, 1970 under the laws of the Province of British Columbia and is engaged in exploration and evaluation of mineral properties in British Columbia, including the development of the Cariboo Gold Project. The Company is listed on the TSX Venture Exchange, under the symbol BGM-V.

The address of the Company's corporate office and principal place of business is 155 University Avenue, suite 1410, M5H 3B7, Toronto, Canada.

2. BASIS OF PREPARATION

a) Going Concern of Operations

These unaudited interim condensed 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. At June 30, 2018, the Company had accumulated losses of $284,076,426 (December 31, 2017: $256,290,824). The Company had a loss of $27,785,602 during the six month period ended June 30, 2018 (2017: $19,928,097). These conditions raise material uncertainty that may cast significant doubt as to the ability of the Company to continue operating as a going concern.

The Company requires additional financing to continue to be able to operate, retain rights to its properties and carry out exploration and development of its properties. Because of continuing operating losses, the Company's continuance as a going concern for the foreseeable future is dependent upon its ability to obtain adequate financing. It is not possible to predict whether financing efforts will be successful.

The Company is in the process of exploring certain of its properties and has not yet determined whether these properties contain economically recoverable reserves. The continued operations of the Company and the amounts recoverable on these properties are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the financing to complete the necessary exploration and development of such property and upon attaining future profitable production or proceeds from disposition of the properties.

b) Statement of Compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34, Interim financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"), and its interpretations. Accordingly, these condensed interim financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete financial statements for year-end reporting purposes.

The unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 29, 2018.

2. BASIS OF PREPARATION (CONTINUED)

c) Basis of presentation

The notes herein include only significant transactions and events occurring since the Company's last fiscal year end and are not fully inclusive of all matters required to be disclosed in the annual audited consolidated financial statements. Accordingly, these unaudited interim condensed consolidated financial statements should be read in conjunction with our most recent annual audited financial statements for the year ended December 31, 2017.

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as explained in the accounting policies set out in our most recent annual audited financial statements for the year ended December 31, 2017. In addition, these financial statements have been prepared using the accrual basis of accounting except for cash flow information.

The functional currency of the Company and the Company's subsidiary is the Canadian dollar. The unaudited interim condensed consolidated financial statements are expressed in Canadian dollars which is the Company's functional currency.

d) 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 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:

2. BASIS OF PREPARATION (CONTINUED)

	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 required criteria. 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 assets carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied 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 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 policies for financial liabilities. 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.

2. BASIS OF PREPARATION (CONTINUED)

d) Recent accounting pronouncements (continued)

The following new standards, amendments to standards and interpretations have been issued but are not effective during the period ended June 30, 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There have been no significant changes to our critical accounting judgements, estimates and assumptions made since our annual financial reporting for the year ended December 31, 2017, except for the following:

a) Declaration of commercial production

Once a mine is ready for its intended use, depletion of capitalized mineral property costs begins. Significant judgement is required to determine when a project is ready to be operated in the manner intended by management. In assessing whether the Bonanza Ledge project has reached commercial production, management has considered several factors including:

- Whether all major capital expenditures necessary to bring the mine to the condition where it is capable of operating in the manner intended by management have been completed;
- Whether a reasonable period of testing and commissioning has taken place;
- The ability to produce saleable product;
- Whether the mine or plant has reached a pre-determined percentage of design capacity;
- Whether mineral recoveries are at or near the expected production level; and
- Whether the mine has the ability to sustain ongoing production of ore.

Because of operating difficulties encountered in the ramp up of the Bonanza Ledge mine and plant efficiency, management does not consider that commercial production has been met as at June 30, 2018.

