BARKSDALE RESOURCES

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2021 AND 2020

(EXPRESSED IN CANADIAN DOLLARS - UNAUDITED)

Notice of no Auditor review of Interim Financial Statements

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

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

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

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

	December 31, 2021	March 31, 2021
	$	$
ASSETS		
Current		
Cash	912,460	5,713,714
Receivables	14,873	25,206
Loans receivable (Note 4)	1,868,196	-
Prepaids	216,294	178,798
	3,011,823	5,917,718
Exploration and evaluation assets (Notes 5 and 10)	12,726,324	9,399,059
Reclamation bond	7,607	-
Right-of-use assets (Note 6)	107,501	132,464
	15,853,255	15,449,241
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 7 and 10)	1,177,024	376,183
Current portion of lease liabilities (Note 6)	24,481	-
	1,201,505	376,183
Government loan payable (Note 8)	60,000	60,000
Lease liabilities (Note 6)	84,583	101,896
	1,346,088	538,079
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	39,246,915	38,373,752
Reserves (Note 9)	2,659,941	2,565,328
Deficit	(27,399,689)	(26,027,918)
	14,507,167	14,911,162
	15,853,255	15,449,241

Nature of Operations and Going Concern (Note 1)
Commitments (Note 14)
Subsequent Events (Note 15)

Approved on behalf of the Board of Directors on February 25, 2022:

"Darren Blasutti" Director *"Peter McRae"* Director

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

BARKSDALE RESOURCES CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars – Unaudited)

	For the three months ended December 31, 2021	For the three months ended December 31, 2020	For the nine months ended December 31, 2021	For the nine months ended December 31, 2020
	$	$	$	$
Expenses				
Advertising and marketing	65,287	95,130	265,676	139,158
Consulting fees	3,000	4,042	47,130	9,000
Depreciation (Note 6)	6,719	11,353	24,963	29,582
Foreign exchange loss	27,214	14,649	54,110	55,167
Insurance	9,955	6,926	28,021	19,262
Interest expense on lease liabilities (Note 6)	1,967	1,792	6,241	4,305
Investor relations	7,679	2,740	13,908	7,740
Management fees (Note 10)	92,125	136,075	276,375	365,825
Office and general	20,899	17,935	60,685	48,062
Professional fees (Note 10)	157,855	70,833	500,360	209,906
Property investigation costs	-	9,981	-	50,906
Rent	12,600	12,600	37,800	37,800
Share-based compensation (Notes 9 and 10)	34,196	358,156	211,805	487,586
Transfer agent and filing fees	14,205	61,058	45,045	81,334
Travel and related	11,874	5,446	38,685	10,820
	(465,575)	(808,716)	(1,610,804)	(1,556,453)
Gain on lease termination	-	2,157	-	2,157
Interest income (Note 4)	52,312	3,459	145,280	10,426
Loss and comprehensive loss for the period	(413,263)	(803,100)	(1,465,524)	(1,543,870)
Basic and diluted loss per share	(0.01)	(0.01)	(0.02)	(0.03)
Weighted average number of common shares outstanding – basic and diluted	64,838,754	63,256,222	64,169,923	50,533,781

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

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

	For the nine months ended December 31, 2021	2020
	$	$
Cash flows used in operating activities		
Loss for the period	(1,465,524)	(1,543,870)
Items not affecting cash		
Depreciation	24,963	29,582
Interest accrual	(144,824)	-
Gain on lease termination	-	(2,157)
Share-based compensation	211,805	487,586
Interest expense on lease liabilities	6,241	4,305
Foreign exchange	28,964	40,133
	(1,338,375)	(984,421)
Changes in non-cash working capital items		
Receivables	11,961	(15,365)
Prepaids	(37,496)	55,663
Accounts payable and accrued liabilities	31,978	(62,790)
	(1,331,932)	(1,006,913)
Cash flows used in investing activities		
Exploration and evaluation asset expenditures	(2,468,923)	(945,171)
Loans receivable	(1,000,000)	-
Reclamation bond	(7,607)	-
	(3,476,530)	(945,171)
Cash flows provided from financing activities		
Proceeds from share issuance	-	6,325,000
Share issuance costs	-	(296,858)
Proceeds from stock options exercised	35,245	-
Repayment of lease liabilities	(28,037)	(33,521)
	7,208	5,994,621
Net change in cash	(4,801,254)	4,042,537
Cash, beginning of the period	5,713,714	2,622,306
Cash, end of the period	912,460	6,664,843

