



MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED JUNE 30, 2021

General

The purpose of this Management Discussion and Analysis (“**MD&A**”) is to explain management’s point of view regarding the past performance and future outlook of Barksdale Resources Corp. (“**Barksdale**” or the “**Company**”). This report also provides information to improve the reader’s understanding of the financial statements and related notes as well as important trends and risks affecting the Company’s financial performance, and should therefore be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and notes for the three months ended June 30, 2021 and 2020 (the “**Financial Statements**”) and the audited consolidated financial statements for the years ended March 31, 2021 and 2020.

All information contained in this MD&A is current as of August 27, 2021 unless otherwise stated.

The Financial Statements and related notes and all financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”) and all dollar amounts are expressed in Canadian dollars unless otherwise indicated. Additional information on the Company is available on SEDAR at www.sedar.com. See “Other MD&A Requirements” below.

Overview

Barksdale is currently listed as a “mining issuer” on the Tier 2 of the TSX Venture Exchange (“**TSXV**”) under the symbol BRO.V. In December 2020, the Company listed on the OTCQX in the United States under the symbol BRKCF. The Company’s principal business activities include the acquisition and exploration of precious and base metal mineral properties in Arizona, USA and Sonora, Mexico.

Mineral Projects

Currently, Barksdale holds interests in multiple exploration projects within the Patagonia Mining district located in Santa Cruz County, Arizona. These projects include Sunnyside, Four Metals, San Antonio, Canelo, Goat Canyon, as well as the Guajolote property, for which the Company holds both mineral and certain private surface rights. In addition, Barksdale has acquired an interest in the San Javier copper-gold project located in Sonora, Mexico.

Barksdale’s Sunnyside project is comprised of 286 unpatented mining claims totaling approximately 5,223.71 acres (2,113.96 hectares) located in the Patagonia Mountains of southern Arizona (the “**Sunnyside Property**”) approximately 90 minutes’ drive south of Tucson (population ~ 530,000). The Sunnyside Property is cored by a large intrusive complex, confirmed by previous drilling, that is interpreted to have driven a large hydrothermal system which resulted in deposition of a classically zoned porphyry copper deposit and associated distal, polymetallic skarn (Cu, Pb, Zn, Ag) and carbonate replacement deposits. The primary near-term exploration target is a skarn located on the northeast margin of the intrusive complex that is likely to host copper-zinc-lead-silver mineralization interpreted to be the extension of the world-class Taylor deposit (South32 Limited). Planned systematic exploration on the Sunnyside Property will proceed upon final pending approval of exploration drilling permits. Barksdale holds the right to acquire, by way of option, up to a 67.5% undivided interest in the Sunnyside Property in consideration for a combination of cash payments, share issuances and exploration expenditures. See “Geological Summary – Exploration and Evaluation Properties – Sunnyside Property” below for further details regarding the Sunnyside Property.

The Four Metals project is comprised of a contiguous block of 40 unpatented lode claims (760 acres) (the “**Four Metals Property**”) located approximately three kilometers south of the Sunnyside Property within the Patagonia Mountains of Arizona with a significant exploration history focused on an outcropping breccia pipe (3 adits driven in the 1920’s and 70+ historic drill holes), with identified and documented potential for discovery of additional breccia pipes or buried porphyries on the property. Barksdale holds the right to acquire, by way of option, a 100% undivided interest in the Four Metals Property in consideration for a combination of cash and share payments totaling US\$450,000 (of which US\$100,000 has been paid and US\$75,000 value of shares has been issued to date). See “Geological Summary – Exploration and Evaluation Properties – Four Metals Property” below for further details regarding the Four Metals Property.

Objectives for Sunnyside during 2021/2022 include: 1) completing the federal permitting process to obtain permissions necessary to begin a drilling program and 2) initiating a Phase I drilling program that fulfils Barksdale’s requirements under the option agreement.

The Guajolote property is a 10 acre patented mining claim located between the Sunnyside and Four Metals properties. Barksdale secured an option to acquire a 100% interest in Guajolote in June 2020 and subsequently acquired such 100% interest in June 2021 by fulfilling the option payment requirements. See “Geological Summary – Exploration and Evaluation Properties – Guajolote Patented Mining Claim” below for further details regarding the Guajolote property.

In July 2019, the Company entered into a purchase and sale agreement with Teck American Incorporated, a subsidiary of Teck Resources Limited (TSX, NYSE) (collectively “**Teck**”), to acquire a 100% undivided interest in 315 unpatented lode claims totaling approximately 6,300 acres (2,550 hectares) and located about five kilometers southeast of the Company’s Sunnyside Property, and immediately adjacent to the southeastern border of South32’s Hermosa project (the “**San Antonio Property**”). The acquisition of the San Antonio project more than doubles the Company’s land position in the Patagonia Mountains district. The purchase price consisted of 898,809 common shares of the Company. Additionally, Teck retained a one and a half percent (1.5%) net smelter return royalty on future production and a right of first refusal over any future sale or other disposition of the San Antonio Property by the Company. To date, systematic surface exploration has been completed on the San Antonio Property, including geologic mapping, geochemical sampling, and extensive geophysical surveys by Teck. This effort has outlined a shallow IP anomaly, designated the ‘Cosmos’ target, that Barksdale interprets as an undrilled, potentially productive porphyry system occurring under shallow cover. See “Geological Summary – Exploration and Evaluation Properties – San Antonio Property” below for further details regarding the San Antonio Property.

Objectives for San Antonio during 2021/2022 include: 1) completing the federal permitting process to obtain permissions necessary to begin a drilling program and 2) initiating a Phase I drilling program to test for the presence of a mineralized copper porphyry deposit.

In March 2021, the Company entered into a purchase and sale agreement with Kennecott Exploration Company, a wholly owned subsidiary of Rio Tinto Limited (ASX: RIO) (collectively “**Kennecott**”), to acquire a 100% undivided interest in the Canelo and Goat Canyon properties as well as certain raw geophysical data. The Canelo property consists of 8,700 acres (3,521 hectares) of federal mineral claims (administered by the United States Forest Service) located approximately 10km northeast of Sunnyside and is immediately adjacent to the eastern border of South32’s Hermosa project. The Goat Canyon property consists of 8,650 acres (3,501 hectares) of mineral claims located approximately 10km northwest of Sunnyside. Goat Canyon contains two Arizona State Land Department exploration leases totaling 1,254 acres (507 hectares) as well as approximately 7,400 acres of federal mineral claims (2,995 hectares), being a mix of Bureau of Land Management and United States Forest Service administered claims. The purchase price consisted of US\$35,000 in cash as well as a 2% net smelter return royalty on future production and a one-time production payment of US\$3,500,000 should a mine reach commercial production on either the Canelo or Goat Canyon properties. Barksdale can elect to buyback half (1%) of the net smelter return royalty for US\$10,000,000 at any time. Kennecott will maintain reversionary rights over the Goat Canyon and Canelo properties, should Barksdale elect to drop any mineral claims in the future.

The following map outlines the locations of the Company’s Sunnyside, Four Metals, Guajolote, Canelo, Goat Canyon and San Antonio Properties within the Patagonia Mountains district of Arizona:



While in close surrounding proximity, the advanced development of South 32’s adjacent Hermosa Project (Taylor deposit) is not necessarily indicative of the mineralization located at the Company’s Sunnyside, Four Metals, Guajalote and San Antonio properties.

In September 2020, the Company entered into a definitive option agreement to acquire a 100% interest in the San Javier copper-gold project from Tusk Exploration Ltd. The San Javier property is located in central Sonora, Mexico, approximately a six-hour drive from the Company’s projects in southern Arizona. The project consists of twelve separate mineral concessions totaling approximately 1,184 hectares, upon which multiple zones of near-surface, oxide copper mineralization have been identified to date.