4. AMOUNTS RECEIVABLE

The amounts receivable for the Company are comprised of the following:

	June 30, 2018	December 31, 2017
Receivable from incidental gold sales	$ **2,854,912**	$ 1,352,599
Trade and other receivables	**1,069,991**	1,006,144
Goods and services tax receivable	**492,650**	801,203
Total amounts receivable	$ **4,417,553**	$ 3,159,946

5. PREPAID EXPENSES

The prepaid expenses for the Company are comprised of the following:

	June 30, 2018	December 31, 2017
Insurance	$ **490,910**	$ 259,478
Other prepaid amounts	**707,736**	777,585
Total prepaid expenses	$ **1,198,646**	$ 1,037,063

6. CASH AND CASH EQUIVALENTS

The balance at June 30, 2018 consists of cash on deposit with major Canadian banks in general interest bearing accounts totaling $10,654,379 (December 31, 2017 - $39,139,074) and cashable guaranteed investment certificates with major Canadian banks of $457,250 (December 31, 2017 - $658,250) for total cash and cash equivalents of $11,111,629 (December 31, 2017 - $39,797,324).

7. FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME INVESTMENTS

During the six months period ended June 30, 2018, the Company disposed its various short term corporate bonds and shares of publicly traded companies investments such that as at June 30 2018 , the Company held investments totaling $nil (December 31, 2017 $11,811,409). The impact to the unaudited interim condensed consolidated financial statements of the investments disposal resulted in a recycling through the statement of loss for the six month period ended June 30, 2018 of a change in fair value of corporate bonds investments previously recognized within other comprehensive income, and a loss of $456,700 recognized upon sale of the investments.

8. PROPERTY, PLANT AND EQUIPMENT

	Mine plant & equipment	Office furniture & equipment	Total
Cost:			
Balance at January 1, 2017	$ 19,220,761	$ 1,112,256	$ 20,333,017
Additions	9,448,104	59,992	9,508,096
Disposal	(86,250)	-	(86,250)
Balance at December 31, 2017	28,582,615	1,172,248	29,754,863
Additions	1,025,220	41,304	1,066,524
Disposal	(49,546)	-	(49,546)
Balance at June 30, 2018	$ 29,558,289	$ 1,213,552	$ 30,771,841
Depreciation and impairment losses			
Balance at January 1, 2017	$ 11,521,436	$ 666,604	$ 12,188,040
Depreciation	1,974,002	95,083	2,069,085
Disposal	(23,065)	-	(23,065)
Balance at December 31, 2017	13,472,373	761,687	14,234,060
Depreciation	1,228,326	44,726	1,273,052
Disposal	-	-	-
Balance at June 30, 2018	$ 14,700,699	$ 806,413	$ 15,507,112
Net Book Value			
Balance at January 1, 2017	$ 7,699,325	$ 445,652	$ 8,144,977
Balance at December 31, 2017	$ 15,110,242	$ 410,561	$ 15,520,803
Balance at June 30, 2018	$ 14,857,590	$ 407,139	$ 15,264,729

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at June 30, 2018, $807,700 (December 31, 2017: $807,700) of property, plant and equipment is pledged as collateral for the reclamation deposits (see Note 12).

For the six month period ended June 30, 2018, $852,001 (year ended December 31, 2017 - $988,898) of depreciation has been capitalized to mine development costs (note 10).

Sale of Goldstream Mill:
On September 8, 2016, the Company sold the assets and liabilities related to the Goldstream Mill for proceeds of $2,000,000 in the form of a $1,000,000 promissory note payable as follows:

(i) Less than 6 months - $50,000
(ii) 6 – 12 months - $50,000
(iii) 12 – 24 months - $175,000
(iv) 24 – 36 months - $275,000
(v) 36 – 48 months - $450,000

With the remaining $1,000,000 receivable over time by way of having the right to receive 25% of the net profits generated from commercial processing of material through the Mill.

The Company will record proceeds of disposition as they are received due to the uncertainty of collection regarding the amount receivable. The Company has not received any payments due under the promissory note.

