



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS - UNAUDITED)

Notice of no Auditor review of Interim Financial Statements

Under National Instrument 51-102, if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

BARKSDALE RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars – Unaudited)

	September 30, 2022	March 31, 2022
	\$	\$
ASSETS		
Current		
Cash	3,430,381	2,954,681
Receivables	13,910	12,609
Prepays	262,489	206,638
	<u>3,706,780</u>	<u>3,173,928</u>
Exploration and evaluation assets (Notes 4 and 10)	14,783,866	13,370,410
Reclamation bond	8,224	7,498
Right-of-use assets (Note 5)	<u>87,344</u>	<u>100,782</u>
	<u>18,586,214</u>	<u>16,652,618</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 6 and 10)	635,895	610,013
Current portion of lease liabilities (Note 5)	27,891	24,554
Convertible debentures (Note 7)	1,543,181	1,637,622
	<u>2,206,967</u>	<u>2,272,189</u>
Government loan payable (Note 8)	60,000	60,000
Lease liabilities (Note 5)	<u>70,348</u>	<u>77,068</u>
	<u>2,337,315</u>	<u>2,409,257</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	42,172,139	39,246,915
Reserves (Note 9)	2,521,022	2,672,111
Equity component of convertible debentures (Note 7)	110,009	128,343
Deficit	<u>(28,554,271)</u>	<u>(27,804,008)</u>
	<u>16,248,899</u>	<u>14,243,361</u>
	<u>18,586,214</u>	<u>16,652,618</u>

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 14)

Approved on behalf of the Board of Directors on November 28, 2022:

"Darren Blasutti"

Director

"Peter McRae"

Director

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

BARKSDALE RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND
COMPREHENSIVE LOSS

(Expressed in Canadian Dollars – Unaudited)

	For the three months ended		For the six months ended	
	September 30,		September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Expenses				
Advertising and marketing	33,539	72,744	60,673	200,389
Consulting fees	1,839	22,171	1,839	44,130
Depreciation (Note 5)	6,719	9,122	13,438	18,244
Financing charges	46,918	-	96,073	-
Foreign exchange (gain) loss	958	(3,987)	(1,440)	26,896
Insurance	10,898	10,929	20,501	18,066
Interest expense (Notes 5 and 7)	40,524	2,095	85,936	4,274
Investor relations	3,784	2,501	7,568	6,229
Management fees (Note 10)	100,535	92,125	199,600	184,250
Office and general	16,672	19,487	39,029	39,786
Professional fees (Note 10)	88,433	101,289	124,485	342,505
Rent	18,418	12,600	36,618	25,200
Share-based compensation (Notes 9 and 10)	-	63,620	2,704	177,609
Transfer agent and filing fees	16,285	16,131	28,069	30,840
Travel and related	18,500	11,431	36,054	26,811
	(404,022)	(432,258)	(751,147)	(1,145,229)
Interest income	703	61,276	884	92,968
Loss and comprehensive loss for the period	(403,319)	(370,982)	(750,263)	(1,052,261)
Basic and diluted loss per share	(0.01)	(0.01)	(0.01)	(0.02)
Weighted average number of common shares outstanding – basic and diluted	66,189,965	64,312,328	65,644,807	63,833,680

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

BARKSDALE RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars – Unaudited)

