



# **BRALORNE GOLD MINES LTD.**

(an exploration stage company)

## **Interim Financial Statements**

**For the nine months ended October 31, 2010**

**(Unaudited)**

<b><u>Index</u></b>	<b><u>Page</u></b>
Notice to Reader	2
<b>Financial Statements</b>	
Balance Sheets	3
Statements of Operations	4
Statements of Shareholders' Equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 20

### **Notice to Reader**

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management and approved by the Board of Directors of the Company. These interim financial statements have not been reviewed by the Company's independent auditor.

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**  
Interim Balance Sheets  
(Unaudited)

	October 31, 2010	January 31, 2010
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 673,474	\$ 3,717,843
Prepaid expenses	9,837	9,928
Interest receivable	14,954	7,408
Taxes receivable	83,413	47,207
BC mining and exploration tax credit receivable (Note 8)	266,497	931,000
	1,048,175	4,713,386
Due from related party (Note 10(b))	-	7,551
Mineral property (Notes 6 and 10)	25,962,984	22,163,467
Equipment (Note 7)	39,144	35,784
Restricted cash (Note 5)	140,000	125,000
	\$ 27,190,303	\$ 27,045,188
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 372,446	\$ 199,522
Due to related parties (Note 10(c))	149,650	39,736
	522,096	239,258
Site restoration obligation	98,000	98,000
	620,096	337,258
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 9)	31,047,043	30,807,988
Contributed surplus	7,691,757	7,797,919
Deficit	(12,168,593)	(11,897,977)
	26,570,207	26,707,930
	\$ 27,190,303	\$ 27,045,188

*Nature of operations and going concern (Note 1)*  
*Commitment (Note 11)*  
*Subsequent Event (Note 12)*

Approved by the Directors on behalf of the Board:

"Gary Robertson" Director  
Gary Robertson

"William Kocken" Director  
William Kocken

*The accompanying notes are an integral part of these interim financial statements*

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**  
Interim Statements of Operations  
(Unaudited)

	Three months ended October, 31		Nine months ended October 31,	
	2010	2009	2010	2009
<b>General and administrative expenses</b>				
Administration services <i>(Note 10(a)(i))</i>	\$ 1,240	\$ 1,037	\$ 3,277	\$ 3,294
Amortization	2,485	1,856	7,215	5,032
Automobile	4,602	4,396	15,695	11,095
Consulting <i>(Note 10(a)(ii))</i>	15,000	315,000	45,000	345,115
Directors' fees <i>(Note 10(a)(v))</i>	4,500	4,500	13,500	23,000
Listing and filing fees	4,841	1,640	19,346	15,206
Office, occupancy and miscellaneous	13,227	14,616	39,578	43,699
Professional fees	18,064	258	30,384	2,959
Salaries and benefits	40,881	26,527	101,635	102,856
Shareholder information	6,776	14,163	33,487	40,032
Stock-based compensation <i>(Note 9(f))</i>	-	-	-	51,700
Travel and accommodation	7,069	20,074	19,986	28,718
<b>Loss before other items</b>	(118,685)	(404,068)	(329,103)	(672,706)
<b>Other items</b>				
Interest income	5,269	246,577	47,692	272,574
Flow through share costs recovery	10,795	(88,658)	10,795	(89,959)
<b>Net loss and comprehensive loss for the period</b>	\$ (102,621)	\$(246,149)	\$ (270,616)	\$ (490,091)
<b>Loss per share, basic and diluted</b>	\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.03)
<b>Weighted average number of common shares outstanding</b>	22,915,496	18,567,698	22,884,905	17,282,480

*The accompanying notes are an integral part of these interim financial statements*

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**  
Interim Statements of Shareholders' Equity  
(Unaudited)

	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total Shareholders' Equity
<b>Balance, January 31, 2009</b>	16,464,711	\$28,959,672	\$4,440,977	\$(11,479,583)	\$21,921,066
Common shares issued for cash:					
Private placement <i>(Notes 9(b)(i), (ii) and (iii))</i>	6,243,047	3,103,478	2,623,913	-	5,727,391
Share issue costs		(829,112)	240,967	-	(588,145)
Exercise of options	24,667	18,500	-	-	18,500
Exercise of warrants	120,000	120,000	-	-	120,000
Transfer of contributed surplus to share capital on exercise of stock options	-	10,498	(10,498)	-	-
Stock-based compensation	-	-	502,560	-	502,560
Income tax effect of flow-through share renunciation	-	(575,048)	-	-	(575,048)
Loss for the year	-	-	-	(418,394)	(418,394)
<b>Balance January 31, 2010</b>	22,852,425	30,807,988	7,797,919	(11,897,977)	26,707,930
Common shares issued for cash:					
Private placement <i>(Notes 9(b)(i), (ii) and (iii))</i>	-	-	-	-	-
Share issue costs	-	918	-	-	918
Exercise of options	147,500	131,975	-	-	131,975
Transfer of contributed surplus to share capital on exercise of stock options	-	106,162	(106,162)	-	-
Loss for the period	-	-	-	(270,616)	(270,616)
<b>Balance October 31, 2010</b>	22,999,925	\$31,047,043	\$7,691,757	\$(12,168,593)	\$26,570,207

*The accompanying notes are an integral part of these interim financial statements*

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**  
Interim Statements of Cash Flows  
(Unaudited)

	<b>Three months ended</b>		<b>Nine months ended</b>	
	<b>October 31,</b>		<b>October 31,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>OPERATING ACTIVITIES</b>				
Net loss for the period	\$ (102,621)	\$ (246,149)	\$ (270,616)	\$ (490,091)
Adjustments for items not involving cash:				
Amortization	2,485	1,856	7,215	5,032
Stock-based compensation	-	-	-	51,700
	(100,136)	(244,293)	(263,401)	(433,359)
Changes in non-cash working capital:				
Prepaid expenses	(1,663)	(2,365)	91	(19,212)
Interest receivable	(5,135)	1,531	(7,546)	4,882
Taxes receivable	(40,916)	4,029	(36,206)	(24,111)
Accounts payable and accrued liabilities	213,638	25,596	172,924	193,227
<b>Cash used in operating activities</b>	<b>65,788</b>	<b>(215,502)</b>	<b>(134,138)</b>	<b>(278,573)</b>
<b>INVESTING ACTIVITIES</b>				
Equipment acquisitions	(4,800)	(7,161)	(10,575)	(7,161)
Mineral property expenditures	(1,404,763)	(991,863)	(3,859,404)	(2,121,296)
BC mining and exploration tax credit	-	1,158,178	779,570	1,158,178
Reclamation deposit	(15,000)	-	(15,000)	-
<b>Cash used in investing activities</b>	<b>(1,424,563)</b>	<b>159,154</b>	<b>(3,160,589)</b>	<b>(970,279)</b>
<b>FINANCING ACTIVITIES</b>				
Issuance of shares and units, net of issue costs	112,371	3,527,204	123,893	4,012,006
Share subscription receivable	-	16,150	-	16,150
Amounts due from related parties, net	67,306	129,960	126,465	159,860
<b>Cash provided by financing activities</b>	<b>179,677</b>	<b>3,673,314</b>	<b>250,358</b>	<b>4,188,016</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(1,179,098)</b>	<b>3,616,966</b>	<b>(3,044,369)</b>	<b>2,939,164</b>
Cash and cash equivalents, beginning of period	1,852,572	294,885	3,717,843	972,687
<b>Cash and cash equivalents, end of period</b>	<b>\$ 673,474</b>	<b>\$ 3,911,851</b>	<b>\$ 673,474</b>	<b>\$ 3,911,851</b>

*The accompanying notes are an integral part of these interim financial statements*

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**

Notes to Interim Financial Statements

For the nine months ended October 31, 2010 and 2009

(Unaudited)

---

**1. Nature of Operations and Going Concern**

Bralorne Gold Mines Ltd. ("Bralorne" or the "Company") was incorporated on July 10, 1992 under the laws of the province of British Columbia. The Company owns a 100% interest in a mineral property in British Columbia, Canada. It is in the process of exploring its mineral property interest and has not yet determined whether this property contains sufficient ore reserves, such that their recovery would be economically viable.

These interim financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern, which assumes that the Company will realize its assets and discharge its liabilities in the normal course of business.

The Company is in the exploration stage. The investment in and expenditures on the mineral property comprises substantially all of the Company's assets. The recoverability of amounts shown for its mineral property interest and related deferred costs and the Company's ability to continue as a going concern are dependent upon the continued support from its shareholders, the discovery of economically recoverable reserves, and the ability of the Company to obtain the financing necessary to complete development and achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time. These financial statements do not reflect any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue in business.

As at October 31, 2010, the Company had working capital of \$526,079 (January 31, 2010 - \$4,474,128) and a deficit of \$12,168,593 (January 31, 2010 - \$11,897,977). Management believes the Company has raised sufficient funds to pay its ongoing operating expenditures, meet its liabilities for the ensuing year as they fall due and to fund cash payments for planned exploration programs.

