bc gold CORP

(An Exploration Stage Company)

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS FEBRUARY 28, 2014 and 2013

(Canadian Funds)

DeVISSER GRAY LLP
CHARTERED ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
t 604.687.5447
f 604.687.6737

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 as at February 28, 2014 and 2013 and the statements of loss and comprehensive loss, cash flows, and changes in equity for the years then ended, 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 about 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 auditors' 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 auditors consider internal control relevant to the entity's 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position BCGold Corp. as at February 28, 2014 and 2013 and its financial performance and its cash flows for the years then ended 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 describes conditions and matters that indicate the existence of a material uncertainty that may cast significant doubt about the ability of BCGold Corp. to continue as a going concern.

De Visser Gray LLP

Vancouver, Canada
June 27, 2014

BCGold Corp. *Statement 1*

(An Exploration Stage Company)

Statements of Financial Position

As at,

(*Canadian Funds*)

Assets		**February 28, 2014**		February 28, 2013
Current Assets:				
Cash and cash equivalents *(Note 9d)*	**$**	**66,875**	$	273,018
Short-term investments *(Note 4)*		**17,250**		17,250
Marketable securities *(Note 5)*		**19,575**		43,725
Sales tax and other receivables		**20,445**		32,169
Prepaid expenses		**15,242**		17,745
		139,387		383,907
Non-Current Assets:				
Deposits		**54,580**		64,818
Property and equipment *(Note 6)*		**21,581**		28,233
Reclamation bonds *(Note 7)*		**83,800**		83,800
Exploration and evaluation assets *(Note 8)*		**1,426,813**		1,404,720
Total Assets	**$**	**1,726,161**	$	1,965,478
Liabilities and Equity				
Current Liabilities:				
Accounts payable and accrued liabilities *(Note 10a)*	**$**	**198,667**	$	102,716
Flow-through premium liability		**-**		20,000
Total Liabilities		**198,667**		122,716
Shareholders' Equity:				
Share capital – *Statement 4* - *(Note 9)*		**13,853,513**		13,684,310
Share-based payments reserve - *Statement 4*		**4,351,767**		4,069,661
Accumulated other comprehensive loss ("AOCL") - *Statement 4*		**(218,948)**		(185,798)
Deficit - *Statement 4*		**(16,458,838)**		(15,725,411)
Total Equity		**1,527,494**		1,842,762
Total Liabilities and Equity	**$**	**1,726,161**	$	1,965,478

Nature of Operations and Going Concern *(Note 1)*
Commitments *(Notes 8 and 12)*
Subsequent Events *(Note 15)*

Approved by the Board of Directors:

"Brian Fowler", Director

"Peter Kendrick", Director

The accompanying notes are an integral part of these financial statements

BCGold Corp. *Statement 2*

(An Exploration Stage Company)

Statements of Loss and Comprehensive Loss

For the year ended February 28,

(Canadian Funds)

		2014		2013
Expenses:				
Corporate listing and filing fees	$	**20,910**	$	38,083
Depreciation		**6,652**		8,853
Exploration and evaluation expenses (*Note 8*)		**161,148**		806,285
Investor relations		**12,645**		11,796
Office expenses		**55,029**		62,437
Professional fees		**64,134**		43,215
Rent		**70,231**		57,971
Share-based compensation (*Note 9c*)		**39,520**		16,859
Travel		**10,088**		20,512
Wages and consulting fees		**312,587**		404,323
Write-down		**-**		62,000
Loss from Operations		**752,944**		1,532,334
Other (Income) Expense:				
Interest and other (income) expense		**483**		(1,037)
Management and administration fee		**-**		3,658
Total Other Expense		**483**		2,621
Non-Operating Expenses:				
Loss on sale of marketable securities		**-**		19,871
Total Non-Operating Expenses		**-**		19,871
Loss Before Income Taxes		**753,427**		1,554,826
Deferred income tax recovery		**(20,000)**		-
Net Loss for the Year		**733,427**		1,554,826
Unrealized loss on marketable securities		**33,150**		1,548
Comprehensive Loss for the Year	$	**766,577**	$	1,556,374
Weighted Average Number of Shares Outstanding		**21,712,545**		11,085,404
Basic and Diluted Loss per Share *(Note 3l)*	$	**0.03**	$	0.14

