BARKERVILLE GOLD MINES LTD.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2017 AND 2016

Barkerville Gold Mines Ltd.

Unaudited Interim Condensed Consolidated Statement of Financial Position

As at September 30, 2017 and December 31, 2016

	September 30, 2017	December 31, 2016
Assets		
Current Assets		
Cash and cash equivalents (Note 7)	$ 44,237,602	$ 19,224,750
Available for sale investments (Note 8)	20,474,584	10,965,097
Amounts receivable (Note 5)	892,337	471,600
Prepaid expenses (Note 6)	1,158,038	446,877
Inventory	399,247	91,155
Total current assets	67,161,808	31,199,479
Reclamation deposits (Note 14)	6,018,000	3,395,800
Exploration and evaluation assets (Note 10)	1	5,663,442
Mineral properties and deferred development costs (Note 11)	10,841,217	-
Property, plant and equipment (Note 9)	14,799,863	8,144,977
Total assets	$ 98,820,889	$ 48,403,698
Liabilities		
Current liabilities		
Trade and other payables (Note 13)	$ 10,459,369	$ 5,221,681
Due to related parties (Note 16)	86,069	101,374
Lease payable (Note 27)	407,088	34,000
Provision for site reclamation and closure (Note 14)	4,756,697	4,756,697
Total current liabilities	15,709,223	10,113,752
Provision for site reclamation and closure (Note 14)	8,741,018	8,377,867
Lease payable (Note 27)	271,318	40,375
Flow through premium liability (Note 15)	6,500,000	5,230,000
Deferred tax liability	122,000	149,300
Total liabilities	31,343,559	23,911,294
Shareholders' equity		
Share capital (Note 15)	264,599,479	193,651,714
Shares to be issued (Note 15)	-	332,500
Share-based payments reserve (Note 15)	42,665,879	33,088,879
Accumulated other comprehensive income (Note 15)	171,311	(102,990)
Accumulated deficit	(239,959,339)	(202,477,699)
Total shareholders' equity	67,477,330	24,492,404
Total liabilities and shareholders' equity	$ 98,820,889	$ 48,403,698

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

Approved on behalf of the board:

"Chris Lodder"	*"Sean Roosen"*
Chris Lodder, Chief Executive Officer	Sean Roosen, Chairman

Barkerville Gold Mines Ltd.

Unaudited Interim Condensed Consolidated Statement of Loss and Other Comprehensive Loss

For the three and nine month periods ended September 30, 2017 and 2016

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Mine operating expense (Note 18)	(314,417)	(59,667)	$ (1,186,889)	$ (411,066)
Mine operating loss	(314,417)	(59,667)	(1,186,889)	(411,066)
Expenses:				
Exploration (Note 19)	11,562,618	5,689,125	29,257,224	15,920,338
Evaluation (Note 20)	4,293,321	3,828,106	13,373,444	8,510,250
Corporate administration (Note 21)	1,500,657	1,941,818	5,824,212	5,159,249
Impairment (Note 12)	-	-	-	669,450
Finance (income) expense (Note 22)	(60,750)	(36,613)	(15,923)	(190,198)
Loss on sale of Goldstream assets (Note 9)	-	1,189,202	-	1,189,202
Gain on sale of NSR (Note 10)	-	-	(6,836,558)	(5,926,519)
Sundry (income) expenses	(47,620)	28,375	(50,348)	5,576
	17,248,226	12,640,013	41,552,051	25,337,348
Loss before income taxes	(17,562,643)	(12,699,680)	(42,738,940)	(25,748,414)
Income tax recovery	9,100	9,100	5,257,300	1,853,300
Net loss for the period	$ (17,553,543)	$ (12,690,580)	$ (37,481,640)	$ (23,895,114)
Other comprehensive loss				
Change in fair value of available for sale investment	(274,195)	51,470	274,301	31,358
Total Comprehensive loss for the period	$ (17,827,738)	$ (12,639,110)	$ (37,207,339)	$ (23,863,756)
Loss per common share, basic and diluted (Note 25)	$ (0.05)	$ (0.04)	$ (0.10)	$ (0.08)
Weighted average number of common shares outstanding	389,431,745	297,848,190	359,336,804	283,304,281

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

Barkerville Gold Mines Ltd.

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

As at December 31, 2016 and September 30, 2017

	Outstanding Shares	Share Capital	Shares to be Issued	Share-based payments reserve	Accumulated other comprehensive loss	Accumulated deficit	Total Shareholders' Equity
Balance at March 1, 2016	270,542,168	$ 164,976,771	$ -	$ 28,940,017	$ (46,780)	$ (158,530,041)	$ 35,339,967
Loss for the period	-	-	-	-	-	(43,947,658)	(43,947,658)
Change in fair value of available for sale investment	-	-	-	-	(56,210)	-	(56,210)
Stock based compensation	-	-	-	4,714,562	-	-	4,714,562
Issue of flow through shares pursuant to private placements	42,772,000	21,183,643	-	134,800	-	-	21,318,443
Shares issued on corporate acquisition (Note 26)	6,799,989	4,691,992	-	-	-	-	4,691,992
Issue of shares for acquisition of mineral property	894,237	534,393	-	-	-	-	534,393
Exercise of options and warrants	4,362,000	2,264,915	332,500	(700,500)	-	-	1,896,915
Balance at December 31, 2016	325,370,394	$ 193,651,714	$ 332,500	$ 33,088,879	$ (102,990)	$ (202,477,699)	$ 24,492,404
Balance at January 1, 2017	325,370,394	$ 193,651,714	$ 332,500	$ 33,088,879	$ (102,990)	$ (202,477,699)	$ 24,492,404
Loss for the period	-	-	-	-	-	(37,481,640)	(37,481,640)
Change in fair value of available for sale investment	-	-	-	-	274,301	-	274,301
Stock based compensation	-	-	-	3,658,750	-	-	3,658,750
Issuance of RSU's	-	-	-	87,000	-	-	87,000
Issue of shares pursuant to private placements	80,269,490	61,445,815	-	8,427,000	-	-	69,872,815
Issue of shares for acquisition of mineral property	300,000	330,750	-	-	-	-	330,750
Issue pursuant to agreement	400,000	352,000	-	-	-	-	352,000
Exercise of options and warrants	16,226,113	8,819,201	(332,500)	(2,595,750)	-	-	5,890,951
Balance at September 30, 2017	422,565,997	$ 264,599,479	$ -	$ 42,665,879	$ 171,311	$ (239,959,339)	$ 67,477,330

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

Barkerville Gold Mines Ltd.