**2. Significant Accounting Policies**

**(a) Basis of Presentation**

These unaudited interim financial statements are prepared in accordance with GAAP with respect to the preparation of interim financial statements. Accordingly, they do not include all of the information and disclosures required by GAAP for annual financial statements. The accounting policies are the same for the interim financial statements as those described in the audited annual financial statements and the notes thereto for the year ended January 31, 2010, except as described in Note 2 (b).

**(b) Future accounting standards**

**(i) International Financial Reporting Standards ("IFRS")**

In February 2008, the CICA announced that Canadian GAAP for publicly accountable enterprises will be replaced by *International Financial Reporting Standards* ("IFRS") for interim and annual financial statements for fiscal years beginning on or after February 1, 2011. The standard also requires that comparative figures for 2010 be based on IFRS. The Company is currently in the process of developing and implementing its transition plan and continues to monitor updates issued by the IASB to identify their impact on the financial statements. The Company will continue to invest in training and the necessary resources to complete the transition. The transition will require the restatement for comparative purposes of amounts reported by the Company for reporting periods beginning after February 1, 2010.

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**

Notes to Interim Financial Statements

For the nine months ended October 31, 2010 and 2009

(Unaudited)

**2. Significant Accounting Policies (Continued)**

(i) International Financial Reporting Standards ("IFRS") (continued)

Management's assessment to date indicates that IFRS will impact the Company's disclosures but there will be no major financial impacts on accounting policy or procedural changes. It is recognized that IFRS requirements, in particular related to the mining industry, are evolving in advance of the transition date, and such changes may alter this preliminary assessment.

(ii) Business Combinations (Section 1582); Consolidated Financial Statements (Section 1601); Non-Controlling Interests (Section 1602)

These new standards are based on the IFRS 3, "Business Combinations", and replace the existing guidance on business combinations and consolidated financial statements. These new standards require most assets acquired and liabilities assumed, including contingent liabilities, to be measured at fair value and all acquisition costs to be expensed, and also require non-controlling interests to be recognized as a separate component of equity and net earnings to be calculated without a deduction for non-controlling interests. The objective of these new standards is to harmonize Canadian accounting for business combinations with the International and United States accounting standards. The new standards are to be applied prospectively to business combinations on or after February 1, 2011, with earlier application permitted. There is currently no impact on the Company's financial statements.

**3. Risk Management and Financial Instruments**

The Company's financial instruments consist of cash and cash equivalents, interest receivable, restricted cash, accounts payable and accrued liabilities, and amounts due to/from related parties. Cash and cash equivalents and restricted cash are classified as held-for-trading; amounts receivable, interest receivable and amounts due from related parties are classified as loans and receivables; and accounts payable and accrued liabilities, and amounts due to related parties are classified as other financial liabilities.

The carrying value of financial assets by category at October 31, 2010 and January 31, 2010 are as follows:

<b>Financial Assets</b>	<b>October 31, 2010</b>		<b>January 31, 2010</b>	
	Held-for-trading	Loans and receivables	Held-for-trading	Loans and receivables
Cash and cash equivalents	\$ 673,474	\$ -	\$ 3,717,843	\$ -
Interest receivable	-	14,954	-	7,408
Restricted cash	140,000	-	125,000	-
Amounts due from related party	-	-	-	7,551
	<b>\$ 813,474</b>	<b>\$ 14,954</b>	<b>\$ 3,842,843</b>	<b>\$ 14,959</b>

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**

Notes to Interim Financial Statements

For the nine months ended October 31, 2010 and 2009

(Unaudited)

**3. Risk Management and Financial Instruments (Continued)**

The carrying value of financial liabilities by category at October 31, 2010 and January 31, 2010 are as follows:

	<b>October 31, 2010</b>		<b>January 31, 2010</b>
<b>Financial Liabilities</b>	Other Financial Liabilities	Other Financial Liabilities	Other Financial Liabilities
Accounts payable and accrued liabilities	\$ 372,446	\$	199,522
Amounts due to related parties	149,650		39,736
	<b>\$ 522,096</b>	<b>\$</b>	<b>239,258</b>

The carrying amounts of cash and cash equivalents, interest receivable, amounts receivable, restricted cash, and accounts payable and accrued liabilities are a reasonable estimate of their fair values because of their short term to maturity.

The fair values of amounts due to and from related parties are not readily determinable due to the nature of the amounts and the absence of a ready market for such instruments.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below:

**(a) Credit risk**

The Company is exposed to credit risk with respect to cash and cash equivalents, amounts receivable, interest receivable, amounts due from related parties and restricted cash. The risk arises from the non-performance of counterparties of contractual financial obligations. The Company manages credit risk, in respect of cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at a major Canadian financial institution.

Concentration of credit risk exists with respect to the Company's cash and cash equivalents, interest receivable and restricted cash as all amounts are held at two Canadian financial institutions. The Company's concentration of credit risk and maximum exposure thereto is as follows:

	<b>October 31, 2010</b>	<b>January 31, 2010</b>
Term deposits	\$ 600,000	\$ 3,600,000
Cash held in bank accounts	73,474	117,843
Interest receivable	14,954	7,408
Restricted cash	140,000	125,000
	<b>\$ 828,428</b>	<b>\$ 3,850,251</b>

Term deposits currently earn interest at 1.0% (January 31, 2010 – 1.0%) and mature in November 2010 (January 31, 2010 – November 2010); however, they can be cashed at any time. The credit risk associated with cash and term deposits held in Canada is minimized by ensuring that these financial assets are placed with major Canadian financial institutions with strong investment-grade ratings by a primary ratings agency.

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**

Notes to Interim Financial Statements

For the nine months ended October 31, 2010 and 2009

(Unaudited)

---

**3. Risk Management and Financial Instruments (continued)**

**(b) Liquidity risk**

The Company's approach to managing liquidity risk is to provide reasonable assurance that it has sufficient capital to meet short-term financial obligations after taking into account its exploration obligations and cash and cash equivalents on hand. The Company maintains sufficient cash and cash equivalents at October 31, 2010 in the amount of \$673,474 (January 31, 2010 - \$3,717,843) in order to settle current liabilities. All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms with the exception of amounts due to related parties, which are due on demand. At October 31, 2010, the Company had accounts payable excluding accrued liabilities of \$231,100 (January 31, 2010 - \$154,715), which are due within 30 days.

**(c) Market risk**

Market risk consists of interest rate risk, foreign exchange risk and other price risk. The only market risk to which the Company is exposed is as follows:

*Interest rate risk*

The Company's cash and cash equivalents and restricted cash consist of cash held in bank accounts, fixed income investments and guaranteed investment certificates that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of October 31, 2010. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. The Company's sensitivity analysis suggests that a 1% change in interest rates would not have a significant effect on the Company.

**4. Capital Management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties and to maintain flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, it does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of equity instruments. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Management reviews the capital structure on a regular basis to ensure that objectives are met.

The Company has in the past invested its capital in liquid investments to obtain adequate returns. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns on unused capital.

Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this financing due to the current difficult market conditions. There were no changes to the Company's capital management approach during the period.

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**

Notes to Interim Financial Statements

For the nine months ended October 31, 2010 and 2009

(Unaudited)

---

**5. Restricted Cash**

The Company has placed deposits in the amount of \$140,000 at October 31, 2010 (January 31, 2010 - \$125,000), registered in the name of the Ministry of Finance of British Columbia, as security for its mining permit and for reclamation. Deposits consist of guaranteed investment certificates earning a interest rates ranging from 0.15% to 0.50%, and maturing between November 1, 2010 and September 15, 2011.

**6. Mineral Property**

The Company owns a 100% undivided interest in certain mineral properties located in the Lillooet Mining Division, British Columbia. The properties consist of 154 Crown-granted mineral claims, ten freehold parcels of land, two reverted Crown-granted claims and eight metric unit claims, all known as the "Bralorne Property".

The following is a summary of the deferred mineral property expenditures for the Bralorne Property:

	<b>October 31, 2010</b>	<b>January 31, 2010</b>
Acquisition costs	\$ 2,442,347	\$ 2,442,347
Deferred exploration and development expenditures	21,236,691	17,492,354
Tailings pond	1,020,840	1,022,619
Mine and plant buildings, and equipment	2,486,067	2,429,108
Provision for reclamation	98,000	98,000
	<u>27,283,945</u>	<u>23,484,428</u>
Deduct: concentrate and gold dore sales	(1,320,961)	(1,320,961)
	<u>\$ 25,962,984</u>	<u>\$ 22,163,467</u>

As at October 31, 2010, the Company had inventory of gold and silver dore bars with a fair market value of \$595,144 (January 31, 2010 - \$498,715). During the period ended October 31, 2010, the Company sold nil ounces of gold dore bars for proceeds of \$nil (January 31, 2010 - \$nil).