	For the six months ended	
	September 30,	
	2022	2021
	\$	\$
Cash flows used in operating activities		
Loss for the period	(750,263)	(1,052,261)
Items not affecting cash		
Depreciation	13,438	9,122
Interest accrual	580	(31,237)
Financing charges	96,073	-
Share-based compensation	2,704	113,989
Interest expense	85,936	2,179
Unrealized foreign exchange loss	8,495	18,113
	<u>(543,037)</u>	<u>(940,095)</u>
Changes in non-cash working capital items		
Receivables	(1,881)	5,393
Prepays	(55,851)	6,297
Accounts payable and accrued liabilities	75,894	52,667
	<u>(524,875)</u>	<u>(875,738)</u>
Cash flows used in investing activities		
Exploration and evaluation asset expenditures	(1,431,632)	(789,655)
Loan receivable	-	(1,000,000)
	<u>(1,431,632)</u>	<u>(1,789,655)</u>
Cash flows provided from financing activities		
Proceeds from share issuance	2,219,000	-
Share issuance costs	(47,186)	-
Proceeds from stock options exercised	130,200	35,245
Proceeds from warrants exercised	154,455	-
Repayment of interest from convertible debenture	(8,125)	-
Repayment of lease liabilities	(16,137)	(9,985)
	<u>2,432,207</u>	<u>25,260</u>
Net change in cash	475,700	(2,640,133)
Cash, beginning of the period	<u>2,954,681</u>	<u>5,713,714</u>
Cash, end of the period	<u>3,430,381</u>	<u>3,073,581</u>
Non-cash transactions		
Exploration and evaluation assets in accounts payable and accrued liabilities	293,354	250,899
Shares issued for exploration and evaluation assets	31,836	89,479
Warrant issued for share issuance costs	26,175	-
Share issued for convertible debentures	264,792	-
Reclassification of equity portion of convertible debenture	18,334	-
Reclassification of cancelled stock options	-	93,753
Reclassification of exercised stock options	123,675	23,439
Reclassification of expired warrants	31,548	-
Reclassification of exercised warrants	24,745	-
Loan receivable in obligation to issue sshares	-	725,000

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

BARKSDALE RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN
SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars - Unaudited)

	Number of Shares Issued	Share Capital	Reserves	Equity component of convertible debentures	Accumulated Deficit	Total Shareholders' Equity
		\$	\$	\$	\$	\$
Balance at March 31, 2021	63,264,918	38,373,752	2,565,328	-	(26,027,918)	14,911,162
Share issued for exploration and evaluation assets	162,026	89,479	-	-	-	89,479
Share issued to acquire secured demand loan	1,345,310	725,000	-	-	-	725,000
Share-based compensation	-	-	177,608	-	-	177,608
Stock options exercised	66,500	58,684	(23,439)	-	-	35,245
Stock options cancelled	-	-	(93,753)	-	93,753	-
Net loss for the period	-	-	-	-	(1,052,261)	(1,052,261)
Balance at September 30, 2021	64,838,754	39,246,915	2,625,744	-	(26,986,426)	14,886,233
Share-based compensation	-	-	46,367	-	-	46,367
Convertible debenture equity	-	-	-	128,343	-	128,343
Net loss for the period	-	-	-	-	(817,582)	(817,582)
Balance at March 31, 2022	64,838,754	39,246,915	2,672,111	128,343	(27,804,008)	14,243,361
Share issued for cash	4,622,917	2,219,000	-	-	-	2,219,000
Share issued for exploration and evaluation assets	67,736	31,836	-	-	-	31,836
Share issued for convertible debentures	588,426	283,126	-	(18,334)	-	264,792
Share issuance costs	-	(73,361)	26,175	-	-	(47,186)
Share-based compensation	-	-	2,704	-	-	2,704
Stock options exercised	310,000	253,875	(123,675)	-	-	130,200
Warrants exercised	280,827	179,200	(24,745)	-	-	154,455
Warrants expired	-	31,548	(31,548)	-	-	-
Net loss for the period	-	-	-	-	(750,263)	(750,263)
Balance at September 30, 2022	70,708,660	42,172,139	2,521,022	110,009	(28,554,271)	16,248,899

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

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars – Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Barksdale Resources Corp. (“Barksdale” or the “Company”), incorporated in British Columbia, is a public company listed on the TSX Venture Exchange (“TSXV”) and the OTCQX in the United States and trades under the symbol BRO.V and BRKCF respectively. The Company’s registered office is Suite 615, 800 West Pender Street, Vancouver, British Columbia, Canada, V6C 2V6.

The Company’s principal business activities include the acquisition and exploration of precious and base metal mineral properties in Arizona, USA and Sonora, Mexico. 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 condensed interim 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 September 30, 2022, the Company has accumulated net losses of \$28,554,271 since inception and has working capital of \$1,499,813. The operations of the Company have primarily been funded by the issuance of common shares and convertible debentures. These condensed interim 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. The Company will require additional financing for the upcoming fiscal year in order to maintain its operations and exploration activities. These material uncertainties raise substantial doubt on the Company’s ability to continue as a going concern.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and International Accounting Standards (“IAS”) 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (“IASB”).

