



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

(EXPRESSED IN CANADIAN DOLLARS - UNAUDITED)

Notice of no Auditor review of Interim Financial Statements

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

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

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

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

	September 30, 2023	March 31, 2023
	\$	\$
ASSETS		
Current		
Cash	2,974,880	5,914,177
Receivables	53,074	67,268
Prepays	429,456	313,558
	<u>3,457,410</u>	<u>6,295,003</u>
Exploration and evaluation assets (Notes 4 and 10)	18,520,530	16,010,127
Reclamation bond	8,112	8,120
Right-of-use assets (Note 5)	60,469	73,907
	<u>22,046,521</u>	<u>22,387,157</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Notes 6 and 10)	480,396	201,616
Current portion of lease liabilities (Note 5)	26,961	28,514
Convertible debentures (Note 7)	1,601,296	1,446,378
Government loan payable (Note 8)	60,000	-
	<u>1,896,698</u>	<u>1,676,508</u>
Government loan payable (Note 8)	-	60,000
Lease liabilities (Note 5)	42,428	54,950
	<u>2,211,081</u>	<u>1,791,458</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 9)	48,153,152	47,905,461
Reserves (Note 9)	3,834,410	3,204,591
Equity component of convertible debentures (Note 7)	186,108	138,638
Deficit	<u>(32,338,230)</u>	<u>(30,652,991)</u>
	<u>19,835,440</u>	<u>20,595,699</u>
	<u>22,046,521</u>	<u>22,387,157</u>

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

Approved on behalf of the Board of Directors on November 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		For the six months ended	
	September 30,		September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Expenses				
Advertising and marketing	57,137	33,539	185,387	60,673
Consulting fees	1,607	1,839	11,894	1,839
Depreciation (Note 5)	6,719	6,719	13,438	13,438
Financing charges	40,074	46,918	79,712	96,073
Foreign exchange loss (gain)	(3,606)	958	(22,545)	(1,440)
Insurance	11,395	10,898	21,340	20,501
Interest expense (Notes 5 and 7)	39,094	40,524	77,901	85,936
Investor relations	9,475	3,784	15,567	7,568
Management fees (Note 10)	114,125	100,535	228,250	199,600
Office and general	73,596	16,672	150,191	39,029
Professional fees (Note 10)	93,344	88,433	158,741	124,485
Rent	18,969	18,418	42,046	36,618
Share-based compensation (Notes 9 and 10)	393,206	-	736,549	2,704
Transfer agent and filing fees	16,745	16,285	29,536	28,069
Travel and related	22,706	18,500	56,890	36,054
	(894,586)	(404,022)	(1,784,897)	(751,147)
Interest income	32,675	703	68,387	884
Loss before income tax	(861,911)	(403,319)	(1,716,510)	(750,263)
Deferred tax recovery	-	-	(47,470)	-
Loss and comprehensive loss for the period	(861,911)	(403,319)	(1,763,980)	(750,263)
Basic and diluted loss per share	(0.01)	(0.01)	(0.02)	(0.01)
Weighted average number of common shares outstanding – basic and diluted	81,128,231	66,189,965	81,078,317	65,644,807

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

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

	For the six months ended	
	September 30,	
	2023	2022
	\$	\$
Cash flows used in operating activities		
Loss for the period	(1,763,980)	(750,263)
Items not affecting cash		
Depreciation	13,438	13,438
Interest accrual	(5,413)	580
Financing charges	79,712	96,073
Deferred tax expense	47,470	-
Share-based compensation	736,550	2,704
Interest expense	77,902	85,936
Unrealized foreign exchange loss	(173)	8,495
	<u>(814,494)</u>	<u>(543,037)</u>
Changes in non-cash working capital items		
Receivables	19,606	(1,881)
Prepays	(115,898)	(55,851)
Accounts payable and accrued liabilities	22,358	75,894
	<u>(888,428)</u>	<u>(524,875)</u>
Cash flows used in investing activities		
Exploration and evaluation asset expenditures	(2,086,421)	(1,431,632)
	<u>(2,086,421)</u>	<u>(1,431,632)</u>
Cash flows provided from financing activities		
Proceeds from share issuance	-	2,219,000
Share issuance costs	-	(47,186)
Proceeds from stock options exercised	52,142	130,200
Proceeds from warrants exercised	-	154,455
Repayment of interest from convertible debenture	-	(8,125)
Repayment of lease liabilities	(16,590)	(16,137)
	<u>35,552</u>	<u>2,432,207</u>
Net change in cash	(2,939,297)	475,700
Cash, beginning of the period	<u>5,914,177</u>	<u>2,954,681</u>
Cash, end of the period	<u>2,974,880</u>	<u>3,430,381</u>

