



MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE NINE MONTHS ENDED DECEMBER 31, 2020

General

The purpose of this Management Discussion and Analysis (“**MD&A**”) is to explain management’s point of view regarding the past performance and future outlook of Barksdale Resources Corp. (“**Barksdale**” or the “**Company**”). This report also provides information to improve the reader’s understanding of the financial statements and related notes as well as important trends and risks affecting the Company’s financial performance, and should therefore be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and notes for the three and nine months ended December 31, 2020 and 2019 (the “**Financial Statements**”) and the audited consolidated financial statements for the years ended March 31, 2020 and 2019.

All information contained in this MD&A is current as of February 26, 2021 unless otherwise stated.

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

Overview

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

Mineral Projects

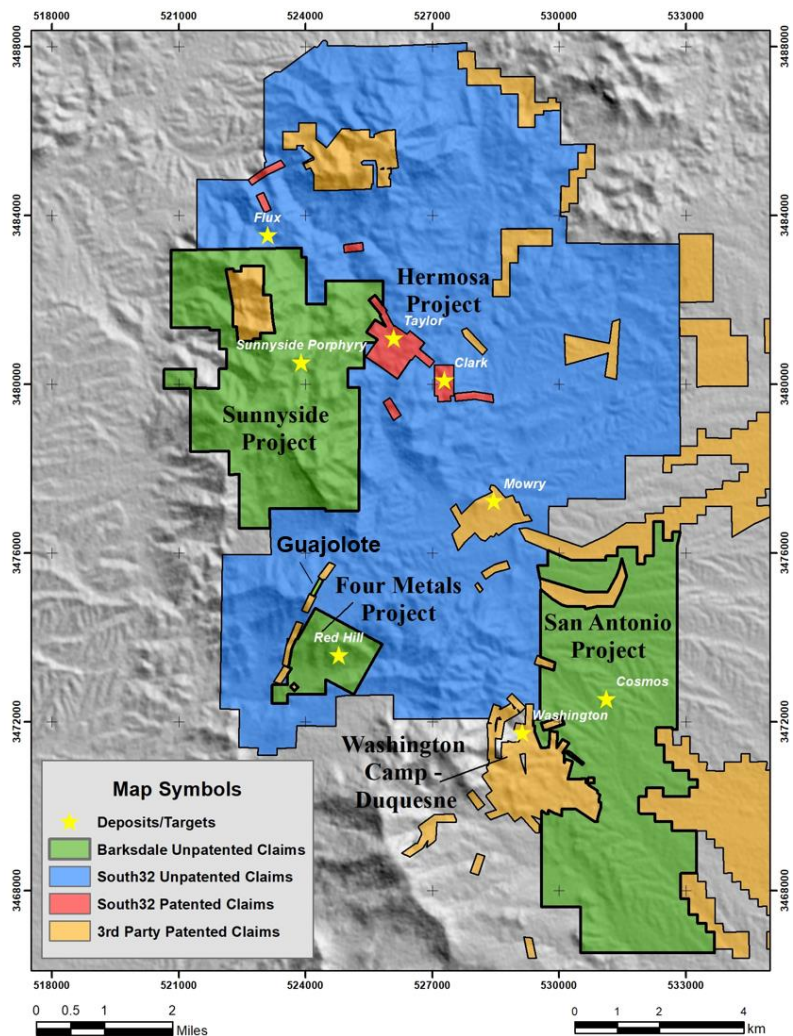
Currently, Barksdale holds interests in multiple exploration projects within the Patagonia Mining district located in Santa Cruz County, Arizona. These projects include Sunnyside, Four Metals, San Antonio, as well as the Guajolote property, for which the company holds both private surface and mineral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

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

The Four Metals project is comprised of a contiguous block of 40 unpatented lode claims (760 acres) (the “**Four Metals Property**”) located approximately three kilometers south of the Sunnyside Property within the Patagonia Mountains of Arizona with a significant exploration history focused on an outcropping breccia pipe (3 adits driven in the 1920’s and 70+ historic drill holes), with identified and documented potential for discovery of additional breccia pipes or buried porphyries on the property. Barksdale holds the right to acquire, by way of option, a 100% undivided interest in the Four Metals Property in consideration for a combination of cash and share payments totaling US\$450,000 (of which US\$75,000 has been paid to date). See “Geological Summary – Exploration and Evaluation Properties – Four Metals Property” below for further details regarding the Four Metals Property. The Guajolote property is a 10-acre patented mining claim located between the Sunnyside and Four Metals properties. Barksdale secured an option to acquire a 100% interest in Guajolote in June 2020.

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

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



While in close surrounding proximity, the Sunnyside, Four Metals, Guajolote, and San Antonio Properties are not necessarily indicative of the mineralization currently in advanced development at South 32’s Hermosa 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. The San Javier property is located in central Sonora, Mexico, approximately a six-hour drive from the Company's projects in southern Arizona. The project consists of twelve separate mineral concessions totaling approximately 1,184 hectares, upon which multiple zones of copper mineralization have been identified to date.