Multiple companies have previously explored and drilled within the San Javier property position, including Servicios Industriales Peñoles S.A. de C.V., Phelps Dodge, Outokumpu Oyj and Constellation Copper. Notably, the San Javier property has not been actively worked since 2007. Approximately 30,000 meters of drilling has been completed to date in three separate zones, two of which contain historic resource estimates which Barksdale believes can be used as a guide for future exploration drilling. However, the Company is not treating these historical estimates as current mineral resources and such estimates should not be relied upon. Barksdale’s technical team and “qualified person” (as defined in National Instrument 43-101) are currently performing work to verify or replace these historic estimates at San Javier as current mineral resources.

Mineralization at Cerro Verde, the most densely drilled zone (~90% of historic drilling), consists of structurally controlled hydrothermal breccias, stockworks, and veins that have intense specular hematite associated with copper mineralization. The mineralization has been characterized by previous operators as typical of an iron-oxide-copper-gold (“IOGC”) system, which generally exhibit structurally controlled mineralization. Previous exploration activity was focused on delineating near-surface oxidized mineralization, for the purpose of bulk mining. Hence, the structurally controlled high-grade mineralization that was encountered was never adequately followed-up on and thus represents a significant opportunity for Barksdale. Additionally, gold-dominant oxide mineralization, as well as deeper occurring copper-gold sulfide mineralization has been encountered historically and requires additional investigation.

Technical objectives for San Javier during 2021/2022 include: 1) review and relogging of historical drill core; 2) delineation and modelling of higher-grade zones of copper mineralization; 3) targeting of new zones of near-surface oxide copper and gold; and 4) drilling to verify and increase the overall size and confidence of potential mineral resources at San Javier.

Progress through the end of Q2 2021 has included: 1) relogging of 72 historical core holes (10.95Km); 2) advancement of a property-wide, integrated 3D geologic and mineralization model to be used in drill targeting Barksdale’s initial 5000m drilling campaign, anticipated to begin in Q3 2021; 3) negotiation of core drilling contract with Globexplore Drilling S.A. de C.V, based in Hermosillo, Mexico.

Corporate Activities

In April 2021, the Company issued 61,888 common shares in accordance with the option agreement for the Four Metals Property.

In May 2021, the Company granted 200,000 stock options to a consultant of the Company at an exercise price of \$0.53 per share for a period of three years, vested as follows: 1/3 on the date of grant, 1/3 six months from the date of grant, and 1/3 twelve months from the date of grant.

In May 2021, the Company entered into a definitive purchase agreement with Regal Resources Inc. (“**Regal BC**”) whereby the Company would acquire the remaining interest in and consolidate a 100% ownership of the Sunnyside Property (the “**Regal Transaction**”) in consideration for a combination of cash, common shares of Barksdale and the acquisition and forgiveness of certain existing debt of Regal BC and its U.S. subsidiary, Regal Resources USA, Inc. (“**Regal USA**” and together with Regal BC, “**Regal**”), as more particularly described in the Company’s news release of May 12, 2021. However, Regal BC failed to obtain the required number of votes necessary to move the Regal Transaction forward at its special meeting of shareholders held on July 7, 2021 and, as a result, the transaction was terminated. Pursuant to the definitive share purchase agreement, the Company is entitled to offset \$150,000 of transaction costs against its future option payment obligations due to Regal BC under the Sunnyside Agreement (defined subsequently). Additionally, the Company will offset double the costs against the Sunnyside Agreement (defined subsequently) related to Regal BC’s hiring of a proxy agent. Accordingly, Barksdale will continue to advance the Sunnyside Property under the existing Sunnyside Agreement (as hereinafter defined) dated August 10, 2017 between Regal USA and Arizona Standard (US) Corp., a wholly owned subsidiary of Barksdale.

Under the terms of the above-noted definitive agreement, Barksdale is entitled to offset \$150,000 of its costs related to the Regal Transaction against its future option payment obligations due to Regal under the Sunnyside Agreement. Additionally, Barksdale will offset against the Sunnyside Agreement double its costs related to Regal’s hiring of a proxy agent in furtherance of the Regal Transaction. Barksdale’s total direct costs of the proxy agent is \$78,229.

Barksdale is Regal’s largest secured creditor and currently holds a \$1,725,000 registered demand loan, secured by all of Regal BC assets, (the “**Regal Loan**”) that accrues interest at 12% per annum and is due on October 2, 2021. Barksdale acquired the Regal Loan in connection with the Regal Transaction for a cost of \$1,000,000 cash (paid) and issuance of 1,345,310 Barksdale shares (issued) from an existing Regal debt holder. Barksdale will seek timely repayment of the Regal Loan in due course and the proceeds will be applied towards the Company’s other mineral projects. As at June 30, 2021, \$18,526 of interest is owed by Regal to Barksdale in connection with such registered demand loan.

As part of the Regal Transaction, Barksdale had also extended a \$1,435,470 bridge loan to Regal on May 12, 2021 for the purpose of repaying Regal's existing convertible debenture. Payment was ultimately refused by the debenture holder and the debenture was eventually converted into Regal shares. The bridge loan funds were returned to Barksdale on June 17, 2021, and \$11,056 of interest is owed by Regal to Barksdale in connection with such bridge loan.

In June 2021, the Company issued 100,138 common shares in accordance with the option agreement for the Guajolote Patented Mining Claim.

In June 2021, the Company issued 66,500 common shares in connection with the exercise of 66,500 stock options with an exercise price of \$0.53 for total proceeds of \$35,245.

Geological Summary

Exploration and Evaluation Properties

For the three months ended June 30, 2021, the Company incurred exploration and evaluation expenditures (inclusive of acquisition and staking costs) of \$936,673 as compared to \$482,656 in the comparative period for 2020 as follows:

	Sunnyside	Four Metals	San Antonio	Guajolote	Canelo and Goat Canyon	San Javier	Total
	\$	\$	\$	\$	\$	\$	\$
For the three months ended							
June 30, 2020							
Property acquisition and staking costs	-	66,139	-	33,095	-	-	99,234
<i>Exploration expenditures:</i>							
Accommodation and related	2,011	-	-	-	-	-	2,011
Claim maintenance fees	67,097	9,185	72,043	-	-	-	148,325
Consulting	38,969	-	6,926	-	-	-	45,895
Permitting	178,239	-	7,168	-	-	-	185,407
Sampling and processing	1,092	-	-	-	-	-	1,092
Storage	-	668	-	-	-	-	668
Supplies and fuel	24	-	-	-	-	-	24
Total	287,432	75,992	86,137	33,095	-	-	482,656
For the three months ended							
June 30, 2021							
Property acquisition and staking costs	-	60,102	-	121,493	2,456	-	184,051
<i>Exploration expenditures:</i>							
Accommodation and related	1,126	-	-	-	-	9,771	10,897
Claim maintenance fees	59,488	8,143	63,872	-	175,000	-	306,503
Consulting	39,526	-	1,701	-	1,701	206,067	248,995
Geological	7,512	-	-	-	414	57,335	65,261
Metallurgy	-	-	-	-	-	7,002	7,002
Permitting	86,967	-	-	-	2,447	-	89,414
Storage	-	650	-	-	-	-	650
Supplies and fuel	-	-	-	-	-	23,900	23,900
Total	194,619	68,895	65,573	121,493	182,018	304,075	936,673

The total cumulative acquisition and deferred exploration costs of the Company to June 30, 2021 are summarized as follows:

	Sunnyside	Four Metals	San Antonio	Guajolote	Canelo and Goat Canyon	San Javier	Total
	\$	\$	\$	\$	\$	\$	\$
Balance, March 31, 2020	5,978,600	125,742	689,196	-	-	-	6,793,538
Acquisition and staking costs	-	66,139	-	33,095	44,310	988,000	1,131,544
<i>Exploration expenditures:</i>							
Accommodation and related	14,352	-	9,891	-	-	8,963	33,206
Claim maintenance fees	67,097	9,185	72,043	-	-	-	148,325
Consulting	174,150	-	9,235	-	2,308	153,864	339,557
Core transportation	63,798	-	-	-	-	-	63,798
Data analysis	130,300	-	-	-	-	-	130,300
Geological	6,909	-	-	-	-	8,609	15,518
Geophysics	6,013	-	6,014	-	-	52,169	64,196
Permitting	571,507	-	58,690	-	-	-	630,197
Sampling and processing	13,623	-	-	-	-	-	13,623
Storage	110	2,662	-	-	-	14,665	17,437
Supplies and fuel	1,407	-	627	-	-	15,786	17,820
Balance, March 31, 2021	7,027,866	203,728	845,696	33,095	46,618	1,242,056	9,399,059
Acquisition and staking costs	-	60,102	-	121,493	2,456	-	184,051
<i>Exploration expenditures:</i>							
Accommodation and related	1,126	-	-	-	-	9,771	10,897
Claim maintenance fees	59,488	8,143	63,872	-	175,000	-	306,503
Consulting	39,526	-	1,701	-	1,701	206,067	248,995
Geological	7,512	-	-	-	414	57,335	65,261
Metallurgy	-	-	-	-	-	7,002	7,002
Permitting	86,967	-	-	-	2,447	-	89,414
Storage	-	650	-	-	-	-	650
Supplies and fuel	-	-	-	-	-	23,900	23,900
Balance, June 30, 2021	7,222,485	272,623	911,269	154,588	228,636	1,546,131	10,335,732

Sunnyside Property

On August 10, 2017, the Company entered into arm's length definitive agreements (collectively the "**Sunnyside Agreement**") with Regal USA to acquire, by way of option (the "**Sunnyside Option**"), up to 67.5% of the Sunnyside Property located in Santa Cruz County, Arizona.

The Sunnyside Option is exercisable in two stages with the Company entitled to acquire an initial 51% interest in the Sunnyside Property upon making payments totaling \$2,950,000 cash and the issuance of 10,100,000 common shares to Regal and cumulative expenditures of \$6,000,000 on the property during the first two years of the Sunnyside Option (following receipt of all required governmental permits).

Upon acquiring an initial 51% interest in the Sunnyside Property, the Company will be entitled to increase its interest to 67.5% upon payment of additional \$550,000 cash and the issuance of 4,900,000 common shares to Regal and the expenditure of an additional \$6,000,000 on the property within a further two year period.

The following is a summary of the Sunnyside Option earn-in requirements:

Period	Cash \$	Exploration Requirement \$	Number of Shares
To Earn 51% Interest			
Upon execution of Sunnyside Agreements	100,000 (paid)	-	-
Within 3 days following TSXV acceptance of Option	650,000 (paid)	-	1,250,000 (issued)
On or before end of Year 1 *	1,200,000 (\$404,700 paid)	3,000,000 (incurred)	3,850,000 (issued)
On or before end of Year 2	1,000,000	3,000,000	5,000,000
To Increase Interest to 67.5%			
On or before end of Year 3	-	3,000,000	-
On or before end of Year 4	550,000	3,000,000	4,900,000
Total:	\$3,500,000	\$12,000,000	15,000,000

* Year 1 shall commence on the date the Company has received all required governmental permits including drilling permits to carry out its initial exploration program on the Sunnyside Property. In November 2017, the Company paid the final option payment of \$254,700 (US\$200,000) to the original optionors of the Sunnyside Property on behalf of Regal and the payment was credited towards the required cash payment of \$1,200,000 above.

* Pursuant to the Regal Transaction, the Company offset \$150,000 of transaction costs against its option payment obligations due to Regal BC under the Sunnyside Agreement.

Upon the Company earning either a 51% interest or 67.5% interest in the Sunnyside Property, the Company and Regal will enter into and participate in a joint venture for the purpose of further exploring and developing the property. The Sunnyside Agreement contains provisions for dilution of a party's working interest for failure to fund joint venture cash calls, subject to automatic conversion of a party's interest into a 5% net proceeds interest (not to exceed 90% of the net amount of the party's contributed capital) if diluted to less than 10%. Barksdale will be the operator of the Sunnyside Property during the term of the Sunnyside Option and, if applicable, the joint venture.

The Sunnyside Agreement further provides that:

- (1) during the first two years of the Sunnyside Option, Regal shall vote all of its Barksdale shares in accordance with the recommendations of the Company's management from time to time, other than matters relating solely to Regal or the Sunnyside Property and subject to Regal's right to abstain from voting in its discretion;
- (2) Regal shall give the Company not less than five (5) days advance notice of any proposed sale of Barksdale shares for so long as Regal owns 5% or more of the Company's outstanding shares;
- (3) until such time as the Company has earned a 51% interest in the Sunnyside Property, the Company will not acquire, directly or indirectly, any common shares of Regal without the prior consent of Regal;
- (4) the Company has a 15 day right of first refusal to acquire all or any part of Regal's remaining interest in the Sunnyside Property in the event of a proposed sale or transfer of such interest by Regal;
- (5) the Company is subject to an acceleration payment clause in the case of change of control of the Company or a transfer of the interest in the Sunnyside Property to a third party during the Option earn-in period; and
- (6) the Sunnyside Agreement is subject to net smelter royalties between 1.5% to 3%.

The Company may terminate the Sunnyside Option at any time, in its discretion, subject to satisfying any accrued obligations or liabilities including reclamation requirements, as required.

On May 9, 2018 the Company submitted a draft application document for a Plan of Operations (the "Sunnyside PoO") exploration permit with the United States Forest Service, Tucson, Arizona ("USFS") for their initial comments. Major components of the exploration program application included: a surface Induced Potential (IP) geophysical survey, construction of exploration access roads and construction up to thirty (30) exploration drilling platforms in this phase of the permit. As required for approval of this permit application, an Environmental Assessment (EA) study of the proposed areas of surface disturbance on U.S. Forest Service ("USFS") federal surface lands is ongoing.

Formal approval of the Sunnyside PoO application document was received from the USFS in the quarter ended June 30, 2019. During the quarter ended September 30, 2019, the Company actively began public engagement meetings

with local communities and authorities to seek required consents, prior to final approval of the PoO. Upon formal approval of the Sunnyside PoO, an initial exploration drilling program is planned to test for polymetallic copper-zinc-lead-silver mineralization on the Sunnyside Property, evidence for which is supported by previous historical diamond core drill intercepts on the property.

To date, the Company's exploration of the Sunnyside Property has been limited to surface exploration pending approval from the USFS to commence drilling on the property. Surface exploration in 2019 consisted of detailed 1:6000 surface geologic mapping, structural analysis, three-dimensional computer modeling and data compilation. A multiple element geostatistical analysis of the 2018 surface geochemical sampling (1,904 samples) collected over the northern half of the Sunnyside Property was also completed.

During the quarter ended December 31, 2019, the Company completed and updated the integrated 3D geological model of the northern half of the Sunnyside property incorporating 1:6000 scale geologic mapping completed in June 2019 with the previously collected data sets acquired from surface geochemistry sampling and geophysical surveys. The updated integrated model has resulted in the identification of additional exploration drill target areas to the south and west of the earlier drill targets identified in 2018 and early 2019.

Pursuant to the Sunnyside Agreement, the Company has one year following receipt of all necessary governmental approvals and permits, including drill permits, to complete an initial exploration drilling program of approximately \$3,000,000 on the Sunnyside Property in order to maintain the Sunnyside Option in good standing. All the Company's project related expenditures incurred to date will count towards the Year 1 work commitment.

To date, the Company has completed two public comment periods related to the Sunnyside permit application. The Company's draft environmental assessment, which is being prepared by the USFS, underwent a 30-day public comment period ending April 5, 2021. Additionally, the US Army Corp of Engineers completed a 30-day public comment period ending April 2, 2021, related to the Company's pending 404 permit applications at Sunnyside. The current anticipated timeline for completion of the permitting process is October 2021. Following USFS approval, and subsequent objection period, the Company anticipates the necessary permits to initiate its drilling programs at Sunnyside will be forthcoming in early 2022.