The accompanying notes are an integral part of these financial statements

BCGold Corp. *Statement 3*

(An Exploration Stage Company)

Statements of Cash Flows

For the year ended February 28,

(Canadian Funds)

Cash Resources Provided By (Used In)		**2014**		2013
Operating Activities:				
Net loss for the year	**$**	**(733,427)**	$	(1,554,826)
Adjustment for items which do not involve cash:				
Deferred income tax recovery		**(20,000)**		-
Depreciation		**6,652**		8,853
Loss on sale of marketable securities, net		**-**		19,871
Share-based compensation		**39,520**		16,859
Changes in non-cash working capital components:				
Accounts payable and accrued liabilities		**95,951**		38,053
Deposits		**10,238**		-
Prepaid expenses		**2,503**		(5,427)
Sales tax and other receivables		**11,724**		1,811
Cash used in Operating Activities		**(586,839)**		(1,412,806)
Investing Activities:				
Acquisition of exploration and evaluation asset		**(10,000)**		(10,000)
Short-term investments		**-**		17,250
Proceeds from sale of marketable securities		**-**		49,857
Cash (used in) provided by Investing Activities		**(10,000)**		57,107
Financing Activities:				
Issuance of common shares and warrants, net		**390,696**		668,719
Cash provided by Financing Activities		**390,696**		668,719
Net Decrease in Cash and Cash Equivalents		**(206,143)**		(686,980)
Cash and Cash Equivalents - beginning of the year		**273,018**		959,998
Cash and Cash Equivalents - End of the Year	**$**	**66,875**	$	273,018

Cash and Cash Equivalents Consist of the Following:				
Cash	**$**	**66,875**	$	273,018
Total Cash and Cash Equivalents	**$**	**66,875**	$	273,018

Supplemental Schedule of Non-cash Investing Activities:				
Fair value of shares issued – property option payment	**$**	**13,750**	$	-
Fair value of warrants issued – property option payment	**$**	**7,343**	$	599
Fair value of shares received – property option consideration received/marketable securities	**$**	**9,000**	$	16,000

The accompanying notes are an integral part of these financial statements

BCGold Corp.

Statement 4

Statements of Changes in Equity
For the year ended February 28, 2014
(Canadian Funds)

	SHARE CAPITAL		SHARE-BASED PAYMENTS			
	SHARES	**AMOUNT**	**RESERVE**	**AOCL**	**DEFICIT**	**TOTAL EQUITY**
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 broker options	-	(31,883)	31,883	-	-	-
Fair value of broker's warrants	-	(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
Non-flow-through common shares issued	6,428,000	321,400	-	-	-	321,400
Flow-through common shares issued	1,808,000	90,400	-	-	-	90,400
Fair value of warrants issued	-	(237,242)	237,242	-	-	-
Share issuance costs	-	(21,104)	-	-	-	(21,104)
Warrant issuance costs	-	25,496	(25,496)	-	-	-
Fair value of finder's warrants issued	-	(23,497)	23,497	-	-	-
Common shares issued for exploration and evaluation asset	250,000	13,750	-	-	-	13,750
Warrants issued for exploration and evaluation asset	-	-	7,343	-	-	7,343
Share-based compensation	-	-	39,520	-	-	39,520
Unrealized loss on marketable securities	-	-	-	(33,150)	-	(33,150)
Net loss for the year	-	-	-	-	(733,427)	(733,427)
Balance – February 28, 2014	**26,516,435**	**13,853,513**	**4,351,767**	**(218,948)**	**(16,458,838)**	**1,527,494**

The accompanying notes are an integral part of these 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.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its exploration and evaluation assets projects. These material uncertainties may cast a significant doubt on the validity of this assumption. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to continue operations. As at February 28, 2014, the Company has an accumulated deficit of $16,458,838, a net loss for the year of $733,427 and has negative working capital of $59,280. Subsequent to February 28, 2014, the Company announced that it has closed the first tranche of the private placement previously announced on February 18, 2014 and amended March 27, 2014. *(See Note 15)*

If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary in the carrying values of assets, liabilities, reported income and expenses and the statement of financial position classifications used. Such adjustments could be material.