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the years ended March 31, 2022 and 2021.

These condensed interim consolidated financial statements for the three and six months ended September 30, 2022 and 2021 were authorized by the Board of Directors for issuance on November 28, 2022.

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars – Unaudited)

2. BASIS OF PRESENTATION (CONTINUED)

b) Basis of Presentation

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

c) Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, TBJ Resources (US) Inc., Arizona Standard Resources Corp., Arizona Standard (US) Corp., IC Exploration Ltd., IC Exploration (US) Ltd., 1260938 BC Ltd., and Estrella de Cobre, S.A. de C.V. 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 condensed interim 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 condensed interim 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 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.
- (iii) Inputs used in the valuation model to determine the fair value of stock options.
- (iv) The application of IFRS 16 requires the Company to make judgments that affect the valuation of the right-of-use assets and the valuation of lease liabilities. These include: determining agreements in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows. The lease term determined by the Company is comprised of the non-cancellable period of lease agreements, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The present value of the lease payment is determined using a discount rate representing the rate of a commercial mortgage rate, observed in the period when the lease agreement commences or is modified.

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars – Unaudited)

2. BASIS OF PRESENTATION (CONTINUED)

d) Use of Estimates and Judgements (continued)

- (v) In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has 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, adversely affect and harm our business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim 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 profit or loss.

b) Recent Accounting Pronouncements

A number of amendments to standards and interpretations applicable to the Company are not yet effective for the six months ended September 30, 2022 and have not been applied in preparing these condensed interim consolidated financial statements nor does the Company expect these amendments to have a significant effect on its financial statement.

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars – Unaudited)

4. EXPLORATION AND EVALUATION ASSETS

	Sunnyside	Four Metals	San Antonio	Guajolote	Canelo and Goat Canyon	San Javier	Total
	\$	\$	\$	\$	\$	\$	\$
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	5,356	-	-	-	-	110,266	115,622
Assaying	-	-	-	-	-	39,842	39,842
Claim maintenance fees	59,488	8,143	63,873	-	178,161	45,943	355,608
Consulting	166,452	-	5,890	-	1,701	453,797	627,840
Drilling	-	-	2,597	-	-	1,212,155	1,214,752
Geological	10,779	-	340	-	414	748,905	760,438
Metallurgy	-	-	-	-	-	329,507	329,507
Permitting	166,431	-	15,386	-	2,447	-	184,264
Storage	-	2,721	-	-	-	-	2,721
Supplies and fuel	-	-	-	-	-	156,706	156,706
Balance, March 31, 2022	7,436,372	274,694	933,782	154,588	231,797	4,339,177	13,370,410
Acquisition and staking costs	-	63,585	-	-	-	-	63,585
<i>Exploration expenditures:</i>							
Accommodation and related	4,991	-	-	-	-	7,097	12,088
Assaying	-	-	-	-	-	2,852	2,852
Claim maintenance fees	61,842	8,395	91,298	-	148,753	10,550	320,838
Consulting	84,357	-	4,298	-	-	289,196	377,851
Drilling	-	-	-	-	-	96,260	96,260
Geological	215	-	-	-	-	347,241	347,456
Metallurgy	-	-	-	-	-	16,717	16,717
Permitting	105,086	-	-	-	-	6,844	111,930
Storage	-	1,519	-	-	-	-	1,519
Supplies and fuel	-	-	-	-	-	62,360	62,360
Balance, September 30, 2022	7,692,863	348,193	1,029,378	154,588	380,550	5,178,294	14,783,866

Sunnyside Project

In August 2017, the Company entered into an arm's length definitive agreement (the "Sunnyside Agreement") with Regal Resources USA, Inc. ("Regal US") 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 totalling \$2,950,000 cash and the issuance of 10,100,000 common shares to Regal US 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 US and the expenditure of an additional \$6,000,000 on the property within a further two year period.

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars – Unaudited)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Sunnyside Project (Continued)

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 (\$482,929 fulfilled)	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 on behalf of Regal US and the payment was credited towards the required cash payment of \$1,200,000.