Multiple companies have previously explored and drilled within the San Javier property position, including Servicios Industriales Peñoles S.A. de C.V., Phelps Dodge, Outokumpu Oyj and Constellation Copper. Notably, the San Javier property has not been actively worked since 2007. Approximately 30,000 meters of drilling has been completed to date in three separate zones, two of which contain historic resource estimates which Barksdale believes can be expanded significantly.

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

Technical objectives for 2021 include: 1) review and relogging of historical drill core; 2) delineation and modelling of higher grade zones of >1.0 % Cu; 3) targeting of new zones of near-surface oxide copper and gold; and 4) drilling to increase the overall size and confidence of potential mineral resources at San Javier.

Corporate Activities

In April 2020, the Company issued 136,986 common shares with a total value of \$31,506 (US\$25,000) and paid \$34,633 (US\$25,000) cash to the optionors in connection with the Four Metals Property. See "Geological Summary – Exploration and Evaluation Properties – Four Metals Property" below for further details.

In June 2020, the Company entered into an option agreement to acquire a 100% interest in the Guajolote patented mining claim. The property is located within close proximity to the Company's projects located in Santa Cruz County, Arizona. In addition, the Company issued 89,445 common shares with a total value of \$33,095 (US\$25,000) to the optionors in connection with the mining claim. See "Geological Summary – Exploration and Evaluation Properties – Guajolote Lode Mining Claim" below for further details.

In September 2020, the Company issued 2,600,000 common shares with a fair value of \$988,000 in accordance with the option agreement for the San Javier Project See "Geological Summary – Exploration and Evaluation Properties – San Javier Property" below for further details.

In September 2020, the Company closed the first tranche of a private placement financing of 15,263,158 units at a price of \$0.38 per unit for gross proceeds of \$5,800,000. 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 \$0.55 for a period, subject to acceleration, of 24 months following the closing of the financing. 454,989 finders' warrants were issued in connection with the financing. Subsequently in October 2020, the Company closed the final tranche of a private placement financing with Teck of 1,381,579 units at a price of \$0.38 per unit for gross proceeds of \$525,000. 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 \$0.55 for a period, subject to acceleration, of 24 months following the closing of financing.

In October 2020, the Company granted 925,000 stock options to various directors, officers, and consultants of the Company at an exercise price of \$0.50 per share for a period of three years, vested as follows: 2/3 on the date of grant and 1/3 on February 25, 2021.

In October 2020, the Company closed an agreement to acquire historic diamond drill core samples and data related to the Sunnyside Property in exchange for 25,000 common shares of the Company.

In November 2020, the Company appointed Andrew Pooler as the Company's Senior Vice President of Project Development. In addition, the Company granted 250,000 stock options to an employee of the Company at an exercise price of \$0.68 per share for a period of three years, vested as follows: 1/3 on the date of grant, 1/3 six months from the date of grant, and 1/3 twelve months from the date of grant.

In December 2020, the Company appointed Thomas Simpson as Senior Vice President of Exploration and William Wulfange as an independent director of the Company. Concurrently, Glenn Kumoi stepped down from the board of directors. In addition, the Company granted 400,000 stock options to an employee and a director of the Company at an exercise price of \$0.63 per share for a period of three years, vested as follows: 1/3 on the date of grant, 1/3 six months from the date of grant, and 1/3 twelve months from the date of grant.

In February 2021, the Company appointed Pamela White as Corporate Secretary of the Company, concurrently, Richard Silas stepped down as Corporate Secretary of the Company. In addition, the Company granted 457,500 stock options to its directors, officers, employees, and consultants at an exercise price of \$0.47 per share for a period of three years.

Geological Summary

Exploration and Evaluation Properties

For the nine months ended December 31, 2020, the Company incurred exploration and evaluation expenditures of \$2,144,522 as compared to \$1,701,545 in the comparative period for 2019 as follows:

	Sunnyside	Four Metals	San Antonio	Guajolote	San Javier	Total
	\$	\$	\$	\$	\$	\$
For the nine months ended December 31, 2019						
Property acquisition and staking costs	-	67,107	602,202	-	-	669,309
<i>Exploration expenditures:</i>						
Accommodation and related	72,452	-	-	-	-	72,452
Claim maintenance fees	63,954	8,735	68,667	-	-	141,356
Consulting	143,907	-	594	-	-	144,501
Data Analysis	52,827	-	-	-	-	52,827
Geological	116,356	-	-	-	-	116,356
Geophysics	21,401	-	-	-	-	21,401
Permit	428,931	-	-	-	-	428,931
Sampling and Processing	11,945	-	-	-	-	11,945
Storage	4,420	829	-	-	-	5,249
Supplies and fuel	29,005	-	-	-	-	29,005
Truck rental	8,213	-	-	-	-	8,213
Total	953,411	76,671	671,463	-	-	1,701,545