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the nine month periods ended September 30, 2017 and 2016

	Nine months ended	
	September 30, 2017	September 30, 2016
Cash flows from (used in) operating activities		
Loss for the period/year	$ (37,481,640)	$ (23,895,114)
Adjustments to reconcile loss to net cash used in operating activities		
Depreciation	1,366,575	583,495
Loss on sale of Goldstream assets	-	1,189,202
Accretion expense - provision for site reclamation and closure	363,151	109,725
Increase in estimate for site reclamation and closure	-	1,643,796
Impairment	-	669,450
Shares issued pursuant to agreement	352,000	-
Gain on sale of NSR	(6,836,558)	(5,926,519)
Stock based compensation	3,745,750	1,310,400
Deferred tax recovery	(5,257,300)	(1,853,300)
Changes in non-cash working capital balances:		
Accounts receivable	(420,738)	(500,285)
Prepaid expenses	(711,161)	(602,213)
Trade and other payables	5,237,688	2,446,298
Inventory	(308,092)	(6,728)
Total cash inflows (outflows) from operating activities	(39,950,325)	(24,831,793)
Cash flows from (used in) investing activities		
Proceeds from sale of NSR	12,500,000	23,000,000
Reclamation deposits	(2,622,200)	-
Purchase of available for sale investments, net of disposals	(9,235,186)	(17,382,125)
Cash acquired on corporate acquisition	-	24,462
Acquisition of property, plant and equipment, net of disposals	(7,227,346)	(465,702)
Acquisition of mineral properties and deferred development costs	(10,551,967)	(19,897)
Acquisition of exploration and evaluation assets	-	(638,743)
Total cash inflows (ouflows) from investing acitivites	(17,136,699)	4,517,995
Cash flows from (used in) financing activities		
Amounts advanced by (paid to) related parties	(15,305)	8,155
Finance lease	(148,584)	(26,775)
Net issuance of share capital	82,263,765	19,847,871
Total cash (outflows) inflows from financing activities	82,099,876	19,829,251
Total increase (decrease) in cash and cash equivalents during the period	25,012,852	(484,547)
Cash and cash equivalents at the beginning of the period	19,224,750	12,415,205
Cash and cash equivalents at the end of the period	$ 44,237,602	$ 11,930,658

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 the production and sale of gold, and the exploration, development, and acquisition of mineral properties in British Columbia. 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 September 30, 2017, the Company had accumulated losses of $239,959,339 (December 31, 2016: $202,477,699). The Company had a loss of $37,481,640 during the nine month period ended September 30, 2017 (2016: $23,895,114). 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.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and non-compliance with regulatory and environmental requirements.

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 interim condensed consolidated financial statements do not include all of the information and footnotes required by International Financial Reporting Standards ("IFRS") for complete consolidated financial statements for year-end reporting purposes.

The unaudited interim condensed consolidated financial statements were authorized for issue by the Board of Directors on November 15, 2017.

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 consolidated financial statements for the year ended December 31, 2016.

The unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, except for available for sale investments and derivative liabilities carried at fair value.

The unaudited interim condensed consolidated financial statements are presented in Canadian dollars ("CDN"), which is also the Company's functional currency.

d) Reporting periods and comparatives

On June 21, 2016, the Company announced that it was prospectively changing its fiscal year end date from February 28 to December 31 effective for the December 31, 2016 reporting period. In accordance with relevant legislation for the 2017 reporting period the Company prepared interim condensed consolidated financial statements for the three months ended March 31, 2017, June 30, 2017 and September 30, 2017 with the comparative periods being the three months ended March 31, 2016, June 30, 2016 and September 30, 2016, respectively. The Company's next consolidated annual financial statements will be as at December 31, 2017 and for the twelve months then ended with the comparative period being the ten months ended December 31, 2016

e) Recent accounting pronouncements

The Company did not adopt any new or amended standards for the year beginning January 1, 2017 that had a material impact on the consolidated financial statements. The following new standards, amendments to standards and interpretations have been issued but are not effective during the year ended December 31, 2017.

(i) IFRS 15 Revenue Recognition

On May 28, 2014 the IASB issued IFRS 15 *Revenue from Contracts with Customers*. The new standard is effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted.

IFRS 15 will replace IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue - Barter Transactions Involving Advertising Services*.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning on January 1, 2018. The Company is in the process of reviewing the impact of this standard on future contracts for gold refinery; however, the extent of the impact of adoption of the standard has not yet been determined.

(ii) IFRS 9 Financial Instruments

IFRS 9 Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of evaluating the impact of the new standard on the accounting for the available-for-sale investment.

2. BASIS OF PREPARATION (CONTINUED)

e) Recent accounting pronouncements (continued)

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

There are no additional standards not yet effective that would have an impact on the unaudited interim condensed consolidated financial statements.

3. CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates about the future that affect the reported amounts of assets and liabilities. Estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

Information about critical accounting estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

a) Provision for Site Reclamation and Closure

Provisions for Site Reclamation and Closure have been created based on management estimates. Assumptions, based on the current economic environment, have been made which management believes are a reasonable basis upon which to estimate the future liability as shown in Note 14. These estimates take into account any material changes to the assumptions that occur when reviewed regularly by management. Estimates are reviewed annually and are based on current regulatory requirements. Significant changes in estimates of discount rate, contamination, restoration standards and techniques will result in changes to provisions from period to period. Actual reclamation and closure costs will ultimately depend on future market prices for the costs which will reflect the market condition at the time the costs are actually incurred. The final cost of the currently recognized rehabilitation provisions may be higher or lower than currently provided for.

b) Mineral Reserves and Mineral Resource Estimates

Mineral reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its mineral reserve and mineral resources based on information compiled by Qualified Persons as defined by Canadian Securities Administrators National Instrument 43-101 Standards for Disclosure of Mineral Projects. Such information includes geological data on the size, depth and shape of the mineral deposit, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade that comprise the mineral reserves. Changes in the mineral reserve or mineral resource estimates may impact the carrying value of mineral properties and deferred development costs, property, plant and equipment, provision for site reclamation and closure, recognition of deferred income tax assets and depreciation and amortization charges.

3. CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

c) Units of production depletion

Estimated recoverable reserves are used in determining the depreciation of mine specific assets. This results in depreciation charges proportional to the depletion of the anticipated remaining life of mine production. Each item's life, which is assessed annually, has regard to both its physical life limitations and to present assessments of economically recoverable reserves of the mine property at which the asset is located. These calculations require the use of estimates and assumptions, including the amount of recoverable reserves and estimate of future capital expenditure. Changes are accounted for prospectively.

d) Income Taxes

Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognizes liabilities and contingencies for anticipated tax audit issues based on the Company's current understanding of the tax law. For matters where it is probable that an adjustment will be made, the Company records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome than the amount included in the tax liabilities.

In addition, the Company recognizes deferred tax assets relating to tax losses carried forward only to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority and the same taxable entity against which the unused tax losses can be utilized. However, utilization of the tax losses also depends on the ability of the taxable entity to satisfy certain tests at the time the losses are recouped.

e) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 15.

f) Fair Value Measurement

The Company measures financial instruments, such as derivatives, at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of an asset or liability is measured using the assumption that market participants act in their best economic interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Changes in estimates and assumptions about these inputs could affect the reported fair value.

