bcgold CORP

ANNUAL FINANCIAL STATEMENTS

FOR THE YEARS ENDED FEBRUARY 28, 2013 and FEBRUARY 29, 2012

(Stated in Canadian Funds Unless Noted Otherwise)

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of BCGold Corp.

We have audited the accompanying financial statements of BCGold Corp. which comprise the statements of financial position at February 28, 2013 and February 29, 2012 and the statements of loss and comprehensive loss, cash flows and changes in equity for the years ended February 28, 2013 and February 29, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's file preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BCGold Corp. as at February 28, 2013 and February 29, 2012 and its financial performance and its cash flows for the years ended February 28, 2013 and February 29, 2012 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has limited working capital available for ongoing corporate and administrative operations, no current sources of revenue and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

De Visser Gray LLP

CHARTERED ACCOUNTANTS
Vancouver, BC
June 26, 2013

BCGold Corp.
Statements of Financial Position
(Stated in Canadian Funds Unless Noted Otherwise)

Assets		As at February 28, 2013		As at February 29, 2012
Current assets:				
Cash and cash equivalents *(Note 10f)*	**$**	**273,018**	$	959,998
Short-term investments *(Note 5)*		**17,250**		34,500
Marketable securities *(Note 6)*		**43,725**		99,000
Sales tax and other receivables		**32,169**		33,980
Prepaid expenses		**17,745**		12,318
		383,907		1,139,796
Non-Current Assets:				
Deposits		**64,818**		64,818
Property and equipment *(Note 7)*		**28,233**		37,086
Reclamation bonds *(Note 8)*		**83,800**		83,800
Exploration and evaluation assets *(Note 9)*		**1,404,720**		1,736,924
Total Assets	**$**	**1,965,478**	$	3,062,424

Liabilities and Equity				
Current Liabilities:				
Accounts payable and accrued liabilities *(Note 11a)*	**$**	**102,716**	$	64,661
Flow-through premium liability		**20,000**		-
Total Liabilities		**122,716**		64,661
Equity:				
Share capital *(Note 10a)*		**13,684,310**		13,615,169
Share-based payments reserve		**4,069,661**		3,737,429
Accumulated other comprehensive loss (“AOCL”)		**(185,798)**		(184,250)
Deficit		**(15,725,411)**		(14,170,585)
Total Equity		**1,842,762**		2,997,763
Total Liabilities and Equity	**$**	**1,965,478**	$	3,062,424

Nature of Operations and Going Concern *(Note 1)*

Commitments *(Notes 9a, 10f and 13)*

Subsequent Events *(Note 17)*

Approved by the Board of Directors:

“Brian Fowler” ________________, Director

“Peter Kendrick” ________________, Director

- See Accompanying Notes to the Annual Financial Statements -

BCGold Corp.
Statements of Loss and Comprehensive Loss
(Stated in Canadian Funds Unless Noted Otherwise)

		For the year ended February 28, 2013		For the year ended February 29, 2012
Expenses:				
Corporate listing and filing fees	**$**	**38,083**	$	30,398
Depreciation		**8,853**		16,793
Exploration and evaluation expenses *(Note 9)*		**806,285**		1,166,232
Investor relations		**11,796**		45,247
Office expenses		**62,437**		84,863
Professional fees		**43,215**		38,450
Rent		**57,971**		41,781
Share-based compensation *(Note 10d)*		**16,859**		346,043
Travel		**20,512**		35,744
Wages and consulting fees		**404,323**		541,226
Write-down of exploration and evaluation assets *(Note 9e)*		**62,000**		-
Loss from Operations		**(1,532,334)**		(2,346,777)
Finance Income (Expenses):				
Interest and other income		**1,037**		3,809
Interest expense		**(3,658)**		(6,284)
Total Finance Income (Expenses)		**(2,621)**		(2,475)
Non-Operating Expenses:				
Loss on sale of marketable securities, net		**19,871**		-
Total Non-Operating Expenses		**(19,871)**		-
Loss Before Income Taxes		**(1,554,826)**		(2,349,252)
Deferred income tax recovery		**-**		15,850
Net Loss for the Year		**(1,554,826)**		(2,333,402)
Unrealized loss on marketable securities		**(1,548)**		(16,000)
Comprehensive Loss for the Year	**$**	**(1,556,374)**	$	(2,349,402)
Weighted Average Number of Shares Outstanding		**11,085,404**		8,969,008
Basic and Diluted Loss per Share	**$**	**(0.14)**	$	(0.26)

- See Accompanying Notes to the Annual Financial Statements -

BCGold Corp.
Statements of Cash Flows
(Stated in Canadian Funds Unless Noted Otherwise)

	For the year ended February 28, 2013	For the year ended February 29, 2012
Operating Activities:		
Net loss for the year	**$ (1,554,826)**	$ (2,333,402)
Adjustment for items which do not involve cash:		
Deferred income tax recovery	**-**	(15,850)
Depreciation	**8,853**	16,793
Loss on sale of marketable securities, net	**19,871**	-
Share-based compensation	**16,859**	346,043
Write-down of exploration and evaluation assets	**62,000**	-
Changes in non-cash working capital components:		
Sales tax and other receivables	**1,811**	14,482
Prepaid expenses	**(5,427)**	1,845
Accounts payable and accrued liabilities	**38,053**	(28,408)
Cash Used in Operating Activities	**(1,412,806)**	(1,998,497)
Investing Activities:		
Deposits	**-**	(44,000)
Reclamation bonds	**-**	(33,300)
Short-term investments	**17,250**	200,000
Proceeds from sale of marketable securities	**49,857**	-
Purchase of property and equipment	**-**	(22,555)
Exploration and evaluation assets	**(10,000)**	(82,000)
Cash Provided by Investing Activities	**57,107**	18,145
Financing Activities:		
Issuance of common shares and warrants, net	**668,719**	1,521,030
Cash Provided by Financing Activities	**668,719**	1,521,030
Net Decrease in Cash and Cash Equivalents	**(686,980)**	(459,322)
Cash and Cash Equivalents - Beginning of the Year	**959,998**	1,419,320
Cash and Cash Equivalents - End of the Year	**$ 273,018**	$ 959,998

Cash and Cash Equivalents Consist of the Following:		
Cash	**$ 273,018**	$ 959,998
Guaranteed investment certificates	**-**	-
Total Cash and Cash Equivalents	**$ 273,018**	$ 959,998

Supplemental Schedule of Non-Cash Investing and Financing Activities:		
Fair value of shares received – property option payment/marketable securities	**$ 16,000**	$ -
Fair value of warrants issued for exploration and evaluation assets	**$ 599**	$ 5,125
Shares issued for exploration and evaluation assets	**$ -**	$ 215,000

- See Accompanying Notes to the Annual Financial Statements -

BCGold Corp.