9. EXPLORATION & EVALUATION ASSETS

	Wayside Property	Cariboo Gold Project	Williams Creek Project	Bethlehem	Total
Cost					
Balance at January 1, 2017	$1	$ 942,455	$ 4,720,986	$-	$5,663,442
Sale of NSR	-	(942,455)	(4,720,986)	-	(5,663,441)
Balance at December 31, 2017	1	-	-	-	1
Additions	-	-	-	-	-
Balance at June 30, 2018	$1	$-	$-	$-	$1
Carrying amounts					
Balance at January 1, 2017	$1	$-	$-	$-	$1
Balance at December 31, 2017	$1	$-	$-	$-	$1
Balance at June 30, 2018	$1	$-	$-	$-	$1

10. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT COSTS

	Mineral properties	Deferred development costs	Total
Cost			
Balance at January 1, 2017	$4,123,331	$15,491,457	$19,614,788
Additions for the year	1,626,750	18,543,156	20,169,906
Balance at December 31, 2017	5,750,081	34,034,613	39,784,694
Additions for the period	3,336,000	1,641,155	4,977,155
Balance at June 30, 2018	$9,086,081	$35,675,768	$44,761,849
Depletion and impairment losses			
Balance at January 1, 2017	$4,123,331	$15,491,457	$19,614,788
Depletion for the year	-	-	-
Balance at December 31, 2017	4,123,331	15,491,457	19,614,788
Depletion for the period	-	-	-
Balance at June 30, 2018	$4,123,331	$15,491,457	$19,614,788
Carrying amounts			
Balance at January 1, 2017	$ -	$ -	$ -
Balance at December 31, 2017	$1,626,750	$18,543,156	$20,169,906
Balance at June 30, 2018	$4,962,750	$20,184,311	$25,147,061

Quesnel River Mine:

The QR Mine is subject to a 5% net operating profits royalty, a 1% net smelter return royalty (NSR), and a 2% net profit royalty. Should a deposit of one million proven recoverable ounces of gold be discovered on the property, the property is subject to a 50% back-in interest in return for reimbursing the Company for double the amount of expenditures incurred and by completing a bankable feasibility study.

Bonanza Ledge:
On January 30, 2018 – Barkerville Gold Mines Ltd. entered into an agreement with arm's length parties to purchase a 10% interest in 8 mineral claims adjacent to the Corporation's Bonanza Ledge mine. As consideration for the purchase, the Corporation has agreed to pay the vendor a cash purchase price of $400,000 (paid), and to issue the vendor an aggregate of 660,000 common shares (issued) in the capital of the Corporation.

Wayside property:

As at June 30, 2018 and December 31, 2017, the Company holds a 100% interest in the Wayside property, consisting of certain mineral claims and leases located in the Lillooet Mining Division, British Columbia. If the property commences commercial production, the Company will be required to issue shares equal in value to $480,000 to the party from whom it was initially acquired.
Cariboo Gold Project:

The Cariboo Gold Project is subject to a net smelter return royalty (NSR) of 1-3% for various properties within the contiguous mineral tenures.

On March 1, 2018 – Barkerville Gold Mines Ltd. entered into an agreement to purchase five mineral claims located in the Cariboo Gold District in British Columbia. As consideration for the purchase, the Corporation has agreed to pay the vendors a cash purchase price of $5,000 (paid), and to issue the vendors an aggregate of 200,000 common shares (issued) in the capital of the Corporation.

On April 24, 2018, the Company entered into an agreement to purchase twelve mineral claims covering an area of 5300 hectares located in the Cariboo Gold District in British Columbia. As consideration for the acquisition, the Company has agreed to pay the vendor a cash purchase price of $300,000 (paid), and to issue the vendor an aggregate of three million common shares (issued) in the capital of the Company.

10. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT COSTS (CONTINUED)

Bethlehem:

On November 16, 2010 the Company completed the acquisition of all the issued and outstanding shares of Bethlehem Resources (1996) Corporation, a private B.C. company, from International Bethlehem Mining Corporation (IBMC). The asset purchase includes the Goldstream mill facility, tailings pond, and related mineral leases and claims which are located in the Revelstoke mining division, British Columbia. Certain mineral claims are subject to either a 25% net profit royalty, or a 2.5% net smelter return royalty and a 12.5 % net profit royalty, at the election of the holder of the royalty interest. The Goldstream Mill facility was subsequently sold.

11. TRADE AND OTHER PAYABLES

The trade and other payables of the Company consist of the following:

	June 30, 2018	December 31, 2017
Trade payables	$ **5,082,772**	$ 8,540,805
Payroll related liabilities	**1,118,391**	1,346,189
Accrued liabilities	**6,447,819**	4,499,973
Total trade and other payables	$ **12,648,982**	$ 14,386,967

12. PROVISIONS FOR SITE RECLAMATION AND CLOSURE

Provincial laws and regulations concerning environmental protection affect the Company's exploration and operations. Under current regulations, the Company is required to meet performance standards to minimize the environmental impact from its activities and to perform site restoration and other closure activities. The Company's provision for future site closure and reclamation costs is based on known requirements. It is not currently possible to estimate the impact on operating results, if any, of future legislative or regulatory developments.

The Company's determination of the environmental rehabilitation provision arising from its activities at the Cariboo Gold Project, Quesnel River Mine, and Bonanza Ledge Mine at June 30, 2018 was $13,860,155 (December 31, 2017: $13,610,356). This estimate was based upon a June 30, 2018 undiscounted future cost of $16,534,420 (December 31, 2017: $16,534,420), an annual inflation rate of 1.98% and risk adjusted discount rate of 5.3%. The closure and reclamation expenditure is expected to be incurred in various stages up to 2021. As of June 30, 2018 the Company has revisited its reclamation and closure plan and no expenditures are expected to be incurred within the next 12 months from the statement of financial position date. There is uncertainty related to the cost of implementation of the mitigation plan related to uncertainty about applicable water quality, the engineering scope and cost of mitigation required to meet the standards and responsibilities for the financial liability. As such, outcomes that are unfavorable could result in additional liability.

The breakdown of the provision for site reclamation and closure is as per below:

	June 30, 2018	**December 31, 2017**
Balance,	$ 13,610,359	$ 13,134,564
Accretion	249,796	475,795
Amount used	-	-
Balance,	$ 13,860,155	$ 13,610,359

	June 30, 2018	**December 31, 2017**
Current portion	-	4,756,697
Long term portion	13,860,155	8,853,662

12. PROVISIONS FOR SITE RECLAMATION AND CLOSURE (CONTINUED)

Reclamation Deposits:

The Company is required to make reclamation deposits in respect of its expected site reclamation and closure obligations. The reclamation deposits represent collateral for possible reclamation activities necessary on mineral properties in connection with the permits required for exploration activities by the Company.

The Company entered into $12,036,000 surety bond agreement in order to release its reclamation deposits. On September 5, 2017, the Company entered into a deposit agreement with OneBeacon Specialty Insurance Company (the "Surety"). As at June 30, 2018, The Company had total deposits of $8,042,600 (December 31, 2017: $7,977,600) with the Surety in connection with the surety bonds for ongoing reclamation and mine closure obligations. The principal balance of the Deposit plus interest earned on the principal is used to fund ongoing reclamation and mine closure obligations. Interest shall accrue on the Deposit at the 3-month US T-Bill rate, and shall be compounded monthly. The Surety is entitled to a management fee of 2.0% of the Deposit calculated on an annualized basis.

13. EQUITY

Share Capital

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value. As at June 30, 2018, 439,803,997 (December 31, 2017: 434,953,997) common shares were issued and outstanding.

The holders of common shares are entitled to receive dividends which are declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares are ranked equally with regards to the Company's residual assets.