2. Basis of Preparation

Statement of Compliance

These financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). They have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The significant accounting policies, as disclosed, have been applied consistently to all periods presented in these financial statements.

Critical Accounting Estimates

The preparation of these financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

2. Basis of Preparation - *continued*

Critical Accounting Estimates – continued

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

i) The carrying value and the recoverability of exploration and evaluation assets, which are included in the statements of financial position based on the planned exploration budgets and drill results of exploration programs.

ii) The inputs used in accounting for share-based compensation expense included in profit or loss calculated using the Black-Scholes option pricing model.

iii) The valuations of shares issued in non-cash transactions using the quoted share price as the fair value based measurement on the date the shares are issued for the transaction.

iv) The recognition of deferred tax assets based on the change in unrecognized deductible temporary tax differences.

3. Summary of Significant Accounting Policies

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

(a) 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.

(b) Short-term Investments

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

3. Summary of Significant Accounting Policies - *continued*

(c) 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.

(d) 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.

As at February 28, 2014, the calculation of any possible asset retirement obligation is not considered determinable.

(e) 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.

3. Summary of Significant Accounting Policies - *continued*

(e) Impairment of Non-Current Assets – *continued*

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.

(f) 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.

3. Summary of Significant Accounting Policies - *continued*

(g) 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).

(h) 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 %

(i) 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.

(j) 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*

(k) 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.

(l) 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.

(m) 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.

(n) 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*

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.

3. Summary of Significant Accounting Policies - *continued*

(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.

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.

Adoption of New and Amended IFRS Pronouncements

(a) Pronouncements Affecting Financial Statement Presentation or Disclosures

The adoption of the following new and amended IFRS pronouncements resulted in enhanced financial statement disclosures in the Company's interim and annual financial statements. These pronouncements did not affect financial results.

IFRS 13 - Fair Value Measurement

The Company adopted IFRS 13, Fair Value Measurement ("IFRS 13") with prospective application from March 1, 2013. IFRS 13 defines fair value, sets out a single IFRS framework for measuring fair value and outlines disclosure requirements for fair value measurements. IFRS 13 defines fair value as 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. Fair value is a market-based measurement, not an entity-specific measurement, so assumptions that market participants would use should be applied in measuring fair value.

3. Summary of Significant Accounting Policies - *continued*

IFRS 13 - Fair Value Measurement *–continued*

Adoption of New and Amended IFRS Pronouncements

The adoption of IFRS 13 did not have an effect on the Company's financial statements for the current year and the Company has incorporated the required disclosures in Note 13.

IAS 34 – Interim Financial Reporting

IAS 34, Interim Financial Reporting ("IAS 34") was amended to establish criteria for disclosing total segmented assets and require certain fair value disclosures. The Company has adopted IAS 34 effective March 1, 2013 and has incorporated the required fair value disclosures for the current year in Note 11.

(b) Pronouncements Affecting Accounting Policies Only

The adoption of the following new IFRS pronouncements did not affect the Company's financial results or disclosures as the Company's analysis of these new IFRS pronouncements determined that no changes were required to the Company's existing accounting treatment.

IFRS 11 – Joint Arrangements

The Company adopted IFRS 11, Joint Arrangements ("IFRS 11") on March 1, 2013, with retrospective application from the date of its earliest period presented of March 1, 2012. If an arrangement results in joint control, IFRS 11 classifies joint arrangements as either joint operations or joint ventures, depending on the rights and obligations of the parties involved. The Company also adopted IAS 28(R), Investments in Associates and Joint Ventures ("IAS 28") which included amendments to address accounting for joint ventures.

