BARKSDALE RESOURCES

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS - UNAUDITED)

Notice of no Auditor review of Interim Financial Statements

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

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

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

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

	December 31, 2022	March 31, 2022
	$	$
ASSETS		
Current		
Cash	3,272,015	2,954,681
Receivables	29,767	12,609
Prepaids	252,485	206,638
	3,554,267	3,173,928
Exploration and evaluation assets (Notes 4 and 10)	15,377,804	13,370,410
Reclamation bond	8,126	7,498
Right-of-use assets (Note 5)	80,626	100,782
	19,020,823	16,652,618
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 6 and 10)	345,321	610,013
Current portion of lease liabilities (Note 5)	28,044	24,554
Convertible debentures (Note 7)	1,370,189	1,637,622
	1,743,553	2,272,189
Government loan payable (Note 8)	60,000	60,000
Lease liabilities (Note 5)	62,316	77,068
	1,865,869	2,409,257
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	43,739,732	39,246,915
Reserves (Note 9)	3,397,565	2,672,111
Equity component of convertible debentures (Note 7)	138,638	128,343
Deficit	(30,120,981)	(27,804,008)
	17,154,954	14,243,361
	19,020,823	16,652,618

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

Approved on behalf of the Board of Directors on February 27, 2023:

"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,		For the nine months ended December 31,	
	2022	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
Expenses				
Advertising and marketing	48,741	65,287	109,414	265,676
Consulting fees	-	3,000	1,839	47,130
Depreciation (Note 5)	6,718	6,719	20,156	24,963
Financing charges	31,737	-	127,810	-
Foreign exchange loss	76,848	27,214	75,408	54,110
Insurance	11,565	9,955	32,066	28,021
Interest expense (Notes 5 and 7)	39,088	1,967	125,024	6,241
Investor relations	6,970	7,679	14,538	13,908
Management fees (Note 10)	120,544	92,125	320,144	276,375
Office and general	24,111	20,899	63,140	60,685
Professional fees (Note 10)	57,161	157,855	181,646	500,360
Rent	20,123	12,600	56,741	37,800
Share-based compensation (Notes 9 and 10)	277,421	34,196	280,125	211,805
Transfer agent and filing fees	17,413	14,205	45,482	45,045
Travel and related	20,496	11,874	56,550	38,685
	(758,936)	(465,575)	(1,510,083)	(1,610,804)
Interest income	19,675	52,312	20,559	-
Loss on settlement of debt (Note 7)	(988,437)	-	(988,437)	-
Loss before income tax	(1,727,698)	(413,263)	(2,477,961)	(1,610,804)
Deferred tax recovery	51,277	-	51,277	-
Loss and comprehensive loss for the period	(1,676,421)	(413,263)	(2,426,684)	(1,610,804)
Basic and diluted loss per share	(0.02)	(0.01)	(0.04)	(0.03)
Weighted average number of common shares outstanding – basic and diluted	72,755,168	64,838,754	68,023,546	64,169,923

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, 2022	2021
	$	$
Cash flows used in operating activities		
Loss for the period	(2,426,684)	(1,610,804)
Items not affecting cash		
Depreciation	20,156	24,963
Interest accrual	(19,675)	(144,824)
Financing charges	127,810	-
Loss on settlement of debt	988,434	-
Deferred tax recovery	(51,277)	-
Share-based compensation	280,125	211,805
Interest expense	123,291	6,241
Unrealized foreign exchange loss	9,610	28,964
	(948,210)	(1,483,655)
Changes in non-cash working capital items		
Receivables	2,517	11,961
Prepaids	(45,847)	(37,496)
Accounts payable and accrued liabilities	(220,996)	31,978
	(1,212,536)	(1,477,212)
Cash flows used in investing activities		
Exploration and evaluation asset expenditures	(2,019,255)	(2,468,923)
Loan receivable	-	(1,000,000)
Reclamation bond	-	(7,607)
	(2,019,255)	(3,476,530)
Cash flows provided from financing activities		
Proceeds from share issuance	2,483,001	-
Share issuance costs	(64,203)	-
Proceeds from stock options exercised	528,555	35,245
Proceeds from warrants exercised	635,071	-
Repayment of interest from convertible debenture	(8,125)	-
Repayment of lease liabilities	(25,174)	(28,037)
	3,549,125	7,208
Net change in cash	317,334	(4,946,534)
Cash, beginning of the period	2,954,681	5,713,714
Cash, end of the period	3,272,015	767,180