When the fair values of non-financial assets/CGUs need to be determined, e.g. when calculating fair value less cost to sell for impairment purposes, fair value is measured using valuation techniques including comparable calculations and discounted cash flow models. Further information about the judgments and estimates and assumptions impacting impairment testing is contained in Note 12.

g) Inventories

Net realizable value tests are performed at each reporting date and represent the estimated future sale price of the product the Company expects to realize when the product is sold, less estimated costs to complete production and bring the product to sale. Where the time value of money is material, these future prices and costs to complete are discounted.

4. CRITICAL ACCOUNTING JUDGMENTS

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the unaudited interim condensed consolidated financial statements.

Information about critical judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

a) Title to Mineral Property Interests

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers and title may be affected by undetected defects.

b) Commencement of Production

The Company assesses the stage of each mine under construction to determine when a mine moves into the production stage, being when the mine is substantially complete and ready for its intended use. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location. The Company considers various relevant criteria to assess when the production phases are considered to commence and all related amounts are reclassified from 'Mines under construction' to 'Producing mines' and 'Property, plant and equipment'. The principal criteria used includes, but is not limited to, the following:

- Level of capital expenditure incurred compared to the original construction cost estimate
- Completion of a reasonable period of testing of the mine plant and equipment
- Ability to produce metal in saleable form (within specification)
- Ability to sustain ongoing production of metal
- Ability to sustain ongoing profitable production

When a mine development / construction project moves into the production stage, the capitalization of certain mine development costs ceases. Costs are either regarded as forming part of the cost of inventory or expensed. However, any costs relating to mining asset additions or improvements, underground mine development or mineable reserve development are assessed to determine whether capitalization is appropriate. It is also at this point that depreciation / amortization commences.

c) Exploration and Evaluation Expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

4. CRITICAL ACCOUNTING JUDGMENTS (CONTINUED)

d) Impairment of Property, Plant and Equipment, Mining Properties and Deferred Development Costs and Exploration and Evaluation Assets

Management considers both external and internal sources of information in determining if there are any indications that the Company's property, plant and equipment assets, mining properties and deferred development costs and exploration and evaluation assets are impaired. External sources of information management consider include the market, economic, and legal environment in which the Company operates. Internal sources of information management considers include the manner in which the property, plant and equipment, mining properties and deferred development costs are being used or are expected to be used, and indication of economic performance of the assets. Management has used its judgment to determine the appropriate allocation of assets to a specific cash generating unit (CGU), for which it was determined that there are two CGUs (individual mining locations). These locations are the lowest level for which cash flows are largely independent of those from other assets/CGUs. Further information on assumptions and estimates used in the Company's impairment assessment are given in Note 12.

Exploration and evaluation assets have not been included with other CGUs for assessment for impairment indicators.

If, after an exploration and evaluation expenditure is capitalized, information becomes available suggesting that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount the Company carries out an impairment test at the cash generating unit or group of cash generating units level in the year the new information becomes available. The Company has determined that there are currently no indicators of impairment on its exploration and evaluation properties at September 30, 2017 (December 31, 2016: $nil, see note 10).

5. AMOUNTS RECEIVABLE

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

	September 30, 2017	December 31, 2016
Trade and other receivables	**$ 121,069**	$ 30,662
Goods and services tax receivable	**771,268**	440,938
Total amounts receivable	**$ 892,337**	$ 471,600

6. PREPAID EXPENSES

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

	September 30, 2017	December 31, 2016
Insurance	**$ 632,569**	$ 180,738
Other prepaid amounts	**525,469**	266,139
Total prepaid expenses	**$ 1,158,038**	$ 446,877

7. CASH AND CASH EQUIVALENTS

The balance at September 30, 2017 consists of cash on deposit with major Canadian banks in general interest bearing accounts totaling $33,830,794 (December 31, 2016 - $18,033,732) and cashable guaranteed investment certificates with major Canadian banks of $10,406,808 (December 31, 2016 - $1,191,018) for total cash and cash equivalents of $44,237,602 (December 31, 2016 - $19,224,750).

8. AVAILABLE FOR SALE INVESTMENTS

The balance at September 30, 2017 consists various short term corporate bonds totaling $19,627,859 (December 31, 2016: $10,569,282) and shares of publicly traded companies totaling $846,725 (December 31, 2016: $395,815) for total of $20,474,584 (December 31, 2016: $10,965,097). As at September 30, 2017, these available for sale investments have been measured at their fair value of $20,474,584 (December 31, 2016: $10,956,097). The impact to the unaudited interim condensed consolidated financial statements of this revaluation to market value resulted in a gain of $274,301 for the nine month period ended September 30, 2017 (2016: $31,358) which has been recognized in other comprehensive loss.

9. PROPERTY, PLANT AND EQUIPMENT

	Mine plant & equipment	Office furniture & equipment	Total
Cost:			
Balance at March 1, 2016	$ 18,858,683	$ 951,115	$ 19,809,798
Additions	4,021,228	162,184	4,183,412
Disposal	(3,659,150)	(1,043)	(3,660,193)
Balance at December 31, 2016	19,220,761	1,112,256	20,333,017
Additions	8,022,363	62,283	8,084,646
Disposal	(86,250)	-	(86,250)
Balance at September 30, 2017	$ 27,156,874	$ 1,174,539	$ 28,331,413
Depreciation and impairment losses			
Balance at March 1, 2016	$ 11,850,339	$ 603,166	$ 12,453,505
Depreciation	592,488	64,178	656,666
Disposal	(921,391)	(740)	(922,131)
Balance at December 31, 2016	11,521,436	666,604	12,188,040
Depreciation	1,296,201	70,374	1,366,575
Disposal	(23,065)	-	(23,065)
Balance at September 30, 2017	$ 12,794,572	$ 736,978	$ 13,531,550
Net Book Value			
Balance at March 1, 2016	$ 7,008,344	$ 347,949	$ 7,356,293
Balance at December 31, 2016	$ 7,699,325	$ 445,652	$ 8,144,977
Balance at September 30, 2017	$ 14,362,302	$ 437,561	$ 14,799,863

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

As at September 30, 2017, $807,700 (December 31, 2016: $807,700) of property, plant and equipment is pledged as collateral for the reclamation deposits (see Note 14).

During the year ended December 31, 2016, the Goldstream Mill was disposed of as described below resulting in a loss on disposal of $1,681,808.

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.

10. EXPLORATION & EVALUATION ASSETS

	Wayside Property	Cariboo Gold Project	Williams Creek Project	Bethlehem	Total
Cost					
Balance at March 1, 2016	$1	$-	$-	$138,177	$138,178
Additions	-	942,455	-	-	942,455
Corporate acquisition (Note 25)	-	-	4,720,986	-	4,720,986
Sale of Goldstream net assets	-	-	-	(138,177)	(138,177)
Balance at December 31, 2016	1	942,455	4,720,986	-	5,663,442
Additions	-	-	-	-	-
Sale of NSR	-	(942,455)	(4,720,986)	-	(5,663,441)
Balance at September 30, 2017	$1	$-	$-	$-	$1
Carrying amounts					
Balance at March 1, 2016	$1	$-	$-	$138,177	$138,178
Balance at December 31, 2016	$1	$942,455	$4,720,986	$-	$5,663,442
Balance at September 30, 2017	$1	$0	$0	$-	$1

Wayside property:

As at September 30, 2017 and December 31, 2016 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 Company has a 100% interest in the mineral rights to 254 contiguous mineral tenures totaling 117,442 hectares in the Cariboo Mining District near Wells, British Columbia. The Company also pays taxes on 2,419 hectares of Crown Grant Mineral Claims which is contained within the 117,442 hectare Cariboo Gold Project claim group. The Cariboo Gold Project is subject to a net smelter return royalty (NSR) of 1-3% for various properties within the contiguous mineral tenures.

