BARKSDALE CAPITAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Barksdale Capital Corp.

We have audited the accompanying consolidated financial statements of Barksdale Capital Corp., which comprise the consolidated statements of financial position as at March 31, 2018 and 2017 and the consolidated statements of comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Barksdale Capital Corp. as at March 31, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada — Chartered Professional Accountants

July 27, 2018

A member of Nexia International

BARKSDALE CAPITAL CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	March 31, 2018	March 31, 2017
	$	**$**
ASSETS		
Current		
Cash	3,197,440	583,864
Receivables	20,850	338
Prepaid expenses	273,446	1,250
	3,491,736	585,452
Exploration and evaluation assets (Note 4)	3,704,372	100,073
	7,196,108	685,525
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	198,884	89,051
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	25,077,115	17,887,805
Reserves (Note 6)	2,743,098	1,561,278
Deficit	(20,822,989)	(18,852,609)
	6,997,224	596,474
	7,196,108	685,525

Nature of Operations and Going Concern (Note 1)
Commitments (Note 11)
Subsequent Events (Note 13)

Approved on behalf of the Board of Directors on July 25, 2018:

"Glenn Kumoi" Director *"Jeff O'Neill"* Director

The accompanying notes are an integral part of these consolidated financial statements

BARKSDALE CAPITAL CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

	For the year ended March 31, 2018	2017
	$	**$**
Expenses		
Advertising and marketing	16,791	-
Consulting fees	252,227	42,750
Foreign exchange gain	(22,801)	-
Insurance	6,402	-
Interest expense	-	16,974
Investor relations	6,049	-
Management fees (Note 7)	149,535	18,000
Office and general	18,998	742
Professional fees (Note 7)	337,543	49,840
Property investigation costs (Note 7)	76,605	-
Rent (Note 7)	9,000	-
Share-based compensation (Note 7)	1,072,254	-
Transfer and filing fees	48,408	14,559
Travel and related	37,437	-
	(2,008,448)	(142,865)
Gain on derecognition of accounts payable and accrued liabilities	38,068	32,890
Loss and comprehensive loss for the year	(1,970,380)	(109,975)
Basic and diluted loss per share	$ (0.09)	$ (0.01)
Weighted average number of common shares outstanding	22,579,857	8,679,830

The accompanying notes are an integral part of these consolidated financial statements

BARKSDALE CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	For the years ended March 31, 2018	2017
	$	$
Cash flows used in operating activities		
Loss for the year	(1,970,380)	(109,975)
Items not affecting cash		
Accrued interest and accretion	-	16,974
Gain on derecognition of payables	(38,068)	(32,890)
Share-based compensation	1,072,254	-
Unrealized foreign exchange gain	-	(264)
	(936,194)	(126,155)
Changes in non-cash working capital items		
Receivables	(20,512)	(80)
Prepaid expenses	(272,196)	(1,250)
Accounts payable and accrued liabilities	122,113	(97,431)
	(1,106,789)	(224,916)
Cash flows used in investing activities		
Exploration and evaluation asset expenditures	(1,538,511)	(100,073)
Cash flows from financing activities		
Proceeds from share issuances	5,412,000	1,150,000
Share issuance costs	(153,124)	-
Repayment of loans payable	-	(241,780)
	5,258,876	908,220
Net change in cash	2,613,576	583,231
Cash, beginning of the year	583,864	633
Cash, end of the year	3,197,440	583,864
Exploration and evaluation assets in accounts payable and accrued liabilities	25,788	-
Shares issued for acquisition of exploration and evaluation assets	2,040,000	-
Warrant issued for share issuance costs	109,566	-

The accompanying notes are an integral part of these consolidated financial statements

BARKSDALE CAPITAL CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)