Non-cash transactions		
Exploration and evaluation assets in accounts payable and accrued liabilities	299,669	962,223
Shares issued for exploration and evaluation assets	31,836	89,479
Warrant issued for share issuance costs	26,175	-
Share issued for convertible debentures	363,958	-
Reclassification of equity portion of convertible debenture	18,334	-
Reclassification of cancelled stock options	-	93,753
Reclassification of exercised stock options	481,910	23,439
Reclassification of expired warrants	31,548	-
Reclassification of exercised warrants	24,745	-

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

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

	Number of Shares Issued	Share Capital	Reserves	Equity component of convertible debentures	Accumulated Deficit	Total Shareholders' Equity
		$	$	$	$	$
Balance at March 31, 2021	**63,264,918**	**38,373,752**	**2,565,328**	**-**	**(26,027,918)**	**14,911,162**
Share issued for exploration and evaluation assets	162,026	89,479	-	-	-	89,479
Share issued to acquire secured demand loan	1,345,310	725,000	-	-	-	725,000
Share-based compensation	-	-	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**
Share-based compensation	-	-	12,170	-	-	12,170
Convertible debenture equity	-	-	-	128,343	-	128,343
Net loss for the period	-	-	-	-	(404,319)	(404,319)
Balance at March 31, 2022	**64,838,754**	**39,246,915**	**2,672,111**	**128,343**	**(27,804,008)**	**14,243,361**
Share issued for cash	5,172,917	2,483,000	-	-	-	2,483,000
Share issued for exploration and evaluation assets	67,736	31,836	-	-	-	31,836
Share issued for convertible debentures	795,021	366,530	-	(18,334)	-	348,196
Convertible debenture equity	-	-	-	28,629	-	28,629
Share issuance costs	-	(90,378)	26,175		-	(64,203)
Share-based compensation	-	-	280,125	-	-	280,125
Stock options exercised	1,223,500	1,010,465	(481,910)	-	-	528,555
Stock options expired	-	-	(109,711)	-	109,711	-
Warrants issued for convertible debentures	-	-	1,067,068	-	-	1,067,068
Warrants exercised	1,154,675	659,816	(24,745)	-	-	635,071
Warrants expired	-	31,548	(31,548)	-	-	-
Net loss for the period	-	-	-	-	(2,426,684)	(2,426,684)
Balance at December 31, 2022	**73,252,603**	**43,739,732**	**3,397,565**	**138,638**	**(30,120,981)**	**17,154,954**

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, 2022, the Company has accumulated net losses of $30,120,981 since inception and has working capital of $1,810,714. The operations of the Company have primarily been funded by the issuance of common shares and convertible debentures. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. The Company may require additional financing for the upcoming fiscal year in order to maintain its operations and exploration activities. These material uncertainties raise substantial doubt on the Company's ability to continue as a going concern.

2. BASIS OF PRESENTATION

a) Statement of Compliance

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

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

These condensed interim consolidated financial statements for the three and nine months ended December 31, 2022 and 2021 were authorized by the Board of Directors for issuance on February 27, 2023.

2. BASIS OF PRESENTATION (CONTINUED)

b) Basis of Presentation

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

c) Basis of Consolidation

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

d) Use of Estimates and Judgements

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

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

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

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

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

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

2. BASIS OF PRESENTATION (CONTINUED)

d) Use of Estimates and Judgements (continued)

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Foreign Currency Transactions

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

b) Recent Accounting Pronouncements

A number of amendments to standards and interpretations applicable to the Company are not yet effective for the nine months ended December 31, 2022 and have not been applied in preparing these condensed interim consolidated financial statements nor does the Company expect these amendments to have a significant effect on its financial statement.

(Expressed in Canadian Dollars – Unaudited)