Statements of Changes in Equity

(Stated in Canadian Funds Unless Noted Otherwise)

	SHARE CAPITAL SHARES		SHARE CAPITAL AMOUNT		SHARE-BASED PAYMENTS RESERVE		AOCL		DEFICIT		TOTAL EQUITY
Balance – March 1, 2011	8,259,980	$	12,043,029	$	3,243,346	$	(168,250)	$	(11,837,183)	$	3,280,942
Flow-through common shares issued	1,068,766		1,282,520		-		-		-		1,282,520
Flow-through premium	-		(15,850)		-		-		-		(15,850)
Non flow-through common shares issued	316,000		316,000		-		-		-		316,000
Fair value of warrants issued	-		(140,387)		140,387		-		-		-
Fair value of broker's options	-		(15,033)		15,033		-		-		-
Fair value of broker's warrants	-		(595)		595		-		-		-
Share issuance costs	-		(77,490)		-		-		-		(77,490)
Warrant issuance costs	-		7,975		(7,975)		-		-		-
Shares issued for exploration and evaluation assets	225,526		215,000		-		-		-		215,000
Share-based compensation	-		-		346,043		-		-		346,043
Unrealized loss on marketable securities	-		-		-		(16,000)		-		(16,000)
Net loss for the year	-		-		-		-		(2,333,402)		(2,333,402)
Balance – February 29, 2012	**9,870,272**	**$**	**13,615,169**	**$**	**3,737,429**	**$**	**(184,250)**	**$**	**(14,170,585)**	**$**	**2,997,763**
Flow-through common shares issued	1,000,000		100,000		-		-		-		100,000
Flow-through premium	-		(20,000)		-		-		-		(20,000)
Non flow-through common shares issued	7,320,234		612,768		-		-		-		612,768
Fair value of warrants issued	-		(316,484)		316,484		-		-		-
Fair value of finder's warrants	-		(31,883)		31,883		-		-		-
Fair value of finder's options	-		(4,378)		4,378		-		-		-
Share issuance costs	-		(44,050)		-		-		-		(44,050)
Warrant issuance costs	-		37,372		(37,372)		-		-		-
Shares returned to treasury	(160,071)		(264,204)		-		-		-		(264,204)
Share-based compensation	-		-		16,859		-		-		16,859
Unrealized loss on marketable securities	-		-		-		(1,548)		-		(1,548)
Net loss for the year	-		-		-		-		(1,554,826)		(1,554,826)
Balance – February 28, 2013	**18,030,435**	**$**	**13,684,310**	**$**	**4,069,661**	**$**	**(185,798)**	**$**	**(15,725,411)**	**$**	**1,842,762**

- See Accompanying Notes to the Annual Financial Statements -

1. Nature of Operations and Going Concern

BCGold Corp. (the "Company" or "BCGold") is an exploration stage enterprise focusing on the acquisition, exploration and development of economic gold and other precious and base metal properties. Currently, the Company's principal mineral properties are the Engineer Mine Property, located near Atlin, B.C. and the Minto/Carmacks Copper-Gold Properties located in the Yukon. BCGold Corp. is a publicly listed company incorporated under the Business Corporations Act of British Columbia on February 10, 2006 as 0748496 B.C. Ltd. On March 1, 2006, the Company changed its name to BCGold Corp. The Company is listed on the TSX Venture Exchange ("TSX.V") under the symbol "BCG". The head office, principal address and records office of the Company are located at Suite 520 – 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6. The Company's registered address is Suite 1500 - 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

While these financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business for the foreseeable future, there are events and conditions that cast significant doubt on the validity of that assumption. The Company has incurred losses since inception and has an accumulated deficit of $15,725,411 at February 28, 2013. The Company will need to raise sufficient funds in order to finance ongoing exploration and administrative expenses. The Company has no assurance that such financing will be available or be available on favourable terms. Factors that could affect the availability of financing include the Company's performance, the state of international debt and equity markets, investor perceptions and expectations and the global financial and metals markets. If successful, the Company would obtain additional financing through, but not limited to, the issuance of additional equity. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. Basis of Preparation

(a) Statement of Compliance

The financial statements of BCGold were prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations as issued by the International Accounting Standards Board ("IASB"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(b) Approval of the Financial Statements

The financial statements of BCGold for the year ended February 28, 2013 were reviewed by the Audit Committee and approved and authorized for issue by the Board of Directors on June 26, 2013.

3. Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of these annual financial statements are as follows:

3. Summary of Significant Accounting Policies - *Continued*

(a) Use of Judgments and Estimates

The preparation of financial statements requires management to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant areas requiring the use of estimates and assumptions relate to the review of carrying values and determination of impairment charges of non-current assets; valuation of share-based payments; recoverability of deferred income tax assets; provisions for closure and reclamation and determination of carrying values of derivative financial liabilities among others. Actual results could differ from those estimates. The effect on the financial statements of such changes in estimates in future periods could be material.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

(c) Short-term Investments

The Company classifies all its investments with maturities greater than three months to one year as short-term investments.

(d) Exploration and Evaluation Assets

Exploration and evaluation expenses are charged to earnings as they are incurred until the mineral property reaches the development stage. Significant costs related to property acquisitions are capitalized until the viability of the mineral interest is determined. When it has been established that a mineral deposit is commercially mineable and an economic analysis has been completed, the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized and will be depreciated against production following commencement of commercial production, or written off if the property is sold, allowed to lapse or abandoned. From time to time, the Company may acquire or dispose of properties pursuant to the terms of option agreements. Because the options are exercisable entirely at the discretion of the optionee, the amounts payable or receivable are not recorded. Option payments are recorded as exploration and evaluation assets or recoveries when the payments are made or received.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge titles to all of its properties are in good standing.

(e) Restoration Provision

The Company records a liability based on the best estimate of costs for restoration activities that the Company is legally or constructively required to remediate and recognizes the liability when those obligations result from the acquisition, construction, development or normal operations of assets. Restoration provisions are measured at the present value of the expected expenditures required to settle the obligation using a pre-tax discount rate reflecting the time value of money and risks specific to the liability. The liability is increased for the passage of time and adjusted for changes to the current market-based risk-free discount rate, and the amount of or timing of the underlying cash flows needed to settle the obligation. The associated restoration costs are capitalized as part of the carrying amount of the related property, plant and equipment and amortized on a systematic basis over the expected useful life of the asset.

3. Summary of Significant Accounting Policies - *Continued*

(e) Restoration Provision - *Continued*

As at February 28, 2013, the calculation of any possible asset retirement obligation is not considered determinable.

(f) Impairment of Non-Current Assets

Non-current assets are evaluated at each reporting period by management for indicators that the carrying value is impaired and may not be recoverable. When indicators of impairment are present, the recoverable amount of an asset is evaluated at the level of a cash generating unit (CGU), the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, where the recoverable amount of a CGU is the greater of the CGU's fair value less costs to sell and its value in use. An impairment loss is recognized in income to the extent that the carrying amount exceeds the recoverable amount.

In calculating the recoverable amount, the Company uses discounted cash flow techniques to determine value in use when it is not possible to determine fair value either by quotes from an active market or a binding sales agreement. The determination of discounted cash flows is dependent on a number of factors, including future metal prices, the amount of reserves, the cost of bringing the project into production, production schedules, production costs, sustaining capital expenditures, and site closure, restoration and environmental rehabilitation costs. Additionally, the reviews take into account factors such as political, social and legal and environmental regulations. These factors may change due to changing economic conditions or the accuracy of certain assumptions and, hence, affect the recoverable amount. The Company uses its best efforts to fully understand all of the aforementioned to make an informed decision based upon historical and current facts surrounding the projects. Discounted cash flow techniques often require management to make estimates and assumptions concerning reserves and expected future production revenues and expenses.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior periods. A reversal of an impairment loss is recognized immediately in the statement of loss and comprehensive loss.

Management estimates of mineral prices, recoverable reserves, and operating, capital and restoration costs are subject to certain risks and uncertainties that may affect the recoverability of mineral interests. Although management has made its best estimate of these factors, it is possible that changes could occur in the near term that could adversely affect management's estimate of the net cash flow to be generated from its projects.