<u>During the six month period ended June 30, 2018:</u>

1. On January 25, 2018, the Company issued 660,000 common shares at a price of $0.75 per share for gross with a value of $495,000 in connection with the acquisition of 10% interest in 8 mineral claims adjacent to the Company's Bonanza Ledge mine, as described in Note 10.

2. On March 1, 2018, the Company issued 200,000 common shares at a price of $0.63 per share for gross with a value of $126,000 in connection with the acquisition of 5 mineral tenures located in the Cariboo Mining District, as described in Note 9.

3. On May 1, 2018, the Company issued 3,000,000 common shares at a price of $0.67 per share for gross with a value of $2,010,000 in connection with the acquisition of twelve mineral claims located in the Cariboo Gold District in British Columbia, as described in Note 9.

Flow through premium liability

For the purposes of calculating the tax effect of any premium related to the issuances of the flow-through shares, the Company reviewed the share price of the Company's common shares and compared it to determine if there was a premium paid on the shares.

<u>During the six month period ended June 30, 2018:</u>

For the six month period ended June 30, 2018, the Company recognized an amount of $9,247,000, in relation to flow-through private placements closed in the prior year and has recorded the gain as other income upon filing of renunciation documents with the Canada Revenue Agency which occurred during the six month period ended June 30, 2018.

13. EQUITY (CONTINUED)

b) Option Plan Details

The Company has an incentive Stock Option Plan ("the Plan") under which non-transferable options to purchase common shares of the Company may be granted to directors, officers, employees or service providers of the Company. The terms of the Plan provide that the Directors have the right to grant options to acquire common shares of the Company at not less than the closing market price of the shares on the day preceding the grant at terms of up to five years. No amounts are paid or payable by the recipient on receipt of the option, and the options granted are not dependent on any performance-based criteria. In accordance with the Plan, the vesting of options is at the complete discretion of the Board other than in respect of any particular options granted to a service provider who is performing Investor Relations Activities, which will vest in stages over twelve months with no more than one quarter (1/4) of such option vesting in any three month period.

The following is a summary of changes in options outstanding for the six month period ended June 30, 2018 and the year ended December 31, 2017:

	Number of options	Weighted average exercise price per share
Balance, December 31, 2016	26,402,661	$0.41
Granted	9,045,000	$0.82
Exercised	(6,146,161)	$0.35
Forfeited/Expired	(946,500)	$0.83
Balance, December 31, 2017	28,355,000	$0.54
Granted	2,290,000	$0.60
Exercised	(590,000)	$0.45
Balance, June 30, 2018	30,055,000	$0.54

A summary of the Company's options outstanding and exercisable at June 30, 2018 is presented as follows:

Grant Date	Expiry Date	Exercise Price	Opening Balance	Granted	Exercised	Forfeited/ Expired	Closing Balance	Vested and Exercisable	Weighted Average Remaining Life (Years)
23/10/2013	23/10/2018	$ 0.87	405,000	-	-	-	405,000	405,000	0.32
15/07/2015	15/07/2020	$ 0.27	5,175,000	-	-	-	5,175,000	5,175,000	2.04
14/10/2015	14/10/2020	$ 0.29	2,290,000	-	(40,000)	-	2,250,000	2,250,000	2.29
22/12/2015	22/12/2020	$ 0.2475	475,000	-	-	-	475,000	475,000	2.48
08/03/2016	08/03/2021	$ 0.5213	2,865,000	-	-	-	2,865,000	2,865,000	2.69
07/12/2016	07/12/2021	$ 0.4675	7,800,000	-	(450,000)	-	7,350,000	7,350,000	3.44
15/12/2016	15/12/2021	$ 0.4500	300,000	-	(100,000)	-	200,000	200,000	3.46
03/05/2017	03/05/2022	$ 0.9913	3,500,000	-	-	-	3,500,000	3,500,000	3.84
30/06/2017	30/06/2022	$ 0.8825	1,650,000	-	-	-	1,650,000	1,650,000	4.00
08/12/2017	08/12/2022	$ 0.6450	3,895,000	-	-	-	3,895,000	3,895,000	4.44
05/06/2018	05/06/2023	$ 0.6000	-	2,290,000	-	-	2,290,000	2,290,000	4.93
			28,355,000	2,290,000	(590,000)	-	30,055,000	30,055,000	3.31

i) On June 8, 2018, the Company granted an aggregate of 2,290,000 options to purchase common shares of the Company exercisable at a price of $0.60 per share for a period of five years, to certain directors, officers and employees. The common shares issuable upon exercise of the options are subject to a four month hold period from the original date of grant.