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**

Notes to Interim Financial Statements

For the nine months ended October 31, 2010 and 2009

(Unaudited)

**6. Mineral Property (continued)**

Deferred exploration and development expenditures incurred on the Bralorne Property during the period ended October 31, 2010 and year ended January 31, 2010 are as follows:

	<b>October 31, 2010</b>	<b>January 31, 2010</b>
Assays	\$ 111,492	\$ 39,344
Camp operations	184,140	109,977
Field office	97,663	92,566
Drilling	296,260	451,486
General exploration	2,982,100	2,305,092
Insurance	2,978	-
Mine power	73,424	54,050
Mine operating	97,943	-
Taxes and permits	13,404	13,040
Increase in deferred exploration expenditures	3,859,404	3,065,555
Deferred exploration and development expenditures, beginning of the period	17,492,354	16,515,977
Mining exploration tax credits (note 8)	(115,067)	(2,089,178)
Deferred exploration and development expenditures, end of the period	\$ 21,236,691	\$ 17,492,354

*Realization of assets*

The investment in and expenditures on the mineral property comprise a significant portion of the Company's assets. Realization of the Company's investment in this asset is dependent upon the establishment of legal ownership, the attainment of successful production from the property or from the proceeds of its disposal.

Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore.

*Title to mineral property interests*

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

*Environmental*

Environmental legislation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The impact of new and future environmental legislation on the Company's operations may cause additional expenses and restrictions.

If the restrictions adversely affect the scope of exploration and development on the mineral property, the potential for production on the property may be diminished or negated.

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**

Notes to Interim Financial Statements

For the nine months ended October 31, 2010 and 2009

(Unaudited)

**6. Mineral Property (continued)**

*Environmental (continued)*

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company.

**7. Equipment**

	<b>October 31, 2010</b>		
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>
Computer equipment	\$ 30,935	\$ 14,664	\$ 16,271
Computer software	5,340	5,339	1
Office equipment	6,518	5,224	1,294
Vehicle	52,841	31,263	21,578
	<u>\$ 95,634</u>	<u>\$ 56,490</u>	<u>\$ 39,144</u>

	<b>January 31, 2010</b>		
Computer equipment	\$ 25,160	\$ 10,779	\$ 14,381
Computer software	5,340	5,339	1
Office equipment	6,518	4,996	1,522
Vehicle	48,041	28,161	19,880
	<u>\$ 85,059</u>	<u>\$ 49,275</u>	<u>\$ 35,784</u>

**8. Mining Exploration Tax Credit ("METC")**

The Company recognizes METC amounts receivable from the government and records those amounts as a recovery in the period in which recoverability can be established and the amount quantified. During the period, the Company received a cash payment of \$779,570 for the METC and \$33,649 in interest related to fiscal years ended January 31, 2008 and 2009. An additional amount of \$266,497 for METC claims for the year ended January 31, 2010 has been recorded as receivable at October 31, 2010 (January 31, 2010 - \$931,000). During the 2010 fiscal year, the Company received a cash payment of \$1,423,672 for the METC and interest related to the fiscal years ended January 31, 2004, 2005, 2006 and 2007. Of this amount, \$1,158,178 was METC including the reduction of deferred exploration expenses. The balance of \$265,494 was recorded as interest income.

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**

Notes to Interim Financial Statements

For the nine months ended October 31, 2010 and 2009

(Unaudited)

---

**9. Share Capital**

**(a) Authorized:** Unlimited number of common shares without par value

**(b) Issued**

- (i) During the period ended October 31, 2010, 147,500 stock options were exercised for gross proceeds of \$131,975. The Company reallocated the fair value of these options previously recorded in the amount of \$106,162 from contributed surplus to share capital.
- (ii) On November 9, 2009, the Company closed the final tranche of a brokered private placement issuing 1,175,600 non-flow-through units at a price of \$0.90 per unit for gross proceeds of \$1,058,040 and 387,000 flow-through units at a price of \$0.95 per unit for gross proceeds of \$367,650. Each non-flow-through unit consists of one common share and one share purchase warrant. Each flow-through unit consists of one flow-through share and one share purchase warrant. Each share purchase warrant is exercisable for a term of 24 months into one common share at a price of \$1.25 per share until November 9, 2011.

The Company paid to certain finders a cash commission equal to 8% of the applicable gross proceeds of the financing (\$100,147) and issued compensation options to purchase common shares of the Company equal to 10% of the units and shares sold under the offering (78,010). Each compensation option is exercisable at a price of \$0.90 and entitles the holder to one common share and one common share purchase warrant, which is exercisable at a price of \$1.25 per share for 24 months expiring on November 9, 2011.

The fair value of the warrants and compensation options issued have been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.26%, dividend yield of nil, volatility of 97.97% and an expected life of 24 months. Of the \$1,425,690 total aggregate proceeds raised, \$850,291 was attributable to common shares and \$575,399 was attributable to common share purchase warrants, which has been recorded in contributed surplus. The 78,010 compensation options were valued at \$34,239.

- (iii) On September 28, 2009, the Company closed a private placement issuing 3,470,222 non-flow-through units at a price of \$0.90 per unit for gross proceeds of \$3,123,200 and 828,462 flow-through units at a price of \$0.95 per unit for gross proceeds of \$787,039. Each non-flow-through unit consists of one common share and one share purchase warrant. Each flow-through unit consists of one flow-through share and one share purchase warrant. Each share purchase warrant is exercisable for a term of 24 months into one common share at a price of \$1.25 per share until September 28, 2011.

The Company paid to certain finders a cash commission equal to 8% of the applicable gross proceeds of the financing (\$324,743) and issued compensation options to purchase common shares of the Company equal to 10% of the units and shares sold under the offering (365,168). Each compensation option is exercisable at a price of \$0.90 and entitles the holder to one common share and one common share purchase warrant, which is exercisable at a price of \$1.25 per share for 24 months expiring on September 28, 2011.

The fair value of the warrants and compensation options issued have been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.26%, dividend yield of nil, volatility of 97.97% and an expected life of 24 months. Of the \$3,910,239 total aggregate proceeds raised, \$1,950,521 was attributable to common shares and \$1,959,718 was attributable to common share purchase warrants, which has been recorded in contributed surplus. The 365,168 compensation options were valued at \$195,509.

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**

Notes to Interim Financial Statements

For the nine months ended October 31, 2010 and 2009

(Unaudited)

**9. Share Capital (continued)**

**(b) Issued (continued)**

- (iv) On June 12, 2009, the Company closed a private placement issuing 75,263 flow-through shares at a price of \$1.10 per share for gross proceeds of \$82,789 and 70,000 super flow-through shares at a price of \$1.20 per share for gross proceeds of \$84,000. In addition, the Company issued 236,500 units at a price of \$0.95 per unit for gross proceeds of \$224,675. Each unit consists of one common share and one non-transferable share purchase warrant. Each share purchase warrant is exercisable for a term of 18 months into one common share at a price of \$1.25 until December 15, 2010. Of this amount, \$135,879 was attributable to common shares and \$88,796 was attributable to common share purchase warrants, which has been recorded in contributed surplus.

The Company paid to certain finders a cash commission equal to 6% of the applicable gross proceeds of the financing (\$22,943) and issued compensation options to purchase common shares of the Company equal to 8% of the applicable units and shares sold under the offering (29,880), exercisable at a price of \$1.25 per option for 18 months, expiring on December 15, 2010. The compensation options were valued at \$11,219. The fair value of the warrants and compensation options issued have been estimated using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.27%, dividend yield of nil, volatility of 110.64% and an expected life of 18 months.

- (v) During the year ended January 31, 2010, 120,000 warrants were exercised for gross proceeds of \$120,000.
- (vi) During the year ended January 31, 2010, 24,667 stock options were exercised for gross proceeds of \$18,500. The Company reallocated the fair value of these options previously recorded in the amount of \$10,498 from contributed surplus to share capital.

**(c) Compensation option**

A summary of the compensation options during the period ended October 31, 2010 and the year ended January 31, 2010 is as follows:

	<b>Underlying Options</b>	<b>Weighted Average Exercise Price</b>
Balance, January 31, 2009	-	-
Issued	443,178	\$0.90
Balance, January 31, 2010	443,178	\$0.90
Issued	-	-
Balance, October 31, 2010	443,178	\$0.90

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**  
Notes to Interim Financial Statements  
For the nine months ended October 31, 2010 and 2009  
(Unaudited)

**9. Share Capital (continued)**

**(c) Compensation option (continued)**

As at October 31, 2010 and January 31, 2010, the following compensation options were outstanding and exercisable:

<b>Number of Compensation Options Outstanding and Exercisable</b>		<b>Exercise Price Per Share</b>	<b>Expiry Date</b>
<b>October 31, 2010</b>	<b>January 31, 2010</b>		
365,168	365,168	\$0.90	September 28, 2011
78,010	78,010	\$0.90	November 9, 2011
<b>443,178</b>	<b>443,178</b>		

**(d) Share purchase warrants**

A summary of the share purchase warrants issued, exercised and expired during the period ended October 31, 2010 and the year ended January 31, 2010 is as follows:

	<b>Underlying Shares</b>	<b>Weighted Average Exercise Price</b>
Balance, January 31, 2009	6,467,666	\$1.67
Issued	6,127,664	\$1.25
Exercised	(120,000)	\$1.00
Expired	(4,308,334)	\$1.25
Balance, January 31, 2010	8,166,996	\$1.60
Expired	(2,039,332)	\$2.72
Balance, October 31, 2010	6,127,664	\$1.25