In October 2020, the Company entered into an agreement to acquire certain Sunnyside historic diamond drill core samples and data from ASARCO Ltd, a wholly owned subsidiary of Grupo Mexico, in exchange for 25,000 common shares of Barksdale. ASARCO controlled portions of the Sunnyside Property between the 1940's and early 2000's and, over that time period, conducted several exploration drilling programs that focused on exploring for near-surface copper targets such as supergene blankets and breccia pipes as well as deeper porphyry and skarn mineralization.

In May 2021, the Company entered into a definitive purchase agreement with Regal BC whereby the Company would consolidate a 100% interest in the Sunnyside project. Subsequently in July 2021, Regal BC failed to obtain the required numbers of votes for approval of the Regal Transaction, and as a result, the Regal Transaction was terminated. Pursuant to the definitive purchase agreement, the Company is entitled to offset \$150,000 of transaction costs against its future option payment obligations due to Regal BC under the Sunnyside Agreement. Additionally, the Company will offset \$78,229 being the costs against the Sunnyside Agreement related to Regal BC's hiring of a proxy agent.

Four Metals Property

On April 19, 2018, the Company entered into a definitive option agreement with MinQuest, Ltd. and Allegiant Gold (U.S.) Ltd., a wholly-owned subsidiary of Allegiant Gold Ltd. (TSXV) (together "**Allegiant**") to acquire a 100% undivided interest in the Four Metals Property located in Santa Cruz County, Arizona. The Four Metals Property consists of a contiguous block of 40 unpatented lode claims (760 acres) strategically located approximately 3 kilometers south of the Company's Sunnyside Property within the Patagonia Mountains of Arizona.

In order to exercise the option, the Company must make option payments totaling US\$450,000 to MinQuest Ltd. and Allegiant on a 50/50 basis, in cash and common shares of Barksdale (based on the volume weighted average of the Company's shares for the twenty trading days immediately preceding the date of issue subject to a minimum issue price of \$0.68) over a period of five years as follows:

Date	Cash US\$	Value of Shares US\$	Total US\$
Upon execution of option agreement	(paid) 25,000	-	25,000
First anniversary of option agreement – April 19, 2019	(paid) 25,000	(issued) 25,000	50,000
Second anniversary of option agreement – April 19, 2020	(paid) 25,000	(issued) 25,000	50,000
Third anniversary of option agreement – April 19, 2021	(paid) 25,000	(issued) 25,000	50,000
Fourth anniversary of option agreement – April 19, 2022	25,000	25,000	50,000
Fifth anniversary of option agreement – April 19, 2023	100,000	125,000	225,000
Total	225,000	225,000	450,000

The Four Metals Property is subject to a contractual right of first refusal in favour of Teck Resources in the event the Company seeks to sell all or any portion of the Four Metals Property to an arm's length third party as long as Teck owns greater than 5% of the total issued and outstanding shares of the Company.

San Antonio Property

Pursuant to a purchase and sale agreement with Teck dated July 15, 2019, the Company acquired a 100% undivided interest in the San Antonio Property located in Santa Cruz County, Arizona in consideration for 898,809 common shares of the Company (issued at a value of \$602,202). Additionally, Teck retains a one and a half percent (1.5%) net smelter return royalty on future production and a right of first refusal over any future sale or other disposition of the San Antonio Property by the Company.

To date, significant historical work has been completed on the San Antonio Property including geologic mapping, geochemical sampling, and extensive geophysical surveys by Teck which outline a shallow IP anomaly, designated the Cosmos target that Barksdale interprets as a potential shallow buried copper porphyry.

In February, 2020 the Company submitted a Plan of Operations with the Coronado National Forest unit of the USFS for their initial comments. The exploration program will utilize a single reverse-circulation drill, and up to five drilling sites, to test the Cosmos porphyry target with up to a dozen drill holes. On July 1, 2020, the USFS notified the Company that the San Antonio Plan of Operations contained sufficient information to be added to the USFS program of work. The Plan of Operations is advancing under a categorical exclusion from the National Environmental Policy Act ("NEPA"). The Company completed a 30-day public comment period during September and October 2020. At this time the Company estimates the permitting process will conclude following the USFS' section 7 consultation with the US Fish and Wildlife Service in the second half of 2021.

Guajolote Patented Mining Claim

In June 2020, the Company entered into an option agreement to acquire a 100% interest in the Guajolote patented mining claim located within close proximity to the Company's other projects in Santa Cruz County, Arizona. In June, 2021, the Company acquired a 100% interest in such claim by fulfilling the following option payments to the optionors:

Date	Cash US\$	Value of Shares US\$	Total US\$
Upon execution of option agreement	-	(issued) 25,000	25,000
First anniversary of option agreement – June 15, 2021	(paid) 50,000	(issued) 50,000	100,000
Total	50,000	75,000	125,000

In June 2021, the Company fulfilled its commitments and acquired a 100% undivided interest in the Guajolote Patented Mining Claim Property.

Canelo and Goat Canyon Properties

In March 2021, the Company entered into a purchase and sale agreement to acquire a 100% interest in two separate copper exploration projects, the Canelo and Goat Canyon properties, from Kennecott.

Canelo is an early-stage copper porphyry and skarn/CRD exploration project located within the Patagonia mining district, approximately 10 kilometers north-northeast of the Company’s Sunnyside Property in Santa Cruz County, Arizona. The property consists of 433 federal mining claims that cover approximately 8,700 acres.

The Goat Canyon property is an early-stage porphyry copper-molybdenum exploration project located approximately 10 km northwest of the Sunnyside Property. The property consists of 430 federal mining claims that cover approximately 8,650 acres, as well as two Arizona State Land Department exploration leases that cover an additional 1,254 acres.

Aggregate consideration for the two projects consisted of \$44,310 (US\$35,000) in cash (paid) and a 2.0% net smelter return (“NSR”) royalty that covers both properties. The Company retains the right to repurchase one-half of the NSR at any time for a cash payment of US\$10,000,000. In the event that a mine is put into production on either property, a one-time cash payment of US\$3,500,000 will be payable to Kennecott upon reaching commercial production.

San Javier Property

In September 2020, the Company entered into a definitive option agreement to acquire a 100% interest in the San Javier copper-gold project in Sonora, Mexico from Tusk Exploration Ltd. (“**Tusk**”). The San Javier property is located in central Sonora, Mexico, approximately a two-hour drive (125km) east of the capital city of Hermosillo (population ~800,000) along National Highway 16 and approximately a six-hour drive from Barksdale’s projects in southern Arizona. The property consists of twelve separate mineral concessions totaling approximately 1,184 hectares, upon which multiple zones of copper mineralization have been identified to date. The project is positioned with significant logistical advantages as Cerro Verde, the main mineralized zone, is located less than 1km from a paved highway as well as the national power grid.

Under the terms of the option agreement, Barksdale may acquire a 100% interest in San Javier over a period of up to six-years for the following consideration:

Date	Cash \$	Number of Shares
Within 3 business days following the later of (a) execution and delivery of option agreement and (b) TSXV conditional acceptance (“Year 1”)	*50,000 *(\$32,500 paid)	*4,000,000 *(2,600,000 issued)
On or before September 22, 2021 (“Year 2”)	*100,000	*2,000,000
On or before the earlier of (a) September 22, 2023 and (b) the completion of a “pre-feasibility study” on the Property	150,000	3,000,000
On or before the earlier of (a) September 22, 2026 and (b) the date Barksdale enters into definitive documentation for financing the construction of a mine on the Property	200,000	4,000,000
Total	500,000	13,000,000

* Certain title issues exist with respect to three of the twelve mining concessions comprising approximately 307.46 hectares of the total lands covered under the option. Tusk has agreed to defer 35% of the Year 1 and Year 2 option cash and share payments until the title issues are rectified resulting in the Year 1 cash and share option payments being reduced from \$50,000 cash and 4,000,000 common shares of the Company to \$32,500 cash and 2,600,000 common shares. Tusk is in the process of rectifying the title issues, which is anticipated to occur in 2021, at which time the deferred Year 1 payments (being \$17,500 cash and 1,400,000 common shares) and, if applicable, any deferred Year 2 payments will be due.