	Sunnyside	Four Metals	San Antonio	Guajolote	San Javier	Total
For the nine months ended						
December 31, 2020						
Property acquisition and staking costs	-	66,139	-	33,095	988,000	1,087,234
<i>Exploration expenditures:</i>						
Accommodation and related	14,352	-	9,981	-	3,391	27,634
Claim maintenance fees	67,097	9,185	72,043	-	-	148,325
Consulting	116,473	-	6,926	-	11,567	134,966
Core transportation	45,242	-	-	-	-	45,242
Data analysis	130,300	-	-	-	-	130,300
Geological	2,777	-	-	-	-	2,777
Geophysics	-	-	-	-	23,694	23,694
Permitting	469,418	-	56,183	-	-	525,601
Sampling and processing	13,623	-	-	-	-	13,623
Storage	110	2,004	-	-	-	2,114
Supplies and fuel	1,407	-	627	-	978	3,012
Total	860,799	77,328	145,670	33,095	1,027,630	2,144,522

The total cumulative acquisition and deferred exploration costs of the Company to December 31, 2020 are summarized as follows:

	Sunnyside	Four Metals	San Antonio	Guajolote	San Javier	Total
	\$	\$	\$	\$	\$	\$
Balance, March 31, 2019	4,838,026	48,419	-	-	-	4,886,445
Acquisition and staking costs	-	67,107	602,202	-	-	669,309
<i>Exploration expenditures:</i>						
Accommodation and related	72,452	-	-	-	-	72,452
Claim maintenance fees	69,603	8,735	75,022	-	-	153,360
Consulting	179,045	-	-	-	-	179,045
Data analysis	52,827	-	-	-	-	52,827
Geological	118,827	-	-	-	-	118,827
Geophysics	24,427	-	3,026	-	-	27,453
Permitting	569,165	-	8,946	-	-	578,111
Sampling and processing	11,945	-	-	-	-	11,945
Storage	4,420	1,481	-	-	-	5,901
Supplies and fuel	29,650	-	-	-	-	29,650
Truck rental	8,213	-	-	-	-	8,213
Balance, March 31, 2020	5,978,600	125,742	689,196	-	-	6,793,538
Acquisition and staking costs	-	66,139	-	33,095	988,000	1,087,234
<i>Exploration expenditures:</i>						
Accommodation and related	14,352	-	9,891	-	3,391	27,634
Claim maintenance fees	67,097	9,185	72,043	-	-	148,325
Consulting	116,473	-	6,926	-	11,567	134,966
Core transportation	45,242	-	-	-	-	45,242
Data analysis	130,300	-	-	-	-	130,300
Geological	2,777	-	-	-	-	2,777
Geophysics	-	-	-	-	23,694	23,694
Permitting	469,418	-	56,183	-	-	525,601
Sampling and processing	13,623	-	-	-	-	13,623
Storage	110	2,004	-	-	-	2,114
Supplies and fuel	1,407	-	627	-	978	3,012
Balance, December 31, 2020	6,839,399	203,070	834,866	33,095	1,027,630	8,938,060

Sunnyside Property

On August 10, 2017, the Company entered into arm’s length definitive agreements (collectively the “**Sunnyside Agreement**”) with Regal Resources USA, Inc., a subsidiary of Regal Resources Inc., a British Columbia reporting issuer (collectively “**Regal**”), to acquire, by way of option (the “**Sunnyside Option**”), up to 67.5% of the Sunnyside Property located in Santa Cruz County, Arizona.

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

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

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

Period	Cash \$	Exploration Requirement \$	Number of Shares
To Earn 51% Interest			
Upon execution of Sunnyside Agreements	100,000 (paid)	-	-
Within 3 days following TSXV acceptance of Option	650,000 (paid)	-	1,250,000 (issued)
On or before end of Year 1 *	1,200,000 (\$254,700 paid)	3,000,000 (incurred)	3,850,000 (issued)
On or before end of Year 2	1,000,000	3,000,000	5,000,000
To Increase Interest to 67.5%			
On or before end of Year 3	-	3,000,000	-
On or before end of Year 4	550,000	3,000,000	4,900,000
Total:	\$3,500,000	\$12,000,000	15,000,000

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

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

The Sunnyside Agreement further provides that:

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

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

On May 9, 2018 the Company submitted a draft application document for a Plan of Operations (the “**Sunnyside PoO**”) exploration permit with the United States Forest Service, Tucson, Arizona (“**USFS**”) for their initial comments. Major components of the exploration program application include: a surface Induced Potential (IP) geophysical survey, construction of exploration access roads and construction up to thirty (30) exploration drilling platforms in this phase of the permit. As required for approval of this permit application, an Environmental Assessment (EA) study of the proposed areas of surface disturbance on U.S. Forest Service (“**USFS**”) federal surface lands needs to be completed. The formal approval of the Sunnyside PoO application document was received by the U.S. Forest Service in the quarter ended June 30, 2019. During the quarter ending September 30, 2019, the Company actively began public engagement meetings with local communities and authorities to seek required comments, prior to final approval of the PoO. Upon formal approval of the Sunnyside PoO, an initial exploration drilling program is planned to test for polymetallic copper-zinc-lead-silver mineralization on the Sunnyside Property, evidence for which is supported by previous historical diamond core drill intercepts on the property.