4. EXPLORATION AND EVALUATION ASSETS

	Sunnyside	Four Metals	San Antonio	Guajolote	Canelo and Goat Canyon	San Javier	Total
	$	$	$	$	$	$	$
Balance, March 31, 2021	**7,027,866**	**203,728**	**845,696**	**33,095**	**46,618**	**1,242,056**	**9,399,059**
Acquisition and staking costs	-	60,102	-	121,493	2,456	-	184,051
Exploration expenditures:							
Accommodation and related	5,356	-	-	-	-	110,266	115,622
Assaying	-	-	-	-	-	39,842	39,842
Claim maintenance fees	59,488	8,143	63,873	-	178,161	45,943	355,608
Consulting	166,452	-	5,890	-	1,701	453,797	627,840
Drilling	-	-	2,597	-	-	1,212,155	1,214,752
Geological	10,779	-	340	-	414	748,905	760,438
Metallurgy	-	-	-	-	-	329,507	329,507
Permitting	166,431	-	15,386	-	2,447	-	184,264
Storage	-	2,721	-	-	-	-	2,721
Supplies and fuel	-	-	-	-	-	156,706	156,706
Balance, March 31, 2022	**7,436,372**	**274,694**	**933,782**	**154,588**	**231,797**	**4,339,177**	**13,370,410**
Acquisition and staking costs	-	63,585	-	-	-	-	63,585
Exploration expenditures:							
Accommodation and related	7,283	-	-	-	-	8,199	15,482
Assaying	-	-	-	-	-	2,852	2,852
Claim maintenance fees	61,842	8,395	91,298	-	148,753	10,550	320,838
Consulting	170,646	-	13,271	-	-	445,170	629,087
Core transportation	1,043	-	-	-	-	-	1,043
Drilling	-	-	2,803	-	-	272,728	275,531
Geological	1,576	-	1,716	-	-	413,010	416,302
Metallurgy	-	-	-	-	-	17,197	17,197
Permitting	160,885	-	-	-	-	6,844	167,729
Storage	-	2,321	-	-	-	-	2,321
Supplies and fuel	-	-	-	-	-	95,427	95,427
Balance, December 31, 2022	**7,839,647**	**348,995**	**1,042,870**	**154,588**	**380,550**	**5,611,154**	**15,377,804**

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.

(Expressed in Canadian Dollars – Unaudited)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Sunnyside Project (Continued)

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

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

* Year 1 shall commence on the date the Company has received all required governmental permits including drilling permits to carry out its initial exploration program on the Sunnyside Property. In November 2017, the Company paid the final option payment of $254,700 (US$200,000) to the original optionors on behalf of Regal US and the payment was credited towards the required cash payment of $1,200,000.
* Pursuant to the Regal Transaction (Note 4), the Company offset $150,000 of transaction costs and $78,229 proxy costs against its option payment obligations due to Regal BC under the Sunnyside Agreement

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

The Sunnyside Agreement further provides that:

a) during the first two years of the Option, Regal US shall vote all of its Barksdale shares in accordance with the recommendations of the Company's management from time to time, other than matters relating solely to Regal US or the Sunnyside Property and subject to Regal US's right to abstain from voting in its discretion;
b) Regal US shall give the Company not less than five (5) days advance notice of any proposed sale of Barksdale shares for so long as Regal US owns 5% or more of the Company's outstanding shares;
c) until such time as the Company has earned a 51% interest in the Sunnyside Property, the Company will not acquire, directly or indirectly, any common shares of Regal Resources Inc. ("Regal BC") without the prior consent of Regal BC;
d) the Company has a 15 day right of first refusal to acquire all or any part of Regal US's remaining interest in the Sunnyside Property in the event of a proposed sale or transfer of such interest by Regal US;

(Expressed in Canadian Dollars – Unaudited)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Sunnyside Project (Continued)

e) the Company is subject to an acceleration payment clause in the case of change of control of the Company or a transfer of the interest in the Sunnyside Property to a third party during the Option earn-in period; and
f) the Sunnyside Agreement is subject to a net smelter return ("NSR") between 1.5% to 3%.

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

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

In May 2021, the Company entered into a definitive purchase agreement with Regal BC whereby the Company would consolidate a 100% interest in the Sunnyside project (the "Regal Transaction"). Subsequently in July 2021, Regal BC failed to obtain the required number of votes for approval of the Regal Transaction, and as a result, the Regal Transaction was terminated. Pursuant to the definitive purchase agreement, the Company is entitled to offset $150,000 of transaction costs against its future option payment obligations due to Regal BC under the Sunnyside Agreement. Additionally, the Company will offset double the costs against the Sunnyside Agreement related to Regal BC's hiring of a proxy agent.

Four Metals Project

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

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

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

San Antonio Project

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

(Expressed in Canadian Dollars – Unaudited)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Guajolote Patented Mining Claim

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

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

In June 2021, the Company fulfilled its commitments and acquired a 100% undivided interest in the Guajolote Patented Mining Claim Property.

Canelo and Goat Canyon Property

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

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

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

San Javier Project

In September 2020, the Company entered into a definitive option agreement to acquire a 100% interest in the San Javier copper-gold project from Tusk Exploration Ltd. ("Tusk") The San Javier property is located in central Sonora, Mexico.