* Pursuant to the Regal Transaction (Note 4), the Company offset \$150,000 of transaction costs and \$78,229 proxy 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 US 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 US 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 US or the Sunnyside Property and subject to Regal US's right to abstain from voting in its discretion;
- b) Regal US shall give the Company not less than five (5) days advance notice of any proposed sale of Barksdale shares for so long as Regal US 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 US's remaining interest in the Sunnyside Property in the event of a proposed sale or transfer of such interest by Regal US;

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars – Unaudited)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Sunnyside Project (Continued)

- 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 return (“NSR”) 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.

In October 2020, the Company closed an agreement to acquire historic diamond drill core samples and data in exchange for 25,000 common shares of the Company with a fair value of \$12,750.

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 (the “Regal Transaction”). Subsequently in July 2021, Regal BC failed to obtain the required number 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 double the costs against the Sunnyside Agreement related to Regal BC’s hiring of a proxy agent.

Four Metals Project

In April 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 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
April 19, 2019	(paid) 25,000	(issued) 25,000	50,000
April 19, 2020	(paid) 25,000	(issued) 25,000	50,000
April 19, 2021	(paid) 25,000	(issued) 25,000	50,000
April 19, 2022	(paid) 25,000	(issued) 25,000	50,000
April 19, 2023	100,000	125,000	225,000
Total	225,000	225,000	450,000

San Antonio Project

In July 2019, the Company closed a purchase and sale agreement with Teck Resources Limited (“Teck”) to acquire a 100% undivided interest in the San Antonio Property located in Santa Cruz County, Arizona, southeast of the Sunnyside Property, in consideration for 898,809 common shares of the Company (issued at a value of \$602,202). Additionally, Teck will retain a one and a half percent (1.5%) NSR 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.

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars – Unaudited)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Guajolote Patented Mining Claim

In June 2020, the Company entered into an option agreement to acquire a 100% interest in a patented mining claim. The property is located within close proximity to the Company's projects located in Santa Cruz County, Arizona. In order to exercise the option, the Company will make option payments in cash and commons shares of the Company (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 \$0.38) to the optionors as follows:

Date	Cash US\$	Value of Shares US\$	Total US\$
Upon execution of option agreement	-	(issued) 25,000	25,000
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 Property

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 located in Santa Cruz Country, Arizona, from Kennecott Exploration Inc. ("Kennecott").

Consideration for the projects consisted of \$44,310 (US\$35,000) in cash (paid) as well as a 2.0% net NSR that covers both properties. The Company will retain the right to repurchase 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.

In June 2022, the Company dropped certain federal mining claims at Goat Canyon Property that were deemed to have limited geologic potential.

San Javier Project

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. ("Tusk") The San Javier property is located in central Sonora, Mexico.

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars – Unaudited)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

San Javier Project (Continued)

In order to exercise the option, the Company will make option payments to the optionors as follows:

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	*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. Under the original definitive option agreement, Tusk agreed to defer 35% of the Year 1 and Year 2 option cash and share payments. If Tusk is able to rectifying the title issues, the deferred Year 1 and Year 2 payments will be due. During the year ended March 31, 2021, the Company issued 65% of the Year 1 share payment. The parties have temporarily postponed the remaining payments and are in discussion to amend the agreement terms.

Upon exercise of the option, the Company will be subject to a NSR 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.

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-Use Assets

	Office Leases \$
Cost:	
At March 31, 2021, March 31 and September 30, 2022	155,843
Depreciation:	
At March 31, 2021	23,379
Charge for the year	31,682
At March 31, 2022	55,061
Charge for the period	13,438
At September 30, 2022	68,499
Net book value:	
At March 31, 2022	100,782
At September 30, 2022	87,344

Depreciation of right-of-use assets is calculated using the straight-line method over the remaining lease term.

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars – Unaudited)

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Lease Liabilities

	\$
At March 31, 2021	101,896
Lease payments made	(35,878)
Interest expense on lease liabilities	8,115
Foreign exchange adjustment	27,489
At March 31, 2022	101,622
Lease payments made	(16,137)
Interest expense on lease liabilities	3,533
Foreign exchange adjustment	9,221
	98,239
Less: current portion	(27,891)
At September 30, 2022	70,348

The lease liabilities were discounted at a discount rate of 7%.