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

During the quarter ended December 31, 2019, the Company completed and updated the integrated 3D geological model of the northern half of the Sunnyside property incorporating 1:6000 scale geologic mapping completed in June 2019 with the previously collected data sets acquired from surface geochemistry sampling and geophysical surveys. The updated integrated model has resulted in the identification of additional exploration drill target areas to the south and west of the earlier drill targets identified in 2018 and early 2019. During the nine months ended December 31, 2020, the Company incurred exploration expenditures of \$860,799 on the Sunnyside Property compared to \$953,411 in the comparative period for 2019.

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

The Company has been notified by the USFS that the Sunnyside Draft Environmental Assessment has been completed and will move into a 30-day public comment period starting on March 2, 2021. The current anticipated timeline for completion of the permitting process is August 2021. Following a USFS approval, as well as a subsequent objection period, the Company would be granted the necessary permissions to initiate its drilling programs at Sunnyside in December 2021.

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

Four Metals Property

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

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

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

Pursuant to the Teck Financing (as defined below) which closed on June 10, 2019, as long as Teck owns greater than 5% of the total issued and outstanding shares of the Company, Teck has a right of first refusal to the sale of all or any portion of the Four Metals Property to an arm's length third party.

San Antonio Property

On July 15, 2019, the Company entered into a purchase and sale agreement with 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 (issued at a value of \$602,202). 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.

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

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

Guajolote Patented Mining Claim

In June 2020, the Company entered into an option agreement to acquire a 100% interest in the Guajolote patented mining claim. 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 to the optionors as follows:

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

The share consideration of the option payments is subject to certain acceleration clauses.

San Javier Property

In September 2020, the Company entered into a definitive option agreement to acquire a 100% interest in the San Javier copper-gold project in Sonora, Mexico from Tusk Exploration Ltd.

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

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

Date	Cash \$	Number of Shares
Within 3 business days following the later of (a) execution and delivery of option agreement and (b) TSXV conditional acceptance (“Year 1”)	*50,000	*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

* There are certain title issues with respect to three of the twelve mining concessions comprising approximately 307.46 hectares of the total lands covered under the option. Tusk agreed to defer 35% of the Year 1 and Year 2 option cash and share payments until the title issues have been rectified. This lowered the initial cash and share consideration delivered to Tusk from 4.0 million shares of the Company and \$50,000 in cash to 2.6 million shares of the Company and \$32,500 in cash. Tusk is in the process of registering the concessions after receiving a positive court order that rectifies the title issues. Once the claims have been registered, which is anticipated to occur in 2021, Barksdale will make the deferred payment as outlined above.

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

The Company’s near-term work programs at San Javier will be two-fold: 1) to secure approvals needed to conduct an inaugural drilling program in early 2021 and 2) to re-log historic drill cores so that a new geologic model can be generated, which will allow targets to be generated for drilling testing. Approvals need to drill include both governmental and signoff from the local community that controls the surface rights at the project. Barksdale has completed the necessary environmental surveys and is completing the necessary permit application package for submittal to the relevant Mexican governmental authority. Barksdale has also in discussions with the local community with regards to an exploration and exploitation agreement.

The Company’s plan is to commence exploration across the property and start a drilling program to test new high-grade structural targets and complete infill drilling at the Cerro Verde zone within the San Javier project. Drilling will commence once relevant approvals are obtained and board approval of an exploration budget has been completed.

Quality Control and Quality Assurance

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

Selected Quarterly Information

All financial information in this MD&A has been prepared in accordance with IFRS. The following financial data is derived from the Financial Statements:

	For the three months ended December 31,		For the nine months ended December 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Gain on lease termination	2,157	-	2,157	-
Interest income	3,459	16,167	10,426	48,401
General and administrative expenses	(808,716)	(476,356)	(1,556,453)	(1,513,766)
Loss and comprehensive loss	(803,100)	(460,189)	(1,543,870)	(1,465,365)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.03)	(0.03)

	As at December 31,	
	2020	2019
	\$	\$
Working capital	6,460,123	3,169,859
Exploration and evaluation assets	8,938,060	6,587,990
Total assets	15,949,881	10,042,586
Total liabilities	519,640	250,236

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

Operations

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

The Company's operating and administrative expenses for the nine months ended December 31, 2020 totalled \$1,556,453 (December 31, 2019 - \$1,513,766), including share-based compensation incurred during the period, valued at \$487,586 (December 31, 2019 - \$419,633) calculated using the Black Scholes option pricing model.

The following table sets forth selected financial information regarding the Company's operating and administrative expenses for the three and nine months ended December 31, 2020 and 2019:

Expenses	For the three months ended December 31,		For the nine months ended December 31,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Advertising and marketing	95,130	22,534	139,158	171,469
Consulting fees	4,042	33,512	9,000	101,560
Depreciation	11,353	9,114	29,582	15,825
Foreign exchange loss	14,649	3,269	55,167	12,670
Insurance expense	6,926	5,908	19,262	16,623
Interest expenses on lease liabilities	1,792	1,605	4,305	3,000
Investors' relation costs	2,740	16,944	7,740	68,354
Management fees	136,075	104,875	365,825	311,775
Office and general	17,935	27,204	48,062	57,914
Professional fees	70,833	52,438	209,906	161,306
Property investigation costs	9,981	22,218	50,906	39,022
Rent	12,600	13,800	37,800	29,100
Share-based compensation	358,156	106,319	487,586	419,633
Transfer and filing fees	61,058	12,352	81,334	36,703
Travel and related	5,446	44,264	10,820	68,812
	808,716	476,356	1,556,453	1,513,766

