



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED DECEMBER 31, 2017 AND 2016

(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 Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

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

	December 31, 2017	March 31, 2017
	\$	\$
ASSETS		
Current		
Cash	3,533,170	583,864
Receivables	38,753	338
Prepaid expenses	260,042	1,250
	<u>3,831,965</u>	<u>585,452</u>
Exploration and evaluation assets (Note 4)	<u>3,634,936</u>	<u>100,073</u>
	<u>7,466,901</u>	<u>685,525</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 5)	<u>150,381</u>	<u>89,051</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	25,077,115	17,887,805
Reserves (Note 6)	2,678,177	1,561,278
Deficit	<u>(20,438,772)</u>	<u>(18,852,609)</u>
	<u>7,316,520</u>	<u>596,474</u>
	<u>7,466,901</u>	<u>685,525</u>

Nature of Operations and Going Concern (Note 1)

Approved on behalf of the Board of Directors on February 28, 2018:

"Glenn Kumoi" Director

"Richard Silas" Director

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

BARKSDALE CAPITAL CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF
COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars)

	For the three months ended December 31,		For the nine months ended December 31,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Expenses				
Consulting fees	147,000	750	170,000	750
Foreign exchange gain	(28,331)	-	(17,018)	-
Insurance	2,188	-	2,188	-
Interest expense	-	-	-	16,974
Investor relations	6,049	-	6,049	-
Management fees (Note 7)	62,785	18,000	89,285	36,000
Office and general (recovery)	5,840	(1,584)	8,185	122
Professional fees (Note 7)	106,132	7,571	272,999	8,071
Property investigation costs	13,240	-	35,373	-
Rent (Note 7)	4,500	-	4,500	-
Stock based compensation (Note 7)	1,007,333	-	1,007,333	-
Transfer and filing fees	15,054	1,587	22,400	11,685
Travel and related	20,152	-	21,792	-
	(1,361,942)	(26,324)	(1,623,086)	(73,602)
Gain on derecognition of accounts payable and accrued liabilities	36,923	607	36,923	28,246
Loss and comprehensive loss for the period	(1,325,019)	(25,717)	(1,586,163)	(45,356)
Basic and diluted loss per share	(0.04)	(0.00)	(0.08)	(0.01)
Weighted average number of common shares outstanding	31,163,083	12,849,931	19,439,438	7,087,401

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

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

	Number of Shares Issued	Share Capital \$	Reserves \$	Accumulated Deficit \$	Total Shareholders' Equity (Deficiency) \$
Balance at March 31, 2016	2,545,583	16,737,805	1,561,278	(18,742,634)	(443,551)
Share issued for cash	11,000,000	1,150,000	-	-	1,150,000
Net loss for the period	-	-	-	(45,356)	(45,356)
Balance at December 31, 2016	13,545,583	17,887,805	1,561,278	(18,787,990)	661,093
Net loss for the period	-	-	-	(64,619)	(64,619)
Balance at March 31, 2017	13,545,583	17,887,805	1,561,278	(18,852,609)	596,474
Share issued for cash	13,530,000	5,412,000	-	-	5,412,000
Share issued for exploration and evaluation assets	5,100,000	2,040,000	-	-	2,040,000
Share issuance costs	-	(262,690)	109,566	-	(153,124)
Stock options granted	-	-	1,007,333	-	1,007,333
Net loss for the period	-	-	-	(1,586,163)	(1,586,163)
Balance at December 31, 2017	32,175,583	25,077,115	2,678,177	(20,438,772)	7,316,520

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

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

	For the nine months ended December 31,	
	2017	2016
	\$	\$
Cash flows used in operating activities		
Net loss for the period	(1,586,163)	(45,356)
Items not affecting cash		
Accrued interest and accretion	-	16,974
Gain on derecognition of payables	(36,923)	(28,246)
Stock based compensation	1,007,333	-
Unrealized foreign exchange gain	(17,018)	(1,457)
	<u>(632,771)</u>	<u>(58,085)</u>
Changes in non-cash working capital items		
Receivables	(38,415)	(1,397)
Prepaid expenses	(258,792)	(26,250)
Accounts payable and accrued liabilities	89,238	(110,672)
	<u>(840,740)</u>	<u>(196,404)</u>
Cash flows used in investing activities		
Exploration and evaluation asset expenditures	<u>(1,468,830)</u>	<u>(100,073)</u>
Cash flows from financing activities		
Proceeds from share issuances	5,412,000	1,150,000
Share issuance costs	(153,124)	-
Repayment of loans payable	-	(241,780)
	<u>5,258,876</u>	<u>908,220</u>
Net change in cash	2,949,306	611,743
Cash, beginning of period	<u>583,864</u>	<u>633</u>
Cash, end of period	<u>3,533,170</u>	<u>612,376</u>
Exploration and evaluation assets in accounts payable and accrued liabilities	26,033	-
Shares issued for acquisition of exploration and evaluation assets	2,142,000	-
Warrant issued for share issuance costs	109,566	-