As at October 31, 2010 and January 31, 2010, the following share purchase warrants were outstanding and exercisable:

<b>Number of Warrants Outstanding and Exercisable</b>		<b>Exercise Price Per Share</b>	<b>Expiry Date</b>
<b>October 31, 2010</b>	<b>January 31, 2010</b>		
-	269,139	\$1.50/\$2.00	February 4, 2009/February 4, 2010
-	300,000	\$1.60/\$2.00	March 19, 2009/March 19, 2010
-	470,193	\$3.00	April 26, 2010
-	1,000,000	\$3.00	April 26, 2010
266,380	266,380	\$1.25	December 15, 2010
3,742,684	3,742,684	\$1.25	September 28, 2011
556,000	556,000	\$1.25	September 30, 2011
1,562,600	1,562,600	\$1.25	November 9, 2011
<b>6,127,664</b>	<b>8,166,996</b>		

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**

Notes to Interim Financial Statements

For the nine months ended October 31, 2010 and 2009

(Unaudited)

**9. Share Capital (continued)**

**(d) Share purchase warrants (continued)**

During the period ended October 31, 2010, 2,039,332 warrants expired unexercised. During the year ended January 31, 2010, 6,570,842 warrants were issued, 120,000 warrants were exercised raising gross proceeds of \$120,000 and 4,308,334 warrants expired unexercised.

**(e) Stock options**

The Company has a stock option plan for its directors, officers, employees and consultants. The terms of the plan provide for options to be granted equal in number up to 10% of the issued and outstanding common shares of the Company at the time of grant of the stock options. The option price under each option is not less than the discounted market price on the grant date. The expiry date for each option is set by the Board of Directors at the time of issue and cannot be more than five years after the grant date.

A summary of the stock options granted, exercised and forfeited during the period ended October 31, 2010 and the year ended January 31, 2010 is as follows:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price</b>
Options outstanding at January 31, 2009	1,548,500	\$1.04
Issued	791,500	\$0.84
Exercised	(24,667)	\$0.75
Forfeited	(107,000)	\$1.02
Options outstanding at January 31, 2010	2,208,333	\$0.98
Exercised	(147,500)	\$0.89
Options outstanding at October 31, 2010	2,060,833	\$0.98

At October 31, 2010, the Company has 2,060,833 stock options outstanding with a weighted average remaining contractual life of 2.20 years.

During the year ended January 31, 2010, the Company granted a total of 791,500 stock options to directors, officers, employees and consultants with a weighted average exercise price of \$0.84 per share expiring on July 29, 2014 and January 15, 2015.

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**

Notes to Interim Financial Statements

For the nine months ended October 31, 2010 and 2009

(Unaudited)

**9. Share Capital (continued)**

**(e) Stock options (continued)**

As at October 31, 2010 and January 31, 2010, the following stock options were outstanding and exercisable:

Number of Options Outstanding		Number of Options Exercisable		Exercise Price per Share	Expiry Date
Oct 31, 2010	Jan 31, 2010	Oct 31, 2010	Jan 31, 2010		
906,000	956,000	906,000	956,000	\$1.16	January 16, 2011
40,500	40,500	40,500	40,500	\$1.16	November 29, 2012
42,000	42,000	42,000	42,000	\$1.16	May 14, 2013
294,000	379,000	294,000	379,000	\$0.75	November 21, 2013
55,333	59,333	55,333	59,333	\$0.75	July 29, 2014
723,000	731,500	723,000	731,500	\$0.85	January 15, 2015
<u>2,060,833</u>	<u>2,208,333</u>	<u>2,060,833</u>	<u>2,208,333</u>		

**(f) Stock-based compensation**

Stock-based compensation expense is determined using the fair value method. During the period ended October 31, 2010, there were no stock options granted. During the year ended January 31, 2010, the Company estimated the fair value of options granted of \$502,560 using the Black-Scholes option pricing model with the following weighted-average assumptions:

	October 31, 2010	January 31, 2010
Risk-free interest rate	-	2.49%
Expected dividend yield	-	0%
Expected stock price volatility	-	81.34%
Expected option life in years	-	5
Forfeiture rate	-	0%

During the period ended October 30, 2010, the Company recorded stock-based compensation expense on options vested during the year of \$Nil (October 31, 2009 - \$51,700), allocated as follows:

	October 31, 2010	October 30, 2009
Directors, officers and employees	\$ -	\$ 35,803
Consultants	-	\$ 15,897
	<u>\$ -</u>	<u>\$ 51,700</u>

At October 31, 2010 there is \$nil (2009 - \$nil) in unrecognized stock-based compensation, to be recognized in future periods.

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**

Notes to Interim Financial Statements

For the nine months ended October 31, 2010 and 2009

(Unaudited)

---

Option pricing models require the input of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

**10. Related Party Transactions**

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party transactions not disclosed elsewhere in these statements are as follows:

(a) During the period ended October 31, 2010, the Company paid, or made provision for the future payment of, the following amounts to related parties:

- (i) \$136,990 (2009 - \$142,644) for administrative fees, overhead expenses and reimbursement of out-of-pocket operating expenditures on the Company's behalf and \$42,864 (2009 - \$16,880) for certain mineral property expenses to Oniva International Services Corp. ("Oniva"), a private company beneficially owned by the Company and five other reporting companies related through common directors;
- (ii) \$45,000 (2009 - \$345,000) as consulting fees to two private companies controlled by directors;
- (iii) \$74,500 (2009 - \$72,000) for general exploration expenses on the mineral property to a private company controlled by the President and Chief Executive Officer of the Company for geological consulting and general mine management;
- (iv) \$34,500 (2009 - \$nil) for general exploration expenses on the mineral property to the Chief Operating Officer;
- (v) \$13,500 (2009 - \$23,000) for directors' fees to certain directors of the Company; and
- (vi) \$286,772 (2009 - \$260,446) for drilling expenses from a private drilling company with common management.

(b) Due from related party consists of the following:

	<b>October 31, 2010</b>	<b>January 31, 2010</b>
ABC Drilling	\$ -	\$ 7,551

The above noted related party is related through common management and directors.

**BRALORNE GOLD MINES LTD.**  
**(an exploration stage company)**

Notes to Interim Financial Statements

For the nine months ended October 31, 2010 and 2009

(Unaudited)

**10. Related Party Transactions (continued)**

(c) Due to related parties consists of the following:

	<b>October 31, 2010</b>	<b>January 31, 2010</b>
Hazeldene Farm Ltd.*	\$ 13,197	\$ 9,728
Dr. Matthew Ball	-	4,725
ABC Drilling*	101,741	-
Oniva International Services*	21,212	16,283
Due to Directors	13,500	9,000
	<b>\$ 149,650</b>	<b>\$ 39,736</b>

\*The above noted related parties are related through common directors or are beneficially owned by the Company and five other companies related through common directors.

Related party balances are unsecured, due on demand and do not bear interest.

**11. Commitment**

The Company entered into a cost sharing agreement dated October 1, 1997 and amended November 1, 2003 to reimburse Oniva for a percentage of its overhead expenses, and reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses referred to above. The agreement may be terminated with one month's notice by either party.

**12. Subsequent Event**

Subsequent to October 31, 2010, the Company closed a non-brokered private placement issuing 689,655 flow-through units at a price of \$1.45 per unit for gross proceeds of \$1,000,000. Each unit consists of one flow-through common share and one half non flow-through share purchase warrant. One whole warrant is exercisable into one additional non flow-through common share at an exercise price of \$1.75 per share until June 7, 2011.

The Company paid to the Agent a cash commission of 6% of proceeds as well as compensation options equal to 7% of the aggregate number of flow-through units and units sold under the offering. The compensation options will entitle the Agent to purchase one unit at an exercise price of \$1.45 per unit for a period of 6 months from the date of closing.

Subsequent to October 31, 2010, 107,600 warrants were exercised for gross proceeds of \$134,500 and 2,500 compensation units were exercised for gross proceeds of \$2,250.

**13. Comparative figures**

Certain comparative figures have been reclassified to conform to the current period's presentation.

The following discussion and analysis of the operations, results and financial position of Bralorne Gold Mines Ltd. (the "Company" or "Bralorne") should be read in conjunction with the Company's unaudited interim financial statements for the nine months ended October 31, 2010 and the audited financial statements for the year ended January 31, 2010.

This Management Discussion and Analysis ("MD&A") is dated December 24, 2010 and discloses specified information up to that date. Bralorne is classified as a "venture issuer" for the purposes of National Instrument 51-102. The Company's financial statements are prepared in accordance with generally accepted accounting principles in Canada. Unless otherwise cited, references to dollar amounts are Canadian dollars.