A joint operation is an arrangement where the jointly controlling parties have rights to the assets and obligations in respect of the liabilities of the arrangement. An entity accounts for a joint operation by recognizing its portion of the assets, liabilities, revenues and expenses. A joint venture is an arrangement where the jointly controlling parties only have rights to the net assets of the arrangement. A joint venture is accounted for using the equity method.

(Canadian Funds)

3. Summary of Significant Accounting Policies - *continued*

(b) Pronouncements Affecting Accounting Policies Only - *continued*

IFRS 11 – Joint Arrangements - *continued*

Based on the Company's analysis, IFRS 11 did not have an effect on the Company's financial statements for the current year or prior years presented as the Company currently does not have any joint arrangements.

4. Short-term Investments

As of February 28, 2014, the Company has invested $17,250 (February 28, 2013 - $17,250) into a Guaranteed Investment Certificate ("GIC") with a Canadian financial institution. This GIC is yielding interest at 0.8% per annum and is being held as collateral for the Company's corporate credit card.

5. 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, 2014		February 28, 2013	
	Market Value	**Cost**	Market Value	Cost
Common shares of public companies, not subject to significant influence	**$ 19,575**	**$ 238,523**	$ 43,725	$ 229,523

6. Property and Equipment

	February 28, 2014			February 28, 2013		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Computer equipment	**$ 44,478**	**$ (37,442)**	**$ 7,036**	$ 44,478	$ (34,427)	$ 10,051
Computer software	**82,138**	**(82,138)**	**-**	82,138	(82,138)	-
Office furniture and equipment	**34,464**	**(25,643)**	**8,821**	34,464	(23,437)	11,027
Project field equipment	**17,422**	**(11,698)**	**5,724**	17,422	(10,267)	7,155
	$ 178,502	**$ (156,921)**	**$ 21,581**	$ 178,502	$ (150,269)	$ 28,233

7. Reclamation Bonds

As of February 28, 2014, the Company has invested a total of $83,800 (February 28, 2013 - $83,800) into various GIC's 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 0.75% to 1.20%.

(Canadian Funds)

8. 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, 2012	$ 551,334	$ 906,263	$ 47,000	$ 169,944	$ 62,383	$ 1,736,924
Property option payment paid (received) – cash (*Notes 8a, 8b & 8c*)	(25,000)	10,000	25,000	-	-	10,000
Shares returned to treasury (*Note 8a*)	-	(264,204)	-	-	-	(264,204)
Property option payment received – shares (*Note 8c*)	(16,000)	-	-	-	-	(16,000)
Write-down of acquisition costs	-	-	-	-	(62,000)	(62,000)
Balance – February 28, 2013	$ 510,334	$ 652,059	$ 72,000	$ 169,944	$ 383	$ 1,404,720
Property option payment paid – shares (*Notes 8a, 8b & 8d*)	-	10,000	7,343	-	13,750	31,093
Property option payment received – shares (*Note 8c*)	(9,000)	-	-	-	-	(9,000)
Balance – February 28, 2014	**$ 501,334**	**$ 662,059**	**$ 79,343**	**$ 169,944**	**$ 14,133**	**$ 1,426,813**

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, 2012	$ 3,872,870	$ 2,864,323	$ 213,985	$ 880,062	$ 1,201,481	$ 9,032,721
Exploration and evaluation (recovery) 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
Exploration and evaluation expenses **	47,755	90,823	6,936	6,491	9,143	161,148
Balance – February 28, 2014	**$ 3,980,884**	**$ 3,432,281**	**$ 313,711**	**$ 888,008**	**$ 1,383,308**	**$ 9,998,192**

** As of February 28, 2013, the Company incurred $1,024,844 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 $161,148 (February 28, 2013 – $806,285) in exploration and evaluation expenses. Of this amount, $161,148 (February 28, 2013 - $804,323) was incurred as a result of exploration on the Company's respective properties as per the table above and $Nil (February 28, 2013 - $1,962 was incurred as a result of general exploration.*

(Canadian Funds)

8. Exploration and Evaluation Assets and Expenditures - *continued*

(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;
- Making a rental payment of $30,000 on January 16, 2010 *(paid)* and thereafter annual rental payments of $10,000 per year *(2011, 2012, 2013 and 2014 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 ceased 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 September 20, 2012, the Company entered into a letter agreement with Engineer Mining Corp. ("EMC") to purchase certain capital assets for total cash consideration of $300,000 payable to EMC no later than May 15, 2013. The Company did not make the required payment of $300,000 under the terms of the letter agreement and thus 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.