Non-cash transactions		
Exploration and evaluation assets in accounts payable and accrued liabilities	962,223	212,841
Shares issued for exploration and evaluation assets	89,479	1,065,351
Warrant issued for share issuance costs	-	56,292
Reclassification of cancelled stock options	93,753	8,031
Reclassification of exercised stock options	23,439	-
Capitalization of right-of-use assets and lease liabilities	-	136,616
Reclassification of lease termination	-	42,422

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

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

	Number of Shares Issued	Share Capital	Reserves	Accumulated Deficit	Total Shareholders' Equity
		$	$	$	$
Balance at March 31, 2020	**43,768,750**	**31,218,325**	**1,975,962**	**(23,801,255)**	**9,393,032**
Share issued for cash	16,644,737	6,325,000	-	-	6,325,000
Share issued for exploration and evaluation assets	2,851,431	1,065,351	-	-	1,065,351
Share issuance costs	-	(353,150)	56,292	-	(296,858)
Share-based compensation	-	-	487,586	-	487,586
Stock options cancelled	-	-	(8,031)	8,031	-
Net loss for the period	-	-	-	(1,543,870)	(1,543,870)
Balance at December 31, 2020	**63,264,918**	**38,255,526**	**2,511,809**	**(25,337,094)**	**15,430,241**
Share-based compensation	-	-	171,745	-	171,745
Warrants expired	-	118,226	(118,226)	-	-
Net loss for the period	-	-	-	(690,824)	(690,824)
Balance at March 31, 2021	**63,264,918**	**38,373,752**	**2,565,328**	**(26,027,918)**	**14,911,162**
Share issued for exploration and evaluation assets	162,026	89,479	-	-	89,479
Share issued to acquire secured demand loan	1,345,310	725,000	-	-	725,000
Share-based compensation	-	-	211,805	-	211,805
Stock options exercised	66,500	58,684	(23,439)	-	35,245
Stock options cancelled	-	-	(93,753)	93,753	-
Net loss for the period	-	-	-	(1,465,524)	(1,465,524)
Balance at December 31, 2021	**64,838,754**	**39,246,915**	**2,659,941**	**(27,399,689)**	**14,507,167**

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

1. NATURE OF OPERATIONS AND GOING CONCERN

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

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

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

The Company has not generated revenues from its operations to date. As at December 31, 2021, the Company has accumulated net losses of $27,399,689 since inception and has working capital of $1,810,318. The operations of the Company have primarily been funded by the issuance of common shares. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The Company will require additional financing for the upcoming fiscal year in order to maintain its operations and exploration activities. These material uncertainties raise substantial doubt on the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

a) Statement of Compliance

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

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the years ended March 31, 2021 and 2020.

2. BASIS OF PRESENTATION (CONTINUED)

a) Statement of Compliance (continued)

These condensed interim consolidated financial statements for the three and nine months ended December 31, 2021 and 2020 were authorized by the Board of Directors for issuance on February 25, 2022.

b) Basis of Presentation

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

c) Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, TBJ Resources (US) Inc., Arizona Standard Resources Corp., Arizona Standard (US) Corp., IC Exploration Ltd., IC Exploration (US) Ltd., 1260938 BC Ltd., and Estrella de Cobre, S.A. de C.V. All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

d) Use of Estimates and Judgements

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

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

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

(ii) The 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.

2. BASIS OF PRESENTATION (CONTINUED)

d) Use of Estimates and Judgements (continued)

(v) The application of IFRS 16 requires the Company to make judgments that affect the valuation of the right-of-use assets and the valuation of lease liabilities. These include: determining agreements in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows. The lease term determined by the Company is comprised of the non-cancellable period of lease agreements, periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. The present value of the lease payment is determined using a discount rate representing the rate of a commercial mortgage rate, observed in the period when the lease agreement commences or is modified.

(vi) In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect and harm our business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Foreign Currency Transactions

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

b) Recent Accounting Pronouncements

A number of amendments to standards and interpretations applicable to the Company are not yet effective for the nine months ended December 31, 2021 and have not been applied in preparing these condensed interim consolidated financial statements nor does the Company expect these amendments to have a significant effect on its financial statement.