   The fair value of the 2,290,000 options was estimated at $987,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 2.11%; volatility 110% and an expected life of 5 years.

13. EQUITY (CONTINUED)

c) Restricted Share Units

The Restricted Share Unit Plan (RSU Plan) provides for the grant of restricted share units (RSUs).

Each RSU represents an entitlement to one common share of the Company, upon vesting. RSUs are redeemable for the issue of common shares at prevailing market prices on the date of the RSU grant, or into cash, at the option of the holder, on the date of exercise.

As of December 31, 2017, the Board resolved that a maximum of 10,000,000 shares shall be authorized for issuance under the RSU Plan; the RSU and stock option Plan may not exceed 10% of the issued and outstanding shares of the Company. RSU awards vest over three years on each anniversary of the grant date. RSU awards may, but need not, be subject to performance incentives to reward attainment of annual or long-term performance goals in accordance with the terms of the RSU Plan. Any such performance goals are specified in the award agreement.

The Company uses the fair value method to recognize the obligation and compensation expense associated with the RSUs. The fair value of RSUs issued is determined on the grant date based on the market price of the common shares on the grant date multiplied by the number of RSUs granted. The fair value is expensed over the vesting term. Upon redemption of the RSU the carrying amount is recorded as an increase in common share capital and a reduction in the RSU liability.

Of the 10,000,000 shares authorized for issuance under the Plan, 500,000 (December 31, 2017 – 100,000) shares have been issued as at June 30, 2018.

The following table summarizes changes in the number of RSUs outstanding:

	Number of RSU's	Weighted average fair value
Balance, December 31, 2016	-	$ -
Granted	900,000	$ 0.76
Shares issued pursuant to RSU's	(100,000)	$ 0.87
Balance, December 31, 2017	800,000	$ 0.75
Granted	1,595,000	$ 0.55
Shares issued pursuant to RSU's	(400,000)	$ 0.75
RSU's exercised for cash	(850,000)	$ 0.55
Balance, June 30, 2018	1,145,000	$ 0.62

RSU liability:

The RSU liability at June 30, 2018 relates to the 1,145,000 RSU's that are fully vested and exercisable into cash at the option of the holder.

The table below shows the activity for RSU liability for the six month period ended June 30, 2018 and year ended December 31, 2017:

Period/Year ended	**June 30, 2018**	December 31, 2017
Balance at beginning of period/year	**$ -**	$ -
RSU's issued	**877,250**	-
RSU's exercised for cash	**(222,840)**	-
Period end revaluation	**(133,435)**	-
Balance at end of period/year	**$ 520,975**	$ -

13. EQUITY (CONTINUED)

d) Share Purchase Warrants

The following is a summary of changes in warrants from January 1, 2017 to June 30, 2018:

	Number of Warrants	Weighted average exercise price per warrant
Balance, January 1, 2017	9,851,700	$ 0.41
Issue of warrants (Note 14(a))	23,259,738	1.30
Exercise of warrants	(9,448,700)	0.40
Balance, December 31, 2017	23,662,738	$ 1.29
Expiry of warrants	(403,000)	0.70
Balance, June 30, 2018	23,259,738	$ 1.30

As at June 30, 2018, the Company had outstanding warrants as follows:

Expiry Date	Exercise Price	Outstanding and exercisable
November 18, 2018	$1.30	23,259,738
Balance, June 30, 2018		**23,259,738**

Share-Based Payments Reserve

Share-based payment reserve represents employee entitlements to share-based awards that have been charged to the loss and other comprehensive loss in the periods during which the entitlements were accrued and have not yet been exercised.