The remaining minimum future lease payments, excluding estimated operating costs, for the term of the lease including assumed renewal periods are as follows:

	\$
Fiscal 2023	16,942
Fiscal 2024	33,884
Fiscal 2025	33,884
Fiscal 2026	25,413

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2022	March 31, 2022
	\$	\$
Accounts payable	606,717	476,091
Accrued liabilities	29,178	133,922
	635,895	610,013

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars – Unaudited)

7. CONVERTIBLE DEBENTURES

Convertible debentures

	\$
Balance, March 31, 2021	-
Proceeds	1,750,000
Allocation of proceeds to equity component	(175,813)
Financing charges	31,791
Accrued interest	31,644
Balance, March 31, 2022	1,637,622
Share issued for convertible debenture	(264,792)
Repayment of interest from convertible debentures	(8,125)
Financing charges	96,073
Accrued interest	82,403
Balance, September 30, 2022	1,543,181

In January 2022, the Company closed and issued convertible debentures for aggregate total proceeds of \$1,750,000 (“2022 Debentures”).

The 2022 Debentures bear interest at 10% per annum and mature on December 31, 2022. At the option of the lenders, the lenders can convert their debentures and any accrued interest into common shares of the Company, for a price equal to \$0.45 per share prior to maturity. In the event the convertible debentures remain outstanding at maturity, the debentures with its accrued interest will be payable, in cash or shares, at the option of the lenders, at \$0.45 per common share.

The 2022 Debentures are secured by a general security agreement over all the present and after-acquired personal property of the Company and a share pledge agreement over all of the issued and outstanding shares of the Companys wholly-owned subsidiary IC Exploration Ltd. which owns, indirectly through IC Exploration (US) Ltd., the San Antonio Property.

The 2022 Debentures are compound instruments, and the proceeds are required to be bifurcated to record the fair value of the separate debt and equity components. The fair value of the debt was determined using a discounted cash flow model using an estimated market interest rate for equivalent debt of 12%. The initial fair value of the debt was calculated to be \$1,574,187 with the residual portion of \$175,813 allocated to equity. In addition, the resulting deferred tax amount of \$47,470 has been charged to the equity component.

In June 2022, the Company issued 588,426 common shares with a fair value of \$264,792 in connection with the conversion of a portion of the 2022 Debentures at a conversion price of \$0.45 per share and paid \$8,125 interest in cash. As a result, the Company reclassified \$18,334 from the equity component of the convertible debentures to share capital.

8. GOVERNMENT LOAN PAYABLE

During the year ended March 31, 2021, the Company applied for and received from the federal government of Canada loan of \$60,000 under the Canada Emergency Business Account (“CEBA”) program and the Company recorded the balance as government loan payable. If the loan is fully repaid by December 31, 2023, \$20,000 of the loan will be forgiven. If the loan is not fully repaid by December 31, 2023, the loan will incur 5% interest during the remaining term of the loan ending on December 31, 2025, the date by which the loan must be fully repaid. The Company intends to pay back the CEBA loan by December 2023.

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars – Unaudited)

9. 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, 2022:

In April 2021, the Company issued 61,888 common shares with a fair value of \$29,396 in accordance with the option agreement for Four Metals (Note 4).

In June 2021, the Company issued 100,138 common shares with a fair value of \$60,083 in accordance with the option agreement for the Guajolote Patented Mining Claim (Note 4).

In August 2021, the Company issued 1,345,310 common shares with a fair value of \$725,000 in connection with the acquisition of a \$1,725,000 secured demand loan.

During the year ended March 31, 2022, 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.

During the six months ended September 30, 2022:

In April 2022, the Company issued 67,736 common shares with a fair value of \$31,836 in accordance with the option agreement for Four Metals (Note 4).

In June 2022, the Company issued 588,426 common shares with a fair value of \$264,792 in connection with the conversion of a portion of the 2022 Debentures (Note 7).

In September 2022, the Company closed the first tranche of a private placement financing of 4,622,917 units at a price of \$0.48 per unit for gross proceeds of \$2,219,000. Each unit consists of one common share of the Company and one-half share purchase warrant. Each warrant shall entitle the holder to purchase an additional common share of the Company at a price of \$0.72 for a period of three years. The Company incurred finders' fees and cash expenses of \$47,186 and issued 96,740 finders' warrants with a fair value of \$26,175 in connection with the financing.