Upon exercise of the option, the Company will be subject to a net smelter return on the San Javier project of 1.0% when copper prices are US\$3.50 or less per pound and 2.0% when copper prices are US\$3.51 or higher per pound. The royalty is subject to a right of first refusal in favor of the Company.

The Company's near-term work programs at San Javier are two-fold: 1) secure requisite governmental and local community approvals to conduct an inaugural drilling program in 2021 (approvals secured subsequent to March 31, 2021), and 2) re-log historic drill cores to generate a new geologic model for developing targets for drill testing.

The Company initiated a 5,000 meter drilling program at San Javier in August 2021. The drilling program is designed to increase geologic confidence and confirm structural and lithologic mineralization controls, including controls to mineralization at the Cerro Verde zone, which will in-turn guide further drilling. Drill targets for the upcoming program are being generated from Barksdale's current compilation of historical data and relogging activities. These efforts are in collaboration with on-going construction of an updated, three-dimensional geologic model.

The Phase I drilling program at Cerro Verde will begin with a single diamond drill rig utilizing oriented core and focused on i) confirming zones of historically drilled mineralization, ii) determining the orientation of certain structures that appear to be focusing the higher-grade copper and gold mineralization, iii) infilling existing zones of mineralization where drilling data is widely spaced, and iv) refining the Company's understanding of controls and dimensions to mineralization. Results from the Phase I program will then support Barksdale's longer-term plan to generate and drill test targets at other areas within the San Javier concessions. Additionally, multiple large diameter core holes will be drilled to collect material to initiate metallurgical column leach test work. Depending on drill advancement rates, the initial 5,000-meter oriented core program is estimated to take less than twelve weeks to complete, with assays and other technical updates occurring over the remainder of 2021. The drilling program at San Javier has been designed and will be overseen by Tom Simpson, Barksdale's SVP of Exploration, with Gambusino Prospector de Mexico S.A. de C.V. executing the technical program and managing the day-to-day logistics. Barksdale has contracted Globexplore Drilling S.A. de C.V, based in Hermosillo, Mexico, to complete the initial Phase I drilling program with a single diamond drill rig.

Recent surface mapping and core re-logging activities have identified the important role of low-angle, west-dipping faults which are interpreted to have formed major conduits for mineralizing fluids. The interpreted intersections of low-angle faults with higher-angle east-dipping faults are a primary target for the initial drilling program. These interpreted intersections have produced some of the higher-grade intersections in historic drilling but have not been adequately tested to show continuity or scale. Additional targets include covered zones where mineralization is believed to have been offset by post-mineral faulting, which remain untested by previous drilling.

The Company's local subsidiary, Estrella del Cobre S.A. de C.V., has received approval from Mexico's environmental authority ("SEMARNAT"), which allows the Company to complete surface drilling at San Javier. Barksdale has also received approval from the community of San Javier, which controls the surface rights over the Company's key exploration concessions, to complete exploration, including drilling, at the project.

Quality Control and Quality Assurance

The scientific and technical content and interpretations contained in this MD&A have been reviewed and approved by Lewis Teal, M.Sc. Economic Geology, CPG-6932, Senior Consultant of Barksdale and a "qualified person" as defined by National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

Selected Annual Information

The following financial information is derived from the Company's condensed interim consolidated financial statements for the three months ended June 30, 2021 and 2020, has been prepared in accordance with IFRS and is presented in Canadian dollars, unless otherwise indicated:

	As a June 30,	
	2021	2020
	\$	\$
Total assets	15,852,188	9,536,262
Total liabilities	658,592	339,862
Working capital	4,889,357	1,887,054
Exploration and evaluation assets	10,335,732	7,276,194

	For the three months ended June 30,	
	2021	2020
	\$	\$
General and administrative expenses	(712,971)	(335,637)
Interest income	31,692	3,554
Loss and comprehensive loss	(681,279)	(332,083)
Loss per share (basic and diluted)	(0.01)	(0.01)

The Company's mineral projects are in the exploration stage and, to date, the Company has not generated any revenues other than interest income.

Operations

As an exploration company, the Company has yet to generate any revenue from its planned operations and has, to date, incurred net losses from operating and administrative expenses.

The Company's operating and administrative expenses for the three months ended June 30, 2021 totalled \$712,971 (June 30, 2020 - \$335,637), including share-based compensation incurred during the period, valued at \$113,989 (June 30, 2020 - \$70,850) calculated using the Black Scholes option pricing model.

The following table sets forth selected financial information regarding the Company's operating and administrative expenses for the three months ended June 30, 2021 and 2020:

Expenses	For the three months ended June 30,	
	2021	2020
	\$	\$
Advertising and marketing	127,645	6,872
Consulting fees	21,959	3,000
Depreciation	9,122	9,114
Foreign exchange loss	30,883	27,442
Insurance expense	7,137	5,999
Interest expenses on lease liabilities	2,179	1,362
Investor relations costs	3,728	2,500
Management fees	92,125	98,875
Office and general	20,299	14,973
Professional fees	241,216	61,323
Property investigation costs	-	7,830
Rent	12,600	12,600
Share-based compensation	113,989	70,850
Transfer and filing fees	14,709	11,592
Travel and related	15,380	1,305
	712,971	335,637

The table below details the changes in major expenditures for the three months ended June 30, 2021 as compared to the corresponding period ended June 30, 2020:

Expenses	Increase / Decrease in Expenses	Explanation for Change
Advertising and marketing	Increase of \$120,773	Increased due to new marketing and social media campaigns engaged to increase investor awareness in the current period.
Professional fees	Increase of \$179,893	Increased due to fees incurred related to the Regal Transaction.
Share-based compensation	Increase of \$43,139	Increased as new stock options granted and vested with higher value.

As at June 30, 2021, the Company had not yet achieved profitable operations and has accumulated losses of \$26,615,444 (March 31, 2021 - \$26,027,918) since inception. These losses resulted in a net loss per share (basic and diluted) for the three months ended June 30, 2021 of \$0.01 (June 30, 2020 - \$0.01).

Summary of Quarterly Results

The following provides selected quarterly information for the Company's eight most recently completed quarters.

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
	\$	\$	\$	\$
Total assets	15,852,188	15,449,241	15,949,881	15,778,929
Total liabilities	658,592	538,079	519,640	441,494
Working capital	4,889,357	5,541,535	6,460,123	6,872,681
Revenues	-	-	-	-
Net loss	(681,279)	(690,824)	(803,100)	(408,687)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)

	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
	\$	\$	\$	\$
Total assets	9,536,262	9,736,351	10,042,586	10,462,564
Total liabilities	339,862	343,319	250,236	415,344
Working capital	1,887,054	2,568,704	3,169,859	3,573,219
Revenues	-	-	-	-
Net loss	(332,083)	(539,366)	(460,189)	(439,936)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)

Variances quarter over quarter can be explained as follows:

In July 2019, the Company raised gross proceeds of \$279,187 through the issuance of 606,928 common shares at \$0.46 per share. In September 2020, the Company raised gross proceeds of \$5,800,000 through the issuance of 15,263,158 common shares at \$0.38 per share. In October 2020, the Company raised gross proceeds of \$525,000 through the issuance of 1,381,579 common shares at \$0.38 per share. Such financings resulted in the increased working capital positions of the Company as at the respective fiscal quarters. See "Liquidity and Capital Resources" below.