(Canadian Funds)

8. 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. This agreement was amended on August 25, 2013. 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

- Issuing 100,000 warrants to Guardsmen within 30 days of the execution of the amended agreement *(issued – fair value of $7,343)*. Each warrant is exercisable at a price of $0.055 per share for a term of approximately four years;

- 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, 2014 *(Cumulative $313,711 incurred as at February 28, 2014)*
iv)		133,334	to September 30, 2015
	$	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.

8. Exploration and Evaluation Assets and Expenditures - *continued*

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

On October 31, 2013, the Company and Kaiyue amended the definitive agreement dated October 15, 2012. The Company agreed to postpone all of Kaiyue's obligations, which were due on October 15, 2013, for a further six months in consideration for 100,000 common shares of Kaiyue (*received – fair value of $9,000*). Kaiyue must now fulfill the obligations by April 15, 2014 which comprises $25,000 in cash, 100,000 common shares of Kaiyue and incurring $200,000 in exploration expenditures.

Kaiyue is currently in default of their obligations due April 15, 2014 and the Company has notified Kaiyue of such. The Company and Kaiyue are arranging for meetings to discuss this default and the possible remedies thereto.

(d) Other Properties – Blind Creek, B.C.

On August 16, 2013, the Company entered into an option agreement with Blind Creek Resources Ltd. ("Blind Creek") to earn a 100% interest in nine mineral claims over four years through the issuance of 1,250,000 common shares *(issued 250,000 to date valued at $13,750)* and staged cash payments of $225,000 to Blind Creek. The Company must also incur $400,000 in exploration expenditures over the four years. Blind Creek will retain a 2% NSR on the claims which can be reduced to 0.5% by the Company for a price of $1,500,000.

9. Share Capital and Contributed Surplus

Effective November 5, 2012, the Company consolidated its share capital, stock options and share purchase warrants on a 10-to-1 basis.

(a) Share Capital

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

(b) Private Placements

September 2013

On September 10, 2013, the Company closed a non-brokered private placement of 5,350,000 non flow-through units and 600,000 flow-through units at a price of $0.05 per non flow-through unit for gross proceeds of $297,500.

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 four years from the date of issuance. Each flow-through unit comprises of one flow-through common shares 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 $15,050 were paid in cash.

(Canadian Funds)

9. Share Capital and Contributed Surplus - *continued*

(b) Private Placements - *continued*

September 2013 - continued

The warrants attached to this private placement have been valued at $158,087 ($181,267 net of warrant issuance costs of $23,180) based upon the Black-Scholes Method using the following assumptions noted below.

Assumptions for 5,350,000 Warrants	
Risk-free interest rate	1.72%
Expected stock price volatility	179%
Expected dividend yield	0.00%
Expected life of warrants	4 years

Assumptions for 600,000 Warrants	
Risk-free interest rate	1.24%
Expected stock price volatility	220%
Expected dividend yield	0.00%
Expected life of warrants	2 years

In connection with this private placement, the Company issued 301,000 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 one year from the date of issuance. The Company has recorded the fair value of these finder's warrants as share issuance costs. The finder's warrants have been valued at $21,628 based upon the Black-Scholes Method using the following assumptions noted below.

Assumptions for 301,000 Finder's Warrants	
Risk-free interest rate	1.24%
Expected stock price volatility	293%
Expected dividend yield	0.00%
Expected life of warrants	1 year

November 2013

On November 1, 2013, the Company closed a non-brokered private placement of 1,078,000 non flow-through units and 1,208,000 flow-through units at a price of $0.05 per non flow-through unit for gross proceeds of $114,300.

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 four years from the date of issuance. Each flow-through unit comprises of one flow-through common shares 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 $2,275 were paid in cash.