The table below details the changes in major expenditures for the three months ended December 31, 2020 as compared to the corresponding period ended December 31, 2019:

Expenses	Increase / Decrease in Expenses	Explanation for Change
Advertising and marketing	Increase of \$72,596	Increased due to new marketing and social media campaigns engaged to increase investor awareness in the current period.
Management fees	Increase of \$31,200	Increased due to hiring of new Senior Vice President of Project Development and Senior Vice President of Exploration.
Share-based compensation	Increase of \$251,837	Increase as stock options were granted and vested in the current period.
Transfer agent and filing fees	Increase of \$48,706	Increase due to additional fees incurred related to listing on OTCQX and acquisition of San Javier property.

The table below details the changes in major expenditures for the nine months ended December 31, 2020 as compared to the corresponding period ended December 31, 2019:

Expenses	Increase / Decrease in Expenses	Explanation for Change
Consulting fees	Decrease of \$92,560	Decreased due to the Company reducing expenditures to consultants for financial, strategic and corporate advisory services.
Investors' relation costs	Decrease of \$60,614	Decreased due to the Company reducing expenditures relating to investor relation campaigns in the current period.
Management fees	Increase of \$54,050	Increased due to hiring of new Senior Vice President of Project Development and Senior Vice President of Exploration.
Share-based compensation	Increase of \$67,953	Increase as stock options were granted and vested in the current period.
Travel and related	Decrease of \$57,992	Decrease due to COVID-19 restriction limiting business travel.

As at December 31, 2020, the Company had not yet achieved profitable operations and has accumulated losses of \$25,337,094 (March 31, 2020 - \$23,801,255) since inception. These losses resulted in a net loss per share (basic and diluted) for the nine months ended December 31, 2020 of \$0.03 (December 31, 2019 - \$0.03).

Summary of Quarterly Results

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

	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
	\$	\$	\$	\$
Total assets	15,949,881	15,778,929	9,536,262	9,736,351
Total liabilities	519,640	441,494	339,862	343,319
Working capital	6,460,123	6,872,681	1,887,054	2,568,704
Revenues	-	-	-	-
Net loss	(803,100)	(408,687)	(332,083)	(539,366)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)

	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019
	\$	\$	\$	\$
Total assets	10,042,586	10,462,564	9,830,050	8,547,466
Total liabilities	250,236	415,344	347,304	270,054
Working capital	3,169,859	3,573,219	4,174,424	3,390,967
Revenues	-	-	-	-
Net loss	(460,189)	(439,936)	(565,240)	(487,664)
Loss per share (basic and diluted)	(0.01)	(0.01)	(0.01)	(0.01)

Variations quarter over quarter can be explained as follows:

In January 2019, the Company raised gross proceeds of \$3,500,000 through the issuance of 5,833,333 common shares at \$0.60 per share. In June 2019, the Company raised gross proceeds of \$1,568,506 through the issuance of 3,409,795 common shares at \$0.46 per share. In July 2019, the Company raised gross proceeds of \$279,187 through the issuance of 606,928 common shares at \$0.46 per share. In September 2020, the Company raised gross proceeds of \$5,800,000 through the issuance of 15,263,158 common shares at \$0.38 per share. In October 2020, the Company raised gross proceeds of \$525,000 through the issuance of 1,381,579 common shares at \$0.38 per share. See “Liquidity and Capital Resources” below.

In the quarters ended December 31, 2020, March 31, 2020, September 30, 2019, June 30, 2019, and March 31, 2019, stock options were granted to various directors, officers, and consultants. These grants resulted in share-based compensation expenses of \$358,156, \$140,048, \$142,122, \$171,192, and \$195,201, respectively, contributing to significantly higher losses related to share-based compensation in these quarters compared to quarters in which no stock options were granted.

Liquidity and Capital Resources

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

	December 31, 2020	March 31, 2020
	\$	\$
Cash	6,664,843	2,622,306
Receivables	28,001	12,636
Prepaid expenses	177,390	233,053
Total current assets	6,870,234	2,867,995
Accounts payables and accrued liabilities	379,948	265,982
Current portion of lease liabilities	30,163	33,309
Working capital	6,460,123	2,568,704

During the year ended March 31, 2020, the Company closed two tranches of a non-brokered private placement (“Teck Financing”) consisting of 4,016,723 common shares at a price of \$0.46 per share for gross proceeds of \$1,847,693. During the nine months ended December 31, 2020, the Company closed two tranches of a private placement consisting of 16,644,737 common shares at a price of \$0.38 per share for gross proceeds of \$6,325,000. The Company had working capital of \$6,460,123 as at December 31, 2020 (March 31, 2020 - \$2,568,704).

The Company has not generated revenues from its operations to date. As at December 31, 2020, the Company has accumulated net losses of \$25,337,094 since inception and has working capital of \$6,460,123. The operations of the Company have primarily been funded by the issuance of common shares and will rely on its ability to obtain adequate equity financing in the future. Management believes that the Company has sufficient working capital to meet the Company’s obligations and activities over the next twelve months.