10. EXPLORATION & EVALUATION ASSETS (CONTINUED)

On February 5, 2016, the Company sold a 1.5% net smelter return ("NSR") royalty on the Cariboo Gold Project for a cash consideration of $25,000,000 to Osisko Gold Royalties Ltd. The Company's policy is to recognize, in income, costs recovered on exploration and evaluation assets when amounts received or receivable are in excess of the carrying amount of the corresponding exploration and evaluation asset. Accordingly, the Company reduced the carrying value of the Cariboo Gold Project exploration and evaluation asset to $nil during the year ended February 29, 2016 and recognized a gain of $5,926,519 on the consolidated statement of loss and comprehensive loss.

In connection with the purchase of this NSR royalty, the Company and Osisko Gold Royalties Ltd., have also agreed to negotiate a gold stream agreement ("Gold Stream Agreement") following the completion of a feasibility study by Barkerville on the Cariboo Gold Project. Following a 60 day negotiation period, if the Company and Osisko Gold Royalties Ltd., have not entered into a Gold Stream Agreement, Barkerville shall either grant a right to Osisko to purchase an additional 0.75% NSR royalty for consideration of $12.5 million, or make a payment of $12.5 million to Osisko.

On April 19, 2017, Osisko purchased the additional 0.75% net smelter return royalty on the Cariboo Gold Project for cash consideration of $12,500,000. Upon completion of the Royalty Purchase, Osisko's total NSR royalty is 2.25%. The grant of the additional royalty cancelled Osisko's royalty right which was granted February 5, 2016, however, Osisko will retain a right of first refusal relating to any gold stream offer received by Barkerville with respect to the Cariboo Gold Project. Accordingly, the Company reduced the carrying value of the Cariboo Gold Project exploration and evaluation asset to $nil during the nine month period ended September 30, 2017 and recognized a gain of $6,836,558 on the consolidated statement of loss and comprehensive loss.

On June 3, 2016, the Company entered into a mining claim acquisition agreement with Gary J. Newell, Rolland Menard and Donald Ross Twa (collectively, the "Vendors"), pursuant to which Barkerville can acquire a 100% interest in 18 mineral claims (the "Nugget Mountain Claims") located in the Cariboo Mining District, in exchange for:

- an aggregate of CDN$200,000 payable to the Vendors (paid);
- an aggregate of 300,000 common shares of Barkerville issuable to the Vendors (issued); and
- an aggregate of 40,000 common shares of Barkerville issuable as a finder's fee (issued).

The acquisition of the Nugget Mountain Claims increases the Company's expanding land package by approximately 450 hectares (1,112 acres) in the Cariboo Mining District.

On September 2, 2016, the Company entered into a mining claim acquisition agreement with Naikun Wind Energy Group Inc. pursuant to which Barkerville can acquire a 100% interest in 14 crown grant mineral claims located in the Cariboo Mining District, BC, in exchange for (a) an aggregate of CDN$300,000 payable to the Vendor; and (b) an aggregate of 300,000 common shares of Barkerville issuable to the Vendor.

On November 11, 2016, the Company announced that it entered into a Mining Claim Acquisition Agreement pursuant to which Barkerville can acquire a 100% interest in Crown Grant 35F located in the Cariboo Mining District, British Columbia, in exchange for (a) an aggregate of CDN$300,000 (paid); and (b) an aggregate of 254,237 (issued) common shares of Barkerville issuable to the vendor of the Property.

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.

11. MINERAL PROPERTIES AND DEFERRED DEVELOPMENT COSTS

	Mineral properties	Deferred development costs	Total
Cost			
Balance at March 1, 2016	$4,123,331	$15,491,457	$19,614,788
Additions for the year	-	-	-
Balance at December 31, 2016	4,123,331	15,491,457	19,614,788
Additions for the period	339,250	10,501,967	10,841,217
Balance at September 30, 2017	$4,462,581	$25,993,424	$30,456,005
Depletion and impairment losses			
Balance at March 1, 2016	$4,123,331	$15,491,457	$19,614,788
Depletion for the year	-	-	-
Balance at December 31, 2016	4,123,331	15,491,457	19,614,788
Depletion for the period	-	-	-
Balance at September 30, 2017	$4,123,331	$15,491,457	$19,614,788
Carrying amounts			
Balance at March 1, 2016	$ -	$-	$-
Balance at December 31, 2016	$ -	$-	$-
Balance at September 30, 2017	$339,250	$10,501,967	$10,841,217

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 March 29, 2017, the Company received a M-238 Permit from the British Columbia provincial government to develop an open pit gold mine at the Bonanza Ledge section of the Cariboo Gold Project.

On April 19, 2017, the Company entered into a Mining Claim Acquisition Agreement pursuant to which Barkerville has agreed to acquire a 100% interest in the Yanks Peak Claims comprised of 10 mineral claims located in the Cariboo Mining District, British Columbia, in exchange for (a) an aggregate of CDN$50,000; and (b) an aggregate of 250,000 common shares of Barkerville issuable to the vendors of the claims.

12. IMPAIRMENT OF NON-FINANCIAL ASSETS

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. The recoverable amount is determined based on the greater of value in use ("VIU") and fair value less costs to sell ("FVLCS"). The determination of the VIU requires the estimation of future cash flows and the choice of a discount rate in order to calculate the present value of the cash flows. The determination of VIU and FVLCS for each CGU use Level 3 valuation techniques in both periods.

In assessing whether the carrying value of an asset or CGU is impaired, its carrying value is compared with its recoverable amount. Management has determined that there are two cash generating units at September 30, 2017 (December 31, 2016: Two):

a) QR Mill and Bonanza Ledge mine ("BL CGU");

b) Exploration and evaluation assets ("E&E CGU"); and

a) QR Mill and Bonanza Ledge

The Company determined that no indications for impairment existed for the QR Mill during the nine month period ended September 30, 2017 and year ended December 31, 2016.

b) Exploration and evaluation assets

The Company determined that there were no indicators of impairment pertaining to exploration and evaluation assets brought to account at September 30, 2017 and December 31, 2016 given all mining concessions and titles remain in good standing and management's plans for further exploration. Consequently, no impairment charge was recognized in the statement of loss and other comprehensive loss for the nine month period ended September 30, 2017 or the year ended December 31, 2016.

c) Goldstream Mill

On September 8, 2016, the Company sold the assets related to the Goldstream Mill, and is no longer a CGU.