Accumulated Other Comprehensive Loss

Accumulated Other Comprehensive Loss is comprised of the cumulative net change in the fair value of fair value through other comprehensive income financial assets, net of taxes, until they are sold or impaired.

14. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during the three and six month periods ended June 30, 2018 and 2017:

a) Services

The Company incurred administrative and operations costs in the amount of $227,297 and $487,853 (2017 - $$101,240 and $193,614) as well as gold royalties of $158,089 and $177,772 (2017 - $nil and $nil) paid to Osisko Gold Royalties Ltd., a company with certain common directors and officers.

The Company incurred exploration costs in the amount of $12,870 and $35,640 (2017 - $12,870 and $39,600) paid to Talisker Exploration Services, a company whose President is a director of the Company.

The Company incurred exploration costs in the amount of $nil and $nil (2017 - $nil and $1,617) paid to Falco Resources, a company related to the COO and a director of the Company.

The Company incurred rent costs in the amount of $nil and $nil (2017 - $11,516 and $11,516) paid to Orion Capital, a company related to a director of the Company.

14. RELATED PARTY TRANSACTIONS (CONTINUED)

b) **Legal fees**

Legal fees in the amount of $nil and $nil (2017 - $170 and $13,370) were charged by a law firm in which a partner is a director of the Company.

Legal fees in the amount of $41,202 and $237,280 (2017 - $82,214 and $82,214) were charged by a law firm in which Legal Counsel is a director of the Company.

c) **Key Management Compensation**

Key management personnel compensation comprised:

	Three months ended June 30, 2018	Three months ended June 30, 2017	**Six months ended June 30, 2018**	Six months ended June 30, 2017
Short term employee benefits, director fees	**$ 466,921**	$ 488,108	**$ 1,684,743**	$ 939,491
Share based payments	**1,369,250**	2,055,000	**1,369,250**	2,055,000
	$ 1,836,171	$ 2,543,108	**$ 3,053,993**	$ 2,994,491

d) **Balance payable:**

The amounts payable to related parties, are summarized as follows:

	June 30, 2018	December 31, 2017
Amounts due to related parties	**$ 442,576**	$ 536,406
	$ 442,576	$ 536,406

Amounts due to related parties at June 30, 2018 include $442,576 (December 31, 2017: $536,406) payable to companies with affiliated officers in common with officers of the Company. The balance is payable on demand, interest free, and unsecured.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

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

	Financial Assets at Fair Value through Profit 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

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

General Objectives, Policies and Processes:

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's management.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

a) 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.

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.

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 and marketable securities. The Company manages equity price risk on its marketable securities by investing in investment grade short term corporate bonds.

b) 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 and cash equivalents, reclamation deposits, fair value through other comprehensive income investments, and amounts receivable. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company’s marketable securities consist of high quality investments with investment grades.

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).

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable. As at 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, 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

Determination of Fair Value

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The Statement of Financial Position carrying amounts for amounts receivable, trade and other payables and due to related parties, approximate their fair value due to their short-term nature.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Fair Value Hierarchy:

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; and
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair Value Measurements, using:					
	Level 1		Level 2		Level 3	
	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017	June 30, 2018	December 31, 2017
Financial Assets						
Cash and cash equivalents	$ 11,111,629	$ 39,797,324	$ -	$ -	$ -	$ -
Fair value through other comprehensive income investments	-	11,811,409	-	-	-	-
	$ 11,111,629	$ 51,608,733	$ -	$ -	$ -	$ -

Fair value through other comprehensive income investments

The fair value through other comprehensive income investment is based on quoted prices and is therefore considered to be Level 1. There are no financial instruments subject to Level 2 or Level 3 fair value measurements (2017: none).