Risks and Uncertainties

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

- (a) In March 2020, the World Health Organization declared 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.

In response to the global outbreak of COVID-19, on March 19, 2020, the governor of Arizona, Doug Ducey, ordered the closure of all non-essential businesses in the state of Arizona to help prevent the spread of the virus. On March 30, 2020, Governor Ducey issued a "stay at home" order, which went into effect at the close of business on March 31. The order restricted non-essential activities, travel and business operations, subject to certain exceptions for necessary activities through April 30, 2020, which was subsequently extended to May 15, 2020. On April 29, 2020, Governor Ducey announced a partial reopening to begin on May 4, with specific procedures and operations requirements for some non-essential businesses. On May 15, the statewide lockdown order expired. On June 29, 2020, the Governor Ducey ordered non-essential business to close again in a partial reversal of the state's reopening, due to rapid increase of COVID-19 related cases statewide.

On July 23, 2020, the governor of Arizona issued an executive order extending the temporary closure of certain businesses for an additional two weeks. The executive order also prohibits organized gatherings of more than 50 people and pauses issuance of special events permits, statewide. As of August 10, Governor Ducey laid out plans for Arizona schools, gyms, bars and movie theaters to reopen following public health benchmarks set by the state Department of Health Services.

The Company closed its Patagonia office following the March 19, 2020 executive order from Governor Ducey. On August 15, 2020, the Company's Patagonia office resumed normal business hours, with multiple COVID-19 precautionary measures in place. On January 10, 2021, the Company closed its Patagonia office for in-person meetings following a statewide extreme surge of COVID-19 cases. As of February 1, 2021, COVID-19 cases continue to be extremely high, including all of Santa Cruz County, in which Patagonia is located. The Company has taken actions to minimize the risks of COVID-19 for both consultants and persons interacting with the Company's programs and activities with the adoption of a policy that mandates social distancing, and frequent office cleaning/wipe down, self-health checks, and work from home protocol if exposure to COVID-19 is suspected or known.

The State of Sonora, where the San Javier project is located, continues to be heavily impacted by COVID-19. On February 15, 2021, the government eased certain COVID-19 restrictions, which now allows non-essential businesses to operate with some capacity restrictions depending on the sector and government's specifications. Due to the COVID-19 related shutdown of certain government offices, the Company has experienced delays in obtaining its Mexican Tax ID number, which is necessary to obtain drilling permits for the San Javier project.

- (b) Barksdale has limited financial resources and no operating revenues. To earn and/or maintain its interest in the Sunnyside, Four Metals, Guajolote, San Antonio and San Javier Properties, the Company has contractually agreed or is required to make certain payments and expenditures for and on such properties. Barksdale's ability to continue as a going concern is dependent upon, among other things, Barksdale establishing commercial quantities of mineral reserves on its properties and obtaining the necessary financing and permits to develop and profitably produce such minerals or, alternatively, disposing of its interests on a profitable basis, none of which is assured.
- (c) Barksdale has only generated losses to date and will require additional funds to further explore its properties. The only sources of funds for exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, presently available to Barksdale are the sale of equity capital or the offering by Barksdale of an interest in its properties to be earned by another party carrying out further exploration or development. Barksdale's ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions as well as its business performance. There is no assurance such additional funding will be available to Barksdale when needed on commercially reasonable terms or at all. Additional equity financing may also result in substantial dilution thereby reducing the marketability of Barksdale's shares. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and the possible, partial or total loss of the Company's interest in its properties.

- (d) Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in Barksdale's case given its formative stage of development and the fact that the Sunnyside, Four Metals, Guajolote, San Antonio and San Javier Properties are still in their exploration stage. Furthermore, exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There are no known resources or reserves on the Sunnyside, Four Metals, Guajolote, San Antonio and San Javier Properties and the Company's proposed exploration programs are exploratory searches for commercial quantities of ore. In addition, the close proximity of the Sunnyside, Four Metals, Guajolote and San Antonio Properties to South32's Hermosa project and Taylor deposit is not necessarily indicative of the mineralization on the Sunnyside, Four Metals, or San Antonio Properties. There is no assurance that Barksdale's exploration will result in the discovery of an economically viable mineral deposit.
- (e) Barksdale activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection and title defects.
- (f) None of the Sunnyside Property, the Four Metals Property, the San Antonio Property, the Guajolote Property, or the San Javier Property have been surveyed and may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. In addition, the Company's exploration activities will require certain licenses and permits from various governmental authorities. There is no assurance that Barksdale will be successful in obtaining the necessary licenses and permits on a timely basis or at all to undertake its exploration activities in the future or, if granted, that the licenses and permits will be on the basis applied or remain in force as granted.
- (g) The mining industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. It is also highly competitive in all its phases and Barksdale will be competing with other mining companies, many with greater financial, technical and human resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals.
- (h) Certain of Barksdale's directors and officers also serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which Barksdale may participate, such directors and officers of Barksdale may have a conflict of interest.
- (i) Barksdale must comply with environmental laws and regulations governing air and water quality and land disturbance and provide for reclamation and closure costs in addition to securing the necessary permits to advance exploration activities at its mineral properties. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. Furthermore, environmental hazards may exist on the Company's properties that are unknown to the Company at the present and that have been caused by the Company or by previous owners or operators of the properties, or that may have occurred naturally. The Company may be liable for remediating such damages. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Future production, if any, at the Company's properties will involve the use of hazardous materials. Should these materials leak or otherwise be discharged from their containment systems, the Company may become subject to liability. In addition, neighboring landowners and other third parties could file claims based on environmental statutes and common law for personal injury and property damage allegedly caused by permitting and/or exploration activities including the release of hazardous substances or other waste material into the environment on or around the Company's properties. There can be no assurance that the Company's defense of such claims will be successful and a successful claim against the Company could have a material adverse effect on its business prospects, financial condition and results of operations. In addition, Barksdale may become subject to liability for hazards against which it is not insured.