The Company follows the guidance in *IFRS 6 – Exploration for and Evaluation of Mineral Resources* to determine whether exploration and evaluation assets are impaired. This determination requires significant judgment. Impairment indicators relevant for exploration and evaluation properties include whether the rights to explore the area of interest have expired during the period or will expire in the near future, and the rights are not expected to be renewed, substantive expenditure of further exploration and evaluation is not planned or budgeted, the activities have not lead to a discovery of commercial reserves and the Company has decided not to continue such activities in the area of interest or deteriorating local conditions such that it may become unsafe to continue operations. If an impairment indicator is identified, management will perform an impairment test. If the recoverable amount of the exploration and evaluation assets is less than the carrying amount, an impairment loss would be recorded in the financial statements.

3. Summary of Significant Accounting Policies - *Continued*

(g) Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders equity and includes items that would not normally be included in net earnings such as unrealized gains or losses on available-for-sale investments. Other comprehensive income (loss) includes the holding gains and losses from available-for-sale securities which are not included in net income (loss) until realized.

(h) Marketable Securities

Marketable securities consisting of common shares of public companies are classified as available-for-sale and are reported at market value. At the end of each reporting period, management determines if there has been a change in the market value of each individual security and records an adjustment to market value, with the offsetting debit or credit to other comprehensive income (loss).

(i) Property and Equipment

Property and equipment is recorded at cost less accumulated depreciation and net accumulated impairment losses. The Company provides for depreciation using the declining balance method at rates designed to amortize the cost of the property and equipment over its estimated useful life. The annual depreciation rates are as follows:

Computer equipment	30 %
Computer software	100 %
Office furniture and equipment	20 %
Project field equipment	20 %

(j) Income Taxes

The Company uses the balance sheet method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income tax assets also result from unused loss carry forwards, resource related pools and other deductions. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Share-based Payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and consultants. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The offset to the recorded cost is to share-based payments reserve. Consideration received on the exercise of stock options is recorded as share capital and the related share-based payments reserve is transferred to share capital. Where awards are forfeited because non-market based vesting conditions are not satisfied, the expense previously recognized is proportionately reversed in the period the forfeiture occurs.

3. Summary of Significant Accounting Policies - *Continued*

(l) Share Capital

The Company records in share capital proceeds from share issuances, net of issue costs and any tax effects. The fair value of common shares issued as consideration for mineral properties is based on the trading price of those shares on the TSX.V on the date of the agreement to issue shares as determined by the Board of Directors. Stock options and other equity instruments issued as purchase consideration in non-monetary transactions are recorded at fair value determined by management using the Black-Scholes option pricing model. Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value.

(m) Loss per Share

Loss per share is computed by dividing the loss available to common shareholders by the weighted average number of common shares outstanding during the period. Under this method, the weighted average number of common shares used to calculate the dilutive effect in the statement of loss and comprehensive loss assumes that the proceeds that could be obtained upon exercise of options, warrants and similar instruments would be used to purchase common shares at the average market price during the period. In periods where a net loss is incurred, basic and diluted loss per share is the same as the effect of outstanding stock options and warrants would be anti-dilutive.

(n) Flow-Through Shares

Under Canadian income tax legislation, a company is permitted to issue flow-through shares whereby the Company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. For accounting purposes, the proceeds from the issuance of these shares are allocated between the offering of shares and the sale of tax benefits. The allocation is made based on the difference between the quoted price of the existing shares and the amount the investor pays for the shares. A liability is recognized in other liabilities for this difference. The liability is reduced and the reduction of premium liability is recorded in deferred tax recovery when eligible expenditures are fully incurred.

(o) Mineral Exploration Tax Credits ("METC")

The Company recognizes METC amounts when the Company's METC application is approved by the relevant jurisdiction or when the amount to be received can be reasonably estimated and collection is reasonably assured.

(p) Financial Instruments

(i) Financial Assets

The Company classifies its financial assets in the following categories: fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

<u>Financial Assets at Fair Value Through Profit or Loss</u>

Financial assets at fair value through profit or loss are initially recognized at fair value with changes in fair value recorded through income. Short-term investments are included in this category of financial assets.

3. Summary of Significant Accounting Policies - *Continued*

(p) Financial Instruments - *Continued*

(i) Financial Assets - *Continued*

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Loans and receivables are carried at amortized cost less any impairment. Cash and cash equivalents, other receivables and reclamation bonds have been classified under this category.

Available-For-Sale

Available-for-sale ("AFS") financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial asset categories. Changes in the fair value of AFS financial assets are recognized as other comprehensive income (loss) and classified as a component of equity. When the assets are sold or an impairment write-down is required, the accumulated fair value adjustments recognized in equity are included in the statement of loss. AFS assets include marketable securities which consist of investments in equities of other entities.

(ii) Financial Liabilities

The Company classifies its financial liabilities in the following categories: borrowings and other financial liabilities and derivative financial liabilities.

Borrowings and Other Financial Liabilities

Borrowings and other financial liabilities are non-derivatives and are recognized initially at fair value, net of transactions costs incurred and are subsequently stated at amortized cost. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in the statement of loss over the period to maturity using the effective interest method. Borrowings and other financial liabilities are classified as current or non-current based on their maturity date. Accounts payable and accrued liabilities have been classified under this category.

Derivative Financial Liabilities

Derivative financial liabilities are initially recognized at their fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value at each reporting period with changes in the fair value recognized in profit or loss. There are no financial liabilities classified under this category.

(q) Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset (other than a financial asset classified as fair value through profit or loss) is impaired.

The criteria used to determine if there is objective evidence of an impairment loss includes:

- significant financial difficulty of the obligor;
- delinquencies in interest or principal payments; and
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization.

3. Summary of Significant Accounting Policies - *Continued*

(q) Impairment of Financial Assets - *Continued*

For equity securities, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired.

If such evidence exists, the Company recognizes an impairment loss, as follows:

(i) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

(ii) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of income. This amount represents the loss in accumulated other comprehensive income that is reclassified to net income.

Impairment losses on financial assets carried at amortized cost and available-for-sale debt instruments are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale equity instruments are not reversed.

(r) Changes in Accounting Policy and Disclosure

<u>New and Amended Standards Adopted</u>

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after January 1, 2012 that would be expected to have a material impact on these financial statements.

<u>New Standards and Interpretations Not Yet Adopted</u>

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after January 1, 2012, and have not been applied in preparing these financial statements. None of these new standards and amendments is expected to have a significant effect on the financial statements of the Company, except the following:

IFRS 9 – Financial Instruments

IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortized cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of loss and comprehensive loss, unless this creates an accounting mismatch. The Company has yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after January 1, 2015. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the IASB.

3. Summary of Significant Accounting Policies - *Continued*

(r) Changes in Accounting Policy and Disclosure – *Continued*

New Standards and Interpretations Not Yet Adopted – *Continued*

IFRS 11 – Joint Arrangements

IFRS 11, Joint Arrangements, reduces the types of joint arrangements to two: joint ventures and joint operations. IFRS 11 requires the use of equity accounting for interests in joint ventures, eliminating the existing policy choice of proportionate consolidation for jointly controlled entities under IAS 31. Entities that participate in joint operations will follow accounting much like that for jointly controlled assets and jointly controlled operations under IAS 31.

IFRS 13 - Fair Value Measurement

IFRS 13, ‘Fair Value Measurement’, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend to use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company has yet to assess IFRS 13’s full impact and intends to adopt IFRS 13 no later than the accounting period beginning on or after January 1, 2013.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company’s financial statements.

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4. Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management’s experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of these financial statements.

Impairment of Exploration and Evaluation Assets

Impairment of exploration and evaluation assets occurs when the assets are deemed to have circumstance indicating likelihood that carrying amounts exceed recoverable amounts. As the Company has no cash generating units, a recoverable amount can only be calculated from estimated sales value less costs of sales.