(Expressed in Canadian Dollars – Unaudited)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

San Javier Project (Continued)

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

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

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

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

5. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-Use Assets

	Office Leases
Cost:	**$**
At March 31, 2021, March 31 and December 31, 2022	155,843
Depreciation:	
At March 31, 2021	23,379
Charge for the year	31,682
At March 31, 2022	55,061
Charge for the period	20,156
At December 31, 2022	75,217
Net book value:	
At March 31, 2022	100,782
At December 31, 2022	**80,626**

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

(Expressed in Canadian Dollars – Unaudited)

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

Lease Liabilities

	$
At March 31, 2021	101,896
Lease payments made	(35,878)
Interest expense on lease liabilities	8,115
Foreign exchange adjustment	27,489
At March 31, 2022	101,622
Lease payments made	(25,174)
Interest expense on lease liabilities	3,674
Foreign exchange adjustment	10,238
	90,360
Less: current portion	(28,044)
At December 31, 2022	62,316

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

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

	$
Fiscal 2023	8,370
Fiscal 2024	33,481
Fiscal 2025	33,481
Fiscal 2026	25,111

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2022	March 31, 2022
	$	$
Accounts payable	315,495	476,091
Accrued liabilities	29,826	133,922
	345,321	**610,013**

(Expressed in Canadian Dollars – Unaudited)

7. CONVERTIBLE DEBENTURES

Convertible debentures

	$
Balance, March 31, 2021	-
Proceeds	1,750,000
Allocation of proceeds to equity component	(175,813)
Financing charges	31,791
Accrued interest	31,644
Balance, March 31, 2022	1,637,622
Share issued for convertible debenture	(264,792)
Repayment of interest from convertible debentures	(8,125)
Financing charges	141,821
Accrued interest	90,439
Gain on settlement of debt	(96,965)
Balance, October 21, 2022	1,500,000
Allocation of proceeds to equity component	(189,915)
Accretion	30,926
Accrued interest	29,178
Balance, December 31, 2022	**1,370,189**

In January 2022, the Company closed and issued convertible debentures for aggregate total proceeds of $1,750,000 ("2022 Debentures") which bear interest at 10% per annum and matured on December 31, 2022.

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

In October 2022, the Company extended the maturity date of the 2022 Debentures, with a remaining principal amount of $1,500,000, by one year until December 31, 2023 ("Debenture Extension"). As a result, the 2022 Debentures were extinguished, and the Debenture Extension was recognized. A gain of $96,965 on settlement of debt was recognized related to the modification to the debt component, a loss of $18,334 was recognized related to the modification of the equity component, and a further loss of $1,067,068 was recognized on the settlement of debt related to an extension fee for a net loss on settlement of debt of $988,437. The remaining terms of the 2022 Debentures remain unchanged, except for the increase of the conversion price from $0.45 to $0.55 per share.

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

In exchange for extending the 2022 Debentures, the Company issued an extension fee of 2,777,777 share purchase warrants, exercisable into 2,777,777 common shares of the Company at a price of $0.72 for a period lasting up to December 31, 2023 ("Extension Warrants"). Should any part of the 2022 Debentures be repaid or converted prior to the maturity date, a pro-rata portion of the Extension Warrants will have their maturity date accelerated to the later of (i) one year from closing of the Debenture Extension, and (ii) 30 days after the date of repayment or conversion. The 2,777,000 warrants were valued at $1,067,068 using the Black-Scholes pricing model with the following assumptions: estimated life of 1.19 years, risk-free rate of 4.20%, and volatility of 97% and were expensed as a loss on settlement of debt.

7. CONVERTIBLE DEBENTURES (CONTINUED)

At the option of the lenders, the lenders can convert their debentures and any accrued interest into common shares of the Company, for a price equal to $0.55 per share prior to maturity. In the event the convertible debentures remain outstanding at maturity, the debentures with its accrued interest will be payable, in cash or shares, at the option of the lenders, at $0.55 per common share.

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

The 2022 Debentures are compound instruments, and the proceeds are required to be bifurcated to record the fair value of the separate debt and equity components. The fair value of the debt was determined using a discounted cash flow model using an estimated market interest rate for equivalent debt of 12%. The initial fair value of the debt was calculated to be $1,574,187 with the residual portion of $175,813 allocated to equity. In addition, the resulting deferred tax amount of $47,470 was charged to the equity component. Pursuant to the Debenture Extension, the fair value of the debt was recalculated to be $1,310,085 with the residual portion of $189,915 allocated to equity. In addition, the resulting deferred tax amount of $51,277 was charged to the equity component.