- (j) Barksdale has not declared or paid any dividends on its common shares and does not expect to do so in the foreseeable future. Future earnings, if any, will likely be retained to finance growth. Any return on investment in Barksdale's shares will come from the appreciation, if any, in the value thereof. The payment of any future dividends will depend upon the Company's earnings, if any, its then-existing financial requirements and other factors, and will be at the discretion of the Company's Board.

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

Related Party Transactions and Balances

During the nine months ended December 31, 2020, the Company entered into the following transactions with related parties, not disclosed elsewhere in the Financial Statements:

- a. Incurred management fees of \$130,500 (December 31, 2019 - \$130,500) to Richard Trotman, CEO and director of the Company. As at December 31, 2020, \$nil (March 31, 2020 - \$31,842) was included in accounts payable and accrued liabilities for management fees.
- b. Incurred professional fees of \$54,000 (December 31, 2019 - \$54,000) to a company controlled by Michael Waldkirch, CFO of the Company. As at December 31, 2020, \$nil (March 31, 2020 - \$13,100) was included in accounts payable and accrued liabilities for professional fees.
- c. Incurred management fees of \$76,500 (December 31, 2019 - \$76,500) to a company controlled by Richard Silas, the former Corporate Secretary of the Company. As at December 31, 2020, \$nil (March 31, 2020 - \$10,404) was included in accounts payable and accrued liabilities for management fees.
- d. Incurred management fees of \$102,000 (December 31, 2019 - \$87,727) to Terri Anne Welyki, Vice President of Communications for the Company. As at December 31, 2020, \$nil (March 31, 2020 - \$9,714) was included in accounts payable and accrued liabilities for reimbursement of expenses.
- e. Incurred management fees of \$14,408 (December 31, 2019 - \$nil) to Andrew Pooler, Senior Vice President of Project Development of the Company.
- f. Incurred management fees of \$8,935 (December 31, 2019 - \$nil) to Thomas Simpson, Senior Vice President of Exploration of the Company.
- g. Incurred rent of \$nil (December 31, 2019 - \$7,500) to Gold Standard Ventures Corp., a company related by a former director and a common officer.
- h. Incurred director fees of \$10,875 (December 31, 2019 - \$5,548) to Darren Blasutti, a director of the Company.
- i. Incurred director fees of \$6,750 (December 31, 2019 - \$4,000) to Glenn Kumoi, a former director of the Company.
- j. Incurred director fees of \$6,000 (December 31, 2019 - \$3,750) to Jeffrey O'Neill, a director of the Company.
- k. Incurred director fees of \$6,000 (December 31, 2019 - \$3,750) to Peter McRae, a director of the Company.
- l. Incurred director fees of \$2,000 (December 31, 2019 - \$nil) to William Wulfange, a director of the Company.
- m. Incurred exploration and evaluation asset expenditures of \$nil (December 31, 2019 - \$69,655) to Caroline Whitehill, former Project Manager of the Company.

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

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

	For the nine months ended	
	December 31,	
	2020	2019
	\$	\$
Management fees	363,968	311,775
Exploration and evaluation assets	-	69,655
Professional fees	54,000	54,000
Share-based compensation	152,116	438,359
	570,084	873,789

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

During the first quarter of 2020, Osisko elected to exercise the Osisko Participation Right in connection with the Teck Financing to purchase an additional 606,928 common shares of the Company at a price of \$0.46 per share for an aggregate purchase price of \$279,187 to maintain its current equity percentage interest in the Company. Osisko’s participation in the Teck Financing constitutes a “related party transaction” for the purposes of MI 61-101 and the Company is relying upon exemptions from the “formal valuation” and “minority shareholder approval” requirements of MI 61-101 on the basis that the fair market value of Osisko’s participation in the Teck Financing is less than 25% of the Company’s current market capitalization. Osisko’s participation in the Teck Financing was closed in July 2019. Osisko elected to not exercise the Osisko Participation Right in connection with the financings that closed in September and October 2020.

Off- Balance Sheet Arrangements

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

Critical Accounting Estimates

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

Financial Instruments and Other Instruments

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

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

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

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

a) *Currency risk*

The Company conducts majority of exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at December 31, 2020, the Company had a foreign currency net monetary asset position of approximately US\$284,759. Each 10% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$28,476.