	Number of Shares Issued	Share Capital	Reserves	Accumulated Deficit	Total Shareholders' Equity (Deficiency)
		$	$	$	$
Balance at March 31, 2016	**2,545,583**	**16,737,805**	**1,561,278**	**(18,742,634)**	**(443,551)**
Share issued for cash	11,000,000	1,150,000	-	-	1,150,000
Net loss for the year	-	-	-	(109,975)	(109,975)
Balance at March 31, 2017	**13,545,583**	**17,887,805**	**1,561,278**	**(18,852,609)**	**596,474**
Share issued for cash	13,530,000	5,412,000	-	-	5,412,000
Share issued for exploration and evaluation assets	5,100,000	2,040,000	-	-	2,040,000
Share issuance costs	-	(262,690)	109,566	-	(153,124)
Stock options granted	-	-	1,072,254	-	1,072,254
Net loss for the year	-	-	-	(1,970,380)	(1,970,380)
Balance at March 31, 2018	**32,175,583**	**25,077,115**	**2,743,098**	**(20,822,989)**	**6,997,224**

1. NATURE OF OPERATIONS AND GOING CONCERN

Barksdale Capital Corp. ("Barksdale" or the "Company"), incorporated in British Columbia, is a public company listed on the TSX Venture Exchange ("TSXV") and the OTCQB in the United States and trades under the symbol BRO.V and BRKCF respectively. The Company's registered office is Suite 610, 815 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1B4.

The Company's principal business activities include the acquisition and exploration of mineral properties. The Company has not yet determined whether its exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses. A number of alternatives are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

The Company has not generated revenues from its operations to date. As at March 31, 2018, the Company has accumulated net losses of $20,822,989 since inception and has working capital of $3,292,852. The operations of the Company have primarily been funded by the issuance of common shares. These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management believes that the Company has sufficient working capital to meet the Company's obligations over the next twelve months.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC").

These consolidated financial statements for the year ended March 31, 2018 were authorized by the Board of Directors for issuance on July 25, 2018.

b) Basis of Presentation

These consolidated financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable. The consolidated financial statements are presented in Canadian dollars unless otherwise noted.

2. BASIS OF PRESENTATION (CONTINUED)

c) Basis of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, TBJ Resources (US) Inc., Arizona Standard Resources Corp., and Arizona Standard (US) Corp. All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

d) Use of Estimates and Judgements

The preparation of these consolidated 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 consolidated 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.

Significant areas requiring the use of management estimates and judgments include:

(i) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

(ii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available to identify new business opportunities and working capital requirements, the outcome of which is uncertain.

(iii) The determination that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

(iv) Inputs used in the valuation model to determine the fair value of stock options.

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with IFRS and reflect management's consideration of the following significant accounting policies:

a) Foreign Currency Transactions

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*. Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Exploration and Evaluation Assets

Pre-exploration costs are expensed as incurred. Costs directly related to the acquisition and exploration of exploration and evaluation assets are capitalized once the legal rights to explore the exploration and evaluation assets are acquired or obtained. When the technical and commercial viability of a mineral resource has been demonstrated and a development decision has been made, the capitalized costs of the related property are first tested for impairment, then transferred to mining assets and depreciated using the units of production method on commencement of commercial production.

If it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable, or the property is abandoned or management has determined an impairment in value, the property is written down to its recoverable amount. Exploration and evaluation assets are reviewed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

c) Provision for Environmental Rehabilitation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets in the period when the liability arises. The net present value of future rehabilitation costs is capitalized to the long-lived asset to which it relates with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax risk-free rate that reflects the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets with a corresponding entry to the rehabilitation provision.

The increase in the provision due to the passage of time is recognized as interest expense. The Company has no known restoration, rehabilitation or environmental costs related to its mineral properties.

d) Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Impairment of Tangible and Intangible Assets (continued)

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

e) Share-based Compensation

The Company operates an employee stock option plan. Share-based compensation to employees is measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based compensation to non-employees is measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to reserves. The fair value of options is determined using the Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

f) Income Taxes

Income taxes are calculated whereby temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount in the consolidated financial statements are used to calculate deferred income tax liabilities or assets. Deferred income tax liabilities or assets are calculated using the substantively enacted tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized.

g) Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods. Potentially dilutive options and warrants excluded from diluted loss per share totalled 2,907,500 (2017 – Nil).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial Instruments and Risk Management

Financial instruments are classified into one of five categories: fair value through profit or loss (“FVTPL”), available-for-sale, held-to-maturity, loans and receivables or other financial liabilities. Financial instruments and derivatives are measured in the statement of financial position at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. FVTPL financial instruments are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

The Company has classified its cash as FVTPL, receivables as loans and receivables and accounts payable and accrued liabilities as other financial liabilities.