During the nine months ended September 30, 2016, the recoverable amount of the Milling Plant & Equipment was estimated with the assistance of a professional valuator, using an orderly liquidation value. The recoverable amount for the Milling Plant & Equipment was $2,697,450 (including 5% selling costs) and an impairment loss of $669,450 was recorded for the nine months ended September 30, 2016. Significant assumptions in this valuation include scrap metal prices.

13. TRADE AND OTHER PAYABLES

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

	September 30, 2017	December 31, 2016
Trade payables	**$ 3,664,675**	$ 3,008,335
Payroll related liabilities	**1,199,776**	532,208
Royalty Payable	**-**	236,000
Accrued liabilities	**5,594,918**	1,445,138
Total trade and other payables	**$ 10,459,369**	$ 5,221,681

14. 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.

During the year ended December 31, 2016 the Company engaged consultants to revise the site closure plan for the QR Mill and mine. The revised closure plan changed the restoration and rehabilitation approach to reduce ongoing site management costs, through replacement of the water coverage approach with a dry cover. As a result of this change the provision was increased by $5,159,660.

On September 8, 2016, the Company sold the assets and liabilities related to the Goldstream Mill, see Note 9 for details, with retirement obligations transferred to the new owners, as such, the retirement obligation has been derecognized from the consolidated financial statements.

The Company's determination of the environmental rehabilitation provision arising from its activities at the Cariboo Gold Project, Quesnel River Mine, Bethlehem Resources and Bonanza Ledge Mine at September 30, 2017 was $13,497,715 (December 31, 2016: $13,134,564). This estimate was based upon a September 30, 2017 undiscounted future cost of $16,534,420 (December 31, 2016: $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. There is substantial 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 material additional liability.

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

	September 30, 2017	December 31, 2016
Balance,	$ 13,134,564	$ 8,745,695
Additions	-	5,159,660
Disposal	-	(896,920)
Accretion	363,151	126,129
Amount used	-	-
Balance,	$ 13,497,715	$ 13,134,564

	September 30, 2017	December 31, 2016
Current portion	4,756,697	4,756,697
Long term portion	8,741,018	8,377,867

14. 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 in surety bond agreements 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”) whereby the Company deposited $6,018,000 (the “Deposit”) 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.

Under the terms of the M-238 permit the Company is further required to deposit additional reclamation bonds of $4,400,000 by November 15, 2017. (Paid)

As at September 30, 2017, The Company had total deposits of $6,018,000 (December 31, 2016: $3,395,800).

15. EQUITY

Share Capital

a) Common Shares

The Company is authorized to issue an unlimited number of common shares without par value. As at September 30, 2017, 422,565,997 (December 31, 2016: 325,370,394) 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.

During the nine month period ended September 30, 2017:

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

   The Company paid a cash commission equal to $764,294.

2. On August 18, 2017, the Company issued 400,000 common shares at a price of $0.88 per share for gross with a value of $352,000 to the Lhtako Dene First Nation as part of a community relations agreement.

3. On May 18, 2017, the Company completed brokered and non-brokered private placement financings of an aggregate of 46,519,490 units of the Company at a price of $0.95 per unit for aggregate gross proceeds of $44,193,516. Each unit comprises one common share of the Company and one-half of one common share purchase warrant of the Company. Each unit warrant will entitle the holder thereof to purchase one common share of the Company at a price of $1.30 per warrant share, for a period of 18 months following the closing date of the offering, and has a fair value of $8,427,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.66%; volatility 74% and an expected life of 18 months.

4. On September 1, 2017, the Company issued 250,000 common shares at a price of $0.44 per share for gross with a value of $289,250 in connection with the acquisition of a 100% interest in 10 mineral claims located in the Cariboo Mining District, as described in Note 11.

5. On August 1, 2017, the Company issued 50,000 common shares at a price of $0.83 per share for gross with a value of $41,500 in connection with the acquisition of certain real estate with an office building.

15. EQUITY (CONTINUED)

Share Capital (continued)

During the year ended December 31, 2016:

6. On February 5, 2016, the Company completed a private placement of 13,250,000 flow through common shares at a price of $0.32 per flow through share for gross proceeds of $4,240,000 with Osisko Gold Royalties Ltd.

7. On April 26, 2016, the Company completed a private placement of 22,183,500 flow through common shares at a price of $0.70 per flow through share for gross proceeds of $15,528,450.

   The Company paid the underwriters a cash commission of $583,846 and issued an aggregate of 404,200 compensation options. Each compensation option entitles the holder to acquire one common share of the Company at a price of $0.70 until April 26, 2018, and has a fair value of $134,800 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 0.72%; volatility 110% and an expected life of 24 months.

8. On June 28, 2016, the Company issued 340,000 common shares at a price of $0.62 per share for gross with a value of $210,800 in connection with the acquisition agreement pursuant to which Barkerville acquired a 100% interest in 18 mineral claims located in the Cariboo Mining District, as described in Note 10.

9. On September 14, 2016, the Company issued 300,000 common shares at a price of $0.71 per share for gross with a value of $213,000 in connection with the acquisition of a 100% interest in 14 mineral claims located in the Cariboo Mining District, as described in Note 10.

10. On November 28, 2016, the Company issued 254,237 common shares at a price of $0.435 per share for gross with a value of $110,593 in connection with the acquisition of a 100% interest in 14 mineral claims located in the Cariboo Mining District, as described in Note 10.

11. On December 19, 2016 the Company closed its private placement of flow-through common shares of the Company. The Company issued an aggregate of 20,588,500 flow-through common shares of the Company, comprised of (i) 15,032,000 flow-through shares at a price of $0.60 per share, and (ii) 5,556,500 Flow-Through Shares at a price of $0.58 per share, for total aggregate proceeds of $12,241,970.

    The Company paid a total cash commission of $489,728 to the agents.

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.

During the nine month period ended September 30, 2017:

For the nine month period ended September 30, 2017, the Company reduced the previously recognized flow-through premium liability of $5,230,000 on issuance in connection with the private placements in notes (6), (7) and (11) above. The amount of $5,230,000 was recorded as other income upon filing of renunciation documents with the Canada Revenue Agency which occurred during the nine month period ended September 30, 2017.

The Company also recognized $6,500,000 as a flow-through premium liability on issuance in connection with the private placements in note (1). The amount will be reduced upon filing of renunciation documents with the Canada Revenue Agency.

15. EQUITY (CONTINUED)

Share Capital (continued)

<u>During the ten month period ended December 31, 2016:</u>

For the ten month period ended December 31, 2016, the Company recognized $1,775,000 as a flow-through premium liability on issuance in connection with the private placements in note (2) and $3,389,000 as a flow-through premium liability on issuance in connection with the private placements in note (6). The amount will be reduced upon filing of renunciation documents with the Canada Revenue Agency.

Shares to be issued:

As at September 30, 2017, consideration of $nil (December 31, 2016 - $332,500) had been received pertaining to exercises of warrants which were issued after the reporting date.