Restoration Provision

Provisions for reclamation and closure represent the Company’s estimate of the present value of the estimated future cost of reclamation. The provision is highly sensitive to estimation uncertainty and it involves multiple estimates including the current estimated cost to rehabilitate sites, future inflation rates, factors applied to account for future estimation error, estimates of future risk free rates and estimates of the time until reclamation is implemented. Inflation rates have been derived from Bank of Canada targets. Risk free interest rates are derived from long-term Government of Canada bond rates. Time to reclamation implementation is based on the Company’s estimate of potential life of mine using internal or independent reports.

(Stated in Canadian Funds Unless Noted Otherwise)

4. Critical Accounting Estimates and Judgments - *Continued*

Share-Based Payments

Share-based compensation calculations are based on estimates of several variables including future exercise dates, future interest rates and future volatility of the Company's share price. See Note 10d for a discussion of the factors used in the current year.

Deferred Income Taxes

Deferred income tax asset carrying amounts depend on estimates of future taxable income and the likelihood of the reversal of timing differences. Where reversals are expected, estimates of future tax rates will be used in the calculation of deferred tax asset carrying amounts. Potential tax assets of $2,554,442 (See Note 16b) were deemed not to be recoverable for the current year ended February 28, 2013.

5. Short-term Investments

As of February 28, 2013, the Company has invested $17,250 (February 29, 2012 - $34,500) into a Guaranteed Investment Certificate ("GIC") with a Canadian financial institution. This GIC is yielding interest at 1.00% per annum and is being held as collateral for the Company's corporate credit card.

6. Marketable Securities

Marketable securities have been classified as available-for-sale investments consisting of various common shares held by the Company of other public companies and are summarized as follows:

	February 28, 2013		February 29, 2012	
	Market Value	**Cost**	Market Value	Cost
Common shares of public companies, not subject to significant influence	**$ 43,725**	**$ 229,523**	$ 99,000	$ 283,250

7. Property and Equipment

	February 28, 2013			February 29, 2012		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Computer equipment	**$ 44,478**	**$ (34,427)**	**$ 10,051**	$ 44,478	$ (30,119)	$ 14,359
Computer software	**82,138**	**(82,138)**	**-**	82,138	(82,138)	-
Office furniture and equipment	**34,464**	**(23,437)**	**11,027**	34,464	(20,680)	13,784
Project field equipment	**17,422**	**(10,267)**	**7,155**	17,422	(8,479)	8,943
	$ 178,502	**$ (150,269)**	**$ 28,233**	$ 178,502	$ (141,416)	$ 37,086

8. Reclamation Bonds

As of February 28, 2013, the Company has invested a total of $83,800 (February 29, 2012 - $83,800) into various GICs with a Canadian financial institution as part of various Safe-Keeping Agreements entered into by the Company for its various properties. These funds are being held to the order of the Ministry of Energy, Mines and Petroleum Resources and are yielding interest at rates ranging from 0.90% to 0.95%.

(Stated in Canadian Funds Unless Noted Otherwise)

9. Exploration and Evaluation Assets and Expenditures

Details of the Company's exploration and evaluation acquisition costs are as follows:

	Minto/Carmacks Copper-Gold Properties (Yukon)	Engineer (B.C.)	Gold Hill (B.C.)	Voigtberg (B.C.)	Other Properties (B.C. & Yukon)	Total
Balance - March 1, 2011	$ 551,334	$ 696,263	$ 22,000	$ 169,944	$ 383	$ 1,439,924
Property option payment paid (received) – cash (Notes 9a, 9b & 9e)	-	10,000	25,000	-	47,000	82,000
Property option payment - shares and warrants (Notes 9a & 9e)	-	200,000	-	-	15,000	215,000
Balance – February 29, 2012	$ 551,334	$ 906,263	$ 47,000	$ 169,944	$ 62,383	$ 1,736,924
Property option payment paid (received) – cash (Notes 9a, 9b & 9c)	(25,000)	10,000	25,000	-	-	10,000
Shares returned to treasury (Note 9a)	-	(264,204)	-	-	-	(264,204)
Property option payment received – shares (Note 9c)	(16,000)	-	-	-	-	(16,000)
Write-down of acquisition costs (Note 9e)	-	-	-	-	(62,000)	(62,000)
Balance – February 28, 2013	**$ 510,334**	**$ 652,059**	**$ 72,000**	**$ 169,944**	**$ 383**	**$ 1,404,720**

Details of the Company's exploration and evaluation expenses, which have been cumulatively expensed in the Statements of Loss and Comprehensive Loss and Deficit, are as follows:

	Minto/Carmacks Copper-Gold Properties (Yukon)	Engineer (B.C.)	Gold Hill (B.C.)	Voigtberg (B.C.) *	Other Properties (B.C. & Yukon)	Total
Balance - March 1, 2011	$ 3,922,822	$ 1,985,506	$ -	$ 875,035	$ 1,167,843	$ 7,951,206
Exploration and evaluation expenses (recovery) **	(49,952)	878,817	213,985	5,027	33,638	1,081,515
Balance – February 29, 2012	$ 3,872,870	$ 2,864,323	$ 213,985	$ 880,062	$ 1,201,481	$ 9,032,721
Exploration and evaluation expenses **	60,259	477,135	92,790	1,455	172,684	804,323
Balance – February 28, 2013	**$ 3,933,129**	**$ 3,341,458**	**$ 306,775**	**$ 881,517**	**$ 1,374,165**	**$ 9,837,044**

** As of February 28, 2013, the Company incurred $1,018,353 in exploration and evaluation expenses on the Voigtberg property. This amount has been offset by $136,836 in BC METC ("British Columbia Mining Exploration Tax Credit").*

*** As per the Statement of Loss and Comprehensive Loss, the Company incurred $806,285 (February 29, 2012 – $1,166,232) in exploration and evaluation expenses. Of this amount, $804,323 (February 29, 2012 - $1,081,515) was incurred as a result of exploration on the Company's respective properties as per the table above and $1,962 (February 29, 2012 - $84,717) was incurred as a result of general exploration.*

(a) Engineer Mine Property, B.C.

On January 16, 2007, the Company entered into an option agreement, which was subsequently amended in 2007, 2009 and January 12, 2010, to acquire up to a 100% interest in the Engineer Mine Property. The Company has acquired a 100% interest by:

- Paying a $125,000 in cash;

- Issuing an aggregate of 315,455 common shares and 52,500 warrants over six years;

(Stated in Canadian Funds Unless Noted Otherwise)

9. Exploration and Evaluation Assets and Expenditures - *Continued*

(a) Engineer Mine Property, B.C. - *Continued*

- Making a rental payment of $30,000 on January 16, 2010 *(paid)* and thereafter annual rental payments of $10,000 per year *(2011, 2012 and 2013 payments made)* when the mine property is not in production and $50,000 per year when the mine property is in production. Such rent payments shall cease upon the Company earning a 100% interest in the property and purchasing the surface rights;

- Granting a 30% net proceeds interest from the sale of gold from the Double Decker Vein; and

- Either evaluating and completing an underground de-watering program or evaluating and carrying out a drilling program *(completed a drill program and a de-watering program)*.

Upon making the final payment in shares to earn a 100% interest in the Engineer Mine property, the Company discovered an over issuance of shares regarding the previous payments made. In order to resolve this matter, certain shares were returned to treasury and cancelled. Details of the over issuance of shares is as follows:

Over issuance of shares	250,980
Over issuance of shares kept by the optionor for the 2013 final payment *	(90,909)
Shares returned to treasury and cancelled	160,071

* *The Agreement allowed for the acceleration of the 2013 payment and thus the Company has now earned a 100% interest in the Engineer Mine property.*

As a result of the shares being returned to treasury and cancelled, the financial statement impact was a reduction to both exploration and evaluation assets and share capital in the amount of $264,204 in order to properly reflect fair value.