Supplemental cash flow (Note 12)

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, 2022	64,838,754	39,246,915	2,672,111	128,343	(27,804,008)	14,243,361
Share issued for cash	4,622,917	2,219,000	-	-	-	2,219,000
Share issued for exploration and evaluation assets	67,736	31,836	-	-	-	31,836
Share issued for convertible debentures	588,426	283,126	-	(18,334)	-	264,792
Share issuance costs	-	(73,361)	26,175	-	-	(47,186)
Share-based compensation	-	-	2,704	-	-	2,704
Stock options exercised	310,000	253,875	(123,675)	-	-	130,200
Warrants exercised	280,827	179,200	(24,745)	-	-	154,455
Warrants expired	-	31,548	(31,548)	-	-	-
Net loss for the period	-	-	-	-	(750,263)	(750,263)
Balance at September 30, 2022	70,708,660	42,172,139	2,521,022	110,009	(28,554,271)	16,248,899
Share issued for cash	550,000	264,000	-	-	-	264,000
Share issued for convertible debentures	206,595	83,404	-	-	-	83,404
Convertible debenture equity	-	-	-	28,629	-	28,629
Share issuance costs	-	(17,017)	-	-	-	(17,017)
Share-based compensation	-	-	732,551	-	-	732,551
Stock options exercised	1,583,803	1,125,057	(478,667)	-	-	646,390
Stock options expired	-	-	(637,383)	-	637,383	-
Warrants issued for convertible debentures	-	-	1,067,068	-	-	1,067,068
Warrants exercised	7,777,960	4,277,878	-	-	-	4,277,878
Net loss for the period	-	-	-	-	(2,736,103)	(2,736,103)
Balance at March 31, 2023	80,827,018	47,905,461	3,204,591	138,638	(30,652,991)	20,595,699
Share issued for exploration and evaluation assets	261,813	167,560	-	-	-	167,560
Share-based compensation	-	-	736,549	-	-	736,549
Convertible debenture equity	-	-	0	47,470	-	47,470
Stock options exercised	90,100	80,131	(27,989)	-	-	52,142
Stock options expired	-	-	(78,741)	-	78,741	-
Net loss for the period	-	-	-	-	(1,763,980)	(1,763,980)
Balance at September 30, 2023	81,178,931	48,153,152	3,834,410	186,108	(32,338,230)	19,835,440

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

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2023 and 2022
(Expressed in Canadian Dollars - Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Barksdale Resources Corp. (“Barksdale” or the “Company”), incorporated in British Columbia, is a public company listed on the TSX Venture Exchange (“TSXV”) and the OTCQX in the United States and trades under the symbol BRO.V and BRKCF respectively. The Company’s registered office is at 67 East 5th Avenue, Vancouver, British Columbia, Canada, V5T 1G7.

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

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

The Company has not generated revenues from its operations to date. As at September 30, 2023, the Company has accumulated net losses of \$32,338,230 since inception and has working capital of \$1,288,757. 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 believes it has sufficient cash for the upcoming fiscal year in order to maintain its operations and exploration activities.

There are many external factors that can adversely affect general workforces, economies and financial markets globally. Examples include, but are not limited to, the COVID-19 global pandemic and political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

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”).

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2023 and 2022
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2. BASIS OF PRESENTATION (CONTINUED)

a) Statement of Compliance (continued)

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, 2023 and 2022.

These condensed interim consolidated financial statements for the three and six months ended September 30, 2023 and 2022 were authorized by the Board of Directors for issuance on November 27, 2023.

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., Arizona Standard LLC., 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 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.

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2023 and 2022
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3. MATERIAL 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 three and six months ended September 30, 2023 and have not been applied in preparing these condensed interim consolidated financial statements nor does the Company expect these amendments to have a significant effect on its financial statement.