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 nine month period ended September 30, 2017 and the year ended December 31, 2016:

	Number of options	Weighted average exercise price per share
Balance, January 1, 2016	15,006,661	$0.37
Granted	13,565,000	$0.48
Exercised	(1,210,000)	$0.27
Forfeited/Expired	(959,000)	$1.09
Balance, December 31, 2016	26,402,661	$0.41
Granted	5,150,000	$0.96
Exercised	(5,946,161)	$0.37
Forfeited/Expired	(946,500)	$0.83
Balance, September 30, 2017	24,660,000	$0.51

15. EQUITY (CONTINUED)

Share Capital (continued)

b) Option Plan Details (continued)

A summary of the Company's options outstanding and exercisable at September 30, 2017 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)
01/02/2012	01/02/2017	$ 0.89	649,000	-	-	(649,000)	-	-	-
29/06/2012	29/06/2017	$ 1.21	85,000	-	-	(85,000)	-	-	-
23/10/2013	23/10/2018	$ 0.87	417,500	-	-	(12,500)	405,000	405,000	1.06
15/07/2015	15/07/2017	$ 0.27	651,161	-	(651,161)	-	-	-	-
15/07/2015	15/07/2020	$ 0.27	7,670,000	-	(2,495,000)	-	5,175,000	5,175,000	2.79
14/10/2015	14/10/2020	$ 0.29	2,790,000	-	(300,000)	-	2,490,000	2,490,000	3.04
22/12/2015	22/12/2020	$ 0.2475	575,000	-	(100,000)	-	475,000	475,000	3.23
08/03/2016	08/03/2021	$ 0.5213	3,365,000	-	(500,000)	-	2,865,000	2,865,000	3.44
07/12/2016	07/12/2021	$ 0.4675	9,800,000	-	(1,800,000)	(200,000)	7,800,000	7,800,000	4.19
15/12/2016	15/12/2021	$ 0.4500	400,000	-	(100,000)	-	300,000	300,000	4.21
03/05/2017	03/05/2022	$ 0.9913	-	3,500,000	-	-	3,500,000	3,500,000	4.59
30/06/2017	30/06/2022	$ 0.8825	-	1,650,000	-	-	1,650,000	1,650,000	4.75
			26,402,661	5,150,000	(5,946,161)	(946,500)	24,660,000	24,660,000	3.72

i) On May 3, 2017, the Company granted an aggregate of 3,500,000 options to purchase common shares of the Company exercisable at a price of $0.99125 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 3,500,000 options was estimated at $2,590,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.21%; volatility 101% and an expected life of 5 years.

ii) On June 30, 2017, the Company granted an aggregate of 1,650,000 options to purchase common shares of the Company exercisable at a price of $0.8825 per share for a period of five years, to the newly appointed directors and an employee. 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 1,650,000 options was estimated at $1,038,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.20%; volatility 96% and an expected life of 5 years.

15. EQUITY (CONTINUED)

Share Capital (continued)

b) Option Plan Details (continued)

A summary of the Company's options outstanding and exercisable at December 31, 2016 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)
01/04/2011	01/04/2016	$ 1.22	84,000	-	-	(84,000)	-	-	-
20/06/2011	20/06/2016	$ 1.66	127,500	-	-	(127,500)	-	-	-
22/07/2011	22/07/2016	$ 1.66	77,500	-	-	(77,500)	-	-	-
01/02/2012	01/02/2017	$ 0.89	899,000	-	-	(250,000)	649,000	649,000	0.09
29/06/2012	29/06/2017	$ 1.21	135,000	-	-	(50,000)	85,000	85,000	0.49
23/10/2013	23/10/2018	$ 0.87	787,500	-	-	(370,000)	417,500	417,500	1.81
15/07/2015	15/07/2017	$ 0.27	651,161	-	-	-	651,161	651,161	0.54
15/07/2015	15/07/2020	$ 0.27	8,580,000	-	(910,000)	-	7,670,000	7,670,000	3.54
14/10/2015	14/10/2020	$ 0.29	3,090,000	-	(300,000)	-	2,790,000	2,790,000	3.79
22/12/2015	22/12/2020	$ 0.2475	575,000	-	-	-	575,000	575,000	3.98
08/03/2016	08/03/2021	$ 0.5213		3,365,000	-	-	3,365,000	3,365,000	4.19
07/12/2016	07/12/2021	$ 0.4675		9,800,000	-	-	9,800,000	9,800,000	4.94
15/12/2016	15/12/2021	$ 0.4500		400,000	-	-	400,000	400,000	4.96
			15,006,661	13,565,000	(1,210,000)	(959,000)	26,402,661	26,402,661	4.00

iii) On March 8, 2016, the Company granted an aggregate of 3,365,000 options to purchase common shares of the Company exercisable at a price of $0.52125 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 3,365,000 options was estimated at $1,310,400 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.43%; volatility 101% and an expected life of 5 years.

(ii) On December 7, 2016, the Company granted an aggregate of 9,800,000 options to purchase common shares of the Company exercisable at a price of $0.4675 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 9,800,000 options was estimated at $3,340,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.23%; volatility 100% and an expected life of 5 years.

(iii) On December 15, 2016, the Company granted an aggregate of 400,000 options to purchase common shares of the Company exercisable at a price of $0.45 per share for a period of five years, to certain consultants and employees, with 200,000 options vesting immediately and 200,000 options vesting at a rate of ¼ every three months. 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 400,000 options was estimated at $123,000 using the Black-Scholes pricing model with the following assumptions: dividend yield 0%; risk free interest 1.23%; volatility 100% and an expected life of 5 years. Stock based compensation expense related to the portion vested during the period amounted to $64,163.

15. EQUITY (CONTINUED)

Share Capital (continued)

c) Restricted Share Units

The Restricted Share Unit Plan (RSU Plan) is intended to advance the interests of the Company and its subsidiaries by assisting the Company and its subsidiaries to attract and retain highly qualified officers, directors, key employees and other persons, and to motivate such officers, directors, key employees and other persons to serve the Company and its affiliates and to expend maximum effort to improve the business results and earnings of the Company, by allowing such persons to participate in the long term success of the Company. To this end, the 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.

As of September 30, 2017, the Board resolved that a maximum of 10,000,000 shares shall be authorized for issuance under the RSU Plan, which 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 share based payment reserve.

Of the 10,000,000 shares authorized for issuance under the Plan, nil (December 31, 2016 - nil) shares have been issued as at September 30, 2017.