(Canadian Funds)

9. Share Capital and Contributed Surplus - *continued*

(b) Private Placements - *continued*

November 2013 - continued

The warrants attached to this private placement have been valued at $53,659 ($55,975 net of warrant issuance costs of $2,316) based upon the Black-Scholes Method using the following assumptions noted below.

Assumptions for 1,078,000 Warrants	
Risk-free interest rate	1.53%
Expected stock price volatility	178%
Expected dividend yield	0.00%
Expected life of warrants	4 years

Assumptions for 1,208,000 Warrants	
Risk-free interest rate	1.09%
Expected stock price volatility	222%
Expected dividend yield	0.00%
Expected life of warrants	2 years

In connection with this private placement, the Company issued 42,000 finder's warrants of which 28,000 finder's warrants entitle the holders to purchase one additional non flow-through common share at a price of $0.10 per share for a period of one year from the date of issuance and the remaining 14,000 finder's warrants entitle the holders 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 Company has recorded the fair value of these finder's warrants as share issuance costs. The finder's warrants have been valued at $1,869 based upon the Black-Scholes Method using the following assumptions noted below.

Assumptions for 28,000 Finder's Warrants	
Risk-free interest rate	1.09%
Expected stock price volatility	282%
Expected dividend yield	0.00%
Expected life of warrants	1 year

Assumptions for 14,000 Finder's Warrants	
Risk-free interest rate	1.09%
Expected stock price volatility	222%
Expected dividend yield	0.00%
Expected life of warrants	2 years

(Canadian Funds)

9. Share Capital and Contributed Surplus - *continued*

(c) Share Purchase Warrants

Details of outstanding warrants are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance – March 1, 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
Issued	8,679,000	$0.10
Expired	(10,000)	$1.20
Balance – February 28, 2014	**17,371,634**	**$0.11**

At February 28, 2014, the following warrants are outstanding:

Expiry Date	Exercise Price	Number of Warrants	Warrant Valuation
August 24, 2014**	$1.00	12,500	9,600
August 24, 2014**	$0.10	62,500	836
September 10, 2014	$0.10	301,000	21,628
September 20, 2014***	$5.50	10,000	599
November 1, 2014	$0.10	28,000	1,218
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
September 10, 2015	$0.10	600,000	6,452
November 1, 2015	$0.10	1,208,000	28,115
November 1, 2015	$0.10	14,000	651
August 20, 2016 or September 18, 2017	$0.055	100,000	7,343
September 10, 2017	$0.10	5,350,000	151,635
November 1, 2017	$0.10	1,078,000	25,544
Weighted Average	**$0.11**	**17,371,634**	**$ 558,706**

*** 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 8a).*

The above noted fair value of $558,706 is included in share-based payments reserve in the Company's Statements of Financial Position at February 28, 2014.

(Canadian Funds)

9. Share Capital and Contributed Surplus - *continued*

(c) 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.

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.

For the Year Ended February 28, 2014 – Grants

On June 6, 2013, the Company granted 1,030,000 incentive stock options to certain directors, officers, employees and consultants. The options vested immediately and are exercisable at $0.10 per share and expire on June 6, 2018. The weighted average fair value of these options is $0.04. The corresponding share-based compensation expense amounted to $39,520 and has been recognized in the statement of loss and comprehensive loss for the year ended February 28, 2014. This amount was estimated using the Black-Scholes Option Pricing Model with the following assumptions:

Assumptions	
Risk-free interest rate	1.35%
Expected stock price volatility	197.69%
Expected dividend yield	0.00%
Expected forfeiture rate	5.00%
Expected life of options	5 years

Fiscal Year Ended February 28, 2013 – Grants

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

(Canadian Funds)

9. Share Capital and Contributed Surplus - *continued*

At February 28, 2014, 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
January 11, 2015	$0.10	99,000	0.87	99,000
January 11, 2016	$0.10	159,500	1.87	159,500
October 28, 2016	$0.10	160,500	2.67	160,500
June 6, 2018	$0.10	1,030,000	4.27	1,030,000
	$0.10	**1,449,000**	**3.60**	**1,449,000**

During the year ended February 28, 2014, 33,000 incentive stock options with an exercise price of $0.10 were forfeited and 66,000 incentive stock options with an exercise price of $0.10 expired without exercise.