Derivatives embedded in other financial instruments must be separated and measured at fair value. The Company does not engage in any form of derivative or hedging instruments.

i) Recent accounting pronouncements

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the year ended March 31, 2018 and have not been applied in preparing these consolidated financial statements:

IFRS 9 – Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. Management does not anticipate this standard having a material effect on the Company’s consolidated financial statements.

IFRS 15 – Clarifications to IFRS 15 “Revenue from Contracts with Customers” issued. The amendments do not change the underlying principles of the standard, just clarify and offer additional transition relief. The standard is effective for annual periods beginning on or after January 1, 2018. Management does not anticipate this standard having a material effect on the Company’s consolidated financial statements.

IFRS 16 – Leases, establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard is effective for annual periods beginning on or after January 1, 2019. Management does not anticipate this standard having a material effect on the Company’s consolidated financial statements.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

	Swales	Sunnyside	Total
	$	$	$
Balance, March 31, 2016	**-**	**-**	**-**
Acquisition costs	100,073	-	100,073
Balance, March 31, 2017	**100,073**	**-**	**100,073**
Acquisition and staking costs	151,948	3,096,095	3,248,043
Exploration expenditures:			
Claim maintenance fees	27,627	58,953	86,580
Consulting	71,019	38,583	109,602
Camp accommodation	5,482	2,205	7,687
Data analysis	4,658	8,169	12,827
Geological	5,765	-	5,765
Geophysics	26,223	-	26,223
Sampling and processing	106,106	773	106,879
Supplies and fuel	693	-	693
Balance, March 31, 2018	**499,594**	**3,204,778**	**3,704,372**

Swales Project

In December 2016, the Company entered into a mining lease agreement (the "Agreement") to lease a 100% right in certain unpatented lode mining claims known as the Swales Project, situated in Elko County, Nevada, U.S., for a primary period of 10 years. Under the terms of the Agreement, the Company is required to pay the following yearly minimum payments.

Date	Payment amount (US$)
Upon execution of the agreement (paid)	75,000
December 11, 2017 (paid)	75,000
December 11, 2018	75,000
December 11, 2019	100,000
December 11, 2020	150,000
December 11, 2021	250,000
December 11, 2022	500,000
December 11, 2023	750,000
December 11, 2024 and each anniversary date thereafter	1,500,000

The Agreement is subject to a nonparticipating royalty based on the gross value from the production or sale of minerals from Swales of 3% with a buy-down option of 0.5% for US$2,500,000, at anytime before December 11, 2021. The minimum payments above shall be credited cumulatively against any royalty obligations.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

In addition, the Company is required to meet drilling commitments as follows:

Date	Minimum Feet Drilled
December 11, 2018	7,500’
December 11, 2019	10,000’
December 11, 2020	10,000’
December 11, 2021	10,000’
December 11, 2022	20,000’
December 11, 2023	20,000’
December 11, 2024	20,000’
December 11, 2025	20,000’
December 11, 2026 and each anniversary date thereafter	20,000’

In the event the Company fails to satisfy the minimum drill commitment in any year or terminates the Agreement, the Company will be required to pay US$50 for each one foot (1’) shortfall in drilling in that year.

Sunnyside Project

On August 10, 2017, the Company entered into an arm’s length definitive agreement (the “Sunnyside Agreement”) with Regal Resources USA, Inc. (“Regal”) to acquire, by way of option (the “Option”), up to 67.5% of the Sunnyside Property located in Santa Cruz County, Arizona.

The 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 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 an 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 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 ($254,700 paid)	3,000,000	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 on behalf of Regal and the payment was credited towards the required cash payment of $1,200,000.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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 Agreements contain 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 Option and, if applicable, the joint venture.

The Sunnyside Agreement further provides that:

a) during the first two years of the 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;
b) 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;
c) 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 Resources Inc. ("Regal BC") without the prior consent of Regal BC;
d) 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;
e) 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
f) the Sunnyside Agreement is subject to a net smelter royalty between 1.5% to 3%.