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

	Number of RSU's	Weighted average fair value at issue date
Balance, December 31, 2016	-	$ -
Granted	100,000	$ 0.87
Balance, September 30, 2017	100,000	$ 0.87

15. EQUITY (CONTINUED)

d) Share Purchase Warrants

The following is a summary of changes in warrants from March 1, 2016 to September 30, 2017:

	Number of Warrants	Weighted average exercise price per warrant
Balance, March 1, 2016	22,940,750	$ 0.60
Expiry of warrants	(9,510,000)	0.88
Exercise of warrants	(3,983,250)	0.39
Issue of broker warrants (Note 15(a)(4))	404,200	0.70
Balance, December 31, 2016	9,851,700	$ 0.41
Issue of warrants (Note 15(a)(1))	23,259,738	1.30
Exercise of warrants	(9,448,700)	0.40
Balance, September 30, 2017	23,662,738	$ 1.29

As at September 30, 2017, the Company had outstanding warrants as follows:

Expiry Date	**Exercise Price**	**Outstanding and exercisable**
November 18, 2018	$1.30	23,259,738
April 26, 2018 – broker warrants	$0.70	403,000
Balance, September 30, 2017		**23,662,738**

As at December 31, 2016, the Company had outstanding warrants as follows:

Expiry Date	**Exercise Price**	**Outstanding and exercisable**
January 23, 2017	$0.40	4,687,500
December 23, 2017	$0.40	4,760,000
April 26, 2018 – broker warrants	$0.70	404,200
Balance, December 31, 2016		**9,851,700**

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 available-for-sale financial assets, net of taxes, until they are sold or impaired.

16. RELATED PARTY TRANSACTIONS

The following is a summary of the Company's related party transactions during the three and nine month period ended September 30, 2017 and 2016:

a) **Services**

The Company incurred administrative and operations costs in the amount of $125,843 and $319,457 (2016 - $7,855 and $111,102) paid to Osisko Gold Royalties Ltd., a company with certain common directors and officers.

The Company incurred exploration costs in the amount of $22,770 and $62,370 (2016 - $100,980 and $233,180) 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 $1,617 (2016 - $nil and $nil) 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 $5,250 and $16,766 (2016 - $nil and $nil) paid to Orion Capital, a company related to a director of the Company.

b) **Legal fees**

Legal fees in the amount of $nil and $13,370 (2016 - $nil and $11,461) were charged by a law firm in which a partner is a director of the Company.

Legal fees in the amount of $205,934 and $205,934 (2016 - $nil and $nil) were charged by a law firm in which a partner is a director of the Company.

c) **Key Management Compensation**

Key management personnel compensation comprised:

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Short term employee benefits, director fees	$ 1,125,668	$ 477,367	$ 2,065,159	$ 1,274,859
Severance	-	780,000	-	780,000
Share-based payments	-	-	2,055,000	671,700
	$ 1,125,668	$ 1,257,367	$ 4,120,159	$ 2,726,559

d) **Balance payable:**

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

	September 30, 2017	December 31, 2016
Amounts due to related parties	$ 86,069	$ 101,374
	$ 86,069	$ 101,374

Amounts due to related parties at September 30, 2017 include $86,069 (December 31, 2016: $101,374) payable to companies with affiliated officers in common with officers of the Company. The balance is payable on demand, interest free, and unsecured.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Market Risk
- Credit Risk
- Liquidity Risk

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

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

Principal financial instruments

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

	Financial Assets at Fair Value through Profit or Loss		Loans and Receivables		Available for Sale Investments	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
Cash and cash equivalents	$ 44,237,602	$ 19,224,750	$ -	$ -	$ -	$ -
Amounts receivable	-	-	892,337	471,600	-	-
Available for sale investments	-	-	-	-	20,474,584	10,965,097
Reclamation deposits	-	-	6,018,000	3,395,800	-	-
Total Financial Assets	$ 44,237,602	$ 19,224,750	$ 6,910,337	$ 3,867,400	$ 20,474,584	$ 10,965,097

	September 30, 2017	December 31, 2016
Financial liabilities at amortized cost:		
Trade and other payables	$ 10,459,369	$ 5,221,681
Due to related parties	86,069	101,374
Lease payable	678,406	74,375
Total Financial Liabilities	$ 11,223,844	$ 5,397,430

17. 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 available-for-sale investment in the common shares of Lions Gate Energy Inc. is not a source of market risk. 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, available for sale 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.

There were no significant concentration of credit risk as at September 30, 2017 and December 31, 2016.

The Company’s maximum exposure to credit risk at the reporting date is the carrying value of its cash and cash equivalents of $44,237,602 (December 31, 2016: $19,224,750), reclamation deposits of $6,018,000 (December 31, 2016: $3,395,800), amounts receivable of $892,337 (December 31, 2016: $471,600), and available for sale investments of $20,474,584 (December 31, 2016: $10,965,097).

17. 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 September 30, 2017, the Company had a working capital of $51,452,585 (December 31, 2016: $21,085,727 working capital).

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities as at September 30, 2017 and December 31, 2016:

	Book Value at September 30, 2017	Within 1 Year	2 to 5 years	Over 5 years	Total
Trade and other payables	$ 10,459,369	$ 10,459,369	$ -	$ -	$ 10,459,369
Due to related parties	86,069	86,069	-	-	86,069
Lease payable	678,406	407,088	271,318	-	678,406
Total	$ 11,223,844	$ 10,952,526	$ 271,318	$ -	$ 11,223,844

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

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.

17. 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	
	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016	September 30, 2017	December 31, 2016
Financial Assets						
Cash and cash equivalents	$ 44,237,602	$ 19,224,750	$ -	$ -	$ -	$ -
Reclamation deposits	6,018,000	3,395,800	-	-	-	-
Available for sale investments	20,474,584	10,965,097	-	-	-	-
	$ 70,730,186	$ 33,585,647	$ -	$ -	$ -	$ -

Available for sale investments

The available for sale 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 (2016: none).

18. MINE OPERATING EXPENSES

Mine Operating Expenses for the Company for the three and nine month periods ended September 30, 2017 and 2016 consist of the following components by nature:

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Repairs and maintenance	$ 148,185	$ 19,641	$ 606,121	$ 228,878
Utilities	166,232	40,026	580,768	182,188
Total mine operating expenses	$ 314,417	$ 59,667	$ 1,186,889	$ 411,066

19. EXPLORATION EXPENSES

Exploration expenses for the Company for the three and nine month periods ended September 30, 2017 and 2016 consist of the following components by nature:

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Administration fees	$ 1,213,840	$ 605,867	$ 2,820,007	$ 1,377,335
Assaying	1,009,427	613,203	2,254,503	1,568,386
Assessment and tax	31,744	431,472	135,456	538,467
Consulting fees	490,015	625,935	1,460,968	2,467,124
Environmental and permitting	3,759	12,055	94,696	231,179
Equipment and rentals	375,270	106,699	1,176,418	324,259
Drilling	6,825,213	2,263,451	16,332,629	5,914,175
Travel	130,100	47,720	341,415	147,131
Employee salaries and benefits	1,414,970	973,174	3,447,352	2,197,522
Repairs and maintenance	68,280	9,549	279,334	100,129
Recovery of exploration expenditures	-	-	(676,554)	-
Stock based compensation	-	-	1,591,000	163,600
Site reclamation and closure costs	-	-	-	891,031
Total exploration expenses	$ 11,562,618	$ 5,689,125	$ 29,257,224	$ 15,920,338