(d) Flow-Through Shares

Fiscal Year Ended February 28, 2014

During the year ended February 28, 2014, the Company issued 1,808,000 flow-through common shares for total proceeds of $90,400. These funds must be used for qualifying exploration expenditures and will be renounced to the flow-through shareholders effective December 31, 2013. At February 28, 2014, the total unspent proceeds from these flow-through issuances was $17,042 and this amount must be spent by the required deadline of December 31, 2014.

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. At February 28, 2014, the total unspent proceeds from these flow-through issuances was $Nil.

10. Related Party Transactions

(a) Related Parties

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 Former Chief Financial Officer. The nature of the Company's relationships with its related parties is as follows:

	Nature of Relationship
President and CEO	Management
O'Brien Geological Consulting Inc. (Former VP of Exploration)	Management
Larry M. Okada Inc. (Former CFO)	Management

(Canadian Funds)

10. Related Party Transactions - *Continued*

(a) Related Parties - *Continued*

The Company incurred fees and expenses in the normal course of operations in connection with its President and CEO, its Vice President of Exploration and its CFO. Details are as follows:

	Note	February 28, 2014		February 28, 2013
Management fees	(i)	**318,745**	$	386,666
Total Management Fees	(ii)	**318,745**	$	386,666

(i) During the year ended February 28, 2014, the Company paid or accrued consulting fees to its President and Chief Executive Officer. The total amount paid was $81,232 (February 28, 2013 - $145,834) and $93,768 (February 28, 2013 - $29,166) has been accrued. The Company paid or accrued fees to a private company controlled by its former Vice President of Exploration for consulting services. The total amount paid during the year ended February 28, 2014 was $83,745(February 28, 2013 - $139,583) and $Nil (February 28, 2013 - $12,830) was accrued. The Company also paid or accrued fees to a private company controlled by its former Chief Financial Officer for consulting services. The total amount paid during the year ended February 28, 2014 was $5,000 (February 28, 2013 - $50,000) and $55,000 (February 28, 2013 - $10,000) 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, 2014 is $98,547 (February 28, 2013 - $32,152) owing to the Company's President and Chief Executive Officer and $57,800 (February 28, 2013 - $11,250) owing to the Company's Former 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 year ended February 28, 2014 and 2013 were as follows:

	Note		February 28, 2014		February 28, 2013
Management fees	(i)	**$**	**318,745**	$	386,666
Share-based compensation	(ii)		**32,038**		6,803
		$	**350,783**	$	393,469

(i) Management fees include the fees disclosed in Note 10(a) above. The Company did not pay any director's fees during the years ended February 28, 2014 and 2013.

(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, 2014 and 2013.

(Canadian Funds)

11. 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.

12. 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 two other companies resulting in a net rental cost of approximately $7,506 per month ($64,800 annually). With respect to the other two companies, one has the right to terminate their sublease agreement with six months written notice and has done so on August 1, 2013. The 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 any of these two companies at the Company's then cost for the office space. The lease has an expiry date of April 30, 2016.

13. Fair Value Measurement

Certain of the Company's financial assets and liabilities are measured at fair value on a recurring basis and classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company does not have any non-financial assets and liabilities measured at fair value on a non-recurring basis. There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The levels and the valuation techniques used to value our financial assets and liabilities are described below:

Level 1 – Quoted Prices in Active Markets for Identical Assets or Liabilities
Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. Short-term investments and marketable securities are valued using quoted market prices in active markets. Accordingly, these items are included in Level 1 of the fair value hierarchy.

Level 2 – Significant Other Observable Inputs
Quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. The Company does not have any financial assets or liabilities included in Level 2 of the fair value hierarchy.

Level 3 – Significant Unobservable Inputs
Unobservable (supported by little or no market activity) prices. The Company does not have any financial assets or liabilities included in Level 3 of the fair value hierarchy.