After earning the 100% interest, the Company may now purchase the remaining interest in the surface rights at fair value subject to a maximum of $500,000 on or before the later of (a) the date the Company ceases mining work on the property or (b) January 16, 2017. This payment may be accelerated at the Company's option.

On June 20, 2012, the Company received $107,648 from the sale of gold concentrate which was derived from the Company's bulk sampling program at its Engineer Mine property.

On September 20, 2012, the Company entered into a letter agreement with Engineer Mining Corp. ("EMC") to purchase the following items for total cash consideration of $300,000 payable to EMC no later than May 15, 2013 (See Note 17a):

- The fully permitted 30-tonne-per-day gravity separation mill, a 931 Caterpillar crawler loader, a 10-tonne dump truck, and ancillary equipment at Engineer Mine;

- The 30% Net Profits Interest Royalty on a high-grade gold shoot on the Double Decker Vein between mine levels five and eight; and

- The option to purchase the Engineer Mine property surface rights in three equal annual payments over a three year period commencing April 16, 2016, at a fair market value of no more than $500,000 (this item is an amendment to a previous agreement with EMC);

(Stated in Canadian Funds Unless Noted Otherwise)

9. Exploration and Evaluation Assets and Expenditures - *Continued*

(b) Gold Hill Property, B.C.

On September 30, 2010, the Company entered into an option agreement with Guardsmen Resources Inc. ("Guardsmen"), a private company, to earn a 100% interest in Guardsmen's Gold Hill property. The Company can earn a 100% interest in the Gold Hill property over the next four years by meeting the following contractual commitments:

- Making $110,000 in staged cash payments (*paid - $60,000 to date)*;
- Issuing 10,000 common shares to Guardsmen within 5 days of TSX.V Exchange approval *(issued);* and
- Incurring $500,000 in exploration work on the Gold Hill property as follows:

		Amount	Date
i)	$	100,000	to September 30, 2011 *(incurred)*
ii)		133,333	to September 30, 2012 *(incurred)*
iii)		133,333	to September 30, 2013 *($306,775 incurred as at February 28, 2013)*
iv)		133,334	to September 30, 2014
	$	500,000	

Guardsmen will retain a 2.5% Net Smelter Return ("NSR") on the Gold Hill property, which can be reduced to 0.5% by the Company at a cost of $1,500,000.

(c) Minto/Carmacks Copper-Gold Properties, Yukon

On November 1, 2006, the Company entered into an option agreement with a third party and has acquired a 100% interest in several mineral properties in the vicinity of the Minto/Carmacks Copper-Gold Belt by making $300,000 in cash payments, incurring $900,000 in exploration expenditures and issuing 100,000 units between April 2007 and October 2010. An NSR of 1.75% applies to the mineral properties of which 1.25% can be purchased by the Company for $1,500,000.

Toe Property

In August 2012, the Company entered into a letter agreement with Kaiyue International Inc. ("Kaiyue") whereby Kaiyue can earn up to a 70% interest in the Company's 100% controlled Toe Property, one of several mineral properties the Company acquired in the vicinity of the Minto/Carmacks Copper-Gold Belt in the Yukon.

Kaiyue can earn a 60% interest in the Toe Property over a four year period by making $255,000 in cash payments *(received $25,000 to date)*, incurring $1,900,000 in exploration expenditures and issuing 400,000 common shares of Kaiyue to the Company *(received 100,000 shares to date)*. Kaiyue can earn an additional 10% interest in the Toe Property by completing a feasibility study. This transaction was subject to a definitive agreement being entered into by Kaiyue and BCGold which was finalized and executed on October 15, 2012.

The Toe Property is subject to a 2.5% NSR held by the Company and a third party.

9. Exploration and Evaluation Assets and Expenditures - *Continued*

(d) Voigtberg Property, B.C.

On July 10, 2006, the Company signed a letter of intent with Kaminak Gold Corp. ("Kaminak"), which was subsequently amended on September 11, 2009 and September 15, 2010 to earn a 70% interest in Kaminak's Voigtberg property located in the Iskut River area, Liard Mining Division, British Columbia.

Under the terms of the agreements, the Company has issued an aggregate 40,000 units. The Company also granted an additional 20,000 common shares and incurred in excess of $1,000,000 of exploration expenditures in connection with these agreements to earn a 50% interest in the property.

The Company has elected not to earn an additional 20% interest to increase its interest to 70% and consequently the property is now subject to a 50/50 joint venture with Kaminak.

A 2% NSR in favour of a third party exists on the property.

(e) Off-White Gold Property, Yukon

On January 9, 2012, the Company entered into an option agreement to acquire up to a 100% interest in the Off-White Gold property in central Yukon. To date, the Company has paid $47,000 in cash and issued 15,000 common shares. On December 13, 2012, the Company terminated the option agreement to acquire up to a 100% interest in the Off-White Gold property and consequently has written-off all acquisition costs associated with this property.

10. Equity

Effective November 5, 2012, the Company consolidated its share capital, stock options and share purchase warrants on a 10-to-1 basis. As a result, all the issued and outstanding common shares, stock options and share purchase warrants have retroactively been adjusted to reflect the share consolidation.

(a) Share Capital

The Company's authorized share capital consists of an unlimited number of common voting shares without par value.

(b) Private Placements

<u>Year Ended February 28, 2013</u>

Private Placement - August 2012

On August 24, 2012, the Company closed a non-brokered private placement of 150,000 non flow-through units at a price of $0.50 per non flow-through unit for gross proceeds of $75,000.

Each non flow-through unit comprises of one non flow-through common share and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable to purchase one additional non flow-through common share at $1.00 per share for a period of two years from the date of issuance. Finder's fees of $700 were paid in cash.

The warrants attached to this private placement have been valued at $9,600 ($9,839 net of warrant issuance costs of $239) based upon the Black-Scholes Method using the following assumptions noted below.

(Stated in Canadian Funds Unless Noted Otherwise)

10. Equity - *Continued*

(b) Private Placements - *Continued*

Year Ended February 28, 2013 - *Continued*

Private Placement - August 2012 - Continued

Assumptions	
Risk-free interest rate	0.98%
Expected stock price volatility	112%
Expected dividend yield	0.00%
Expected life of warrants	2 years

Private Placements - December 2012

On December 27, 2012, the Company closed a non-brokered private placement of 1,000,000 flow-through units at a price of $0.10 per flow-through unit for gross proceeds of $100,000.

Each flow-through unit comprises of one flow-through common share and one non flow-through common share purchase warrant, each warrant exercisable to purchase one additional non flow-through common share at $0.15 per share for a period of two years from the date of issuance. Finder's fees of $8,000 were paid in cash.

The warrants attached to this private placement have been valued at $33,965 ($39,210 net of warrant issuance costs of $5,245) based upon the Black-Scholes Method using the following assumptions noted below.

Assumptions	
Risk-free interest rate	1.10%
Expected stock price volatility	206%
Expected dividend yield	0.00%
Expected life of warrants	2 years

In connection with this private placement, the Company issued 80,000 finder's warrants. Each finder's warrant entitles the holder to purchase one additional non flow-through common share at a price of $0.10 per share for a period of two years from the date of issuance. The finder's warrants have been valued at $5,376 based upon the Black-Scholes Method using the same assumptions noted above. The Company has recorded the fair value of these finder's warrants as share issuance costs.

On December 28, 2012, the Company closed a non-brokered private placement of 4,570,234 non flow-through units at a price of $0.075 per non flow-through unit for gross proceeds of $342,768.

