BARKSDALE CAPITAL CORP.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Barksdale Capital Corp.

Opinion

We have audited the accompanying consolidated financial statements of Barksdale Capital Corp. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2019 and 2018, and the consolidated statements of comprehensive loss, cash flows, and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is David Harris.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada   Chartered Professional Accountants

July 25, 2019

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

	March 31, 2019	March 31, 2018
	$	$
ASSETS		
Current		
Cash	3,381,163	3,197,440
Receivables	36,334	20,850
Prepaid expenses (Note 7)	243,524	273,446
	3,661,021	3,491,736
Exploration and evaluation assets (Notes 4 & 7)	4,886,445	3,704,372
	8,547,466	7,196,108
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 5 & 7)	270,054	198,884
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	28,502,641	25,077,115
Reserves (Note 6)	3,370,205	2,743,098
Deficit	(23,595,434)	(20,822,989)
	8,277,412	6,997,224
	8,547,466	7,196,108

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, 2019:

"Glenn Kumoi" Director *"Darren Blasutti"* 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 years ended March 31, 2019	2018
	$	$
Expenses		
Advertising and marketing	85,852	16,791
Consulting fees	208,974	252,227
Foreign exchange loss (gain)	15,333	(22,801)
Insurance	17,110	6,402
Investor relations	87,976	6,049
Management fees (Note 7)	332,966	149,535
Office and general	43,926	18,998
Professional fees (Note 7)	244,701	337,543
Property investigation costs (Note 7)	93,530	76,605
Rent (Note 7)	18,000	9,000
Share-based compensation (Note 6 & 7)	508,881	1,072,254
Transfer and filing fees	38,033	48,408
Travel and related	47,395	37,437
	(1,742,677)	(2,008,448)
Gain on derecognition of accounts payable and accrued liabilities	-	38,068
Interest income	34,357	-
Write-off of exploration and evaluation assets (Note 4)	(1,064,125)	-
Loss and comprehensive loss for the year	(2,772,445)	(1,970,380)
Basic and diluted loss per share	(0.08)	(0.09)
Weighted average number of common shares outstanding	33,505,580	22,579,857

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, 2019	2018
	$	$
Cash flows used in operating activities		
Loss for the year	(2,772,445)	(1,970,380)
Items not affecting cash		
Gain on derecognition of accounts payable and accrued liabilities	-	(38,068)
Share-based compensation	508,881	1,072,254
Write-off of exploration and evaluation assets	1,064,125	-
Foreign exchange loss	15,333	-
	(1,184,106)	(936,194)
Changes in non-cash working capital items		
Receivables	(15,484)	(20,512)
Prepaid expenses	29,922	(272,196)
Accounts payable and accrued liabilities	(53,082)	122,113
	(1,222,750)	(1,106,789)
Cash flows used in investing activities		
Exploration and evaluation asset expenditures	(1,844,009)	(1,538,511)
Cash flows from financing activities		
Proceeds from shares issuance	3,500,000	5,412,000
Share issuance costs	(249,518)	(153,124)
	3,250,482	5,258,876
Net change in cash	183,723	2,613,576
Cash, beginning of the year	3,197,440	583,864
Cash, end of the year	3,381,163	3,197,440
Non-cash transactions		
Exploration and evaluation assets in accounts payable and accrued liabilities	134,707	25,788
Shares issued for exploration and evaluation assets	293,270	2,040,000
Warrants issued for share issuance costs	118,226	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
		$	$	$	$
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)
Share-based compensation	-	-	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**
Share issued for cash	5,833,333	3,500,000	-	-	3,500,000
Share issued for exploration and evaluation assets	480,770	293,270	-	-	293,270
Share issuance costs	-	(367,744)	118,226	-	(249,518)
Share-based compensation	-	-	508,881	-	508,881
Net loss for the year	-	-	-	(2,772,445)	(2,772,445)
Balance at March 31, 2019	**38,489,686**	**28,502,641**	**3,370,205**	**(23,595,434)**	**8,277,412**

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

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, 2019, the Company has accumulated net losses of $23,595,434 since inception and has working capital of $3,390,967. 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, 2019 were authorized by the Board of Directors for issuance on July 25, 2019.

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 4,307,500 (2018 – 2,907,500).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial Instruments

The Company adopted all of the requirements of IFRS 9 – Financial Instruments (“IFRS 9”) as of April 1, 2018. IFRS 9 replaces IAS 39 – Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking “expected loss” impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company’s accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets or financial liabilities on the transition date.

The following is the Company’s new accounting policy for financial instruments under IFRS 9:

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income (“FVOCI”); or (iii) fair value through profit or loss (“FVTPL”). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVOCI are measured at FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Receivables are measured at amortized cost with subsequent impairments recognized in profit or loss and cash is classified as FVTPL.

Impairment

An ‘expected credit loss’ impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset’s original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Financial Instruments (continued)

Financial liabilities

Financial liabilities are designated as either: (i) fair value through profit or loss; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statements of financial position subsequent to inception and how changes in value are recorded. Accounts payable and accrued liabilities are classified as amortized cost and carried on the statements of financial position at amortized cost.