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, 2022:

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

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

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

During the year ended March 31, 2022, the Company issued 66,500 common shares in connection with the exercise of 66,500 stock options with an exercise price of $0.53 for total proceeds of $35,245.

9. SHARE CAPITAL AND RESERVES (CONTINUED)

Issued Share Capital (Continued)

During the nine months ended December 31, 2022:

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

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

In September 2022 and October 2022, the Company closed two private placement financings of 4,622,917 and 550,000 units respectively, at a price of $0.48 per unit for gross proceeds of $2,483,000. Each unit consists of one common share of the Company and one-half share purchase warrant. Each warrant shall entitle the holder to purchase an additional common share of the Company at a price of $0.72 for a period of three years. The Company incurred finders' fees and cash expenses of $47,186 and issued 96,740 finders' warrants with a fair value of $26,175 in connection with the financing.

During the nine months ended December 31, 2022, the Company issued 1,154,675 common shares in connection with the exercise of 1,154,675 warrants with an exercise price of $0.55 for total proceeds of $635,071. In addition, the Company issued 1,090,000 common shares in connection with the exercise of 1,090,000 options with an exercise price of $0.42 for total proceeds of $457,800 and 133,500 common shares in connection with the exercise of 133,500 options with an exercise price of $0.53 for total proceeds of $70,755.

In October 2022, the Company issued 206,595 units as payment of the $99,166 accrued interest payable on the convertible debt. Each unit consists of one common share of the Company and one-half share purchase warrant. Each warrant shall entitle the holder to purchase an additional common share of the Company at a price of $0.72 for a period of three years.

Stock Options

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

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

In December 2022, the Company granted 1,777,000 stock options to directors, officers and consultants of the Company at an exercise price of $0.62 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 $690,119 using the Black-Scholes pricing model with the following assumptions: estimated life of three years, risk-free rate of 3.77%, volatility of 90%, and nil forecasted dividend yield.

(Expressed in Canadian Dollars – Unaudited)

9. SHARE CAPITAL AND RESERVES (CONTINUED)

Stock Options (Continued)

During the nine months ended December 31, 2022, the Company recorded share-based compensation of $280,125 (December 31, 2021 - $211,805). In addition, the Company issued 1,090,000 common shares in connection with the exercise of 1,090,000 options with an exercise price of $0.42 for total proceeds of $457,800 and 133,500 common shares in connection with the exercise of 133,500 options with an exercise price of $0.53 for total proceeds of $70,755. As a result, the Company transferred $481,910 representing the fair value of the exercised share options from reserves to share capital.

A summary of stock option activities is as follows:

	Number of options	Weighted average exercise price
	#	$
Balance, March 31, 2021	**6,326,028**	**0.53**
Granted	200,000	0.53
Exercised	(66,500)	0.53
Cancelled	(235,000)	0.42
Balance, March 31, 2022	**6,224,528**	**0.54**
Granted	1,777,000	0.62
Exercised	(1,090,000)	0.42
Exercised	(133,500)	0.53
Cancelled	(275,000)	0.42
Cancelled	(600,000)	0.88
Balance, December 31, 2022	**5,903,028**	**0.55**

A summary of the stock options outstanding and exercisable at December 31, 2022 is as follows:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
$			
0.365	*30,000	30,000	January 28, 2023
0.365	**621,528	621,528	February 27, 2023
0.79	100,000	100,000	April 19, 2023
0.50	***925,000	925,000	October 8, 2023
0.68	250,000	250,000	November 16, 2023
0.63	400,000	400,000	December 7, 2023
0.47	459,500	459,500	February 26, 2024
0.58	755,000	755,000	March 1, 2024
0.52	385,000	385,000	April 26, 2024
0.53	200,000	200,000	September 20, 2024
0.62	1,777,000	592,333	December 9, 2025
	5,903,028	4,718,361	

**Subsequent to December 31, 2022, 30,000 stock options were exercised.*
***Subsequent to December 31, 2022, 615,303 stock options were exercised, and 6,225 stock options expired unexercised.*
*****Subsequent to December 31, 2022, 25,000 stock options were exercised.*

The weighted average life of options outstanding at December 31, 2022 was 1.51 years.