Throughout this report we refer to "Bralorne", the "Company", "we", "us", "our" or "its". All these terms are used in respect of Bralorne Gold Mines Ltd. ***We recommend that readers consult the "Cautionary Statement" on the last page of this report.*** Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **Business Description**

The Company is a natural resource company, primarily engaged in the acquisition, exploration and development of natural resource properties since its inception. The Company's principal business activity for the last 15 years has been the exploration and development of certain mineral properties located in the Lillooet Mining District of British Columbia in the Bridge River area near Lillooet, specifically referred to as the Bralorne, Pioneer and King gold mines. The Property includes mineral properties that have produced approximately 4 million ounces of gold from 8 million tons of ore over 40 years in the historic Bralorne gold camp of British Columbia. The Company is a reporting issuer in British Columbia and Alberta and trades on the TSX Venture Exchange under the symbol BPM, on the OTCPK under the symbol BPMSF and on the Berlin & Frankfurt Stock Exchanges under the symbol WKN A0B75M or GV7.

The Property consists of 154 Crown granted mineral claims, ten freehold parcels of land, two reverted Crown granted claims and eight metric unit claims that includes the former Bralorne, Pioneer and King gold mines in the historic Bridge River gold mining camp of southwest British Columbia. The entire Bralorne Gold Mine Property covers approximately 2,490 hectares. The Property is located 160 kilometres due north of Vancouver, British Columbia, Canada.

The claims comprising a small portion of the Property are subject to an underlying covenant in which the Company is required to pay 1.6385% of Net Smelter Proceeds of Production to Bralorne Resources Limited of Calgary, Alberta. In addition, there is an underlying agreement on 12 specific crown grants that requires the Company to pay to Bralorne Resources Limited of Calgary, Alberta, an amount of fifty cents (\$0.50) per ton of ore produced from these claims, if the ore grade exceeds  $\frac{3}{4}$  (0.75) ounce per ton gold.

### **Overall Performance**

The following is a summary of significant events and transactions during the period ended October 31, 2010 to the date of this MD&A:

#### **Exploration and Development**

Exploration continued during this period with underground development of the BK and North veins as well as surface diamond drilling in the BK gap area testing the BK zone and inferred parallel veins.

### Underground Development

On the BK vein, shrinkage stoping continued with the stope being advanced 3 lifts (from the 10th to the 13th lift). The quartz vein width and grade has been increasing gradually for the last 5 lifts. Assay results are available for lift 11 and part of lift 12. Lift 13 is broken but has yet to be sampled.

For lift 11, results over the strike length (97 meters) show the grade of the vein ranged from 1.5 to 247.2 g/T Au (0.044 to 7.21 oz/ton) with an average grade of 34.1 g/T Au (1.054 oz/ton) over a true width of 0.7 meters (2.2 feet). This grade is calculated using the historic empirical cutting procedure (> 3.0 oz/ton cut to 3.0 oz/ton). The average (cut) grade of the lift estimated from the chip samples is 16.2 g/T Au (0.473 oz/ton) over an average mining width of 1.6 meters (5.3 feet).

Assay results for the eastern 272 feet of lift 12 have been received: The average (cut) grade of the vein is 39.46 g/T Au (1.151 oz/ton) over a true width of 0.7 meters (2.1 feet). The average (cut) grade of the lift estimated from the available assay results is 16.8 g/T Au (0.489 oz/ton) over an average mining width of 1.7 meters (5.5 feet).

Assay results for the entire stope as of December 15 averaged 32.5 g/T gold (0.948 oz/ton) over 0.5 meters (1.7 ft) for the vein, with individual assay results ranging up to 5906.8 g /T gold (172.3 oz/ton) over a width of 0.4 meters (1.4 ft). Over the full mining width the average grade of the stope was 10.1 g /T gold (0.292 oz/ton) over 1.6 meters (5.1 ft).

On the North vein in the former King mine, exploration development was conducted to confirm a resource located between the 800 and 700 levels and extraction was commenced. Results so far indicate an average grade of 32.5 g/T gold (0.948 oz/ton) over an average width of 0.5 meters (1.6 ft) for the vein, or 11.9 g/T gold (0.347 oz/ton) over 1.6 meters (5.3 ft) for the development width. Individual assays range up to 277.3 g/T gold (8.088 oz/ton) over a vein width of 0.5 meters (1.6 ft). Slot development and trial mining by modified room and pillar method is underway. By the 15<sup>th</sup> of December, a total of 4064 tons grading 14.5 g/T gold (0.423 oz/ton) has been extracted and stockpiled at the surface. Mining is now forecast to be completed in this stope by early 2011.

### Mill Stock Pile

The material extracted from the underground exploration development is being stockpiled at the portal for mill feed. By December 15, a total of 9,821 tonnes (10,826 tons) of material was stockpiled at an estimated average grade of 12.3 grams per tonne (0.360 oz/ton) gold. In addition, the broken inventory in the BK stope is estimated at 7,591 tonnes (8,368 tons) at an estimated average grade of 9.26 grams per tonne (0.270 oz/ton) gold. All samples were analyzed either at the mine laboratory or at Ecotech Laboratory in Kamloops by the fire assay method using 1 assay ton charges, or by the metallics assay method. Quality control included insertion of blank and standard samples at a frequency of 10%, and repeat assays at Ecotech Laboratory.

### Surface Exploration

Surface diamond drilling intersected a new zone of gold mineralization on the upper part of the BK vein. Holes 165 through 174 were drilled to follow-up previous holes, with positive results obtained for holes 165-169 and 174. Visible gold was noted in five of these holes. The best intercept was in hole 169 which assayed 140.46 g/T gold (4.096 oz/ton) over 0.6 meters. Significant assay results received to date are summarized in Table 1 below.

Table 1. Significant Drill Hole Assays from Upper BK Zone

Hole	Az.	Inc.	From (m)	To (m)	Core Interval (m)	True Width (m)	Au (oz/ton)	Au (g/T)	Comment	Target
SB-149	360	-45	172.1	173.0	0.9	0.6	1.269	43.51	Vein Zone (50% vein)	BK
SB-151	360	-57	178.7	179.2	0.5	0.2	0.277	9.50	Vein - contains VG	BK
SB-154	360	-54	149.4	150.3	0.8	0.4	0.129	4.42	Vein	BK
SB-158	360	-55	208.1	208.8	0.7	0.3	0.142	4.87	Vein Zone (18% vein)	BK
SB-161	360	-55	163.4	164.7	1.3	0.7	0.156	5.36	Alteration Zone	BK
SB-165	7	-46	171.6	172.6	1.0	0.6	0.736	25.23	Vein	BK
SB-166	6	-53	202.4	204.2	1.8	1.0	0.594	20.37	Vein - contains VG	BK
SB-167	6	-57	234.3	235.2	0.9	0.4	0.759	26.00	Vein - contains VG	BK
SB-168	352	-45	169.0	169.6	0.6	0.4	1.011	34.70	Vein	BK
SB-169	352	-49	194.9	195.5	0.6	0.3	4.096	140.46	Vein - contains VG	BK
SB-170	352	-54	216.9	217.5	0.6	0.4	0.120	4.11	Alteration Zone	BK
SB-171	14.5	-47	166.7	167.5	0.8	0.5	0.241	8.26	Vein+Alt Zone	?
SB-172	358	-61	215.4	216.4	1.0	0.6	0.156	5.35	Vein	BK
SB-173	13.4	-57	206.5	207.1	0.6	0.4	0.163	5.58	Vein+Alt Zone	BK
SB-174	358	-45	167.7	168.1	0.4	0.2	0.028	0.96	Alteration contains VG	BK
SB-174	358	-45	168.1	170.1	2.0	1.2	0.110	3.77	Vein	BK

abbreviations: m = meter; Au = gold; oz/ton = troy ounce per short ton;  
g/T = grams per metric tonne; VG = visible gold.

*Cautionary Note: The Company considers all intercepts assaying 0.1 oz/ton Au or greater as significant, but cautions that these intercept data are preliminary in nature and not conclusive evidence of the likelihood of the occurrence of an economic mineral deposit.*

The resource for this new "BK-3" zone is subdivided into upper and lower portions based on grade distribution and planned development. The upper portion of the zone has an average grade of 14.3 g/T gold (0.418 oz/ton) at a minimum mining width of 1.2 meters (4ft), whereas the lower portion averages 5.7 g/T gold (0.167 oz/ton). Overall, the vein averages 17.6 g/T gold (0.512 oz/ton) over 0.7 meters (2.3 ft). The BK-3 zone extends at least 170 meters (550 feet) above the 800 level, is 38 to 130 meters (125-425 feet) in strike length, and is open to the west and upwards.

The new resource is expected to more than replenish what will be extracted from the stope currently being mined on the BK vein from the 800 level. Other resources above the 8 Level, and the general nature of the property and the BK zone, are given in the report titled "Technical Report on the Bralorne Pioneer Mine Property, Resource update and Exploration Proposal", dated June 03, 2009.

The preliminary resource estimate for the BK-3 zone is given in Table 2 below. It is considered preliminary until quality control check analyses at a second commercial laboratory are completed.

Table 2. Resource Estimate for the BK-3 Zone (effective date: Nov.15, 2010).