Each non flow-through unit comprises of one non flow-through common share and one non flow-through common share purchase warrant, each warrant exercisable to purchase one additional non flow-through common share at $0.10 per share for a period of two years from the date of issuance. Finder's fees of $16,779 were paid in cash.

The warrants attached to this private placement have been valued at $151,408 ($167,648, net of warrant issuance costs of $16,240) based upon the Black-Scholes Method using the following assumptions noted below.

(Stated in Canadian Funds Unless Noted Otherwise)

10. Equity - *Continued*

(b) Private Placements - *Continued*

Year Ended February 28, 2013 - *Continued*

Private Placements - December 2012 – Continued

Assumptions	
Risk-free interest rate	1.10%
Expected stock price volatility	206%
Expected dividend yield	0.00%
Expected life of warrants	2 years

In connection with this private placement, the Company issued 61,320 finder's options and 162,400 finder's warrants. Each finder's option entitles the holder to purchase one additional unit comprised of one non flow-through common share at a price of $0.075 per share for a period of one year from the date of issuance and one non flow-through common share purchase warrant, each warrant exercisable at a price of $0.10 per share for a period of two years from the date of issuance. Each finder's warrant entitles the holder to purchase one additional non flow-through common share at a price of $0.10 per share for a period of two years from the date of issuance. The finder's options have been valued at $4,378 and the finder's warrants have been valued at $11,660 based upon the Black-Scholes Method using the same assumptions noted above except the finder's options were valued using an expected stock price volatility of 273% and an expected life of one year. The Company has recorded the fair value of these finder's options and finder's warrants as share issuance costs.

Private Placement – January 2013

On January 8, 2013, the Company closed a non-brokered private placement of 1,300,000 non flow-through units at a price of $0.075 per non flow-through unit for gross proceeds of $97,500.

Each non flow-through unit comprises of one non flow-through common share and one non flow-through common share purchase warrant, each warrant exercisable to purchase one additional non flow-through common share at $0.10 per share for a period of two years from the date of issuance. Finder's fees of $7,800 were paid in cash.

The warrants attached to this private placement have been valued at $42,778 ($50,665, net of warrant issuance costs of $7,887) based upon the Black-Scholes Method using the following assumptions noted below.

Assumptions	
Risk-free interest rate	1.13%
Expected stock price volatility	206%
Expected dividend yield	0.00%
Expected life of warrants	2 years

In connection with this private placement, the Company issued 91,000 finder's warrants. Each finder's warrant entitles the holder to purchase one additional non flow-through common share at a price of $0.10 per share for a period of two years from the date of issuance. The finder's warrants have been valued at $7,380 based upon the Black-Scholes Method using the same assumptions noted above. The Company has recorded the fair value of these finder's warrants as share issuance costs.

(Stated in Canadian Funds Unless Noted Otherwise)

10. Equity - *Continued*

(b) Private Placements - *Continued*

Year Ended February 28, 2013 - *Continued*

Private Placement – February 2013

On February 6, 2013, the Company closed a non-brokered private placement of 1,300,000 non flow-through units at a price of $0.075 per non flow-through unit for gross proceeds of $97,500.

Each non flow-through unit comprises of one non flow-through common share and one non flow-through common share purchase warrant, each warrant exercisable to purchase one additional non flow-through common share at $0.10 per share for a period of two years from the date of issuance. Finder's fees of $7,800 were paid in cash.

The warrants attached to this private placement have been valued at $39,926 ($47,687, net of warrant issuance costs of $7,761) based upon the Black-Scholes Method using the following assumptions noted below.

Assumptions	
Risk-free interest rate	1.17%
Expected stock price volatility	206%
Expected dividend yield	0.00%
Expected life of warrants	2 years

In connection with this private placement, the Company issued 104,000 finder's warrants. Each finder's warrant entitles the holder to purchase one additional non flow-through common share at a price of $0.10 per share for a period of two years from the date of issuance. The finder's warrants have been valued at $7,467 based upon the Black-Scholes Method using the same assumptions noted above. The Company has recorded the fair value of these finder's warrants as share issuance costs.

Year Ended February 29, 2012

Private Placement - August 2011

On August 31, 2011, the Company closed a non-brokered private placement of 1,005,366 flow-through units at a price of $1.20 per flow-through unit and 266,000 non flow-through units at a price of $1.00 per non flow-through unit for aggregate gross proceeds of $1,472,440.

Each flow-through unit comprises of one flow-through or one BC super flow-through common share and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable to purchase one additional non flow-through common share at $3.00 per share for a period of one year from the date of issuance.

Each non flow-through unit comprises of one non flow-through common share and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable to purchase one additional non flow-through common share at $2.00 per share for a period of one year from the date of issuance. Finder's fees of $60,390 were paid in cash.

The warrants attached to this private placement have been valued at $118,865 ($126,112 net of warrant issuance costs of $7,247) based upon the Black-Scholes Method using the following assumptions noted below.

(Stated in Canadian Funds Unless Noted Otherwise)

10. Equity - *Continued*

(b) Private Placements - *Continued*

Year Ended February 29, 2012 - *Continued*

Private Placement - August 2011 - Continued

Assumptions	
Risk-free interest rate	1.47%
Expected stock price volatility	114%
Expected dividend yield	0.00%
Expected life of warrants	1 year

In connection with this private placement, the Company issued 33,333 broker's options (Note 10e) and 2,400 broker's warrants. Each broker's option entitles the holder to purchase one additional unit comprised of one non flow-through common share at a price of $1.20 per share and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable at a price of $3.00 per share for a period of one year from the date of issuance. The broker's warrants are exercisable as follows: 1,200 at a price of $2.00 per share for a period of one year from the date of issuance and 1,200 at a price of $3.00 per share for a period of one year from the date of issuance. The broker's options have been valued at $15,033 and the broker's warrants have been valued at $595 based upon the Black-Scholes Method using the same assumptions noted above. The Company has recorded the fair value of these broker's options and warrants as share issuance costs.

Private Placement September 2011

On September 29, 2011, the Company closed a non-brokered private placement of 63,400 flow-through units at a price of $1.20 per flow-through unit and 50,000 non flow-through units at a price of $1.00 per non flow-through unit for aggregate gross proceeds of $126,080.

Each flow-through unit comprises of one flow-through or one BC super flow-through common share and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable to purchase one additional non flow-through common share at $3.00 per share for a period of one year from the date of issuance.

Each non flow-through unit comprises of one non flow-through common share and one-half of one non flow-through common share purchase warrant, each whole warrant exercisable to purchase one additional non flow-through common share at $2.00 per share for a period of one year from the date of issuance.

The warrants attached to this private placement have been valued at $8,422 ($9,150 net of warrant issuance costs of $728) based upon the Black-Scholes Method using the following assumptions noted below.