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2023 and 2022
(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, 2022	7,436,372	274,694	933,782	154,588	231,797	4,339,177	13,370,410
Acquisition and staking costs	-	63,585	-	-	-	-	63,585
<i>Exploration expenditures:</i>							
Accommodation and related	7,284	-	6,211	-	-	8,199	21,694
Assaying	-	-	-	-	-	2,852	2,852
Claim maintenance fees	61,842	8,395	91,298	-	148,753	23,499	333,787
Consulting	271,896	-	23,955	-	-	500,003	795,854
Core transportation	1,043	-	-	-	-	-	1,043
Drilling	7,867	-	146,092	-	-	296,733	450,692
Geological	6,819	-	1,716	-	-	427,071	435,606
Metallurgy	-	-	-	-	-	17,197	17,197
Permitting	270,384	-	-	-	-	6,844	277,228
Sampling and processing	-	-	121,520	-	-	-	121,520
Storage	-	2,854	-	-	-	-	2,854
Supplies and fuel	495	-	1,542	-	-	113,768	115,805
Balance, March 31, 2023	8,064,002	349,528	1,326,116	154,588	380,550	5,735,343	16,010,127
Acquisition and staking costs	-	300,430	-	-	-	8,492	308,922
<i>Exploration expenditures:</i>							
Accommodation and related	33,635	-	-	-	-	10,974	44,609
Claim maintenance fees	84,395	8,903	118,838	-	151,765	14,174	378,075
Consulting	308,355	-	-	-	-	245,180	553,535
Core transportation	4,615	-	-	-	-	-	4,615
Drilling	388,113	-	43,048	-	-	21,714	452,875
Geological	-	-	-	-	-	2,677	2,677
Permitting	541,211	-	-	-	-	-	541,211
Supplies and fuel	82,908	-	-	-	-	996	83,904
Truck rental	5,154	-	-	-	-	-	5,154
Legal	134,826	-	-	-	-	-	134,826
Balance, September 30, 2023	9,647,214	658,861	1,488,002	154,588	532,315	6,039,550	18,520,530

Sunnyside Project

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

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

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

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the Three and Six Months Ended September 30, 2023 and 2022
(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 commenced on September 7, 2023, the date the Company 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 (see below), 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 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 return ("NSR") between 1.5% to 3%.

BARKSDALE RESOURCES CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Sunnyside Project (Continued)

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	(paid) 100,000	(issued) 125,000	225,000
Total	225,000	225,000	450,000

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.

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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 common 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% 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.

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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 NSR 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, 2023, and September 30, 2023	155,843
Depreciation:	
At March 31, 2022	55,061
Charge for the year	26,875
At March 31, 2023	81,936
Charge for the period	13,438
At September 30, 2023	95,374
Net book value:	
At March 31, 2023	73,907
At September 30, 2023	60,469

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

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

Lease Liabilities

	\$
At March 31, 2022	101,622
Lease payments made	(32,705)
Interest expense on lease liabilities	6,708
Foreign exchange adjustment	7,839
At March 31, 2023	83,464
Lease payments made	(16,590)
Interest expense on lease liabilities	2,696
Foreign exchange adjustment	(181)
	69,389
Less: current portion	(26,961)
At September 30, 2023	42,428

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 2024	16,711
Fiscal 2025	33,421
Fiscal 2026	25,066

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	September 30, 2023	March 31, 2023
	\$	\$
Accounts payable	473,397	139,458
Accrued liabilities	6,999	62,158
	480,396	201,616

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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	70,129
Accrued interest	66,164
Balance, March 31, 2023	1,446,378
Accretion	79,712
Accrued interest	75,206
Balance, September 30, 2023	1,601,296

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.

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7. CONVERTIBLE DEBENTURES (CONTINUED)

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.

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 Antonio Property.

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

8. GOVERNMENT LOAN PAYABLE

During the year ended March 31, 2021, the Company applied for and received from the federal government of Canada a 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 January 18, 2024, 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.

9. SHARE CAPITAL AND RESERVES

Authorized Share Capital

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

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9. SHARE CAPITAL AND RESERVES (CONTINUED)

Issued Share Capital

During the year ended March 31, 2023:

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.

In October 2022, the Company issued 206,595 units as payment of the \$99,166 accrued interest payable on the 2022 Debentures (Note 7). 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.

