

Message from the President and CEO, Barkerville Gold Mines

It gives me great pleasure, on behalf of the Board of Directors, to provide this year's report to you, the Shareholders. This past year has been monumental for our company, marking the most significant turning point in our corporate history. Achieving several milestones over the past 15 years has culminated into our company becoming British Columbia's newest gold producer. Barkerville Gold Mines, our new name, was chosen to reflect the rich history of gold production in the region and on our tenure. The Company now stands on a solid foundation to pursue the goal of establishing a large, multi-million ounce gold camp in the Cariboo Gold Belt through large exploration and development programs backed by our own gold production and cash flow.

Barkerville Gold Mines has now consolidated the land positions of four public companies in the Cariboo Gold District. The Company's mineral tenure is now well in excess of 100,000 hectares of near contiguous ground along the entire 60-kilometer long geological gold belt, encompassing seven past-producing mines and two of our company's own NI43-101 compliant gold resources.

In February of this year, the Company closed the acquisition of the QR Mine & Mill and an equity financing for \$13.6 million. In conjunction with the acquisition, the Company partnered with Procon Mining and Tunnelling as mining contractor, and we were able to announce the commencement of gold mining operations at the QR Mine. Procon is one of Canada's largest and top mining contractors and the Company stands to benefit greatly from their operational experience and economies of scale.

The QR Mine & Mill is located 110 kilometers by highway and all-weather road from the Barkerville Gold Camp. With the acquisition and subsequent recommencement of gold mining operations at the QR Mine, the Company now joins the ranks of a select group of companies – gold producers.

The QR Mill is a permitted, 900 tonne per day gold mill, originally built by Kinross Gold Corp. in 1994 for an estimated \$40 million capital cost and was their first operating gold mine, which operated for three years and subsequently closed due to low gold prices. Cross Lake Minerals Ltd. acquired the project in 2005 and incurred an estimated \$34.5 million on mill upgrades, mine development and a new three-phase power line, which substantially offset initial start-up costs for our company.

Mining operations started in February 2010 at the QR West Zone, ore hauling and stockpiling will continue until mid-May prior to the start up of the mill facility. Gold doré bars will be poured on site in Q2 of this year. It is the Company's objective to achieve 50,000 ounces of gold production in its first year operation from a combination of ore from the QR Mine and the proposed Bonanza Ledge open pit mine, currently in the final stages of permitting. \$6,000,000 from our recently closed \$13,600,000 financing has been earmarked for mine production.

Mine development and drilling is planned for the end of Q2 in the North Zone at the QR Mine. The North Zone, 300 meters below the permitted West Zone, is the largest known zone of gold mineralization at the QR Mine with a drill indicated strike length of over 1000 meters and is open at depth and on strike. The previous operator drove a large sized, 710-meter decline to the zone, which will be used for access and to complete further drilling to further delineate and develop this resource.

A further \$4,000,000 from the recent financing has been budgeted for diamond drilling in several areas on our vast land package. In the past, much of the Company's resources were spent on permitting and feasibility work around our proposed mines. With these projects well underway, gold production, anticipated cash flow and a well funded treasury, the Company is now able to set its sights on extensive exploration campaigns. These campaigns will encompass four areas well known by our company - in, around and underneath our current NI43-101 resources at Barkerville and Cow Mountain, and large, unexploited areas previously mined on Island Mountain. Further blue-sky campaigns will be conducted over the remaining 9/10ths of the highly prospective 60-kilometer gold belt the Company has acquired over the past 15 years.

These new horizons for our company are a direct result of the efforts of several individuals and groups over the past 15 years. We have been, and continue to benefit from the guidance, expertise, and support of these individuals and investors, some of whom have been with us since the beginning; some have joined us recently and many others along the way.

Finally, to our Shareholders - the road to success in the mining business can be long and challenging, but I believe that realizing our goal in becoming a gold producer would not have been possible had we not had your continued support. Our company will achieve some major milestones in 2010 that will generate rewards that I hope we can all share in together. I look forward to the days and months ahead with great anticipation.

Sincerely,

J Frank Callaghan

President & CEO