(Expressed in Canadian Dollars – Unaudited)

4. LOANS RECEIVABLE

In May 2021, the Company acquired a $1,725,000 registered demand loan, secured by all of Regal BC's (Note 5) assets, ("Regal Loan") for a cost of $1,000,000 in cash (paid) and the issuance of 1,345,310 shares (issued) (Note 9) from an existing Regal BC debt holder in connection with the Regal Transaction (Note 5). This demand loan accrues interest at 12% per annum and was due on October 2, 2021.

As part of the Regal Transaction, the Company extended a $1,435,470 bridge loan to Regal BC in May 2021 for the purpose of repaying Regal US's (Note 5) existing convertible debenture. This bridge loan accrued interest, compounded monthly at 8% and was due on October 27, 2021. The payment was not accepted by the debenture holder and the bridge loan was returned to the Company in June 2021.

During the nine months ended December 31, 2021, the Company recorded interest income of $143,477 in relation to both loans. As at December 31, 2021, the Company recorded total loans receivable of $1,868,196 (March 31, 2021 - $nil). In February 2022, the loan was repaid in full, including all outstanding interest and related expense reimbursements. (Note 15)

5. EXPLORATION AND EVALUATION ASSETS

	Sunnyside	Four Metals	San Antonio	Guajolote	Canelo and Goat Canyon	San Javier	Total
	$	$	$	$	$	$	$
Balance, March 31, 2020	**5,978,600**	**125,742**	**689,196**	**-**	**-**	**-**	**6,793,538**
Acquisition and staking costs	-	66,139	-	33,095	44,310	988,000	1,131,544
Exploration expenditures:							
Accommodation and related	14,352	-	9,891	-	-	8,963	33,206
Claim maintenance fees	67,097	9,185	72,043	-	-	-	148,325
Consulting	174,150	-	9,235	-	2,308	153,864	339,557
Core transportation	63,798	-	-	-	-	-	63,798
Data analysis	130,300	-	-	-	-	-	130,300
Geological	6,909	-	-	-	-	8,609	15,518
Geophysics	6,013	-	6,014	-	-	52,169	64,196
Permitting	571,507	-	58,690	-	-	-	630,197
Sampling and processing	13,623	-	-	-	-	-	13,623
Storage	110	2,662	-	-	-	14,665	17,437
Supplies and fuel	1,407	-	627	-	-	15,786	17,820
Balance, March 31, 2021	**7,027,866**	**203,728**	**845,696**	**33,095**	**46,618**	**1,242,056**	**9,399,059**
Acquisition and staking costs	-	60,102	-	121,493	2,456	-	184,051
Exploration expenditures:							
Accommodation and related	5,356	-	-	-	-	87,616	92,972
Assaying	-	-	-	-	-	16,984	16,984
Claim maintenance fees	59,488	8,143	63,873	-	178,161	-	309,665
Consulting	118,460	-	3,753	-	1,701	352,266	476,180
Drilling	-	-	-	-	-	1,170,287	1,170,287
Geological	10,779	-	-	-	414	561,721	572,914
Metallurgy	-	-	-	-	-	200,468	200,468
Permitting	140,841	-	15,386	-	2,447	-	158,674
Storage	-	2,014	-	-	-	-	2,014
Supplies and fuel	-	-	-	-	-	143,056	143,056
Balance, December 31, 2021	**7,362,790**	**273,987**	**928,708**	**154,588**	**231,797**	**3,774,454**	**12,726,324**

(Expressed in Canadian Dollars – Unaudited)

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Sunnyside Project

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

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

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

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

Period	Cash $	Exploration Requirement $	Number of Shares
To Earn 51% Interest			
Upon execution of Sunnyside Agreements	100,000 (paid)	-	-
Within 3 days following TSXV acceptance of Option	650,000 (paid)	-	1,250,000 (issued)
On or before end of Year 1 *	1,200,000 ($482,929 fulfilled)	3,000,000 (incurred)	3,850,000 (issued)
On or before end of Year 2	1,000,000	3,000,000	5,000,000
To Increase Interest to 67.5%			
On or before end of Year 3	-	3,000,000	-
On or before end of Year 4	550,000	3,000,000	4,900,000
Total	**3,500,000**	**12,000,000**	**15,000,000**