In the quarters ended June 30, 2021, December 31, 2020, March 31, 2020, and September 30, 2019, stock options were granted to various directors, officers, and consultants. These grants resulted in share-based compensation expenses of \$113,989, \$358,156, \$140,048, and \$142,122, respectively, contributing to significantly higher losses related to share-based compensation in these quarters compared to quarters in which no stock options were granted.

Liquidity and Capital Resources

The Company's liquidity and capital resources are as follows:

	June 30, 2021	March 31, 2021
	\$	\$
Cash	3,444,563	5,713,714
Receivables	21,468	25,206
Loans receivable	1,754,582	-
Prepaid expenses	172,501	178,798
Total current assets	5,393,114	5,917,718
Accounts payables and accrued liabilities	495,964	376,183
Current portion of lease liabilities	7,793	-
Working capital	4,889,357	5,541,535

During the year ended March 31, 2021, the Company closed a private placement consisting of 16,644,737 units at a price of \$0.38 per unit for gross proceeds of \$6,325,000.

The Company had working capital of \$4,889,357 as at June 30, 2021 (March 31, 2021 - \$5,541,535).

The Company has not generated revenues from its operations to date. As at June 30, 2021, the Company has accumulated net losses of \$26,615,444 since inception and has working capital of \$4,889,357. The operations of the Company have primarily been funded through the issuance of common shares and the Company will continue to rely on its ability to obtain adequate equity financing in the future. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to it or at all. If the Company raises additional financing through the issuance of shares from its treasury, control of the Company may change and existing shareholders will suffer additional dilution. See "Commitments" below.

In July 2021 the Company acquired a \$1,725,000 registered demand loan, secured by all of Regal BC's assets, in connection with the Regal Transaction that accrues interest at 12% per annum and is due on October 2, 2021. The Company acquired the Regal Loan for a cost of \$1,000,000 cash (paid) and the issuance of 1,345,310 shares (issued) from an existing Regal BC debt holder. See "Overview – Corporate Activities" above for further details regarding the Regal Transaction and the Company's acquisition of the Regal Loan. See also "Risks and Uncertainties" below for further discussion of the Regal Loan.

Risks and Uncertainties

The business and operations of Barksdale are subject to numerous risks, many of which are beyond Barksdale's control. Barksdale considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which Barksdale is currently unaware or which it considers to be material in relation to Barksdale's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of Barksdale's securities could decline and investors may lose all or part of their investment.

- (a) In March 2020, the World Health Organization declared corona virus COVID-19 a global pandemic. This contagious disease outbreak and subsequent variants of concerns, which have continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending and adversely affect and harm our business and results of operations. At this time, it is not possible for the Company to predict the duration or magnitude of the adverse results of this pandemic and its effects on the Company's business or results of operations including Barksdale's personnel, supply chains, ability to access properties or procure equipment, contractors and other personnel and/or economic activity in general.

The Governor of Arizona lifted the statewide mask mandate on March 15, 2021, however, many counties, including Santa Cruz County and Pima kept mandates longer. The Pima County mask mandate was ended on May 14, 2021 and the Santa Cruz County mask mandate was ended on May 21, 2021. As of July 16, 2021 the reported COVID-19 cases are increasing statewide. The Company will continue to monitor the situation and is practicing caution as necessary to maintain a healthy work environment including self-health checks, and frequent office cleaning.

In July 2021, Santa Cruz County issued a mask advisory for indoor spaces. The Company office in Patagonia is available for appointment by phone, online platforms and in person, and will continue to monitor the situation with the safety of staff and community members being the top priority.

In February 2021, the Mexican government eased certain COVID-19 restrictions, which now allows non-essential businesses to operate with some capacity restrictions depending on the sector and government's specifications. In July 2021, the State of Sonora, Mexico, where the San Javier project is located, continues to be heavily impacted by COVID-19 and variants of concern.

- (b) Barksdale has limited financial resources and no operating revenues. To earn and/or maintain its interest in the Sunnyside, Four Metals, San Antonio, Canelo, Goat Canyon, Guajolote, and San Javier Properties, the Company has contractually agreed or is required to make certain payments and expenditures for and on such properties. Barksdale's ability to continue as a going concern is dependent upon, among other things, Barksdale establishing commercial quantities of mineral reserves on its properties and obtaining the necessary financing and permits to develop and profitably produce such minerals or, alternatively, disposing of its interests on a profitable basis, none of which is assured. See also "Commitments" below.
- (c) Barksdale has only generated losses to date and will require additional funds to further explore its properties. The only sources of funds for exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, presently available to Barksdale are the sale of equity capital or the offering by Barksdale of an interest in its properties to be earned by another party carrying out further exploration or development. Barksdale's ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions as well as its business performance. There is no assurance such additional funding will be available to Barksdale when needed on commercially reasonable terms or at all. Additional equity financing may also result in substantial dilution thereby reducing the marketability of Barksdale's shares. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and the possible, partial or total loss of the Company's interest in its properties.
- (d) Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in Barksdale's case given its formative stage of development and the fact that the Sunnyside, Four Metals, San Antonio, Canelo, Goat Canyon, Guajolote, and San Javier Properties are still in their exploration stage. Furthermore, exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There are no known resources or reserves on the Sunnyside, Four Metals, San Antonio, Canelo, Goat Canyon, Guajolote, or San Javier Properties and the Company's proposed exploration programs are exploratory searches for commercial quantities of ore. In addition, the close proximity of the Sunnyside, Four Metals, Canelo, Goat Canyon, Guajolote, and San Antonio Properties to South32's Hermosa project and Taylor deposit is not necessarily indicative of the mineralization on the Sunnyside, Four Metals, Canelo, Goat Canyon, Guajolote or San Antonio Properties. There is no assurance that Barksdale's exploration will result in the discovery of an economically viable mineral deposit.
- (e) Barksdale activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection and title defects.

- (f) None of the Sunnyside, Four Metals, San Antonio, Canelo, Goat Canyon, or San Javier properties have been surveyed and may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. In addition, the Company's exploration activities will require certain licenses and permits from various governmental authorities including the Company's proposed exploration programs at Sunnyside, San Antonio and San Javier. There is no assurance that Barksdale will be successful in obtaining the necessary licenses and permits on a timely basis or at all to undertake its proposed or future exploration activities or, if granted, that the licenses and permits will be on the basis applied for or remain in force as granted.
- (g) The mining industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. It is also highly competitive in all its phases and Barksdale will be competing with other mining companies, many with greater financial, technical and human resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals.
- (h) Certain of Barksdale's directors and officers also serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which Barksdale may participate, such directors and officers of Barksdale may have a conflict of interest.
- (i) Barksdale must comply with environmental laws and regulations governing air and water quality and land disturbance and provide for reclamation and closure costs in addition to securing the necessary permits to advance exploration activities at its mineral properties. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. Furthermore, environmental hazards may exist on the Company's properties that are unknown to the Company at the present and that have been caused by the Company or by previous owners or operators of the properties, or that may have occurred naturally. The Company may be liable for remediating such damages. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Future production, if any, at the Company's properties will involve the use of hazardous materials. Should these materials leak or otherwise be discharged from their containment systems, the Company may become subject to liability. In addition, neighboring landowners and other third parties could file claims based on environmental statutes and common law for personal injury and property damage allegedly caused by permitting and/or exploration activities including the release of hazardous substances or other waste material into the environment on or around the Company's properties. There can be no assurance that the Company's defense of such claims will be successful and a successful claim against the Company could have a material adverse effect on its business prospects, financial condition and results of operations. In addition, Barksdale may become subject to liability for hazards against which it is not insured.
- (j) Barksdale has not declared or paid any dividends on its common shares and does not expect to do so in the foreseeable future. Future earnings, if any, will likely be retained to finance growth. Any return on investment in Barksdale's shares will come from the appreciation, if any, in the value thereof. The payment of any future dividends will depend upon the Company's earnings, if any, its then-existing financial requirements and other factors, and will be at the discretion of the Company's Board.
- (k) At present, Barksdale constitutes Regal's largest creditor under the \$1,725,000 Regal Loan due October 2, 2021. There are no assurances that Regal will repay the Regal Loan to Barksdale when due or at all. Currently, Regal's ability to repay the Regal Loan when due or at all is highly uncertain and the failure of Regal to repay the Regal Loan to the Company, in whole or in part, could have a material adverse effect on the Company's future cash resources, liquidity and/or operations including the Company's ability to maintain its mineral properties or carry out proposed exploration programs on a timely basis or at all.