As at March 31, 2019, the Company does not have any derivative financial liabilities.

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, 2019 and have not been applied in preparing these consolidated financial statements:

IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

The Company will apply IFRS 16 effective April 1, 2019 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will implement the following accounting policies permitted under the new standard:

- leases of low dollar value will continue to be expensed as incurred; and
- the Company will not apply any grandfathering practical expedients.

The Company does not expect that the adoption of this standard will have a material effect on the Company’s consolidated financial statements.

IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. The Company does not expect that the adoption of this standard will have a material effect on the Company’s consolidated financial statements.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

	Swales	**Sunnyside**	**Four Metals**	**Total**
	$	**$**	**$**	**$**
Balance, March 31, 2017	**100,073**	**-**	**-**	**100,073**
Acquisition and staking costs	151,948	3,096,095	-	3,248,043
Exploration expenditures:				
Accommodation and related	5,482	2,205	-	7,687
Claim maintenance fees	27,627	58,953	-	86,580
Consulting	71,019	38,583	-	109,602
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**
Acquisition and staking costs	-	-	32,278	32,278
Exploration expenditures:				
Accommodation and related	-	214,133	-	214,133
Claim maintenance fees	26,557	59,408	16,141	102,106
Consulting	-	384,914	-	384,914
Data analysis	-	8,963	-	8,963
Drilling escape payment	537,844	-	-	537,844
Geological	-	281,072	-	281,072
Geophysics	-	213,267	-	213,267
Permit	-	144,961	-	144,961
Sampling and processing	130	291,989	-	292,119
Storage	-	6,419	-	6,419
Supplies and fuel	-	23,166	-	23,166
Truck rental	-	4,956	-	4,956
	1,064,125	4,838,026	48,419	5,950,570
Write-off of exploration and evaluation assets	(1,064,125)	-	-	(1,064,125)
Balance, March 31, 2019	**-**	**4,838,026**	**48,419**	**4,886,445**

Swales Project

In December 2016, the Company entered into a mining lease agreement (the "Swales 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.

In October 2018, the Company terminated the Swales Agreement. The property was returned to the original vendor and the Company paid a drilling escape payment of $244,574 (US$187,500) in cash as well as issued 480,770 common shares valued at $293,270. As a result, the Company wrote-off the related costs it had incurred resulting in a write-off of $1,064,125 being recognized.

(Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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 totalling $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)

Sunnyside Project (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.

Four Metals Project

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 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 option agreement	25,000 (paid)	-	25,000
April 19, 2019	25,000 (paid subsequently)	25,000 (issued subsequently)	50,000
April 19, 2020	25,000	25,000	50,000
April 19, 2021	25,000	25,000	50,000
April 19, 2022	25,000	25,000	50,000
April 19, 2023	100,000	125,000	225,000
Total	**225,000**	**225,000**	**450,000**

(Expressed in Canadian Dollars)

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2019	March 31, 2018
	$	$
Accounts payable	128,040	136,867
Accrued liabilities	142,014	62,017
	270,054	**198,884**

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, 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).

During the year ended March 31, 2019*:*

In November 2018, the Company issued 480,770 common shares in connection to the termination of the Swales Agreement valued at $293,270 (Note 4).

In January 2019, the Company closed a private placement financing of 5,833,333 common shares at a price of $0.60 per share for proceeds of $3,500,000. Finders' fees of $210,000 cash and 350,000 finder's warrants were paid and issued in connection with the private placement financing.

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.

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES (CONTINUED)

Stock Options (Continued)

In November 2017, the Company granted 600,000 stock options to a director and 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 ended March 31, 2018 and $197,409 was recognized during the year ended March 31, 2019, 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.

In April 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 vested immediately. The options were valued at $78,741 using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk-free rate of 2.18%, volatility of 261%, and nil forecasted dividend yield.

In July 2018, the Company granted 150,000 stock options to a consultant of the Company at 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. The options were valued at $107,437, of which $72,392 was recognized during the year ended March 31, 2019, using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk-free rate of 2.19%, volatility of 248%, and nil forecasted dividend yield.

In March 2019, the Company granted 800,000 stock options to various directors, officers, and consultants of the Company at an exercise price of $0.58 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 $428,330, of which $160,339 was recognized during the year ended March 31, 2019, using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk-free rate of 1.43%, volatility of 198%, and nil forecasted dividend yield.

A summary of stock options activities is as follows:

	Number of options	Weighted average exercise price
	#	$
Balance, March 31, 2017	**-**	**-**
Granted	2,600,000	0.53
Balance, March 31, 2018	**2,600,000**	**0.53**
Granted	1,050,000	0.62
Balance, March 31, 2019	**3,650,000**	**0.55**

(Expressed in Canadian Dollars)

6. SHARE CAPITAL AND RESERVES (CONTINUED)

Stock Options (continued)

A summary of the stock options outstanding and exercisable at March 31, 2019 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	400,000	November 14, 2022
0.79	100,000	100,000	April 19, 2023
0.71	150,000	50,000	July 25, 2023
0.58	800,000	266,667	March 1, 2024
	3,650,000	2,816,667	

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.

