BARKSDALE RESOURCES

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 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)

| | December 31, 2023 | March 31, 2023 |
|---|---|---|
| | $ | $ |
| **ASSETS** | | |
| **Current** | | |
| Cash | 1,121,628 | 5,914,177 |
| Receivables | 10,569 | 67,268 |
| Prepaids | 413,459 | 313,558 |
| | 1,545,656 | 6,295,003 |
| **Exploration and evaluation assets** (Notes 4 and 10) | 22,266,213 | 16,010,127 |
| **Reclamation bond** | 7,936 | 8,120 |
| **Right-of-use assets** (Note 5) | 53,751 | 73,907 |
| | 23,873,556 | 22,387,157 |
| **LIABILITIES** | | |
| **Current** | | |
| Accounts payable and accrued liabilities (Notes 6 and 10) | 2,690,243 | 201,616 |
| Current portion of lease liabilities (Note 5) | 29,365 | 28,514 |
| Convertible debentures (Note 7) | 1,679,178 | 1,446,378 |
| Government loan payable (Note 8) | 60,000 | - |
| | 4,458,786 | 1,676,508 |
| **Government loan payable** (Note 8) | - | 60,000 |
| **Lease liabilities** (Note 5) | 31,488 | 54,950 |
| | 4,490,274 | 1,791,458 |
| **SHAREHOLDERS' EQUITY** | | |
| Share capital (Note 9) | 48,431,197 | 47,905,461 |
| Reserves (Note 9) | 2,524,242 | 3,204,591 |
| Equity component of convertible debentures (Note 7) | 186,108 | 138,638 |
| Obligation to issue shares (Note 15) | 35,000 | - |
| Deficit | (31,793,265) | (30,652,991) |
| | 19,383,282 | 20,595,699 |
| | 23,873,556 | 22,387,157 |

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

Approved on behalf of the Board of Directors on February 28, 2024:

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

The accompanying notes are an integral part of these condensed interim consolidate 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, 2023 | For the three months ended December 31, 2022 | For the nine months ended December 31, 2023 | For the nine months ended December 31, 2022 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Expenses** | | | | |
| Advertising and marketing | 100,349 | 48,741 | 285,736 | 109,414 |
| Consulting fees | 32,500 | - | 43,167 | 1,839 |
| Depreciation (Note 5) | 6,718 | 6,718 | 20,156 | 20,156 |
| Financing charges | 40,074 | 31,737 | 119,786 | 127,810 |
| Foreign exchange loss (gain) | 973 | 76,848 | (21,572) | 75,408 |
| Insurance | 12,885 | 11,565 | 34,225 | 32,066 |
| Interest expense (Notes 5 and 7) | 38,990 | 39,088 | 116,891 | 125,024 |
| Investor relations | 7,533 | 6,970 | 23,100 | 14,538 |
| Management fees (Note 10) | 114,125 | 120,544 | 342,375 | 320,144 |
| Office and general | 68,572 | 24,111 | 218,763 | 63,140 |
| Professional fees (Note 10) | 95,250 | 57,161 | 253,991 | 181,646 |
| Rent | - | - | 1,227 | - |
| Share-based compensation (Notes 9 and 10) | 18,967 | 20,123 | 61,013 | 56,741 |
| Transfer agent and filing fees | 206,766 | 277,421 | 943,315 | 280,125 |
| Travel and related | 24,319 | 17,413 | 53,855 | 45,482 |
| | (776,739) | (758,936) | (2,561,636) | (1,510,083) |
| Gain on write off accounts payable | 14,771 | - | 14,771 | - |
| Loss on settlement of debt | - | (988,437) | - | (988,437) |
| Interest income | 18,893 | 19,675 | 87,280 | 20,559 |
| **Loss before income tax** | (743,075) | (1,727,698) | (2,459,585) | (2,477,961) |
| Deferred tax recovery (expense) | - | 51,277 | (47,470) | 51,277 |
| **Loss and comprehensive loss for the period** | (743,075) | (1,676,421) | (2,507,055) | (2,426,684) |
| **Basic and diluted loss per share** | (0.01) | (0.02) | (0.03) | (0.04) |
| **Weighted average number of common shares outstanding – basic and diluted** | 81,344,265 | 72,755,168 | 81,168,395 | 68,023,546 |