Readers are cautioned that the foregoing list of risks, uncertainties and other factors is not exhaustive.

Related Party Transactions and Balances

During the three months ended June 30, 2021, the Company entered into the following transactions with related parties, not disclosed elsewhere in the Financial Statements:

- a. Incurred management fees of \$43,500 (June 30, 2020 - \$43,500) to Richard Trotman, CEO and director of the Company. As at June 30, 2021, \$nil (March 31, 2021 - \$55,000) was included in accounts payable and accrued liabilities for management fees.
- b. Incurred professional fees of \$25,500 (June 30, 2020 - \$18,000) to a company controlled by Michael Waldkirch, CFO of the Company. As at June 30, 2021, \$5,000 (March 31, 2021 - \$5,000) was included in accounts payable and accrued liabilities for professional fees.
- c. Incurred management fees of \$nil (June 30, 2020 - \$25,500) to a company controlled by Richard Silas, the former Corporate Secretary of the Company.
- d. Incurred management fees of \$30,000 (June 30, 2020 - \$20,000) to Terri Anne Welyki, Vice President of Communications for the Company. As at June 30, 2021, \$400 (March 31, 2021 - \$25,000) was included in accounts payable and accrued liabilities for reimbursement of expenses.
- e. Incurred management fees of \$9,000 (June 30, 2020 - \$nil) to a company controlled by Pam White, Corporate Secretary of the Company. As at June 30, 2021, \$3,150 (March 31, 2021 - \$3,150) was included in accounts payable and accrued liabilities for management fees.
- f. Incurred exploration and evaluation expenditures of \$29,255 (June 30, 2020 - \$nil) to Andrew Pooler, Senior Vice President of Project Development of the Company.
- g. Incurred exploration and evaluation expenditures of \$27,214 (June 30, 2020 - \$nil) to Thomas Simpson, Senior Vice President of Exploration of the Company.
- h. Incurred director fees of \$3,625 (June 30, 2020 - \$3,625) to Darren Blasutti, a director of the Company.
- i. Incurred director fees of \$nil (June 30, 2020 - \$2,250) to Glenn Kumoi, a former director of the Company.
- j. Incurred director fees of \$2,000 (June 30, 2020 - \$2,000) to Jeffrey O’Neill, a director of the Company.
- k. Incurred director fees of \$2,000 (June 30, 2020 - \$2,000) to Peter McRae, a director of the Company.
- l. Incurred director fees of \$2,000 (June 30, 2020 - \$nil) to William Wulfange, a director of the Company.

Key management personnel are the persons responsible for the planning, directing, and controlling of the activities of the Company and include both executives and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel.

Summary of key management personnel compensation (includes officers and directors of the Company):

	For the three months ended	
	June 30,	
	2021	2020
	\$	\$
Management fees	92,125	98,875
Exploration and evaluation assets	56,469	-
Professional fees	25,500	18,000
Share-based compensation	78,574	64,349
	252,668	181,224

In January 2019, the Company completed a private placement financing with Osisko Gold Royalties Ltd. (“**Osisko**”) whereby Osisko acquired a total of 5,833,333 common shares of the Company at a price of \$0.60 per share for gross proceeds of \$3,500,000 representing approximately 15.1% of the Company’s then issued and outstanding common shares (the “**Osisko Financing**”). As a term of the Osisko Financing, the Company granted Osisko, inter alia, an equity participation right (the “**Osisko Participation Right**”) to participate in future equity or equity linked offerings by the Company (subject to certain exceptions) from time to time in order to maintain its pro rata interest in the Company, provided that Osisko owns at least 10% of the issued and outstanding shares of the Company.

During the first quarter of fiscal 2020, Osisko exercised the Osisko Participation Right to purchase an additional 606,928 common shares of the Company at a price of \$0.46 per share for an aggregate purchase price of \$279,187 as part of a larger private placement financing with, among others, Teck totaling 4,016,723 common shares of the Company for gross proceeds of \$1,847,693. Osisko do not exercise the Osisko Participation Right in connection with the Company’s subsequent private placement financings in September and October 2020.

Off- Balance Sheet Arrangements

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

Critical Accounting Estimates

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the Financial Statements, and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from management’s best estimates as additional information becomes available.

Financial Instruments and Other Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The Company’s financial instruments consist of cash, receivables, loans receivable, lease liabilities, and accounts payable and accrued liabilities. The fair value of these financial instruments, other than cash, approximates their carrying values due to the short-term nature of these instruments. Cash is measured at fair value using level 1 inputs.

The Company is exposed to a variety of financial risks by virtue of its activities including currency, credit, interest rate, liquidity and commodity price risk.

a) *Currency risk*

The Company conducts the majority of exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at June 30, 2021, the Company had a foreign currency net monetary asset position of approximately US\$608,248. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$60,900.

b) *Credit risk*

Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company acquired the Regal Loan and in connection therewith is exposed to significant credit risk that Regal will be unable to repay the Regal Loan when due or at all. See “Risks and Uncertainties” above.

c) *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to limited interest rate risk as it only holds cash and highly liquid short-term investments. The Company is not exposed to interest rate risk with its lease liability as it is not subject to floating interest rates.

d) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company's ability to continue as a going concern is dependent on management's ability to raise the required capital through future equity or debt issuances. The Company manages its liquidity risk by forecasting cash flows from operations and anticipating any investing and financing activities. Management and the Board of Directors are actively involved in the review, planning, and approval of significant expenditures and commitments.

e) *Commodity price risk*

The ability of the Company to explore and develop its exploration and evaluation assets and the future profitability of the Company are directly related to the price of copper, zinc and other base metals. The Company monitors these metal prices to determine the appropriate course of action to be taken.

Internal Control over Financial Reporting Procedures

As a venture issuer, the Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are responsible to ensure that the Financial Statements and this MD&A 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 these filings, and that the financial report together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these filings. The certifying officers are also responsible for ensuring processes are in place to provide them with sufficient knowledge to support such representations.

However, in contrast to non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Company's certifying officers are not required to make 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. Accordingly, investors should be aware that inherent limitations on the ability of the Company's certifying officers 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 these annual filings as well as interim filings and other reports provided by the Company under securities legislation.

Changes in Accounting Policies including Initial Adoption

There were no changes to the Company's accounting policies during the three months ended June 30, 2021.

Commitments

The Company has two separate employment agreements with the CEO and executive director and the VP of Corporate Communications of the Company to provide management and other consulting services to the Company for an indefinite term. The agreements require total combined payments of \$24,500 per month. The employment agreement with the CEO and executive director of the Company provides for a two-year payout totaling, on a collective basis, approximately \$467,000 (including average discretionary bonuses paid in the preceding year) in the event of termination following a change in control of the Company or approximately \$408,000 (including average discretionary bonuses paid in the preceding year) in the event of termination without cause. The employment agreement with the VP of Corporate Communications of the Company provides for a one month payout of \$10,000 for each full year employment, up to a maximum of six months payout of \$60,000, in the event of termination without cause or a one year payout of \$120,000 in the event of termination upon change in control.