During the six months ended September 30, 2022, the Company issued 280,827 common shares in connection with the exercise of 280,827 warrants with an exercise price of \$0.55 for total proceeds of \$154,455. In addition, the Company issued 310,000 common shares in connection with the exercise of 310,000 options with an exercise price of \$0.42 for total proceeds of \$130,200.

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 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. The options were valued at \$70,492 using the Black-Scholes pricing model with the following assumptions: estimated life of three years, risk-free rate of 0.49%, volatility of 89%, and nil forecasted dividend yield.

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars – Unaudited)

9. SHARE CAPITAL AND RESERVES (CONTINUED)

Stock Options (Continued)

During the six months ended September 30, 2022, the Company recorded share-based compensation of \$2,704 (September 30, 2021 - \$177,609). In addition, the Company issued 310,000 common shares in connection with the exercise of 310,000 stock options with an exercise price of \$0.42 for total proceeds of \$130,200. As a result, the Company transferred \$123,675 representing the fair value of the exercised share options from reserves to share capital.

A summary of stock option activities is as follows:

	Number of options #	Weighted average exercise price \$
Balance, March 31, 2021	6,326,028	0.53
Granted	200,000	0.53
Exercised	(66,500)	0.53
Cancelled	(235,000)	0.42
Balance, March 31, 2022	6,224,528	0.54
Exercised	(310,000)	0.42
Balance, September 30, 2022	5,914,528	0.54

A summary of the stock options outstanding and exercisable at September 30, 2022 is as follows:

Exercise Price \$	Number Outstanding	Number Exercisable	Expiry Date
0.42	*1,055,000	1,055,000	October 11, 2022
0.88	**600,000	600,000	November 14, 2022
0.365	30,000	30,000	January 28, 2023
0.365	621,528	621,528	February 27, 2023
0.79	100,000	100,000	April 19, 2023
0.50	925,000	925,000	October 8, 2023
0.68	250,000	250,000	November 16, 2023
0.63	400,000	400,000	December 7, 2023
0.47	459,500	459,500	February 26, 2024
0.58	755,000	755,000	March 1, 2024
0.52	385,000	385,000	April 26, 2024
0.53	133,500	133,500	May 12, 2024
0.53	200,000	200,000	September 20, 2024
	5,914,528	5,914,528	

*Subsequent to September 30, 2022, 780,000 stock options were exercised and 275,000 stock options expired exercised.

**Subsequent to September 30, 2022, 600,000 stock options expired exercised.

The weighted average life of options outstanding at September 30, 2022 was 0.86 years.

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars – Unaudited)

9. SHARE CAPITAL AND RESERVES (CONTINUED)

Warrants

During the six ended September 30, 2022, the Company issued 280,827 common shares in connection with the exercise of 280,827 warrants with an exercise price of \$0.55 for total proceeds of \$154,455. As a result, the Company transferred \$24,745 representing the fair value of the exercised warrants from reserves to share capital. In addition, 254,988 warrants expired and as a result, \$31,548 was reclassified from reserves to share capital.

A summary of warrant activities is as follows:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, March 31, 2021 and 2022	8,777,357	0.55
Issued	2,408,197	0.72
Exercised	(280,827)	0.55
Expired	(254,988)	0.55
Balance, September 30, 2022	10,649,739	0.59

A summary of the warrants outstanding and exercisable at September 30, 2022 is as follows:

Exercise Price	Number Outstanding and Exercisable	Expiry Date
\$		
0.55	*8,241,542	January 31, 2023
0.72	2,408,197	September 21, 2025
	10,649,739	

**In September 2022, the expiry dates of 7,550,752 and 690,790 warrants were extended to January 31, 2023 from the original expiry dates of September 29, 2022 and October 1, 2022, respectively.*

The weighted average life of warrants outstanding at September 30, 2022 was 0.93 years.