* Year 1 shall commence on the date the Company has received all required governmental permits including drilling permits to carry out its initial exploration program on the Sunnyside Property. In November 2017, the Company paid the final option payment of $254,700 (US$200,000) to the original optionors on behalf of Regal US and the payment was credited towards the required cash payment of $1,200,000.
* Pursuant to the Regal Transaction, the Company offset $150,000 of transaction costs and $78,229 proxy costs against its option payment obligations due to Regal BC under the Sunnyside Agreement

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

The Sunnyside Agreement further provides that:

a) during the first two years of the Option, Regal US shall vote all of its Barksdale shares in accordance with the recommendations of the Company's management from time to time, other than matters relating solely to Regal US or the Sunnyside Property and subject to Regal US's right to abstain from voting in its discretion;

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Sunnyside Project (Continued)

b) Regal US shall give the Company not less than five (5) days advance notice of any proposed sale of Barksdale shares for so long as Regal US owns 5% or more of the Company's outstanding shares;
c) until such time as the Company has earned a 51% interest in the Sunnyside Property, the Company will not acquire, directly or indirectly, any common shares of Regal Resources Inc. ("Regal BC") without the prior consent of Regal BC;
d) the Company has a 15 day right of first refusal to acquire all or any part of Regal US's remaining interest in the Sunnyside Property in the event of a proposed sale or transfer of such interest by Regal US;
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.

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

In May 2021, the Company entered into a definitive purchase agreement with Regal BC whereby the Company would consolidate a 100% interest in the Sunnyside project (the "Regal Transaction"). Total consideration for the Regal Transaction was to consist of: 1) issuance of up to 18,150,000 common shares of the Company; 2) release of 3,850,000 common shares of the Company that are held in escrow per the Sunnyside Agreement; and 3) acquisition and forgiveness of up to $4,000,000 of Regal BC's existing debt facilities. Subsequently in July 2021, Regal BC failed to obtain the required number of votes for approval of the Regal Transaction, and as a result, the Regal Transaction was terminated. Pursuant to the definitive purchase agreement, the Company is entitled to offset $150,000 of transaction costs against its future option payment obligations due to Regal BC under the Sunnyside Agreement. Additionally, the Company will offset double the costs against the Sunnyside Agreement related to Regal BC's hiring of a proxy agent.

Four Metals Project

In April 2018, the Company entered into a definitive option agreement with MinQuest, Ltd. and Allegiant Gold (U.S.) Ltd., a wholly-owned subsidiary of Allegiant Gold Ltd. (together "Allegiant") to acquire a 100% undivided interest in the Four Metals property ("Four Metals") located in Santa Cruz County, Arizona.

(Expressed in Canadian Dollars – Unaudited)

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Four Metals Project (Continued)

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

Date	Cash US$	Value of Shares US$	Total US$
Upon execution of option agreement	(paid) 25,000	-	25,000
April 19, 2019	(paid) 25,000	(issued) 25,000	50,000
April 19, 2020	(paid) 25,000	(issued) 25,000	50,000
April 19, 2021	(paid) 25,000	(issued) 25,000	50,000
April 19, 2022	25,000	25,000	50,000
April 19, 2023	100,000	125,000	225,000
Total	**225,000**	**225,000**	**450,000**

San Antonio Project

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

Guajolote Patented Mining Claim

In June 2020, the Company entered into an option agreement to acquire a 100% interest in a patented mining claim. The property is located within close proximity to the Company's projects located in Santa Cruz County, Arizona. In order to exercise the option, the Company will make option payments in cash and commons shares of the Company (based on the volume weighted average of the Company's shares for the twenty trading days immediately preceding the date of issue subject to a minimum issue price of $0.38) to the optionors as follows:

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

The share consideration of the option payments is subject to certain acceleration clauses. In June 2021, the Company fulfilled its commitments and acquired a 100% undivided interest in the Guajolote Patented Mining Claim Property.

(Expressed in Canadian Dollars – Unaudited)

5. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Canelo and Goat Canyon Property

In March 2021, the Company entered into a purchase and sale agreement to acquire a 100% interest in two separate copper exploration projects, the Canelo and Goat Canyon properties located in Santa Cruz Country, Arizona, from Kennecott Exploration Inc. (“Kennecott”).