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

BARKSDALE CAPITAL CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Three and Nine Months Ended December 31, 2017 and 2016
(Unaudited - Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Barksdale Capital Corp. (“Barksdale” or the “Company”), incorporated in British Columbia, is a public company listed on the TSX Venture Exchange (“TSXV”) and the OTCQB in the United States and trades under the symbol BRO.V and BRKCF respectively. The Company’s registered office is Suite 610, 815 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1B4.

The Company’s principal business activities include the acquisition and exploration of mineral properties. 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, 2017, the Company has accumulated net losses of \$20,438,772 since inception and has working capital of \$3,681,584. The operations of the Company have primarily been funded by the issuance of common shares. These condensed interim consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence. Management believes that the Company has sufficient working capital to meet the Company’s obligations over the next twelve months. There is no assurance that management will be able to complete any additional financing.

2. BASIS OF PRESENTATION

a) Statement of Compliance

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

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the year ended March 31, 2017.

These condensed interim consolidated financial statements for the three and nine months ended December 31, 2017 were authorized by the Board of Directors for issuance on February 28, 2018.

BARKSDALE CAPITAL CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Three and Nine Months Ended December 31, 2017 and 2016
(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (CONTINUED)

b) Basis of Presentation

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

c) Basis of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, TBJ Resources (US) Inc., Arizona Standard Resources Corp. and Arizona Standard (US) Corp. All significant intercompany accounts and transactions between the Company and its subsidiaries have been eliminated upon consolidation.

d) Use of Estimates and Judgements

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

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

- (i) The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.
- (ii) The assessment of the Company's ability to continue as a going concern involves judgment regarding future funding available to identify new business opportunities and working capital requirements, the outcome of which is uncertain.
- (iii) The determination that exploration, evaluation, and related costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including, geologic and other technical information, a history of conversion of mineral deposits with similar characteristics to its own properties to proven and probable mineral reserves, the quality and capacity of existing infrastructure facilities, evaluation of permitting and environmental issues and local support for the project.

BARKSDALE CAPITAL CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
Three and Nine Months Ended December 31, 2017 and 2016
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3. SIGNIFICANT ACCOUNTING POLICIES

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

a) Foreign Currency Transactions

The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company and each of its subsidiaries is the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of Changes in Foreign Exchange Rates*.

Transactions in currencies other than Canadian dollars are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the period end exchange rate while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in comprehensive loss.

b) Recent accounting pronouncements

Changes in accounting standards

The Company has adopted the following accounting standards effective April 1, 2017 which have no significant impact on the condensed interim consolidated financial statements.

- Amendments to IAS 12, Income Taxes
- Amendments to IAS 7, Statement of Cash Flows

New accounting standards issued but not yet effective

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the nine months ended December 31, 2017 and have not been applied in preparing these condensed interim consolidated financial statements:

IFRS 2 – Share Based Payments: the amendments eliminate the diversity in practice in the classification and measurement of particular share-based payment transactions which are narrow in scope and address specific areas of classification and measurement. It is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted provided it is disclosed. Management does not anticipate this standard having a material effect on the Company's condensed interim consolidated financial statements.

IFRS 9 – Financial Instruments is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 15 – Clarifications to IFRS 15 "Revenue from Contracts with Customers" issued. The amendments do not change the underlying principles of the standard, just clarify and offer some additional transition relief. The standard is effective for annual periods beginning on or after January 1, 2018.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Recent accounting pronouncements (continued)

IFRS 16 – Leases, establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The standard is effective for annual periods beginning on or after January 1, 2019.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration: addresses how to determine the ‘date of the transaction’ when applying IAS 21. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Management does not anticipate this standard having a material effect on the Company’s condensed interim consolidated financial statements.

IFRIC 23 – Uncertainty Over Income Tax Treatments: clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. It is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted. Management does not anticipate this standard having a material effect on the Company’s condensed interim consolidated financial statements.