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, 2023 | 2022 |
|---|---|---|
| | $ | $ |
| **Cash flows used in operating activities** | | |
| Loss for the period | (2,507,055) | (2,426,684) |
| Items not affecting cash | | |
| Depreciation | 20,156 | 20,156 |
| Interest accrual | 49,004 | (19,675) |
| Financing charges | 119,786 | 127,810 |
| Loss on settlement of debt | - | 988,434 |
| Deferred tax expense | 47,470 | (51,277) |
| Share-based compensation | 943,316 | 280,125 |
| Interest expense | 116,893 | 123,291 |
| Unrealized foreign exchange loss | (1,301) | 9,610 |
| | (1,211,731) | (948,210) |
| Changes in non-cash working capital items | | |
| Receivables | 7,695 | 2,517 |
| Prepaids | (99,901) | (45,847) |
| Accounts payable and accrued liabilities | 62,077 | (220,996) |
| | (1,241,860) | (1,212,536) |
| **Cash flows used in investing activities** | | |
| Exploration and evaluation asset expenditures | (3,661,976) | (2,019,255) |
| | (3,661,976) | (2,019,255) |
| **Cash flows provided from financing activities** | | |
| Proceeds from share issuance | - | 2,483,001 |
| Obligation to issue shares | 35,000 | - |
| Share issuance costs | - | (64,203) |
| Proceeds from stock options exercised | 101,292 | 528,555 |
| Proceeds from warrants exercised | - | 635,071 |
| Repayment of interest from convertible debenture | - | (8,125) |
| Repayment of lease liabilities | (25,005) | (25,174) |
| | 111,287 | 3,549,125 |
| **Net change in cash** | (4,792,549) | 317,334 |
| **Cash, beginning of the period** | 5,914,177 | 2,954,681 |
| **Cash, end of the period** | 1,121,628 | 3,272,015 |

**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 | Obligation to Issue Shares | 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 | 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 exercised | 1,154,675 | 659,816 | (24,745) | - | - | | 635,071 |
| Warrants issued for convertible debentures | - | - | 1,067,068 | - | - | - | 1,067,068 |
| 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** |
| Share-based compensation | - | - | 455,130 | - | - | - | 455,130 |
| Stock options exercised | 670,303 | 368,467 | (120,432) | - | - | - | 248,035 |
| Stock options expired | - | - | (527,672) | - | - | 527,672 | - |
| Warrants exercised | 6,904,112 | 3,797,262 | - | - | - | - | 3,797,262 |
| Net loss for the period | - | - | - | - | - | (1,059,682) | (1,059,682) |
| **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 | - | - | 943,315 | - | - | | 943,315 |
| Convertible debenture equity | - | - | - | 47,470 | - | - | 47,470 |
| Stock options exercised | 90,100 | 358,176 | (256,883) | - | - | - | 101,293 |
| Stock options expired | - | - | (299,712) | - | - | 299,712 | - |
| Warrants expired | - | - | (1,067,069) | - | - | 1,067,069 | - |
| Obligation to issue shares | - | - | - | - | 35,000 | - | 35,000 |
| Net loss for the period | - | - | - | - | - | (2,507,055) | (2,507,055) |
| **Balance at December 31, 2023** | **81,178,931** | **48,431,197** | **2,524,242** | **186,108** | **35,000** | **(31,793,265)** | **19,383,282** |

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 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 December 31, 2023, the Company has accumulated net losses of $31,793,265 since inception and has a working deficit of $2,913,130. The operations of the Company have primarily been funded by the issuance of common shares and convertible debentures.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and operating requirements and eventually to generate positive cash flows from operations. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenues and expenses and statement of financial position classifications that would be necessary were the going concern assumption determined to be inappropriate and these adjustments could be material.

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").

## 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 nine months ended December 31, 2023 and 2022 were authorized by the Board of Directors for issuance on February 28, 2024.

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.

## 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 nine months ended December 31, 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.

(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 |
| *Exploration expenditures:* | | | | | | | |
| 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 |
| *Exploration expenditures:* | | | | | | | |
| Accommodation and related | 52,974 | - | - | - | - | 11,032 | 64,006 |
| Claim maintenance fees | 104,167 | 8,903 | 118,838 | - | 151,765 | 14,174 | 397,847 |
| Consulting | 573,218 | - | 610 | - | - | 331,055 | 904,883 |
| Core transportation | 5,579 | - | - | - | - | - | 5,579 |
| Drilling | 3,518,658 | - | 43,048 | - | - | 32,805 | 3,594,511 |
| Geological | - | - | - | - | - | 2,677 | 2,677 |
| Permitting | 553,473 | - | - | - | - | - | 553,473 |
| Sampling and processing | 6,976 | - | - | - | | - | 6,976 |
| Storage | - | - | - | - | - | 179 | 179 |
| Supplies and fuel | 110,456 | - | - | - | | 2,848 | 113,304 |
| Truck rental | 38,366 | - | - | - | - | - | 38,366 |
| Legal | 265,363 | - | - | - | - | - | 265,363 |
| **Balance, December 31, 2023** | **13,293,232** | **658,861** | **1,488,612** | **154,588** | **532,315** | **6,138,605** | **22,266,213** |

### 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 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%.

(Expressed in Canadian Dollars - Unaudited)

## 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.

(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 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.