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

San Javier Project

In September 2020, the Company entered into a definitive option agreement to acquire a 100% interest in the San Javier copper-gold project from Tusk Exploration Ltd. (“Tusk”) The San Javier property is located in central Sonora, Mexico. In order to exercise the option, the Company will make option payments to the optionors as follows:

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

* Certain title issues exist with respect to three of the twelve mining concessions. Tusk has agreed to defer 35% of the Year 1 and Year 2 option cash and share payments until the title issues are rectified resulting in the Year 1 cash and share option payments being reduced from $50,000 cash and 4,000,000 common shares of the Company to $32,500 cash and 2,600,000 common shares. Tusk is in the process of rectifying the title issues, at which time the deferred Year 1 payments (being $17,500 cash and 1,400,000 common shares) and, if applicable, any deferred Year 2 payments will be due. The payment dates can be changed as mutually agreed by both parties. In February 2022, Tusk confirmed that the option agreement is in good standing and agreed that the Year 1 payments be temporarily postponed until further directed.

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.

(Expressed in Canadian Dollars – Unaudited)

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-Use Assets

	Office Leases
Cost:	**$**
At March 31, 2020	99,757
Additions	136,616
Lease terminated	(80,530)
At March 31 and December 31, 2021	155,843
Depreciation:	
At March 31, 2020	24,939
Adjustment from lease terminated	(40,265)
Charge for the year	38,705
At March 31, 2021	23,379
Charge for the period	24,963
At December 31, 2021	48,342
Net book value:	
At March 31, 2021	132,464
At December 31, 2021	**107,501**

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

Lease Liabilities

	$
At March 31, 2020	77,337
Lease liabilities recognized as of December 1, 2020	136,616
Lease terminated as of December 31, 2020	(39,094)
Gain on lease termination	(2,127)
Lease payments made	(69,889)
Interest expense on lease liabilities	6,736
Foreign exchange adjustment	(7,683)
At March 31, 2021	101,896
Lease payments made	(28,037)
Interest expense on lease liabilities	6,241
Foreign exchange adjustment	28,964
	109,064
Less: current portion	(24,481)
At December 31, 2021	84,583

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

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

	$
Fiscal 2022	7,835
Fiscal 2023	31,496
Fiscal 2024	31,496
Fiscal 2025	31,496
Fiscal 2026	23,622

(Expressed in Canadian Dollars – Unaudited)

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2021	March 31, 2021
	$	$
Accounts payable	1,169,477	206,616
Accrued liabilities	7,547	169,567
	1,177,024	**376,183**

8. GOVERNMENT LOAN PAYABLE

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

9. SHARE CAPITAL AND RESERVES

Authorized Share Capital

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

Issued Share Capital

During the year ended March 31, 2021:

In April 2020, the Company issued 136,986 common shares with a fair value of $31,506 in accordance with the option agreement for Four Metals (Note 5).

In June 2020, the Company issued 89,445 common shares with a fair value of $33,095 in accordance with the option agreement for Guajolote Lode Mining Claim (Note 5).

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. The Company incurred finders' fees and cash expenses of $296,858 and issued 454,989 finders' warrants in connection with the financing.

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 San Javier Project (Note 5).

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 clause, of 24 months following the closing of financing.

9. SHARE CAPITAL AND RESERVES (CONTINUED)

Issued Share Capital (Continued)

In October 2020, the Company closed an agreement to acquire historic diamond drill core samples and data related to the Sunnyside Project (Note 5) in exchange for 25,000 common shares of the Company with a fair value of $12,750.

During the nine months ended December 31, 2021:

In April 2021, the Company issued 61,888 common shares with a fair value of $29,397 in accordance with the option agreement for the Four Metals (Note 5).

In June 2021, the Company issued 100,138 common shares with a fair value of $60,083 in accordance with the option agreement for the Guajolote Patented Mining Claim (Note 5).

In August 2021, the Company issued 1,345,310 common shares with a fair value of $725,000 in connection with the acquisition of a $1,725,000 secured demand loan (Note 4).

During the nine months ended December 31, 2021, the Company issued 66,500 common shares in connection with the exercise of 66,500 stock options with an exercise price of $0.53 for total proceeds of $35,245.

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 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. The options were valued at $257,827 using the Black-Scholes pricing model with the following assumptions: estimated life of three years, risk-free rate of 0.25%, volatility of 93%, and nil forecasted dividend yield.