Vein	Indicated				Inferred			
	tons	opt Au	Tonnes	g/T Au	tons	opt Au	Tonnes	g/T Au
<b>Upper BK3</b>	12,154	0.418	11,026	14.33	21,111	0.353	19,152	12.10
<b>Lower BK3</b>	3,756	0.167	3,407	5.73	8,165	0.174	7,407	5.97
<b>Total</b>	<b>15,910</b>	<b>0.359</b>	<b>14,433</b>	<b>12.30</b>	<b>29,276</b>	<b>0.303</b>	<b>26,559</b>	<b>10.39</b>
<b>Diluted 15%</b>	<b>18,297</b>	<b>0.312</b>	<b>16,598</b>	<b>10.70</b>	<b>33,667</b>	<b>0.264</b>	<b>30,543</b>	<b>9.04</b>

Estimation parameters were described in a news release dated December 6, 2010.

Development of the new BK-3 resource is now in the planning stage. The BK decline that was collared in 2009 will be continued about 300 meters to intersect the zone. Drifting to the limits of the mineralization is then planned. At least one raise is planned to be driven from the 800 level to connect to the upper drift, which will help to define the grade in the lower part of the zone. One or more raises are planned to be driven up from the new drift to explore the upper part of the zone. One or more sublevels are planned to be developed successively higher on the vein, and connected by raises. Shrinkage mining can then be started from the 800 level and/or the sublevels driven from the access decline. This development concept is subject to change as the grade distribution is further defined by the exploration development.

For the drill holes, all holes were drilled at NQ size and the recovered core was split for sample collection. One half of the core was sent for analysis and the other half is stored at the core facility located at the mine site. Samples were shipped to Eco Tech Laboratory Ltd. at Kamloops BC, and gold geochemical analyses were done by the fire assay method using a 1 assay ton charge.

Quality control of the surface drilling results is achieved by inclusion of reference standards and blank samples in 10% of the samples, and by repeat analyses on selected pulps. All samples of quartz vein are assayed by the metallics method. Additional analyses of selected samples are done at second commercial laboratory as a further check. All assay rejects are retained at the site for further analysis if required.

Plans for the near future include:

The Company is planning to re-start the mill when enough material has been stockpiled to support milling at a rate of 100 tons per day. The mill was prepared for start-up this fall by replacing liners in the ball mill and cone crusher, and servicing all other equipment. An application for a permit to discharge from the mill to the tailings pond was submitted to the Ministry of Environment. The Company was required to file updated documents on the mine, mill and environmental studies, as well conduct public consultation and First Nations engagement. This work was completed and approval is anticipated to be granted in early 2011. Once the milling starts and the development muck stockpile has been processed successfully, the company plans to continue mining and milling all the material available from the BK-800 area. Further underground exploration development will be directed at indicated and inferred resources on the upper BK vein, as well as the 51BFW, Taylor and 52 veins accessed from the 400 Level. This development work will be aimed at defining more sources of mill feed in order to sustain operation. Surface diamond drilling will also continue to explore the BK Zone and nearby targets, and underground drilling may also be done.

### **Results of Operations**

**Three months ended October 31, 2010 compared with the three months ended October 31, 2009.**

#### ***Head Office - General and Administrative Expenses***

General and administrative expenses totaled \$118,685 for the three months ended October 31, 2010 compared with \$404,068 for the three months ended October 31, 2009, a decrease of \$285,383. This decrease is primarily related to a decrease of \$300,000 in consulting fee compensation with smaller decrease of \$7,387 in shareholder information. These decreases were offset with increase of \$17,806 in professional fees, and \$14,354 in salaries and benefits. Professional fees were higher due to an increase in legal fees. Salaries and benefits expense is greater due to the addition of personal. Consulting fees were lower as a result of no bonuses incurred in the current year.

#### ***Income / Loss For The Period***

The loss for the three months ended October 31, 2010 was \$102,621 compared with a loss of \$246,149 for the three months ended October 31, 2009, a decrease of \$143,528. As noted above, general and administrative expenses were lower by \$285,383. This decrease was offset with a lower interest income of \$241,308. During the current period, interest income was \$5,269 as compared to \$246,577 in the prior year. The interest income in the prior year is interest from the B.C. Mining Exploration Tax Credit refunds. There was also a recovery of flow through share costs of \$10,795 as compared to an expense of \$88,658 for the three months ended October 31, 2009.

**Nine months ended October 31, 2010 compared with the nine months ended October 31, 2009.**

#### ***Head Office - General and Administrative Expenses***

General and administrative expenses totaled \$329,103 for the nine months ended October 31, 2010 compared with \$672,706 for the nine months ended October 31, 2009, a decrease of \$343,602. There were decreases of \$300,115 in consulting fees, \$51,700 stock-based compensation, \$8,732 in travel and accommodation, and \$6,545 in shareholder information. These decreases were offset with increases of \$4,600 in automobile expenses and \$27,425 in professional fees. Stock-based compensation was lower as there were no stock options granted during the period. Professional fees were higher due to an increase in legal fees. Consulting fees were lower as a result of no bonuses in the current year. Office occupancy and salaries were slightly lower as a result of a greater distribution in shared costs.

#### ***Income / Loss For The Period***

The loss for the nine months ended October 31, 2010 was \$270,616 compared with a loss of \$490,091 for the nine months ended October 31, 2009, a decrease of \$219,475. As discussed above, general and administrative expenses were lower by \$343,602. In addition, there was a recovery of flow through share costs of \$10,794 compared to an expense of \$89,959 for the nine months ended October 31, 2009. These decreases were offset by lower interest income of \$224,882.

**Summary of Quarterly Results**

Period ended	Oct 31 2010 Q3	July 31 2010 Q2	Apr 30 2010 Q1	Jan 31 2010 Q4	Oct 31 2009 Q3	Jul 31 2009 Q2	Apr 30 2009 Q1	Jan 31 2009 Q4
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>	-	-	-	-	-	-	-	-
<b>Net Income (Loss)</b>	(102,621)	(72,760)	(95,235)	71,697	(246,149)	(146,342)	(97,600)	(523,486)
<b>Income (Loss) per Share basic and diluted</b>	(0.00)	(0.00)	0.00	0.00	(0.03)	(0.01)	(0.01)	(0.03)

The Company's quarterly general and administrative costs remain relatively stable. Factors causing significant changes between quarters have primarily been items such as consulting fees, office expenses, stock-based compensation, and future income tax expenses or recoveries which are not expensed in every quarter. In the fourth quarter of fiscal year end January 31, 2010, the Company recorded a future income tax recovery of \$575,048 resulting in income for the quarter. While in the fourth quarter of January 2009, the Company recorded stock based compensation expense of \$548,680 which contributed to a large loss in the quarter.

**Liquidity and Capital Resources**

The Company has been focused on drilling, development, refurbishing of the mill and exploration. In conjunction with exploration activities, work concerning environmental studies and compliance measures continues. At this time the Company has no operating revenues.

At October 31, 2010, the Company held \$595,144 worth of gold dore bars and silver that were produced during the bulk sampling stage in a prior year in safe-keeping and working capital of \$526,079 and cash and cash equivalents of \$673,474. The Company is continuing its exploration drilling program and has sufficient cash on hand at this time to finance the work on its mineral properties and maintain administrative operations.

During the period, 147,500 stock options were exercised for gross proceeds of \$131,975.

On November 9, 2009, the Company closed the final tranche of a brokered private placement issuing 1,175,600 non-flow-through units at a price of \$0.90 per unit for gross proceeds of \$1,058,040 and 387,000 flow-through units at a price of \$0.95 per unit for gross proceeds of \$367,650. Each non-flow-through unit consists of one common share and one share purchase warrant. Each flow-through unit consists of one flow-through share and one share purchase warrant. Each share purchase warrant is exercisable for a term of 24 months into one common share at a price of \$1.25 per share until November 9, 2011. The Company paid a cash finder's fee of \$100,147. Proceeds net of share issuance costs were \$1,265,740.

On September 28, 2009, the Company closed a private placement issuing 3,470,222 non flow-through shares at a price of \$0.90 per unit for gross proceeds of \$3,123,200 and 828,462 flow-through shares at a price of \$0.95 per unit for gross proceeds of \$787,039. Each non flow-through unit consists of one common share and one share purchase warrant. Each flow-through unit consists of one flow-through share and one share purchase warrant. The flow-through shares will entitle the investor to the tax benefits of the qualifying Canadian exploration expenses incurred by

the Company. Each share purchase warrant is exercisable for a term of 24 months into one common share at a price of \$1.25 per share until September 28, 2011. The Company paid a cash finder's fee of \$324,743. Proceeds net of all share issuance costs were \$3,508,704.

On June 12, 2009, the Company closed a private placement issuing 75,263 flow-through shares at a price of \$1.10 per unit for gross proceeds of \$82,789 and 70,000 super flow-through shares at a price of \$1.20 per unit for gross proceeds of \$84,000. In addition, the Company issued 236,500 units at a price of \$0.95 per unit for gross proceeds of \$224,675. Each unit consists of one common share and one non-transferable share purchase warrant. Each share purchase warrant is exercisable for a term of 18 months into one common share at a price of \$1.25 per share until December 15, 2010. The Company paid a cash finder's fee of \$22,943. Proceeds net of all share issuance costs were \$364,802.