(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<br>*(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

| **Cost:** | **Office Leases**<br>**$** |
|---|---|
| At March 31, 2023, and December 31, 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 | 20,156 |
| At December 31, 2023 | 102,092 |
| | |
| **Net book value:** | |
| At March 31, 2023 | 73,907 |
| **At December 31, 2023** | **53,751** |

(Expressed in Canadian Dollars - Unaudited)

## 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 | (25,005) |
| Interest expense on lease liabilities | 3,879 |
| Foreign exchange adjustment | (1,485) |
| | 60,853 |
| Less: current portion | (29,365) |
| **At December 31, 2023** | 31,448 |

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 | 8,174 |
| Fiscal 2025 | 32,695 |
| Fiscal 2026 | 24,521 |

## 6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | December 31, 2023 | March 31, 2023 |
|---|---|---|
| | $ | $ |
| Accounts payable | 2,662,173 | 139,458 |
| Accrued liabilities | 28,070 | 62,158 |
| | **2,690,243** | **201,616** |

(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 | 70,129 |
| Accrued interest | 66,164 |
| Balance, March 31, 2023 | 1,446,378 |
| Accretion | 119,786 |
| Accrued interest | 113,014 |
| **Balance, December 31, 2023** | **1,679,178** |

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 (“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 remained unchanged, except for the increase of the conversion price from $0.45 to $0.55 per share.

Pursuant to the 2023 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.

## 7. CONVERTIBLE DEBENTURES (CONTINUED)

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 2023 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 2023 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.

In December 2023, the Company entered into an agreement to extend the 2023 Debentures ("2024 Debenture Extension"). As at December 31, 2023, the Company had not yet received TSXV approval for the 2024 Debenture Extension. As a result, the Company's payment obligations were waived for two weeks to allow time for the Company to receive TSXV approval. Subsequently, in January 2024, the Company received approval (see Note 15).

## 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. Subsequent to quarter end, in January 2024, the loan was 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.

### 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 nine months ended December 31, 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.

## 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.

In October 2023, the Company issued 98,300 common shares in connection with the exercise of 98,300 options with an exercise price of $0.50 for total proceeds of $49,150. As a result, the Company transferred $27,400 representing the fair value of the exercised share options from reserves to share capital.

In October 2023, the Company issued 90,891 common shares in connection with the cashless exercise of 713,500 options with an exercise price of $0.50, and 622,609 common shares were surrendered. As a result, the Company transferred $198,875 representing the fair value of the exercised share options from reserves to share capital.

In November 2023, the Company issued 1,297 common shares in connection with the cashless exercise of 9,400 options with an exercise price of $0.50, and 8,121 common shares were surrendered. As a result, the Company transferred $2,620 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. The Company's stock option plan permits the holder of stock options to exercise cashless (net exercise) by surrendering a portion of the underlying stock option shares to pay for the exercise cost.

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.

(Expressed in Canadian Dollars - Unaudited)

## 9. SHARE CAPITAL AND RESERVES (CONTINUED)

### Stock Options (Continued)

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.

In April 2023, 100,000 stock options expired and as a result, $78,741 was reclassified from reserves to deficit. In October 2023, 28,100 stock options expired and as a result, $7,832 was reclassified from reserves to deficit. In November 2023, 210,600 stock options expired and as a result, $74,068 was reclassified from reserves to deficit. In December 2023, 400,000 stock options expired and as a result, $139,071 was reclassified from reserves to deficit.

During the nine months ended December 31, 2023, the Company recorded share-based compensation of $943,315 (December 31, 2022 - $280,125).

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* | (911,300) | 0.51 |
| Cancelled | (738,700) | 0.66 |
| **Balance, December 31, 2023** | **6,591,500** | **0.62** |

***** *In accordance with the Company's stock option plan, option holders exercised 722,900 stock options on a cashless basis (net exercise) for the issuance of 92,170 common shares.*

A summary of the stock options outstanding and exercisable at December 31, 2023 is as follows:

| Exercise Price | Number Outstanding | Number Exercisable | Expiry Date |
|---|---|---|---|
| $ | | | |
| 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 | 1,777,000 | December 9, 2025 |
| 0.74 | 1,450,000.00 | 966,667 | February 8, 2026 |
| 0.73 | 260,000.00 | 173,333 | June 1, 2026 |
| 0.59 | 1,305,000 | 435,000 | August 14, 2026 |
| | 6,591,500 | 4,716,500 | |

The weighted average life of options outstanding at December 31, 2023 was 1.67 years.