In November 2020, 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. The options were valued at $87,925 using the Black-Scholes pricing model with the following assumptions: estimated life of three years, risk-free rate of 0.30%, volatility of 87%, and nil forecasted dividend yield.

In December 2020, the Company granted 400,000 stock options to an officer 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. The options were valued at $139,071 using the Black-Scholes pricing model with the following assumptions: estimated life of three years, risk-free rate of 0.25%, volatility of 87%, and nil forecasted dividend yield.

(Expressed in Canadian Dollars – Unaudited)

9. SHARE CAPITAL AND RESERVES (CONTINUED)

Stock Options (Continued)

In February 2021, the Company granted 459,500 stock options to various directors, officers, and consultants of the Company at an exercise price of $0.47 per share for a period of three years, vested as follows: 1/3 on the date of grant, 1/3 six months from the date of grant, and 1/3 twelve months from the date of grant. The options were valued at $122,496 using the Black-Scholes pricing model with the following assumptions: estimated life of three years, risk-free rate of 0.32%, volatility of 89%, and nil forecasted dividend yield.

In May 2021, the Company granted 200,000 stock options to a consultant of the Company at an exercise price of $0.53 per share for a period of three years, vested as follows: 1/3 on the date of grant, 1/3 six months from the date of grant, and 1/3 twelve months from the date of grant. The options were valued at $70,492 using the Black-Scholes pricing model with the following assumptions: estimated life of three years, risk-free rate of 0.49%, volatility of 89%, and nil forecasted dividend yield.

During the nine months ended December 31, 2021, the Company recorded share-based compensation of $211,805 (December 31, 2020 - $487,586). In addition, 235,000 stock options were cancelled and as a result, $93,753 was reclassified from reserves to deficit.

A summary of stock option activities is as follows:

	Number of options	Weighted average exercise price
	#	$
Balance, March 31, 2020	**4,306,528**	**0.53**
Granted	2,034,500	0.54
Cancelled	(15,000)	0.58
Balance, March 31, 2020	**6,326,028**	**0.53**
Granted	200,000	0.53
Exercised	(66,500)	0.53
Cancelled	(235,000)	0.42
Balance, December 31, 2021	**6,224,528**	**0.54**

A summary of the stock options outstanding and exercisable at December 31, 2021 is as follows:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
$			
0.42	1,365,000	1,365,000	October 6, 2022
0.88	600,000	600,000	November 14, 2022
0.365	30,000	20,000	January 28, 2023
0.365	621,528	621,528	February 27, 2023
0.79	100,000	100,000	April 19, 2023
0.50	925,000	925,000	October 8, 2023
0.68	250,000	250,000	November 16, 2023
0.63	400,000	400,000	December 7, 2023
0.47	459,500	306,333	February 26, 2024
0.58	755,000	755,000	March 1, 2024
0.52	385,000	385,000	April 26, 2024
0.53	133,500	66,833	May 12, 2024
0.53	200,000	200,000	September 20, 2024
	6,224,528	5,994,694	

The weighted average life of options outstanding at December 31, 2021 was 1.56 years.

(Expressed in Canadian Dollars – Unaudited)

9. SHARE CAPITAL AND RESERVES (CONTINUED)

Warrants

In September 2020, 7,631,579 warrants and 454,988 finder's warrants were issued in connection with the private placement financing. Each warrant or finder's warrant entitles the holder to purchase one common share of the Company at a price of $0.55 for a period of two years from closing. The 454,988 finders' warrants were valued at $56,292 using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 0.25%, volatility of 80%, and nil forecasted dividend yield.

In October 2020, 690,790 warrants were issued in connection with the private placement financing. Each warrant entitles the holder to purchase one common share of the Company at a price of $0.55 for a period of two years from closing.

A summary of warrant activities is as follows:

	Number of warrants	Weighted average exercise price
	#	$
Balance, March 31, 2020	**350,000**	**0.60**
Issued	8,777,357	0.55
Expired	(350,000)	0.60
Balance, March 31 and December 31, 2021	**8,777,357**	**0.55**

A summary of the warrants outstanding and exercisable at December 31, 2021 is as follows:

Exercise Price	Number Outstanding and Exercisable	Expiry Date
$		
0.55	8,086,567	September 29, 2022
0.55	690,790	October 1, 2022
	8,777,357	

The weighted average life of warrants outstanding at December 31, 2021 was 0.75 years.