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

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2018	March 31, 2017
	$	$
Accounts payable	136,867	50,374
Accrued liabilities	62,017	38,677
	198,884	**89,051**

6. SHARE CAPITAL AND RESERVES

Authorized Share Capital

The authorized share capital is comprised of an unlimited number of common shares without par value.

Issued Share Capital

During the year ended March 31, 2017:

In July 2016, the Company consolidated its share capital on the basis of one post-consolidated common share for every two pre-consolidated common shares. All common share and per common share amounts in these consolidated financial statements have been adjusted to give retroactive effect to the share consolidation.

In August 2016, the Company closed a private placement of 7,000,000 common shares at $0.05 per common share for gross proceeds of $350,000.

In October 2016, the Company closed a private placement of 4,000,000 common shares at $0.20 per common share for gross proceeds of $800,000.

During the year ended March 31, 2018:

In October 2017, the Company closed a non-brokered private placement financing of 13,530,000 common shares at a price of $0.40 per share for proceeds of $5,258,876, net of cash commission and expenses of $153,124.

In October 2017, pursuant to the Option of the Sunnyside Property, the Company issued 5,100,000 common shares of the Company at a value of $2,040,000 to Regal, of which 3,850,000 shares will be cancelled and returned to treasury if the Company determines not to proceed with the Option after completing its initial exploration of the Sunnyside Property (Note 4).

Stock Options

The Company's stock option plan provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options are non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting. The exercise price and vesting terms of stock options is determined by the Board of Directors of the Company at the time of grant.

In October 2017, the Company granted 2,000,000 stock options to directors, officers and consultants of the Company at an exercise price of $0.42 per share for a period of five years. The options were valued at $797,902 using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk-free rate of 1.70%, volatility of 269%, and nil forecasted dividend yield.

In November 2017, the Company granted 600,000 stock options to a director and an officer of the Company at an exercise price of $0.88 per share for a period of five years, vested as follows: 1/3 on the date of grant, 1/3 on the first anniversary and 1/3 on the second anniversary. The options were valued at $526,583, of which $274,352 was recognized during the year, using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk-free rate of 1.62%, volatility of 267%, and nil forecasted dividend yield.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES (CONTINUED)

Stock Options (continued)

A summary of stock options activities is as follows:

	Number of options	Weighted average exercise price
	#	$
Balance, March 31, 2016 and 2017	**-**	**-**
Granted	2,600,000	0.53
Balance, March 31, 2018	**2,600,000**	**0.53**

A summary of the stock options outstanding and exercisable at March 31, 2018 is as follows:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
$			
0.42	2,000,000	2,000,000	October 6, 2022
0.88	600,000	200,000	November 14, 2022
	2,600,000	2,200,000	

Warrants

In October 2017, 307,500 finder's warrants were issued in connection with the private placement financing. Each finder's warrant entitles the holder to purchase one common share of the Company at a price of $0.40 for a period of two years from closing. The warrants were valued at $109,566 using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 1.46%, volatility of 225%, and nil forecasted dividend yield.

A summary of share purchase warrant options activities is as follows:

	Number of warrants	Weighted average exercise price
	#	$
Balance, March 31, 2016 and 2017	-	-
Issued	307,500	0.40
Balance, March 31, 2018	**307,500**	**0.40**

A summary of the warrants outstanding and exercisable at March 31, 2018 is as follows:

Exercise Price	Number Outstanding and Exercisable	Expiry Date
$		
0.40	307,500	October 5, 2019

(Expressed in Canadian Dollars)

7. RELATED PARTY TRANSACTIONS AND BALANCES

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.

During the year ended March 31, 2018, the Company entered into the following transactions with key management personnel:

	For the years ended March 31,	
	2018	2017
	$	$
Management fees	**146,335**	18,000
Exploration and evaluation assets	**14,004**	-
Professional fees	**57,001**	9,500
Property investigation costs	**39,777**	-
Share-based compensation	**573,565**	-
	830,682	27,500

During the year ended March 31, 2018, the Company incurred rent of $9,000 (March 31, 2017 - $Nil) to a company related by a director and common officers.