(Expressed in Canadian Dollars - Unaudited)

## 9. SHARE CAPITAL AND RESERVES (CONTINUED)

### 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** | **5,564,271** | **0.72** |
| Expired | (2,777,777) | 0.72 |
| **Balance, December 31, 2023** | **2,786,494** | **0.72** |

A summary of the warrants outstanding and exercisable at December 31, 2023 is as follows:

| Exercise Price | Number Outstanding and Exercisable | Expiry Date |
|---|---|---|
| $ | | |
| 0.72 | 2,408,197 | September 21, 2025 |
| 0.72 | 275,000 | October 5, 2025 |
| 0.72 | 103,297 | October 21, 2025 |
| | 2,786,494 | |

The weighted average life of warrants outstanding at December 31, 2023 was 1.98 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 nine months ended December 31, 2023, the Company entered into the following transactions with key management personnel:

| | For the nine months ended December 31, | |
|---|---|---|
| | **2023** | 2022 |
| | **$** | $ |
| Management fees | **342,375** | 300,135 |
| Exploration and evaluation assets | **176,051** | 183,626 |
| Professional fees | **81,390** | 80,880 |
| Share-based compensation | **705,744** | 272,077 |
| | **1,305,560** | **836,718** |

As at December 31, 2023, the Company has $21,636 (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.

(Expressed in Canadian Dollars - Unaudited)

## 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, 2023 | **Canada** | **USA** | **Mexico** | **Total** |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Exploration and evaluation assets | - | 16,127,608 | 6,138,605 | 22,266,213 |
| Reclamation bond | - | 7,936 | - | 7,936 |
| Right-of-use assets | - | 53,751 | - | 53,751 |
| Other assets | 1,206,921 | 162,278 | 176,457 | 1,545,656 |
| Total assets | 1,206,921 | 16,351,573 | 6,315,062 | 23,873,556 |

| 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 nine months ended December 31,** | |
|---|---|---|
| | **2023** | **2022** |
| **Non-cash transactions** | | |
| Exploration and evaluation assets in accounts payable and accrued liabilities | 2,478,565 | 299,669 |
| Shares issued for exploration and evaluation assets | 167,560 | 31,836 |
| Warrants issued for share issuance cost | - | 26,175 |
| Share issued for convertible debentures | - | 363,958 |
| Reclassification of equity portion of convertible debenture | - | 18,334 |
| Reclassification of cancelled stock options | 78,741 | - |
| Reclassification of exercised stock options | 27,989 | 481,910 |
| Reclassification of expired warrants | 1,067,069 | 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.

(Expressed in Canadian Dollars - Unaudited)

## 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 December 31, 2023, the Company had a US foreign currency net monetary liability position of approximately US$1,274,265 and a MXN Peso net monetary asset position of approximately MXN Peso1,639,747. 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 $168,500 and $12,700, 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. Liquidity risk has been assessed as high.

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

| **December 31, 2023** | Current within 1 year | Non-current 1 – 5 years | Non-current 5 years - beyond |
|---|---|---|---|
| **Financial liabilities** | $ | $ | |
| Accounts payable and accrued liabilities | 2,690,243 | - | - |
| Lease liabilities | 29,365 | 31,488 | - |
| Convertible debentures | 1,679,178 | - | - |
| Government loan payable | 60,000 | - | - |

## 13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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 nine months ended December 31, 2023. The Company is not subject to externally imposed capital requirements.

## 15. SUBSEQUENT EVENTS

a) In January 2024, the Company received TSXV approval in connection with the extension of the maturity date of the convertible debentures from December 31, 2023 to December 31, 2024. In connection with the extension of the maturity date, the Company issued 467,708 units of the Company (the "Interest Units") in settlement of $187,083 of accrued interest. Each unit consists of one common share having a deemed price of $0.40 per Common Share and one-half of one share purchase warrant. Each whole warrant entitles the holder to acquire one Common Share at a price of $0.60 for a period of three years from the date of issuance.

   In exchange for extending the Debentures, the Company has also issued an extension fee of 2,777,777 share purchase warrants, exercisable into 2,777,777 Common Shares at a price of $0.60, for a period of one year, expiring December 31, 2024.

b) In January 2024, the Company issued 9,775,970 units to raise gross proceeds of $3,910,388. Each unit consisted of one common share and one-half Common Share purchase warrant, with each whole Warrant entitling the holder thereof to purchase one Common share at $0.60 for a period of three years from the date of issuance. The Company paid a cash commission of $183,768 to the agent on the gross proceeds raised under the Brokered Offering and issued 459,420 compensation warrants to the agent. Each warrant is exercisable at $0.40 for a period of three years from the date of issuance.

   In addition, the Company paid a finder's fee of $27,455 and issued 68,638 finder warrants in connection with the Non-Brokered Offering. Each Finder's Warrant is exercisable at $0.60 for a term of three years.

c) In February 2024, 459,500 options with an exercise price of $0.47 and expiry date of February 26, 2024, expired unexercised.