(Expressed in Canadian Dollars – Unaudited)

10. RELATED PARTY TRANSACTIONS AND BALANCES

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

During the nine months ended December 31, 2021, the Company entered into the following transactions with key management personnel:

	For the nine months ended December 31,	
	2021	2020
	$	$
Management fees	**276,375**	363,968
Exploration and evaluation assets	**170,755**	-
Professional fees	**76,500**	54,000
Share-based compensation	**144,575**	152,116
	668,205	570,084

As at December 31, 2021, the Company has $6,842 (March 31, 2021 - $88,150) included in accounts payable and accrued liabilities due to officers, directors, and companies controlled by officers and directors for management fees, professional fees, and reimbursement of expenses.

11. SEGMENTED INFORMATION

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

December 31, 2021	**Canada**	**USA**	**Mexico**	**Total**
	$	$	$	$
Exploration and evaluation assets	-	8,951,870	3,774,454	12,726,324
Reclamation bond	-	7,607	-	7,607
Right-of-use assets	-	107,501	-	107,501
Other assets	2,835,893	173,234	2,696	3,011,823
Total assets	2,835,893	9,240,212	3,777,150	15,853,255

March 31, 2021	**Canada**	**USA**	**Mexico**	**Total**
	$	$	$	$
Exploration and evaluation assets	-	8,157,003	1,242,056	9,399,059
Right-of-use assets	-	132,464	-	132,464
Other assets	5,681,385	236,333	-	5,917,718
Total assets	5,681,385	8,525,800	1,242,056	15,449,241

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

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

a) Currency risk
The Company conducts the majority of exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at December 31, 2021, the Company had a US foreign currency net monetary asset position of approximately US$202,759 and a MXN Peso net monetary liabilities position of approximately MXN Peso 14,341,218. Each 10% change in the US dollar and Mexican peso relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately $25,700 and $89,100, respectively.

b) Credit risk
Credit risk is risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's cash is held in large Canadian financial institutions and its receivables are due from the Government of Canada. As such, the Company determined that it is not exposed to significant credit risk.

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

13. CAPITAL MANAGEMENT

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

There were no changes in the Company's approach to capital management during the nine months ended December 31, 2021. The Company is not subject to externally imposed capital requirements.

14. COMMITMENTS

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 and the average discretionary bonuses paid in the preceding two years 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 total payments of $102,000 per annum ($8,500 per month). Included in the agreement is a provision for a one year payout and the average discretionary bonuses paid in the preceding two years in the event of termination without cause or in the event of a change in control.

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 one year payout in the event of termination upon change in control.

In November 2020, the Company entered into an employment agreement with an officer of the Company to oversee the advancement of the Company's project portfolio for an indefinite term. The agreement requires a payment of US$7,167 per month. Included in the agreement is a provision for a two year payout and the average discretionary bonuses paid in the preceding two years in the event of termination following a change in control and a six month payout in the event of termination without cause.

In December 2020, the Company entered into an employment agreement with an officer of the Company to oversee the advancement of the Company's project explorations for an indefinite term. The agreement requires a payment of US$6,667 per month. Included in the agreement is a provision for a two year payout and the average discretionary bonuses paid in the preceding two years in the event of termination following a change in control and a six month payout in the event of termination without cause.

In February 2021, the Company entered into a consulting agreement with an officer of the Company to provide management services to the Company for one year, renewable annually. The agreement requires a payment of $3,000 per month. Included in the agreement is a provision for two months payout in the event of termination without cause or a one year payout in the event of a change in control.

15. SUBSEQUENT EVENTS

1. In February 2022, the Company closed a non-brokered private placement of $1,750,000 secured convertible debentures ("Debentures") arranged through Delbrook Capital Advisors Inc., an existing securityholder of the Company. The Debentures bear interest at 10% per annum and are secured by a general security agreement over all of the present and after-acquired personal property of the Company as well as a pledge of shares over IC Exploration Ltd. that holds the San Antonio, Goat Canyon, and Canelo properties in Arizona. The Debentures mature on December 31, 2022 and are convertible into common shares of the Company at any time by the purchaser prior to maturity at a conversion price of $0.45 per share.

2. In February 2022, the Regal Loan was repaid in full, including all outstanding interest and related expense reimbursements (Note 4).