10. 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 six months ended September 30, 2022, the Company entered into the following transactions with key management personnel:

	For the six months ended September 30,	
	2022	2021
	\$	\$
Management fees	199,600	184,250
Exploration and evaluation assets	121,716	113,647
Professional fees	59,277	51,000
Share-based compensation	-	122,633
	380,593	471,530

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars – Unaudited)

10. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

As at September 30, 2022, the Company has \$7,740 (March 31, 2022 - \$94,562) included in accounts payable and accrued liabilities due to officers, directors, and companies controlled by officers and directors for management fees, professional fees, and reimbursement of expenses.

11. SEGMENTED INFORMATION

The Company has one operating segment, being the acquisition and exploration of exploration and evaluation assets. Geographic information is as follows:

September 30, 2022	Canada	USA	Mexico	Total
	\$	\$	\$	\$
Exploration and evaluation assets	-	9,605,572	5,178,294	14,783,866
Reclamation bond	-	8,224	-	8,224
Right-of-use assets	-	87,344	-	87,344
Other assets	3,328,898	267,084	110,798	3,706,780
Total assets	3,328,898	9,968,224	5,289,092	18,586,214

March 31, 2022	Canada	USA	Mexico	Total
	\$	\$	\$	\$
Exploration and evaluation assets	-	9,031,233	4,339,177	13,370,410
Reclamation bond	-	7,498	-	7,498
Right-of-use assets	-	100,782	-	100,782
Other assets	2,796,137	223,670	154,121	3,173,928
Total assets	2,796,137	9,363,182	4,493,298	16,652,618

12. 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, loans receivable, lease liabilities, accounts payable and accrued liabilities and convertible debentures. 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. Receivables, loans receivable, lease liabilities, accounts payable and accrued liabilities and convertible debentures are measured at amortized cost.

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.

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars – Unaudited)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

- a) **Currency risk**
The Company conducts the majority of exploration and evaluation activities in the United States and Mexico. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian dollars, US dollars, and Mexican peso. As at September 30, 2022, the Company had a US foreign currency net monetary asset position of approximately US\$205,528 and a MXN Peso net monetary liabilities position of approximately MXN Peso 2,946,700. Each 10% change in the US dollar and Mexican peso relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$28,200 and \$20,000, respectively.
- 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. The Company is not exposed to interest rate risk with its lease liabilities or convertible debentures as they are 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.

13. 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 six months ended September 30, 2022. The Company is not subject to externally imposed capital requirements.

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2022 and 2021
(Expressed in Canadian Dollars – Unaudited)

14. SUBSEQUENT EVENTS

- a) In October 2022, the Company closed the final tranche of a private placement financing with Teck Resources Limited of 550,000 units at a price of \$0.48 per unit for gross proceeds of \$264,000. Each unit consists of one common share of the Company and one-half share purchase warrant. Each warrant shall entitle the holder to purchase an additional common share of the Company at a price of \$0.72 for a period of three years.
- b) In October 2022, the Company extended the maturity date of the 2022 Debentures (Note 7), with a remaining principal amount of \$1,500,000, by one year until December 31, 2023 (“Debenture Extension”). The terms of the 2022 Debentures remain unchanged except for the increase of the conversion price from \$0.45 to \$0.55 per share.

Pursuant to the Debenture Extension, the Company issued 206,595 units of the Company in settlement of \$99,166 of accrued interest payable on the 2022 Debentures. Each unit consists of one common share of the Company and one-half share purchase warrant. Each warrant shall entitle the holder to purchase an additional common share of the Company at a price of \$0.72 for a period of three years.

In exchange for extending the 2022 Debentures, the Company issued an extension fee of 2,777,777 share purchase warrants, exercisable into 2,777,777 common shares of the Company at a price of \$0.72 for a period lasting up to December 31, 2023 (“Extension Warrants”). Should any part of the 2022 Debentures be repaid or converted prior to the maturity date, a pro-rata portion of the Extension Warrants will have their maturity date accelerated to the later of (i) one year from closing of the Debenture Extension, and (ii) 30 days after the date of repayment or conversion.

- c) Subsequent to September 30, 2022, the Company issued 913,500 common shares in connection with the exercise of 913,500 stock options with a weighted average exercise price of \$0.44 for total proceeds of \$398,355. In addition, The Company issued 722,190 common shares in connection with the exercise of 722,190 warrants with an exercise price of \$0.55 for total proceeds of \$397,205.