(Expressed in Canadian Dollars – Unaudited)

9. SHARE CAPITAL AND RESERVES (CONTINUED)

Warrants

During the nine months ended December 31, 2022, the Company issued 1,154,675 common shares in connection with the exercise of 1,154,675 warrants with an exercise price of $0.55 for total proceeds of $635,071. As a result, the Company transferred $24,745 representing the fair value of the exercised warrants from reserves to share capital. In addition, 254,988 warrants expired and as a result, $31,548 was reclassified from reserves to share capital.

In October 2022, the Company issued 103,297 warrants exercisable for a term of 3 years with an exercise price of $0.72 per share as payment for the accrued interest on the convertible debt. The Company issued a further 2,777,777 warrants exercisable to December 31, 2023 with an exercise price of $0.72 per share in connection with the Debenture extension as an extension fee. The 2,777,000 warrants were valued at $1,067,068 using the Black-Scholes pricing model with the following assumptions: estimated life of 1.19 years, risk-free rate of 4.20%, and volatility of 97%.

A summary of warrant activities is as follows:

	Number of warrants	Weighted average exercise price
	#	$
Balance, March 31, 2021 and 2022	**8,777,357**	**0.55**
Issued	5,564,271	0.72
Exercised	(1,154,675)	0.55
Expired	(254,988)	0.55
Balance, December 31, 2022	**12,931,965**	**0.62**

A summary of the warrants outstanding and exercisable at December 31, 2022 is as follows:

Exercise Price	Number Outstanding and Exercisable	Expiry Date
$		
0.55	*7,367,694	January 31, 2023
0.72	2,777,777	December 31, 2023
0.72	2,408,197	September 21, 2025
0.72	275,000	October 5, 2025
0.72	103,297	October 21, 2025
	12,931,965	

Subsequent to December 31, 2022, 6,904,112 warrants were exercised and 463,582 warrants expired unexercised.

The weighted average life of warrants outstanding at December 31, 2022 was 0.85 years.

10. RELATED PARTY TRANSACTIONS AND BALANCES

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

(Expressed in Canadian Dollars – Unaudited)

10. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

During the nine months ended December 31, 2022, the Company entered into the following transactions with key management personnel:

	For the nine months ended December 31,	
	2022	2021
	$	$
Management fees	**300,135**	276,375
Exploration and evaluation assets	**183,626**	170,755
Professional fees	**80,880**	76,000
Share-based compensation	**272,077**	144,575
	836,718	471,530

As at December 31, 2022, the Company has $4,065 (March 31, 2022 - $94,562) included in accounts payable and accrued liabilities due to officers, directors, and companies controlled by officers and directors for management fees, professional fees, and reimbursement of expenses.

11. SEGMENTED INFORMATION

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

December 31, 2022	**Canada**	**USA**	**Mexico**	**Total**
	$	$	$	$
Exploration and evaluation assets	-	9,766,650	5,611,154	15,377,804
Reclamation bond	-	8,126	-	8,126
Right-of-use assets	-	80,626	-	80,626
Other assets	3,176,385	267,084	110,798	3,554,267
Total assets	3,176,385	10,122,486	5,721,952	19,020,823

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

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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

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

a) Currency risk
The Company conducts the majority of exploration and evaluation activities in the United States and Mexico. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian dollars, US dollars, and Mexican peso. As at December 31, 2022, the Company had a US foreign currency net monetary asset position of approximately US$224,535 and a MXN Peso net monetary liabilities position of approximately MXN Peso 246,555. 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 $30,400 and $1,700, respectively.

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

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

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

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

13. CAPITAL MANAGEMENT

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

There were no changes in the Company's approach to capital management during the nine months ended December 31, 2022. The Company is not subject to externally imposed capital requirements.

14. SUBSEQUENT EVENTS

a) Subsequent to December 31, 2022, the Company issued 645,303 common shares in connection with the exercise of 645,303 stock options with a weighted average exercise price of $0.365 for total proceeds of $235,536 and 6,225 stock options expired unexercised. The Company issued a further 25,000 common shares in connection with the exercise of 25,000 stock options with a weighted average exercise price of $0.50 for total proceeds of $12,500. In addition, The Company issued 6,904,112 common shares in connection with the exercise of 6,904,112 warrants with an exercise price of $0.55 for total proceeds of $3,797,262 and 463,582 warrants expired unexercised.

b) In February 2023, the Company granted 1,450,000 stock options to its directors, employees, and consultants exercisable to purchase up to 1,450,000 common shares of the Company at an exercise price of $0.74 per share exercisable for up to three years.