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 liability as it is not subject to floating interest rates.

d) *Liquidity risk*

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

e) *Commodity price risk*

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

Internal Control over Financial Reporting Procedures

As a venture issuer, the Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are responsible to ensure that the Financial Statements and this MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and that the financial report together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these filings. The certifying officers are also responsible for ensuring processes are in place to provide them with sufficient knowledge to support such representations.

However, in contrast to non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Company's certifying officers are not required to make representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Accordingly, investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of these annual filings as well as interim filings and other reports provided by the Company under securities legislation.

Commitments

The Company has two separate employment agreements with the CEO and executive director and the VP of Corporate Communications of the Company to provide management and other consulting services to the Company for an indefinite term. The agreements require total combined payments of \$24,500 per month. The employment agreement with the CEO and executive director of the Company provides for a two-year payout totalling, on a collective basis, approximately \$458,000 (including average discretionary bonuses paid in the preceding year) in the event of termination following a change in control of the Company or approximately \$403,000 (including average discretionary bonuses paid in the preceding year) in the event of termination without cause. The employment agreement with the VP of Corporate Communications of the Company provides for a one month payout of \$10,000 for each full year employment, up to a maximum of six months payout of \$60,000, in the event of termination without cause or a six months payout of \$60,000 in the event of termination upon change in control.

The Company has two separate management consulting agreements with the former Corporate Secretary and the CFO of the Company to provide management and other consulting services to the Company for an indefinite term. The agreements require total combined payments of \$12,250 per month. The consulting agreements provide for a one-year payout totalling, on a collective basis, approximately \$182,000 (including average discretionary bonuses paid in the preceding two years) in the event of termination without cause and in the event of termination following a change in control of the Company.

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

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

The Company intends to fund these financial commitments in 2021 from existing working capital. See “Liquidity and Capital Resources” above.

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

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

	As at December 31, 2020	Date of this MD&A
Common shares	63,264,918	63,264,918
Stock options	5,866,528	6,324,028
Warrants	9,127,357	8,777,357

As at the date of this MD&A, the Company has 63,264,918 common shares issued and outstanding, of which 3,850,000 shares related to the Sunnyside Option of the Sunnyside Property are subject to cancellation and return to treasury if the Company determines not to proceed with the Sunnyside Option after completing its initial exploration of the Sunnyside Property. See “Geological Summary – Exploration and Evaluation Properties – *Sunnyside Property*”.

Details of the outstanding stock options:

Number of options outstanding	Number of options exercisable	Exercise price \$	Expiry date
1,600,000	1,600,000	0.42	October 6, 2022
600,000	600,000	0.88	November 14, 2022
30,000	30,000	0.365	January 28, 2023
621,528	621,528	0.365	February 26, 2023
100,000	100,000	0.79	April 19, 2023
925,000	925,000	0.50	October 8, 2023
250,000	83,333	0.68	November 16, 2023
400,000	133,333	0.63	December 7, 2023
457,500	152,500	0.47	February 26, 2024
755,000	503,333	0.58	March 1, 2024
385,000	256,667	0.52	April 26, 2024
200,000	133,333	0.53	September 20, 2024
6,324,028	5,139,027		

Details of the outstanding warrants:

Number of warrants	Exercise price \$	Expiry date
8,086,568	0.55	September 29, 2022
690,789	0.55	October 1, 2022
8,777,357		

Forward Looking Statements

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

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

Forward-looking statements and forward-looking information contained or incorporated by reference in this MD&A may relate to the Company’s future financial condition, results of operations, plans, objectives, performance or business developments including, among other things, potential property acquisitions, exploration and work programs, drilling plans and timing of drilling, the performance characteristics of the Company’s exploration and evaluation assets, exploration results of various projects of the Company, projections of market prices and costs, supply and demand for copper, zinc and other base metals, expectations regarding the ability to raise capital and to acquire resources and/or reserves through acquisitions and/or development, treatment under governmental regulatory regimes and tax laws, and capital expenditure programs and the timing and method of financing thereof. Forward-looking statements and forward looking-information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements and information, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include, but are not limited to: (1) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions or otherwise; (2) permitting, access, exploration, expansion and acquisitions at our projects (including, without limitation, land acquisitions for and permitting of exploration plans) being consistent with the Company’s current expectations; (3) the viability, permitting, access, exploration and, if warranted, development of the Sunnyside Property, the Four Metals Property, the Guajolote Mining Claim, the San Antonio Property, and the San Javier Property being consistent with the Company’s current expectations; (4) political developments in Mexico, United States, and the State of Arizona including, without limitation, the implementation of new mining laws and related regulations being consistent with the Company’s current expectations; (5) the exchange rate between the Canadian dollar and the U.S. dollar or between

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

The forward looking statements and forward-looking information contained herein are based on information available as of February 26, 2021.

Other MD&A Requirements

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

- the Company's condensed interim consolidated financial statements for the three and nine months ended December 31, 2020 and 2019; and
- the Company's audited consolidated financial statements for the years ended March 31, 2020 and 2019.

This MD&A has been approved by the Board on February 26, 2021.