In January 2019, 350,000 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 $0.60 for a period of two years from closing. The warrants were valued at $118,226 using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 1.82%, volatility of 118%, and nil forecasted dividend yield.

A summary of warrants activities is as follows:

	Number of warrants	Weighted average exercise price
	#	$
Balance, March 31, 2017	-	-
Issued	307,500	0.40
Balance, March 31, 2018	**307,500**	**0.40**
Issued	350,000	0.60
Balance, March 31, 2019	**657,500**	**0.51**

A summary of the warrants outstanding and exercisable at March 31, 2019 is as follows:

Exercise Price	Number Outstanding and Exercisable	Expiry Date
$		
0.40	307,500	October 5, 2019
0.60	350,000	January 18, 2021
	657,500	

(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, 2019, the Company entered into the following transactions with key management personnel:

	For the years ended March 31,	
	2019	2018
	$	$
Management fees	**332,966**	146,335
Exploration and evaluation assets	**77,069**	14,004
Professional fees	**84,597**	57,001
Property investigation costs	**14,045**	39,777
Share-based compensation	**401,415**	573,565
	910,092	830,682

During the year ended March 31, 2019, the Company incurred rent of $18,000 (2018 - $9,000) to a company related by a director and common officers.

As at March 31, 2019, $17,956 (2018 - $64,937) was included in accounts payable and accrued liabilities owing to officers and companies controlled by officers of the Company, and $nil (2018 - $10,891) 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.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

a) Currency risk

The Company conducts 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, 2019, 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 copper, zinc and other base metals. The Company monitors these metal prices to determine the appropriate course of action to be taken.

(Expressed in Canadian Dollars)

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, 2019. The Company is not subject to externally imposed capital requirements.

11. COMMITMENTS

In September 2018, the Company entered into a management consulting services agreement with a director of the Company to provide management services to the Company for an indefinite term. The agreement requires payment of $102,000 per annum ($8,500 per month). Included in the agreement is a provision for a one year payout in the event of termination without cause or in the event of a change in control.

In September 2018, the Company entered into a management consulting services agreement with an officer of the Company to provide management services to the Company for an indefinite term. The agreement requires payment of $72,000 per annum ($6,000 per month). Included in the agreement is a provision for a one year payout in the event of termination without cause or in the event of a change in control.

In September 2018, the Company entered into an employment agreement with an officer of the Company to provide management services to the Company for an indefinite term. The agreement requires payment of $174,000 per annum ($14,500 per month). 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:

	2019	2018
	$	$
Loss for the year	(2,772,445)	(1,970,380)
Expected income tax (recovery)	(749,000)	(517,000)
Change in statutory, foreign tax, foreign exchange rates and other	77,000	(111,000)
Permanent differences	137,000	270,000
Share issue costs	(67,000)	(40,000)
Adjustment to prior years provision versus statutory tax returns	(4,000)	(12,000)
Change in unrecognized deductible temporary differences	606,000	410,000
Total income tax expense (recovery)	**-**	**-**

(Expressed in Canadian Dollars)

12. INCOME TAXES (CONTINUED)

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:

	2019	Expiry Date Range	2018	Expiry Date Range
	$		$	
Temporary Differences				
Exploration and evaluation assets	3,297,000	No expiry date	3,297,000	No expiry date
Share issue costs	291,000	2038 to 2039	122,000	2038
Allowable capital losses	41,000	No expiry date	41,000	No expiry date
Non-capital losses available for future period				
Canada	8,054,000	2027 to 2039	6,805,000	2027 to 2038
USA	154,000	2037 to 2039	128,000	2037 to 2038

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

13. SUBSEQUENT EVENTS

a) In April 2019, the Company entered into an employment agreement with an officer of the Company to provide management services to the Company for an indefinite term. The agreement requires payment of $120,000 per annum ($10,000 per month). Included in the agreement is a provision for a one month payout for each full year employment, up to a maximum of six months payout, in the event of termination without cause or a six months payout in the event of termination upon change in control.

b) In April 2019, the Company issued 66,032 common shares and paid US$25,000 to the optionors in relation to the Four Metals property.

c) In April 2019, the Company granted 385,000 stock options to a director and an officer of the Company at an exercise price of $0.52 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.

d) In April 2019, the Company cancelled a total of 200,000 stock options held by former consultants.

e) In April 2019, the Company issued 50,000 common shares in connection with the exercise of 50,000 stock options with an exercise price of $0.42 for total proceeds of $21,000.

f) In June 2019, the Company closed a non-brokered private placement financing of 4,016,723 common shares at a price of $0.46 per share for proceeds of $1,847,693.

13. SUBSEQUENT EVENTS (CONTINUED)

g) In July 2019, the Company entered into 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 in consideration for 898,809 common shares of the Company and reimbursement of 2019-2020 federal claim maintenance fees totalling approximately US$52,000. Additionally, Teck will retain a one and a half percent (1.5%) net smelter return royalty on future production and a right of first refusal over any future sale or other disposition of the San Antonio Property by the Company. Closing of the acquisition of the San Antonio Property remains subject to acceptance of the TSXV.