4. EXPLORATION AND EVALUATION ASSETS

	Swales	Sunnyside	Total
	\$	\$	\$
Balance, March 31, 2016	-	-	-
Acquisition costs	100,073	-	100,073
Balance, March 31, 2017	100,073	-	100,073
Acquisition and staking costs	95,317	3,096,095	3,191,412
<i>Exploration expenditures:</i>			
Claim maintenance fees	27,627	58,953	86,580
Consulting	69,430	29,572	99,002
Camp accommodation	5,482	-	5,482
Data analysis	4,658	8,169	12,827
Geological	5,765	-	5,765
Geophysics	26,223	-	26,223
Sampling and processing	106,106	773	106,879
Supplies and fuel	693	-	693
Balance, December 31, 2017	441,374	3,193,562	3,634,936

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

Swales Project

In December 2016, the Company entered into a mining lease agreement (the "Agreement") to lease a 100% right in certain unpatented lode mining claims known as the Swales Project, situated in Elko County, Nevada, U.S., for a primary period of 10 years. Under the terms of the Agreement, the Company is required to pay the following yearly minimum payments.

Date	Payment amount (US\$)
Upon execution of the agreement (paid)	75,000
December 11, 2017 (paid)	75,000
December 11, 2018	75,000
December 11, 2019	100,000
December 11, 2020	150,000
December 11, 2021	250,000
December 11, 2022	500,000
December 11, 2023	750,000
December 11, 2024 and each anniversary date thereafter.	1,500,000

The Agreement is subject to a nonparticipating royalty based on the gross value from the production or sale of minerals from Swales of 3% with a buy-down option of 0.5% for US\$2,500,000, at anytime before December 11, 2021. The minimum payments above shall be credited cumulatively against any royalty obligations.

In addition, the Company is required to meet drilling commitments as follows:

Date	Minimum Feet Drilled
December 11, 2018	7,500'
December 11, 2019	10,000'
December 11, 2020	10,000'
December 11, 2021	10,000'
December 11, 2022	20,000'
December 11, 2023	20,000'
December 11, 2024	20,000'
December 11, 2025	20,000'
December 11, 2026 and each anniversary date thereafter.	20,000'

In the event the Company fails to satisfy the minimum drill commitment in any year, the Company will be required to pay US\$50 for each one foot (1') shortfall in drilling in that year.

Sunnyside Project

On August 10, 2017, the Company entered into an arm's length definitive agreement (the "Sunnyside Agreement") with Regal Resources USA, Inc. ("Regal") 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 totaling \$2,950,000 cash and the issuance of 10,100,000 common shares to Regal and cumulative expenditures of \$6,000,000 on the property during the first two years of the 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 and the expenditure of an additional \$6,000,000 on the property within a further two year period.

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NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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4. EXPLORATION AND EVALUATION ASSETS (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	3,000,000	3,850,000 (issued and held in escrow)
On or before end of Year 2	1,000,000	3,000,000	5,000,000
To Increase Interest to 67.5%			
On or before end of Year 3	-	3,000,000	-
On or before end of Year 4	550,000	3,000,000	4,900,000
Total	3,500,000	12,000,000	15,000,000

- * Year 1 shall commence on the date the Company has received all required governmental permits including drilling permits to carry out its initial exploration program on the Sunnyside Property.

Upon the Company earning either a 51% interest or 67.5% interest in the Sunnyside Property, the Company and Regal will enter into and participate in a joint venture for the purpose of further exploring and developing the property. The Sunnyside 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 shall vote all of its Barksdale shares in accordance with the recommendations of the Company's management from time to time, other than matters relating solely to Regal or the Sunnyside Property and subject to Regal's right to abstain from voting in its discretion;
- b) Regal shall give the Company not less than five (5) days advance notice of any proposed sale of Barksdale shares for so long as Regal owns 5% or more of the Company's outstanding shares;
- c) until such time as the Company has earned a 51% interest in the Sunnyside Property, the Company will not acquire, directly or indirectly, any common shares of Regal Resources Inc. ("Regal BC") without the prior consent of Regal BC; and
- d) the Company has a 15 day right of first refusal to acquire all or any part of Regal's remaining interest in the Sunnyside Property in the event of a proposed sale or transfer of such interest by Regal.

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.

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5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2017	March 31, 2017
	\$	\$
Accounts payable	129,159	50,374
Accrued liabilities	21,222	38,677
	150,381	89,051

6. 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, 2017:

On July 25, 2016, the Company consolidated its share capital on the basis of one post-consolidated common share for every two pre-consolidated common shares. All common share and per common share amounts in these consolidated financial statements have been adjusted to give retroactive effect to the share consolidation.