Assumptions	
Risk-free interest rate	1.20%
Expected stock price volatility	113%
Expected dividend yield	0.00%
Expected life of warrants	1 year

(Stated in Canadian Funds Unless Noted Otherwise)

10. Equity - *Continued*

(c) Share Purchase Warrants

Details of outstanding warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance – March 1, 2011	1,801,862	$2.10
Issued	704,783	$2.70
Expired	(1,152,310)	$1.60
Balance – February 29, 2012	1,354,335	$2.90
Issued	8,692,634	$0.11
Expired	(1,344,335)	$2.88
Balance – February 28, 2013	**8,702,634**	**$0.11**

At February 28, 2013, the following warrants are outstanding:

Expiry Date	Exercise Price	Number of Warrants	Warrant Valuation
January 12, 2014	$1.20**	10,000	$ 5,125
August 24, 2014*	$1.00	12,500	9,600
August 24, 2014*	$0.10	62,500	836
September 20, 2014	$5.50	10,000	599
December 27, 2014	$0.15	1,000,000	33,965
December 27, 2014	$0.10	80,000	5,376
December 28, 2014	$0.10	4,732,634	163,068
January 8, 2015	$0.10	1,391,000	50,158
February 6, 2015	$0.10	1,404,000	47,393
Weighted Average	**$0.11**	**8,702,634**	**$ 316,120**

* *On February 22, 2013, the Company re-priced 62,500 of the 75,000 warrants which were issued on August 24, 2012 from $1.00 to $0.10. The expiry date of August 24, 2014 for these warrants will remain the same. As a result of the re-pricing, share capital was reduced by $836 and share-based payments reserve increased by $836.*

** *These warrants were issued with an incorrect exercise price. The Company awaits the return of the warrant certificates from the warrant holders, at which time the warrants will be cancelled and reissued with an exercise price of $5.50 (Note 9a).*

The above noted fair value of $316,120 is included in share-based payments reserve in the Company's Statement of Financial Position at February 28, 2013.

(d) Stock Options

The Company has established a stock option plan (the "Plan") for directors, employees, and consultants of the Company. From time to time, shares may be reserved by the Board, in its discretion, for options under the Plan, provided that at the time of the grant, the total number of shares so reserved for issuance by the Board shall not exceed the greater of 10% of the issued and outstanding listed shares (on a non-diluted basis) as at the date of grant. No options shall be granted, without regulatory approval, entitling any single individual to purchase in excess of 5% of the then outstanding shares in the Company in any 12 month period and no more than 2% of the optioned shares may be issued to any one individual in any 12 month period. If the option rights granted under the plan shall expire or terminate for any reason without having been exercised, such optioned shares may be made available for other options to be granted under the plan. The shares so reserved by the Board under the Plan shall be authorized but unissued shares.

(Stated in Canadian Funds Unless Noted Otherwise)

10. Equity - *Continued*

(d) Stock Options - *Continued*

The options are non-transferable and will expire, if not exercised, immediately upon dismissal by the Company with cause or 90 days following the date the optionee otherwise ceases to be a director, officer, manager, consultant or employee of the Company for reasons other than death. In the case of death, the expiry becomes one year after the death of an optionee. Pursuant to the policies of the TSX.V, options granted pursuant to the Plan in excess of 10% of the issued and outstanding common shares at the time of the grant must be subject to vesting.

Fiscal Year Ended February 28, 2013 – Grants

There were no stock options granted during the fiscal year ended February 28, 2013.

Fiscal Year Ended February 29, 2012 - Grants

On October 28, 2011, the Company granted 200,000 incentive stock options to certain directors, officers, employees and consultants. The options are exercisable at $0.10 per share and expire on October 28, 2016. Of these options, 177,000 vested immediately and 23,000 are subject to vesting criteria such that 25% shall vest every three months from the date of grant. The corresponding share-based compensation expense amounted to $188,434, which was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	1.30%
Expected stock price volatility	168%
Expected dividend yield and forfeiture	0.00%
Expected life of options	5 years

Of the $188,434 in share-based compensation expense, $181,377 was recognized during the fiscal year ended February 29, 2012, $7,057 has been recognized during the year ended February 28, 2013. The weighted average fair value of these options was $0.94.

On February 20, 2013, the Company re-priced all of its outstanding stock options to $0.10. As a result of the re-pricing, share-based compensation expense increased by $9,802 and share-based payments reserve also increased by $9,802.

At February 28, 2013, the following options were outstanding and exercisable:

Expiry Date	Weighted Average Exercise Price	Number of Options Outstanding	Weighted Average Remaining in Years	Number of Options Exercisable
October 24, 2013	$0.10	66,000	0.65	66,000
January 11, 2015	$0.10	114,000	1.87	114,000
January 11, 2016	$0.10	169,500	2.87	169,500
October 28, 2016	$0.10	168,500	3.67	168,500
	$0.10	**518,000**	**2.63**	**518,000**

During the year ended February 28, 2013, 54,600 incentive stock options with an exercise price of $0.10 expired without exercise. Also during the year ended February 28, 2013, 118,000 incentive stock options with an exercise price of $0.10 were forfeited.

(Stated in Canadian Funds Unless Noted Otherwise)

10. Equity - *Continued*

(e) Broker's Options

During the year ended February 28, 2013, 33,333 broker's options, with an exercise price of $1.20, expired without exercise. These broker's options were granted in connection with the August 2011 private placement (Note 10b). The fair value of these broker's options of $15,033 was recorded as share issuance costs with the offsetting entry being recorded in share-based payments reserve.

(f) Flow-Through Shares

Fiscal Year Ended February 28, 2013

During the fiscal year ended February 28, 2013, the Company issued 1,000,000 flow-through common shares for total proceeds of $100,000. These funds must be used for qualifying exploration expenditures and have been renounced to the flow-through shareholders effective December 31, 2012. As at February 28, 2013, the total unspent proceeds from these flow-through issuances was $60,034 and this amount must be spent by the required deadline of December 31, 2013.

Fiscal Year Ended February 29, 2012

During the fiscal year ended February 29, 2012, the Company issued 1,068,766 flow-through common shares for total proceeds of $1,282,520. These funds must be used for qualifying exploration expenditures and have been renounced to the flow-through shareholders effective December 31, 2011. As at February 28, 2013, the total proceeds from these flow-through issuances have been spent by the required deadline of December 31, 2012.

11. Related Party Transactions

Details of transactions between the Company and related parties are disclosed below:

(a) Trading Transactions

The Company's related parties consist of its President and Chief Executive Officer, a company owned by the Vice President of Exploration and a company owned by the Chief Financial Officer. The nature of transactions and relationships is as follows:

	Nature of Transactions
President and CEO	Management
O'Brien Geological Consulting Inc.	Management
Larry M. Okada Inc.	Management

The Company incurred fees and expenses in the normal course of operations in connection with its President and CEO, and companies owned by key management. Details are as follows:

	Note	**February 28, 2013**	February 29, 2012
Management fees	(i)	**$ 386,666**	$ 405,000
Total Management Fees	(ii)	**$ 386,666**	$ 405,000

(Stated in Canadian Funds Unless Noted Otherwise)

11. Related Party Transactions - *Continued*

(a) Trading Transactions - *Continued*

(i) During the year ended February 28, 2013, the Company paid or accrued consulting fees to its President and Chief Executive Officer. The total amount paid was $145,834 (February 29, 2012 - $175,000) and $29,166 (February 29, 2012 - $Nil) has been accrued. The Company paid or accrued fees to a private company controlled by its Vice President of Exploration for consulting services. The total amount paid during the year ended February 28, 2013 was $139,583 (February 29, 2012 - $170,000) and $12,083 (February 29, 2012 - $Nil) has been accrued. The Company also paid or accrued fees to a private company controlled by its Chief Financial Officer for consulting services. The total amount paid during the year ended February 28, 2013 was $50,000 (February 29, 2012 - $60,000) and $10,000 (February 29, 2012 - $Nil) has been accrued.

(ii) Amounts due to related parties are unsecured, non-interest bearing and due on demand.

Included in accounts payable and accrued liabilities at February 28, 2013 is $32,152 (February 29, 2012 - $Nil) owing to the Company's President and Chief Executive Officer; $14,503 (February 29, 2012 - $17,279) owing to the Company's Vice President of Exploration; and $11,250 (February 29, 2012 - $Nil) owing to the Company's Chief Financial Officer. These amounts owing are for unpaid compensation and expenses.