The Company is in the exploration stage. The investment in and expenditures on the mineral property comprise substantially all of the Company's assets. The recoverability of amounts shown for its mineral property interest and related deferred costs and the Company's ability to continue as a going concern is dependent upon the continued support from its directors, the discovery of economically recoverable reserves, the ability of the Company to obtain the financing necessary to complete development and achieve profitable operations in the future. The outcome of these matters cannot be predicted at this time.

Mineral exploration and development is capital extensive, and in order to maintain its interest the Company will be required to raise new equity capital in the future. There is no assurance that the Company will be successful in raising additional new equity capital.

#### **Off-Balance Sheet Arrangements**

The Company has not entered into any off-balance sheet transactions.

#### **Transactions with Related Parties**

During the nine months ended October 31, 2010, the Company paid, or made provision for the future payment, of the following amounts to related parties:

- (i) \$136,990 (2009 - \$142,644) for administrative fees, overhead expenses and reimbursement of out-of-pocket operating expenditures on the Company's behalf and \$42,864 (2009 - \$16,880) for certain mineral property expenses to Oniva International Services Corp. ("Oniva"), a private company beneficially owned by the Company and five other reporting companies related through common directors;
- (ii) \$45,000 (2009 - \$345,000) as consulting fees to two private companies controlled by directors;
- (iii) \$74,500 (2009 - \$72,000) for general exploration expenses on the mineral property to a private company controlled by the President and Chief Executive Officer of the Company for geological consulting and general mine management;
- (iv) \$34,500 (2009 - \$Nil) for general exploration expenses on the mineral property to the Chief Operating Officer;
- (v) \$13,500 (2009 - \$23,000) for directors' fees to certain directors of the Company; and
- (vi) \$286,772 (2009 - \$260,446) for drilling expenses from a private drilling company with common management.

Amounts due from related parties consists of \$nil (January 31, 2010 - \$7,551) from a company related by way of common directors.

Amounts due to related parties consist of \$149,650 (January 31, 2010 - \$39,736) to companies with common management and common directors.

Related party balances are unsecured, due on demand and do not bear interest.

### **Disclosure of Management Compensation**

During the nine months ended October 31, 2010, \$74,500 was paid to the Chief Executive Officer and President for services as director and officer of the Company; \$22,500 was paid to the Chairman of the Board for services as director of the Company; \$15,675 was paid to the Chief Financial Officer for services as an officer of the Company; \$34,500 was paid to the Chief Operating Officer for services as an officer of the Company; \$22,500 was paid to a director for services as director of the Company; and \$14,175 was paid to the Secretary for services as an officer of the Company.

### **Critical Accounting Estimates**

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of commitments and contingencies at the date of the financial statements, and the reported amount of revenue and expenses during the period. Significant areas requiring the use of management estimates involve the carrying value of mineral properties, the recoverable amount due from related parties, determination of stock-based compensation, and determination of the site restoration obligation. Actual results may differ from those estimates.

### **Financial Instruments**

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The carrying value of cash and cash equivalents, accounts receivable, interest receivable, amounts due from related parties, accounts payable and amounts due to related parties approximate their fair value because of the short-term nature of these instruments. It is difficult to determine the fair value of the amounts due to and from related parties with sufficient reliability due to the nature of the financial instruments, the absence of secondary markets, and the significant cost of obtaining outside appraisals.

The Company extends credit to related parties and various third parties in the course of its exploration activities. The Company performs ongoing credit evaluations of its receivables and believes it has made adequate provisions for potential credit losses.

The Company places its cash and cash equivalents with high credit quality financial institutions.

The Company is not exposed to significant interest, credit or currency risk arising from these financial instruments.

### **Recent Canadian Accounting Pronouncements**

Recent Canadian accounting pronouncements that have been issued but are not yet effective, and which may affect the Company's financial reporting are summarized below. For details of the

specific accounting changes, refer to Note 2(b) of the Company's Financial Statements for the nine months ended October 31, 2010:

- i) Section 1582 Business Combinations
- ii) Section 1601 Consolidated Financial Statements
- iii) Section 1602 Non-controlling Interests

### **International Financial Reporting Standards ("IFRS") transition project**

The Canadian Accounting Standards Board ("AcSB") has announced its decision to replace Canadian generally accepted accounting principles ("GAAP") with International Financial Reporting Standards ("IFRS") for all Canadian Publicly Accountable Enterprises ("PAEs"). The effective changeover date is February 1, 2011, at which time Canadian GAAP will cease to apply for Bralorne Gold Mines Ltd. and will be replaced by IFRS. Following this timeline, the Company will issue its first set of interim financial statements prepared under IFRS in the first quarter of 2011 including comparative IFRS financial results and an opening balance sheet as at February 1, 2010. The first annual IFRS consolidated financial statements will be prepared for the year ended January 31, 2011 with restated comparatives for the year ended January 31, 2011.

Management is currently developing a project plan for the conversion to IFRS based in the nature of current operations. The conversion plan is comprised of three phases: 1) Scoping phase which will assess the overall impact and effort required by the Company in order to transition to IFRS; 2) Planning phase which will include a detailed analysis of the conversion process and implementation plan required for disclosure for the Company's first quarter; 3) Transition phase which will include the preparation of an IFRS compliant opening balance sheet as at February 1, 2010, any necessary conversion adjustments and reconciliations, preparation of quarterly financial statements including all note disclosures and disclosures required for the MD&A.

Management has completed phase one, the IFRS Scoping phase, and is now advancing through phase two, the Planning stage. Management prepared an evaluation of its existing financial statement line items, comparing Canadian GAAP to the corresponding IFRS guidelines, and has identified a number of differences. Many of the differences identified are not expected to have a material impact on the reported results and financial position.

Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as of the date of the first comparative balance sheet presented based on standards applicable at that time.

IFRS 1, "First-Time Adoption of International Financial Reporting Standards", provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. During the first quarter of 2011, management intends to conduct an IFRS discussion session with the Audit Committee and the Board of Directors which will focus on the key issues and transitional choices under IFRS 1 applicable to the Company.

Set out below are the most significant areas, identified to date by management, where changes in accounting policies may have the highest potential impact on the Company's consolidated financial statements based on the accounting policy choices approved by the Audit Committee and Board of Directors. In the period leading up to the changeover in 2011, the AcSB has ongoing projects, particularly with respect to the mining industry, and intends to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Company's consolidated financial statements can only be measured once all the IFRS accounting standards at the conversion date are known. Management will continue to monitor new standards, as well as the impact of the new accounting standards, between now and the conversion date to ensure all relevant changes are addressed.

### Property, Plant and Equipment

Under IFRS, Property, Plant and Equipment (“PP&E”) can be measured at fair value or at cost while under Canadian GAAP, the Company has to carry PP&E on a cost basis and the revaluation is prohibited.

Upon adoption of IFRS, the Company has to determine whether to elect a cost model or revaluation model. Management has yet to decide on which model to adopt. Currently, the Company has significant property, plant or equipment and as a result there could be a significant impact on the adoption of IFRS depending on which option is selected by management. The Company will apply IAS 16 and will likely adopt the cost model for PP&E.

In accordance with IAS 16 “Property, Plant and Equipment”, the Company will need to allocate an amount initially recognized in respect of an asset to its significant component parts and account for each component separately when the components have different useful lives or the components provide benefits to the entity in a different pattern.

### Asset Impairment

Canadian GAAP generally uses a two-step approach to impairment testing: first comparing asset carrying values with undiscounted future cash flows to determine whether impairment exists; and then measuring any impairment by comparing asset carrying values with discounted cash flows. International Accounting Standard (IAS) 36, “Impairment of Assets” uses a one-step approach for both testing and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use (which uses discounted future cash flows). This may potentially result in write downs where the carrying value of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted cash flow basis.

The Company will perform an impairment analysis on significant assets at the transition date however management does not anticipate that significant impairments will be recognized. The Company will adopt IAS 36 and continue to monitor its operations for any changes that may give rise to asset impairment.

### Exploration and Evaluation Assets

Under the Company’s current accounting policy, acquisition costs of mineral properties, together with direct exploration and development expenses are capitalized.

Upon adoption of IFRS, the Company has to determine the accounting policy for exploration and evaluation assets. The Company can decide to apply the International Accounting Standards Board (“IASB”) Framework which requires exploration expenditures to be expensed and capitalization of expenditures only after the completion of a feasibility study or choose to and keep the existing Company’s policy, if relevant and reliable.

Management has yet to decide on whether or not to fully adopt IFRS 6, “Exploration and Evaluation of Mineral Properties”, and apply the IASB framework. If management elects to fully adopt IFRS 6, any adjustments will be reflected in accumulated deficit by the same amount reflecting the de-recognized mineral properties.

### Share Based Compensation

IFRS and Canadian GAAP largely converge on the accounting treatment for share-based compensation with only a few differences.

Canadian GAAP allows either accelerated or straight-line method of amortization for the fair value of stock options under graded vesting. Currently, the Company is using the graded-vesting method and is compliant with IFRS 2 for all grants and therefore the change to IFRS standards will not have a material impact when transitioning to IFRS.