On August 19, 2016, the Company closed a private placement of 7,000,000 common shares at \$0.05 per common share for gross proceeds of \$350,000.

On October 17, 2016, the Company closed a private placement of 4,000,000 common shares at \$0.20 per common share for gross proceeds of \$800,000.

During the nine months ended December 31, 2017:

In October 2017, the Company closed a non-brokered private placement financing of 13,530,000 common shares at a price of \$0.40 per share for proceeds of \$5,258,876, net of cash commission and expenses of \$153,124.

In October 2017, pursuant to the Option of the Sunnyside Property, the Company issued 5,100,000 common shares of the Company at a value of \$2,040,000 to Regal, of which 3,850,000 shares are held in escrow, and will be cancelled and returned to treasury if the Company determines not to proceed with the Option after completing its initial exploration of the Sunnyside Property (Note 4).

Stock Options

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

In October 2017, the Company granted 2,000,000 stock options to directors, officers and consultants of the Company at an exercise price of \$0.42 per share for a period of five years. The options were valued at \$797,902 using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk-free rate of 1.70%, volatility of 269%, and nil forecasted dividend yield.

BARKSDALE CAPITAL CORP.
NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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6. SHARE CAPITAL AND RESERVES (CONTINUED)

Stock Options (Continued)

In November 2017, the Company granted 600,000 stock options to a director and an officer of the Company at an exercise price of \$0.88 per share for a period of five years, vested as follows: 1/3 on the date of grant, 1/3 on the first anniversary and 1/3 on the second anniversary. The options were valued at \$526,583 using the Black-Scholes pricing model with the following assumptions: estimated life of five years, risk-free rate of 1.62%, volatility of 267%, and nil forecasted dividend yield.

A summary of stock options activities are as follow:

	Number of options	Weighted average exercise price
	#	\$
Balance, March 31, 2016 and 2017	-	-
Granted	2,600,000	0.53
Balance, December 31, 2017	2,600,000	0.53

A summary of the stock options outstanding and exercisable at December 31, 2017 is as follows:

Exercise Price	Number Outstanding	Number Exercisable	Expiry Date
\$			
0.42	2,000,000	2,000,000	October 6, 2022
0.88	600,000	200,000	November 14, 2022
	2,600,000	2,200,000	

Warrants

In October 2017, 307,500 finder's warrants were issued in connection with the private placement financing, each finder's warrant entitles the holder to purchase one common share of the Company at a price of \$0.40 for a period of two years from closing. The warrants were valued at \$109,566 using the Black-Scholes pricing model with the following assumptions: estimated life of two years, risk-free rate of 1.46%, volatility of 225%, and nil forecasted dividend yield.

A summary of share purchase warrant options activities are as follow:

	Number of warrants	Weighted average exercise price
	#	\$
Balance, March 31, 2016 and 2017	-	-
Issued	307,500	0.40
Balance, December 31, 2017	307,500	0.40

A summary of the warrants outstanding and exercisable at December 31, 2017 is as follow:

Exercise Price	Number Outstanding and Exercisable	Expiry Date
\$		
0.40	307,500	October 5, 2019

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7. 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, 2017, the Company entered into the following transactions with key management personnel:

	For the nine months ended	
	December 31,	
	2017	2016
	\$	\$
Management fees	86,085	36,000
Exploration and evaluation assets	6,105	-
Professional fees	33,941	-
Stock based compensation	508,644	-
	634,775	36,000

As at December 31, 2017, \$56,480 (March 31, 2017 - \$5,000) was included in accounts payable and accrued liabilities owing to officers and companies controlled by officers of the Company.

8. SEGMENTED INFORMATION

The Company has one operating segment, being the acquisition and exploration of exploration and evaluation assets. All non-current assets of the Company are located in the USA.

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

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

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9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

a) Currency risk

The Company conducts exploration and evaluation activities in the United States. As such, it is subject to risk due to fluctuations in the exchange rates of the Canadian and US dollars. As at December 31, 2017, the Company had a net monetary liability position of approximately US\$235,490. Each 1% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$2,355.

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.

d) Liquidity risk

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

e) Commodity price risk

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

10. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of all components of shareholders' equity (deficiency). 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, 2017. The Company is not subject to externally imposed capital requirements.

BARKSDALE CAPITAL CORP.
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11. COMMITMENTS

In November 2017, the Company entered into a consulting services agreement with an officer to provide management services to the Company for an indefinite term. The agreement requires payment of \$11,000 per month and a signing bonus of \$25,000. Included in the agreement is a provision for a two year payout in the event of termination without cause or in the event of a change in control.