The Company has two separate management consulting agreements with the former Corporate Secretary and the CFO of the Company to provide management and other consulting services to the Company for an indefinite term. The agreements require total combined payments of \$14,750 per month. The consulting agreements provide for a one-year payout totaling, on a collective basis, approximately \$196,000 (including average discretionary bonuses paid in the preceding two years) in the event of termination without cause and in the event of termination following a change in control of the Company.

The Company has two separate employment agreements with the Senior Vice President of Project Development and Senior Vice President of Exploration of the Company to oversee the advancement of the Company's project portfolio for an indefinite term. The agreements require total combined payments of US\$13,833 per month. The employment agreements provide for a two-year payout totaling, on a collective basis, approximately US\$320,000 (including average discretionary bonuses paid in the preceding year) in the event of termination following a change in control of the Company or, on a collective basis, approximately US\$80,000 in the event of termination without cause.

The Company has a management consulting agreement with the Corporate Secretary of the Company to provide management and other consulting services to the Company for one year, renewable annually. The agreement requires a payment of \$3,000 per month. The consulting agreement provides for a two-month payout in the event of termination without cause and a one-year payout in the event of termination following a change in control of the Company.

In addition to the foregoing, the Company is required to pay certain annual federal and county maintenance fees and taxes to maintain the Sunnyside, Four Metals, San Antonio, Canelo, Goat Canyon, Guajolote, and San Javier Properties in good standing as well as certain options payments (in cash and/or shares) and exploration work commitments to earn its interests in such exploration and evaluation assets as more particularly described under “Geological Summary – Exploration and Evaluation Properties” above.

The Company intends to fund these financial commitments in fiscal 2022 from existing working capital. See “Liquidity and Capital Resources” above.

Disclosure of Data for Outstanding Common Shares, Stock Options, and Warrants

The following table summarizes the outstanding common shares, stock options, and warrants of the Company:

	As at June 30, 2021	Date of this MD&A
Common shares	63,493,444	64,838,754
Stock options	6,224,528	6,224,528
Warrants	8,777,357	8,777,357

As at the date of this MD&A, the Company has 64,838,754 common shares issued and outstanding, of which 3,850,000 shares related to the Sunnyside Option of the Sunnyside Property are subject to cancellation and return to treasury if the Company determines not to proceed with the Sunnyside Option after completing its initial exploration of the Sunnyside Property. See “Geological Summary – Exploration and Evaluation Properties – *Sunnyside Property*”.

As at the date of this MD&A, details of the outstanding stock options:

Number of options outstanding	Number of options exercisable	Exercise price \$	Expiry date
1,365,000	1,365,000	0.42	October 6, 2022
600,000	600,000	0.88	November 14, 2022
30,000	20,000	0.365	January 28, 2023
621,528	621,528	0.365	February 26, 2023
100,000	100,000	0.79	April 19, 2023
925,000	925,000	0.50	October 8, 2023
250,000	166,667	0.68	November 16, 2023
400,000	266,667	0.63	December 7, 2023
459,500	306,333	0.47	February 26, 2024
755,000	755,000	0.58	March 1, 2024
385,000	385,000	0.52	April 26, 2024
133,500	167	0.53	May 12, 2024
200,000	133,333	0.53	September 20, 2024
6,224,528	5,644,695		

As at the date of this MD&A, details of the outstanding warrants:

Number of warrants	Exercise price \$	Expiry date
8,086,567	0.55	September 29, 2022
690,790	0.55	October 1, 2022
8,777,357		

Forward Looking Statements

Certain sections of this MD&A contain forward-looking statements and forward looking information.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements or forward-looking information, including, but not limited to, statements preceded by, followed by or that include words such as “may”, “will”, “would”, “could”, “should”, “believes”, “estimates”, “projects”, “potential”, “expects”, “plans”, “intends”, “anticipates”, “targeted”, “continues”, “forecasts”, “designed”, “goal”, or the negative of those words or other similar or comparable words.

Forward-looking statements and forward-looking information contained or incorporated by reference in this MD&A may relate to the Company’s future financial condition, results of operations, plans, objectives, performance or business developments including, among other things, potential property acquisitions, exploration and work programs, permitting and drilling plans and timing of permitting approvals and drilling, the performance characteristics of the Company’s exploration and evaluation assets, exploration results of various projects of the Company, projections of market prices and costs, supply and demand for copper, zinc and other base metals, expectations regarding the ability to raise capital and to acquire resources and/or reserves through acquisitions and/or development, treatment under governmental regulatory regimes and tax laws, and capital expenditure programs and the timing and method of financing thereof. Forward-looking statements and forward looking-information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements and information, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include, but are not limited to: (1) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions, COVID 19 or otherwise; (2) permitting, access, exploration, expansion and acquisitions at our projects (including, without limitation, land acquisitions for and permitting of exploration plans) being consistent with the Company’s current expectations; (3) the viability, permitting, access, exploration and, if warranted, development of the Sunnyside Property, the Four Metals Property, the Guajolote Patented Mining Claim, the Canelo Property, the Goat Canyon Property, the San Antonio Property, and the San Javier Property being consistent with the Company’s current expectations; (4) political developments in Mexico, United States, and the State of Arizona including, without

limitation, the implementation of new mining laws and related regulations being consistent with the Company's current expectations; (5) the exchange rate between the Canadian dollar and the U.S. dollar or between the Canadian dollar and the Mexican Peso being approximately consistent with current levels; (6) certain price assumptions for copper, zinc and other base metals; (7) prices for and availability of equipment, labor, natural gas, fuel oil, electricity, water and other key supplies remaining consistent with current levels; (8) the results of the Company's exploration programs on the Sunnyside Property, the Four Metals Property, the Guajolote Patented Mining Claim, the Canelo Property, the Goat Canyon Property, the San Antonio Property, and the San Javier Property being consistent with the Company's expectations; (9) labour and materials costs increasing on a basis consistent with the Company's current expectations; and (10) the availability and timing of additional financing being consistent with the Company's current expectations. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and forward-looking information. Such factors include, but are not limited to: the timing and availability of additional capital, fluctuations in the currency markets; fluctuations in the spot and forward price of copper, zinc or other commodities (such as diesel fuel and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, Mexico, or other countries in which the Company may carry on business in the future; business opportunities that may be presented to, or pursued by, us; our ability to successfully integrate acquisitions; operating or technical difficulties in connection with exploration activities; employee relations; the speculative nature of copper and zinc exploration and development, including the risks of obtaining necessary licenses and permits; competition for, among other things, capital, acquisitions of resources and/or reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, geological, technical, drilling and processing problems, fluctuations in foreign exchange or interest rates and stock market volatility, changes in income tax laws or changes in tax laws and incentive programs relating to the mineral resource industry; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and copper and/or zinc bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements or forward-looking information made by, or on behalf of, the Company. There is also uncertainty about the spread of COVID-19 and variants of concern and the impact they will have on the Company's operations, personnel, supply chains, ability to access properties or procure exploration equipment, contractors and other personnel on a timely basis or at all and economic activity in general. There can be no assurance that forward-looking statements and forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Forward-looking statements and forward-looking information are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements and forward-looking information made in this MD&A are qualified by these cautionary statements and those made in our other filings with applicable securities regulators in Canada including, but not limited to, the Financial Statements. These factors are not intended to represent a complete list of the factors that could affect the Company and readers should not place undue reliance on forward-looking statements or forward-looking information in this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking statements and forward-looking information, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements and forward-looking information, except to the extent required by applicable law.

The forward looking statements and forward-looking information contained herein are based on information available as of August 27, 2021.

Other MD&A Requirements

Additional information relating to the Company may be found on SEDAR at www.sedar.com including, but not limited to:

- the Company's condensed interim consolidated financial statements for the three months ended June 30, 2021 and 2020; and
- the Company's audited consolidated financial statements for the years ended March 31, 2021 and 2020.

This MD&A has been approved by the Board on August 27, 2021.