During the year ended March 31, 2023, the Company issued 8,058,787 common shares in connection with the exercise of 8,058,787 warrants with an exercise price of \$0.55 for total proceeds of \$4,432,333. As a result, the Company transferred \$24,745 representing the fair value of exercised warrants from reserves to share capital. In addition, 718,570 warrants expired and as a result, \$31,548 was reclassified from reserves to share capital.

During the year ended March 31, 2023, 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, 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, 645,303 common shares in connection with the exercise of 645,303 options with an exercise price of \$0.365 for total proceeds of \$235,535, and 25,000 common shares in connection with the exercise of 25,000 options with an exercise price of \$0.50 for total proceeds of \$12,500. As a result, the Company transferred \$602,342 representing the fair value of the exercised share options from reserves to share capital. Additionally, 881,225 stock options expired and as a result, \$637,383 was reclassified from reserves to deficit.

During the six months ended September 30, 2023:

In April 2023, the Company issued 261,813 common shares with a fair value of \$167,560 in accordance with the option agreement for Four Metals (Note 4).

In June 2023, the Company issued 39,400 common shares in connection with the exercise of 39,400 options with an exercise price of \$0.68 for total proceeds of \$26,792. As a result, the Company transferred \$13,857 representing the fair value of the exercised share options from reserves to share capital. Additionally, 100,000 stock options expired and as a result, \$78,741 was reclassified from reserves to deficit.

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9. SHARE CAPITAL AND RESERVES (CONTINUED)

Issued Share Capital (Continued)

In September 2023, the Company issued 50,700 common shares in connection with the exercise of 50,700 options with an exercise price of \$0.50 for total proceeds of \$25,350. As a result, the Company transferred \$14,132 representing the fair value of the exercised share options from reserves to share capital.

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 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.

In February 2023, the Company granted 1,450,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.74 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 \$612,794 using the Black-Scholes pricing model with the following assumptions: estimated life of three years, risk-free rate of 3.94%, volatility of 91%, and nil forecasted dividend yield.

In June 2023, the Company granted 260,000 stock options to employees and consultants of the Company at an exercise price of \$0.73 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 \$106,385 using the Black-Scholes pricing model with the following assumptions: estimated life of three years, risk-free rate of 4.13%, volatility of 84%, and nil forecasted dividend yield.

In August 2023, the Company granted 1,305,000 stock options to employees and consultants of the Company at an exercise price of \$0.59 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 \$407,073 using the Black-Scholes pricing model with the following assumptions: estimated life of three years, risk-free rate of 4.40%, volatility of 88%, and nil forecasted dividend yield.

During the six months ended September 30, 2023, the Company recorded share-based compensation of \$736,549 (September 30, 2022 - \$2,704).

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9. SHARE CAPITAL AND RESERVES (CONTINUED)

Stock Options (Continued)

A summary of stock option activities is as follows:

	Number of options #	Weighted average exercise price \$
Balance, March 31, 2022	6,224,528	0.54
Granted	3,227,000	0.67
Exercised	(1,893,803)	0.41
Cancelled	(881,225)	0.73
Balance, March 31, 2023	6,676,500	0.61
Granted	1,565,000	0.61
Exercised	(90,100)	0.58
Cancelled	(100,000)	0.79
Balance, September 30, 2023	8,051,400	0.61

A summary of the stock options outstanding and exercisable at September 30, 2023 is as follows:

Exercise Price \$	Number Outstanding	Number Exercisable	Expiry Date
0.5	849,300	849,300	October 8, 2023*
0.68	210,600	210,600	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	1,184,666	December 9, 2025
0.74	1,450,000.00	966,667	February 8, 2026
0.73	260,000.00	86,667	June 1, 2026
0.59	1,305,000	435,000	August 14, 2026
	8,051,400	5,932,400	

* See subsequent events (Note 15)

The weighted average life of options outstanding at September 30, 2023 was 1.59 years.

Warrants

A summary of warrant activities is as follows:

	Number of warrants #	Weighted average exercise price \$
Balance, March 31, 2022	8,777,357	0.55
Issued	5,564,271	0.72
Exercised	(8,058,787)	0.55
Expired	(718,570)	0.55
Balance, March 31, 2023 and September 30, 2023	5,564,271	0.72

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9. SHARE CAPITAL AND RESERVES (CONTINUED)

Warrants (Continued)

A summary of the warrants outstanding and exercisable at September 30, 2023 is as follows:

Exercise Price	Number Outstanding and Exercisable	Expiry Date
\$		
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
	5,564,271	

The weighted average life of warrants outstanding at September 30, 2023 was 0.51 years.