Under IFRS, the estimate for forfeitures must be made when determining the number of equity instruments expected to vest, while under Canadian GAAP forfeitures can be recognized as they occur. The Company is currently recognizing forfeitures as they occur therefore management will have to estimate forfeiture rates each reporting period and record any necessary adjustments. The Company typically has very low forfeiture rates therefore recording an estimate of forfeitures in advance on their occurrence will not likely have a significant impact on the financial statements.

Upon adoption of IFRS 2, the Company will be fully compliant with the new standard and the adoption is not expected to have an impact on the financial statements.

#### Future Income Taxes

Like Canadian GAAP, deferred income taxes under IFRS are determined using the liability method for temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, and by generally applying tax rates applicable to the Company to such temporary differences. Deferred income taxes relating to temporary differences that are in equity are recognized in equity and under IFRS subsequent adjustments thereto are backward traced to equity.

IFRS prohibits recognition where deferred income taxes arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable net earnings. The Company expects the impact of implementing IAS 12, Income Taxes will not have a significant impact on the financial statements. However, as events and circumstances of the Company's operations change that give rise to future income taxes, IAS 12 will be applied.

#### Reclamation and Closure Cost Obligations

Under IFRS the Company's obligation for closure and reclamation is based on management's best estimate of such future expenditures discounted for the country specific risk free rates. Under Canadian GAAP the obligation is determined based on the fair value of future estimated expenses using quoted market prices and discounted using the Company's current credit adjusted risk free rate. Canadian GAAP requires that only the legal or contractual fair value be reflected in the financial statements however this value could be significantly different than fair values under IFRS. Management is currently in the process assessing the Company's future reclamation and closure cost obligations however it not expected that a material adjustment will be required. The Company will adopt IFRS 37 "Provisions, Contingent Liabilities, and Contingent Assets" when it transitions to IFRS.

As the Company elects and approves the IFRS accounting policy for each of the areas above, management will determine and disclose the potential impact of the IFRS adoption at the transition date on our financial statements. The International Accounting Standards Board will also continue to issue new accounting standards during the conversion period and, as a result, the final impact of IFRS on the Company's consolidated financial statements will only be measured once all the IFRS applicable accounting standards at the conversion date are known.

Based on management's assessment of the information system currently used by the Company, all information required to be reported under IFRS is expected to be available with minimal system changes. In addition, based upon the Company's current operations, it is management's opinion

that the adoption of IFRS is not expected to have a significant impact on internal controls and reporting procedures.

One of the more significant impacts identified to date of adopting IFRS is the expanded presentation and disclosure requirements. Disclosure requirements under IFRS generally contain more breadth and depth than those required under Canadian GAAP and, therefore, will result in more extensive note references. The Company is continuing to assess the level of presentation and disclosures required for its consolidated financial statements.

The Company currently does not have any debt covenants, capital requirements, compensation arrangements, or material contracts that impact its current business activities that would affect the conversion to IFRS.

Management, members of the board of directors and audit committee have the required financial reporting expertise to ensure the adequate organization and transition to IFRS.

### **Outstanding Share Data**

The following is the Company's outstanding share data as of October 31, 2010 and December 24, 2010:

**Common Shares:** 22,999,925 as of October 31, 2010 and 23,799,680 as of December 24, 2010

### **Stock Options**

<b>Expiry Date</b>	<b>Exercise Price Per Share</b>	<b>Number of Shares Remaining Subject to Options (October 31/10)</b>	<b>Number of Shares Remaining Subject to Options (December 24/10)</b>
January 16, 2011	\$1.16	906,000	906,000
November 29, 2012	\$1.16	40,500	40,500
May 14, 2013	\$1.16	42,000	42,000
November 21, 2013	\$0.75	294,000	294,000
July 29, 2014	\$0.75	55,333	55,333
January 15, 2015	\$0.85	723,000	723,000
<b>TOTAL:</b>		<b>2,060,833</b>	<b>2,060,833</b>

### **Compensation Options**

<b>Expiry Date</b>	<b>Exercise Price Per Share</b>	<b>Number of Shares Remaining Subject to Options (October 31/10)</b>	<b>Number of Shares Remaining Subject to Options (December 24/10)</b>
September 28, 2011	\$0.90	365,168	362,668
November 9, 2011	\$0.90	78,010	78,010
June 7, 2011	\$1.45	-	43,448
<b>TOTAL:</b>		<b>443,178</b>	<b>484,126</b>

## Warrants

Expiry Date	Exercise Price	Underlying Shares (October 31/10)	Underlying Shares (December 24/10)
December 15, 2010	\$1.25	236,500	-
December 15, 2010	\$1.25	29,880	-
September 28, 2011	\$1.25	3,742,684	3,745,184
September 30, 2011	\$1.25	556,000	556,000
November 9, 2011	\$1.25	1,562,600	1,562,600
June 7, 2011	\$1.75	-	344,827
<b>TOTAL:</b>		<b>6,127,664</b>	<b>6,208,611</b>

## Commitment

The Company entered into a cost sharing agreement dated October 1, 1997 and amended November 1, 2003 to reimburse Oniva a percentage of its overhead expenses, and reimburse 100% of its out-of-pocket expenses incurred on behalf of the Company, and to pay a percentage fee based on the total overhead and corporate expenses referred to above. The agreement may be terminated with one month's notice by either party.

## Internal Controls over Financial Reporting

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The Company assessed the design of the internal controls over financial reporting as at October 31, 2010 and concluded that there are material weaknesses in internal controls over financial reporting, which are as follows:

- a) Due to the limited number of staff resources, the Company believes there are instances where a lack of segregation of duties exist to provide effective controls; and
- b) Due to the limited number of staff resources, the Company may not have the necessary in-house knowledge to address complex accounting and tax issues that may arise.

The weaknesses and their related risks are not uncommon in a company the size of the Company because of limitations in size and number of staff. The Company believes it has taken steps to mitigate these risks by increasing additional accounting personnel, consulting outside advisors and involving the Audit Committee and Board of Directors in reviews and consultations where necessary. However, these weaknesses in internal controls over financial reporting could result in a more than remote likelihood that a material misstatement would not be prevented or detected. The Company believes that it must take additional steps to further mitigate these risks by consulting outside advisors on a more regular and timely basis.

There have been no changes in the Company's internal controls over financial reporting occurring during the nine months ended October 31, 2010 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

### **Subsequent Events**

On December 7, 2010, the Company completed a Non-Brokered Private Placement from the sale of 689,655 units at a price of \$1.45 per unit for gross proceeds of \$1,000,000. Each unit consisting of one flow-through share and one half of one transferable non flow-through share purchase warrant. Each flow-through share will entitle the investor to the tax benefits of the qualifying Canadian exploration expenses incurred by the Company, which will be “flowed through” to the investor. One whole warrant will entitle the investor to purchase one additional non flow-through common share at an exercise price of \$1.75 per share until June 7, 2011. A finder’s fee of 6% cash and finder’s fee options in units equal to 7% of the number of units subscribed. Each finder’s fee options unit consisting of one non flow-through common share and one-half (1/2) of one non-transferable shares purchase warrant. Each whole warrant shall entitle the holder thereof to purchase one common share at an exercise price of \$1.75 per share until June 7, 2011.

Subsequent to October 31, 2010, 107,600 warrants were exercised for gross proceeds of \$134,500 and 2,500 compensation units were exercised for gross proceeds of \$2,250.

### **Cautionary Statement**

This MD&A is based on a review of the Company’s operations, financial position and plans for the future based on facts and circumstances as of December 24, 2010. Except for historical information or statements of fact relating to the Company, this document contains “forward-looking statements” within the meaning of applicable Canadian securities regulations. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company’s documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change. These statements involve known and unknown risks, uncertainties, and other factor that may cause the Company’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievement expressed or implied by these forward-looking statements.

**Form 52-109FV2**  
**Certification of interim filings - venture issuer basic certificate**

**I, William Kocken, Chief Executive Officer of Bralorne Gold Mines Ltd., certify the following:**

1. **Review:** I have reviewed the interim financial statements and interim MD&A (together, the “interim filings”) of **Bralorne Gold Mines Ltd.** (the “issuer”) for the interim period ended **October 31, 2009.**
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: December 24, 2009

**“William Kocken”**

\_\_\_\_\_  
William Kocken  
Chief Executive Officer

**NOTE TO READER**

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

The issuer’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

**Form 52-109FV2**  
**Certification of interim filings - venture issuer basic certificate**

**I, Lisa Sharp, Chief Financial Officer of Bralorne Gold Mines Ltd., certify the following:**

1. **Review:** I have reviewed the interim financial statements and interim MD&A (together, the “interim filings”) of **Bralorne Gold Mines Ltd.** (the “issuer”) for the interim period ended **October 31, 2010.**
2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.
3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial statements together with the other financial information included in the interim filings fairly present in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in the interim filings.

Date: December 24, 2010

**“Lisa Sharp”**

\_\_\_\_\_  
Lisa Sharp  
Chief Financial Officer

**NOTE TO READER**

In contrast to the certificate required for non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings* (NI 52-109), this Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer’s GAAP.

The issuer’s certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.