The fair values of the Company's financial assets and liabilities measured at fair value on a recurring basis as at February 28, 2014 and February 28, 2013 are summarized in the following table:

	Level	February 28, 2014	February 28, 2013
Short-term investments	1	$ 17,250	$ 17,250
Marketable securities	1	$ 19,575	$ 43,725

(Canadian Funds)

14. 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:

		February 28, 2014		February 28, 2013
Loss before income taxes	**$**	**(753,427)**	$	(1,554,826)
Statutory Canadian federal and provincial tax rates		**26.00%**		25.00%
Expected tax recovery		**(195,891)**		(388,707)
Adjustments:				
Share-based compensation		**10,275**		4,215
Other temporary and permanent differences		**166,802**		(120,096)
Statutory tax rate difference		**-**		15,628
Change in unrecognized deferred tax asset		**(21,186)**		488,960
Flow-through share premiums recognized in income		**20,000**		-
Income tax recovery	**$**	**(20,000)**	$	-

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

		February 28, 2014		February 28, 2013
Non-capital loss carry-forwards	**$**	**1,587,004**	$	1,419,187
Share issuance costs		**28,303**		44,846
Other		**66,717**		87,377
Exploration and evaluation assets - (tax basis in excess of book value)		**832,162**		1,003,032
Unrecognized deferred tax asset		**(2,514,186)**		(2,554,442)
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, 2014, the future enacted rate in Canada is estimated to be 26% (February 28, 2013 – 26%).

(c) The Company has non-capital losses which may be applied to reduce future year's taxable income. As at February 28, 2014, these non-capital losses amounted to $6,103,863 (February 28, 2013 – $5,458,410). 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, $797,360 will expire in 2031, $971,792 will expire in 2032, $769,248 will expire in 2033, and the remaining $630,798 will expire in 2034.

15. Subsequent Events

Subsequent to February 28, 2014:

a) The Company announced that it has signed a letter agreement with joint venture partner Kaminak Gold Corp. ("Kaminak") to obtain 100% interest in the Voigtberg porphyry copper-gold property, situated in the heart of the prolific Golden Triangle district in north western British Columbia, by acquiring Kaminak's 50% interest in the property. The agreement is subject to TSX Venture Exchange approval.

The Company agrees to provide Kaminak with one million units of the Company's securities in exchange for Kaminak's 50% interest in the Voigtberg property. Each "unit" consists of one common share and one share purchase warrant. Each warrant entitles Kaminak to acquire one additional common share at a price of $0.10 for up to three years. All securities are subject to a four month hold period after the date of issuance.

The Company also agrees to facilitate $1.2 million in exploration expenditures on the Voigtberg property over a three-year period. If the Company fails to achieve this, Kaminak will have a one-time opportunity to acquire the Companies entire interest in the property for $50,000.

b) The Company announced that it has closed the first tranche of the private placement previously announced on February 18, 2014 and amended March 27, 2014. The Company raised $160,000 through the issuance of 2,700,000 non-flow-through units ("NFT Units") priced at $0.05 per NFT Unit and 500,000 flow-through units ("FT Units") priced at $0.05 per FT Unit.

Each NFT Unit comprises one common share and one share purchase warrant ("Warrant"); each FT Unit comprises one flow-through or BC super flow-through common share and one Warrant. Each Warrant entitles the holder to purchase one non-flow-through common share at a price of $0.10 per share for up to five years, expiring May 9, 2019. All Warrants are subject to an accelerated expiry date, which comes into effect when the trading price of the Company's shares closes at or above $0.15 per share for twenty consecutive trading days in the period commencing four months after the date of Warrant issuance. In such an event the Company will give expiry acceleration notice ("Notice") to Warrant holders and the expiry date of the Warrants will be 30 days from the date of Notice.

The Company paid finder's fees of $1,400 and issued 28,000 finder warrants, each of which entitle the holder to purchase one common share of the Company at a price of $0.10 per share for up to five years expiring May 9, 2019. All securities are subject to a four month hold period expiring September 10, 2014.