10. RELATED PARTY TRANSACTIONS AND BALANCES

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

During the six months ended September 30, 2023, the Company entered into the following transactions with key management personnel:

	For the six months ended September 30,	
	2023	2022
	\$	\$
Management fees	228,250	199,600
Exploration and evaluation assets	118,783	121,716
Professional fees	54,360	59,277
Share-based compensation	548,444	-
	949,837	380,593

As at September 30, 2023, the Company has \$21,803 (March 31, 2022 - \$5,000) 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.

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11. SEGMENTED INFORMATION

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

September 30, 2023	Canada	USA	Mexico	Total
	\$	\$	\$	\$
Exploration and evaluation assets	-	12,480,980	6,039,550	18,520,530
Reclamation bond	-	8,112	-	8,112
Right-of-use assets	-	60,469	-	60,469
Other assets	3,118,675	162,278	176,457	3,457,410
Total assets	3,118,675	12,711,839	6,216,007	22,046,521

March 31, 2023	Canada	USA	Mexico	Total
	\$	\$	\$	\$
Exploration and evaluation assets	-	10,274,784	5,735,343	16,010,127
Reclamation bond	-	8,120	-	8,120
Right-of-use assets	-	73,907	-	73,907
Other assets	5,956,268	162,278	176,457	6,295,003
Total assets	5,956,268	10,519,089	5,911,800	22,387,157

12. SUPPLEMENTAL CASH FLOW

	For the six months ended September 30, 2023		2022
Non-cash transactions			
Exploration and evaluation assets in accounts payable and accrued liabilities	308,437	293,354	
Shares issued for exploration and evaluation assets	167,560	31,836	
Warrants issued for share issuance cost	-	26,175	
Share issued for convertible debentures	-	264,792	
Reclassification of equity portion of convertible debenture	-	18,334	
Reclassification of cancelled stock options	78,741	-	
Reclassification of exercised stock options	27,989	123,675	
Reclassification of expired warrants	-	31,548	
Reclassification of exercised warrants	-	24,745	

13. 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.

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13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

The Company's financial instruments consist of cash, receivables, accounts payable and accrued liabilities, lease liabilities and convertible debentures. Cash is measured using level 1 inputs. The carrying values of receivables, accounts payable and accrued liabilities approximate their fair values due to the short term nature of these instruments.

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. The Carrying values of convertible debentures and lease liabilities approximate fair values, as there has not been any significant changes in interest rates since initial recognition.

a) **Currency risk**

The Company conducts the majority of exploration and evaluation activities in the United States and Mexico. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian dollars, US dollars, and Mexican peso. As at September 30, 2023, the Company had a US foreign currency net monetary asset position of approximately US\$107,099 and a MXN Peso net monetary asset position of approximately MXN Peso 2,535,625. 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 \$14,500 and \$19,700, 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.

The table below summarizes the maturity profile of the Company's financial liabilities;

September 30, 2023	Current within 1 year	Non-current 1 – 5 years	Non-current 5 years - beyond
Financial liabilities	\$	\$	
Accounts payable and accrued liabilities	284,896	-	-
Lease liabilities	26,961	42,428	-
Convertible debentures	1,523,414	-	-
Government loan payable	60,000	-	-

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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.

14. CAPITAL MANAGEMENT

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

There were no changes in the Company's approach to capital management during the six months ended September 30, 2023. The Company is not subject to externally imposed capital requirements.

15. SUBSEQUENT EVENTS

In October 2023, the Company issued 90,891 common shares in connection with the cashless exercise of 90,891 stock options with an exercise price of \$0.50 per share. As a result, 622,609 stock options were surrendered. The Company also issued 98,300 common shares in connection with the exercise of 98,300 stock options with an exercise price of \$0.50 per share for gross proceeds of \$49,150.

In November 2023, the Company issued 1,279 common shares in connection with the cashless exercise of 1,279 stock options with an exercise price of \$0.50 per share. As a result, 8,121 stock options were surrendered.

In October 2023, 28,100 stock options with an exercise price of \$0.50 per share expired unexercised. In November 2023, an additional 210,600 stock options with an exercise price of \$0.68 per share expired unexercised.