As at March 31, 2018, $64,937 (2017 - $5,000) was included in accounts payable and accrued liabilities owing to officers and companies controlled by officers of the Company, and $10,891 (2017 - $Nil) was included in prepaid expenses for future expenses to an officer and director and a company related by a director and common officers of the Company.

8. SEGMENTED INFORMATION

The Company has one operating segment, being the acquisition and exploration of exploration and evaluation assets. All non-current assets of the Company are located in the USA.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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, 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.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

a) Currency risk

The Company conducts 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 March 31, 2018, the Company does not have any significant monetary assets or liabilities in US dollars, therefore, the Company has determined that there is very limited currency risk at this time.

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's cash is held in large Canadian financial institutions and its receivables are due from the Government of Canada. As such, the Company determined that it is not exposed to significant credit risk.

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.

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 gold, zinc and other base metals. The Company monitors these metal prices to determine the appropriate course of action to be taken.

10. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of all components of shareholders' equity. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the exploration of its mineral properties. The Company is an exploration stage company, as such the Company is dependent on external equity financing to fund its activities. In order to pay for administrative costs and exploration expenditures, the Company plans to raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended March 31, 2018. The Company is not subject to externally imposed capital requirements.

(Expressed in Canadian Dollars)

11. COMMITMENTS

In November 2017, the Company entered into a management consulting services agreement with an officer to provide management services to the Company for an indefinite term. The agreement requires payment of $11,000 per month and a signing bonus of $25,000. Included in the agreement is a provision for a two year payout in the event of termination without cause or in the event of a change in control.

12. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2018	2017
	$	$
Loss for the year	(1,970,380)	(109,975)
Expected income tax (recovery)	(517,000)	(29,000)
Change in statutory, foreign tax, foreign exchange rates and other	(111,000)	-
Permanent differences	270,000	-
Share issue costs	(40,000)	-
Adjustment to prior years provision versus statutory tax returns	(12,000)	-
Change in unrecognized deductible temporary differences	410,000	29,000
Total income tax expense (recovery)	**-**	**-**

In September 2017, the British Columbia (BC) Government proposed changes to the general corporate income tax rate to increase the rate from 11% to 12% effective January 1, 2018 and onwards. This change in tax rate was substantively enacted on October 26, 2017. The relevant deferred tax balances have been remeasured to reflect the increase in the Company's combined Federal and Provincial (BC) general corporate income tax rate from 26% to 27%.

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2018	Expiry Date Range	2017	Expiry Date Range
	$		$	
Temporary Differences				
Exploration and evaluation assets	3,297,000	No expiry date	3,297,000	No expiry date
Share issue costs	122,000	2038 to 2041	-	N/A
Allowable capital losses	41,000	No expiry date	41,000	No expiry date
Non-capital losses available for future period				
Canada	6,805,000	2028 to 2038	5,931,000	2027 to 2037
USA	128,000	2037 to 2038	6,000	2037

Tax attributes are subject to review, and potential adjustment, by tax authorities.

(Expressed in Canadian Dollars)

13. SUBSEQUENT EVENTS

a) 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. (together “Allegiant”) to acquire a 100% undivided interest in the Four Metals property (“Four Metals”) located in Santa Cruz County, Arizona.

In order to exercise the option, the Company must make option payments totaling US$450,000 (the “Option Payments”) to MinQuest Ltd. and Allegiant on a 50/50 basis, in cash and common shares of Barksdale (based on the market price of the Company’s shares at the time of issue) over a period of five years as follows:

Date	**Cash US$**	**Value of Shares US$**	**Total US$**
Upon execution option agreement	25,000 (paid)	-	25,000
First anniversary of option agreement – April 19, 2019	25,000	25,000	50,000
Second anniversary of option agreement – April 19, 2020	25,000	25,000	50,000
Third anniversary of option agreement – April 19, 2021	25,000	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**

b) Stock options granted

On April 19, 2018, the Company granted 100,000 stock options to a director of the Company with an exercise price of $0.79 per share for a period of five years.

On July 25, 2018, the Company granted 150,000 stock options to a consultant of the Company with an exercise price of $0.71 per share for a period of five years, vested as follows: 1/3 on the date of grant, 1/3 on the first anniversary and 1/3 on the second anniversary.