(b) Compensation of Key Management Personnel

The remuneration of directors and other members of key management personnel during the years ended February 28, 2013 and February 29, 2012 were as follows:

	Note	**February 28, 2013**	February 29, 2012
Management fees	(i)	**$ 386,666**	$ 405,000
Share-based compensation	(ii)	**6,803**	214,075
		$ 393,469	$ 619,075

(i) Management fees include the fees disclosed in Note 11(a) above. The Company did not pay any director's fees during the years ended February 28, 2013 and February 29, 2012.

(ii) Share-based compensation is the fair value of options granted and vested to key management personnel.

Key management personnel were not paid post-employment benefits, termination benefits or other long-term benefits during the years ended February 28, 2013 and February 29, 2012.

12. Segmented Information

The Company conducts its business in a single operating segment being the mining business in Canada. All mineral properties and property and equipment are situated in Canada. Any investment revenues were earned principally from Canadian sources.

13. Commitments

Effective May 1, 2011, the Company entered into a lease agreement for office space at approximately $11,500 per month ($138,000 annually), which amount includes the basic rent plus operating costs. The Company concurrently subleases a portion of the office space to three other companies resulting in a net rental cost of approximately $4,000 per month ($48,000 annually). Two of the three other companies have the right to terminate their sublease agreements with six months written notice and the one other company has the right to terminate its sublease agreement with twelve months written notice. The Company has the right to assign the lease to two of the three other companies at the Company's then cost for the office space. The lease has an expiry date of April 30, 2016.

14. Management of Capital

In the management of capital, the Company considers shareholders' equity. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support exploration and development of mineral properties. The Board of Directors has not established quantitative capital structure criteria management, but will review on a regular basis the capital structure of the Company to ensure its appropriateness to the stage of development of the business.

The Company's objectives when managing capital are:

- To maintain and safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, to support continued evaluation and maintenance at the Company's existing properties, and to acquire, explore, and develop other precious and base metal deposits.

- To invest cash on hand in highly liquid and highly rated financial instruments with high credit quality issuers, thereby minimizing the risk and loss of principal.

- To obtain the necessary financing to complete exploration and development of its properties, if and when it is required.

The properties in which the Company currently holds an interest in are in the exploration stage and the Company is dependent on external financing to fund its activities. In order to carry out planned exploration and development and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

In order to facilitate the management of capital and development of its mineral properties, the Company prepares annual expenditure budgets, which are updated as necessary and are reviewed and approved by the Company's Board of Directors. In addition, the Company may issue new equity, incur additional debt, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of certain assets. When applicable, the Company's investment policy is to hold cash in interest bearing accounts at high credit quality financial institutions to maximize liquidity. In order to maximize ongoing development efforts, the Company does not pay dividends. The Company expects to continue to raise funds, from time to time, to continue meeting its capital management objectives.

There were no changes in the Company's approach to capital management during the year ended February 28, 2013 compared to the year ended February 29, 2012. The Company is not subject to externally imposed capital requirements.

(Stated in Canadian Funds Unless Noted Otherwise)

15. Financial Instruments

Fair Value

The Company has classified its cash and cash equivalents, other receivables and reclamation bonds as loans and receivables and short-term investments as fair value through profit or loss. Marketable securities have been classified as available-for-sale and accounts payable and accrued liabilities are classified as borrowings and other financial liabilities.

The Company classifies financial instruments recognized at fair value in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Upon transition to IFRS, there was no transfer between levels for the Company's financial instruments. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. The Company has classified its short-term investments and marketable securities under level 1;

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The following provides a comparison of carrying values of each classification of financial instruments as at February 28, 2013 and February 29, 2012:

		February 28, 2013		February 29, 2012
Loans and receivables	**$**	**367,186**	$	1,048,393
Fair value through profit or loss	**$**	**17,250**	$	34,500
Available-for-sale	**$**	**43,725**	$	99,000
Borrowings and other financial liabilities	**$**	**102,716**	$	64,661

Financial Risk Management

The Company's activities expose it to a variety of financial risks including credit risk, interest rate risk, liquidity risk and market price risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents, short-term investments and other receivables. BCGold deposits its cash and cash equivalents with high credit quality major Canadian financial institutions as determined by ratings agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the maximum exposure to credit risk.

(Stated in Canadian Funds Unless Noted Otherwise)

15. Financial Instruments - *Continued*

Financial Risk Management - *Continued*

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Cash and cash equivalents, short-term investments and reclamation bonds include deposits which are at variable interest rates. For the year ended February 28, 2013, a plus or minus 0.5% change in market interest rates would affect the Company's interest earned on cash and cash equivalents and short-term investments by approximately $1,450.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining sufficient cash and cash equivalent balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As of February 28, 2013, the Company had a cash balance of $273,018 (February 29, 2012 - $959,998) to settle current liabilities of $122,716 (February 29, 2012 - $64,661). Further information relating to liquidity risk is disclosed in Note 1.

Market Price Risk

The only significant market price risks to which the Company is exposed to is interest rate risk and price volatility on its marketable securities. The Company's bank account earns interest at variable rates. The fair value of its portfolio is relatively unaffected by changes in short-term interest rates. The Company's future interest income is exposed to changes in short-term rates.

16. Income Taxes

(a) The income tax provision for the year differs from the amount obtained by applying the statutory Canadian federal and provincial income tax rates as follows:

	For the Year Ended February 28, 2013	For the Year Ended February 29, 2012
Loss before income taxes	**$ (1,554,826)**	$ (2,349,252)
Statutory Canadian federal and provincial tax rates	**25.00%**	25.00%
Expected tax recovery	**(388,707)**	(587,313)
Adjustments:		
Share-based compensation	**4,215**	86,511
Other temporary and permanent differences	**(120,096)**	281,447
Statutory tax rate difference	**15,628**	-
Change in unrecognized deferred tax asset	**488,960**	203,505
Income tax recovery	**$ -**	$ (15,850)

(Stated in Canadian Funds Unless Noted Otherwise)

16. Income Taxes - *Continued*

(b) The components of the Company's deferred income tax asset (liability) balances were as follows:

	February 28, 2013	February 29, 2012
Non-capital loss carry-forwards	**$ 1,419,187**	$ 1,172,291
Share issuance costs	**44,846**	59,324
Other	**87,377**	46,009
Exploration and evaluation assets - (tax basis in excess of book value)	**1,003,032**	787,858
Unrecognized deferred tax asset	**(2,554,442)**	(2,065,482)
Deferred income tax asset (liability)	**$ -**	$ -

The effective income tax rate is the rate that is estimated to be applicable when timing differences reverse. As at February 28, 2013, the future enacted rate in Canada is estimated to be 26% (February 29, 2012 – 25%).

(c) The Company has non-capital losses which may be applied to reduce future year's taxable income. As at February 28, 2013, these non-capital losses amounted to $5,458,410 (February 29, 2012 – $4,689,162). Of these non-capital losses, $14,160 will expire in 2026, $437,433 will expire in 2027, $1,084,684 will expire in 2028, $744,113 will expire in 2029, $654,275 will expire in 2030, $787,424 will expire in 2031, $967,073 will expire in 2032 and the remaining $769,248 will expire in 2033.

17. Subsequent Events

(a) On May 15, 2013, the Company did not make the required payment of $300,000 under the terms of the letter agreement dated September 20, 2012 to acquire certain equipment and the mill. The title to these assets, which are currently situated on the Company's Engineer Mine property, has been returned to the vendors. The Company is currently unable to properly assess the final outcome of this matter.

(b) On June 6, 2013, the Company granted 1,030,000 incentive stock options to its directors, officers, advisors, employees, and consultants. These options vest immediately and are exercisable until June 6, 2018 at an exercise price of $0.10.