20. EVALUATION EXPENSES

Evaluation expenses for the Company for the three and nine month periods ended September 30, 2017 and 2016 consist of the following components by nature:

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Consulting fees	$ 1,078,113	$ 2,204,100	$ 4,254,779	$ 3,715,153
Depreciation	531,467	171,204	1,299,999	532,652
Employee salaries and benefits	1,105,881	422,056	3,601,194	1,292,121
Office and administration	905,954	639,226	2,388,515	1,010,507
Travel	77,448	100,684	165,948	155,819
Stock based compensation	-	-	703,000	467,200
Assaying	129,371	69,372	412,527	258,598
Site reclamation and closure costs	-	-	-	752,765
Assessment and tax	21,529	221,464	103,924	325,435
Royalty	443,558	-	443,558	-
Total mine operating expenses	$ 4,293,321	$ 3,828,106	$ 13,373,444	$ 8,510,250

21. CORPORATE ADMINISTRATION EXPENSES

Corporate administration expenses for the three and nine month periods ended September 30, 2017 and 2016 consist of the following components by nature:

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Consulting fees	$ 53,979	$ 129,236	$ 226,708	$ 302,251
Depreciation	23,305	16,594	66,576	50,843
Employee salaries and benefits	663,559	1,278,263	2,096,030	2,099,646
Legal, audit & accounting	176,283	134,794	432,406	1,149,680
Office and administration	320,714	236,610	895,262	526,991
Shareholder communications and advertising	94,282	67,495	320,431	192,580
Stock based compensation	-	-	1,451,750	679,600
Travel and related expenses	168,535	78,826	335,049	157,658
Total corporate administration expenses	$ 1,500,657	$ 1,941,818	$ 5,824,212	$ 5,159,249

22. FINANCE EXPENSE

The finance expense for the Company for the three and nine month periods ended September 30, 2017 and 2016 consist of the following components by nature:

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Accretion on provision for site reclamation and closure (Note 14)	$ 112,643	$ 41,631	$ 363,151	$ 109,725
Bank charges, interest charges and commissions	(173,393)	(78,244)	(379,074)	(299,923)
Total finance (income) expense	$ (60,750)	$ (36,613)	$ (15,923)	$ (190,198)

23. CAPITAL MANAGEMENT

The company monitors its cash and cash equivalents, available for sale 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:

	September 30, 2017	December 31, 2016
Working Capital Surplus	$ 51,452,585	$ 21,085,727
Share capital	264,599,479	193,651,714
Shares to be issued	-	332,500
Share-based payments reserve	42,665,879	33,088,879
Accumulated other comprehensive income	171,311	(102,990)
Accumulated Deficit	(239,959,339)	(202,477,699)
Capital	$ 118,929,915	$ 45,578,131

24. 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, 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. The Company's revenue is derived through a refining agreement with a single refiner.

25. 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 September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Loss attributed to ordinary shareholders	$ (17,553,543)	$ (12,690,580)	$ (37,481,640)	$ (23,895,114)
Weighted average number of common shares	389,431,745	297,848,190	359,336,804	283,304,281
Basic and diluted loss per share	$ (0.05)	$ (0.04)	$ (0.10)	$ (0.08)
Weighted Average Number of Common Shares				
Issued Common Shares at beginning of period	385,864,834	293,425,668	325,370,394	257,192,168
Effect of shares issued for private placements	1,100,543	1,005,495	23,375,023	24,977,261
Effect of shares issued for exercise of options and warrants	2,466,368	-	10,591,387	-
Effect of shares issued on corporate acquisition	-	3,417,027	-	1,134,852
Weighted average number of common shares - basic and diluted	389,431,745	297,848,190	359,336,804	283,304,281

As at September 30, 2017, there are 24,660,000 (December 31, 2016: 26,402,661) options, 100,000 RSU's, 23,259,738 (December 31, 2016: 9,447,500) share purchase warrants, and 403,000 (December 31, 2016: 404,200) 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 nine month period ended September 30, 2017 and 2016 as the Company had a net loss for the periods.

26. CORPORATE ACQUISITION

On August 16, 2016, Barkerville acquired all of the issued and outstanding common shares of Williams Creek Gold Limited ("Williams Creek") by way of plan of arrangement under the Business Corporations Act (British Columbia) (the "Arrangement").

The Arrangement was approved by shareholders of Williams Creek at a special meeting of shareholders held on August 8, 2016 and approved by the Supreme Court of British Columbia on August 11, 2016.

Pursuant to the terms of the Arrangement, Williams Creek shareholders received 0.062352572 of a common share of Barkerville for each one common share of Williams Creek held by such Williams Creek shareholders.

In total, Barkerville issued 6,799,989 Barkerville Shares in exchange for all of the issued and outstanding Williams Creek Shares held by Williams Creek shareholders, and Williams Creek became a wholly owned subsidiary of Barkerville.

The operations and changes in cash flow of Williams Creek have been included from the date control was acquired (August 16, 2016) to the date of these consolidated financial statements. As Williams Creek does not meet the definition of a business per IFRS 3, the Acquisition has been accounted for as an asset acquisition, whereby Barkerville is considered to issue additional shares in return for the net assets of Williams Creek at their fair value as follows:

Fair value of William Creek net assets acquired		
Cash	$	24,462
Marketable securities		264,490
Accounts receivable		11,872
Prepaid expenses		8,404
Accounts payable and accrued liabilities		(48,793)
Loan payable		(289,429)
Net liabilities assumed	$	(28,994)
Consideration paid:		
Shares issued on acquisition (Note 15)	$	4,691,992
Allocated to:		
Net liabilities assumed	$	(28,994)
Exploration and evaluation asset	$	4,720,986

27. LEASES PAYABLE

The Company leases certain mining equipment under finance leases. The future minimum lease payments under finance leases as at September 30, 2017 and December 31, 2016 are as follows:

		September 30, 2017		December 31, 2016
Total minimum lease payments	$	**707,830**	$	74,375
Less: amount representing interest		**(29,424)**		-
Finance lease obligation		**678,406**		74,375
Less: current portion		**(407,088)**		(34,000)
	$	**271,318**	$	40,375

As at September 30, 2017, future minimum lease payments by year, and in the aggregate, are as follows:

1 year		**430,138**
2 year		**277,692**
Totals	$	**707,830**

The finance leases are for mining equipment and are issued at a rate of interest of 0% to 4.98% and mature between 2018 and 2019. During the nine month period ended September 30, 2017, $11,747 (2016 - $nil) of interest from finance leases was charged to operations.

28. COMMITMENTS & CONTINGENCIES

COMMITTMENTS

Flow-through shares

As at September 30, 2017, the Company is committed to spending approximately $28,000,000 by December 31, 2018 in connection with its flow-through offerings (December 31, 2016 - $18,163,000).

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.

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 November 2, 2017, a court order was granted certifying the action for settlement purposes and approving notice to class members. The next court hearing will be held on February 14, 2018. The Company and its insurers believe to complete the settlement process in early 2018.

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