16. CAPITAL MANAGEMENT

The company monitors its cash and cash equivalents, fair value through other comprehensive income investments, common shares, warrants, stock options. The Company's objectives when maintaining capital are to maintain a sufficient capital base in order to meet its short-term obligations and at the same time preserve investor's confidence required to sustain future development and production of the business. There were no changes in the Company's approach to capital management during the period.
The Company's capital consists of the following:

	June 30, 2018	December 31, 2017
Working Capital Surplus	$ 3,732,182	$ 36,671,982
Share capital	276,757,204	273,366,729
Share-based payments reserve	45,399,579	44,905,079
Accumulated other comprehensive income	-	(91,864)
Accumulated Deficit	(284,076,426)	(256,290,824)
Capital	$ 41,812,539	$ 98,561,102

17. SEGMENTED REPORTING

An operating segment is defined as a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are reviewed regularly by the Company's chief operating decision maker, the Chief Executive Officer, and for which discrete financial information is available. The Company has determined that it has one reportable operating segment, the acquisition, exploration, development and production of gold mineral properties, all of which occurs within Canada. The Company's corporate head office earns nominal revenue that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment.

18. LOSS PER SHARE

Basic loss per share is calculated by dividing the net loss for the period by the weighted average number of ordinary shares outstanding during the period.

	Three months ended June 30, 2018	Three months ended June 30, 2017	Six months ended June 30, 2018	Six months ended June 30, 2017
Loss attributed to ordinary shareholders	$ (18,672,196)	$ (10,421,049)	$ (27,785,602)	$ (19,928,097)
Weighted average number of common shares	438,748,612	358,585,998	437,223,942	344,095,176
Basic and diluted loss per share	$ (0.04)	$ (0.03)	$ (0.06)	$ (0.06)
Weighted Average Number of Common Shares				
Issued Common Shares at beginning of period	436,563,997	332,339,144	434,953,997	325,370,394
Effect of shares issued for private placements	-	22,225,979	-	11,051,592
Effect of shares issued for exercise of options and RSU's	206,593	4,020,875	620,442	7,673,190
Effect of shares issued for mineral properties	1,978,022	-	1,649,503	-
Weighted average number of common shares – basic and diluted	438,748,612	358,585,998	437,223,942	344,095,176

As at June 30, 2018, there are 30,055,000 (December 31, 2017: 28,355,000) options, 1,145,000 (December 31, 2017: 800,000) RSU's, 23,259,738 (December 31, 2017: 23,259,738) share purchase warrants, and nil (December 31, 2017: 403,000) broker warrants outstanding. The effect of shares issuable on the exercise of options, share purchase warrants, and broker warrants was anti-dilutive for the three and six month periods ended June 30, 2018 and 2017 as the Company had a net loss for the periods.

19. LEASES PAYABLE

The Company leases certain mining equipment under finance leases. The future minimum lease payments under finance leases as at June 30, 2018 and December 31, 2017 are as follows:

		June 30, 2018		December 31, 2017
Total minimum lease payments	$	**870,957**	$	880,525
Less: amount representing interest		**(21,354)**		(28,532)
Finance lease obligation		**849,603**		851,993
Less: current portion		**(603,542)**		(501,483)
	$	**246,061**	$	350,510

As at June 30, 2018, future minimum lease payments by year, and in the aggregate, are as follows:

1 year		**621,459**
2 year		**202,415**
3 year		**47,083**
Totals	$	**870,957**

The finance leases are for mining equipment and are issued at a rate of interest of 0% to 4.98% and mature between 2018, 2019, and 2020. During the six month period ended June 30, 2018, $15,346 (2017 - $3,123) of interest from finance leases was charged to operations.

20. COMMITMENTS & CONTINGENCIES

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).

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.

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

On April 2, 2018, The Company announced that the 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 Corporation. The settlement agreement contains no admission of liability or wrongdoing.