BARKSDALE CAPITAL CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 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)

	September 30, 2017	March 31, 2017
	$	$
ASSETS		
Current		
Cash	2,432,965	583,864
Receivables	6,789	338
Prepaid expenses	2,063	1,250
Deferred financing costs	99,000	-
	2,540,817	585,452
Exploration and evaluation assets (Note 4)	500,804	100,073
	3,041,621	685,525
LIABILITIES		
Current		
Accounts payable and accrued liabilities	263,291	89,051
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	17,887,805	17,887,805
Share subscriptions received (Note 5)	2,443,000	-
Reserves (Note 5)	1,561,278	1,561,278
Deficit	(19,113,753)	(18,852,609)
	2,778,330	596,474
	3,041,621	685,525

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 10)

Approved on behalf of the Board of Directors on November 27, 2017:

"Glenn Kumoi" Director *"Richard Silas"* Director

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

	For the three months ended September 30,		For the six months ended September 30,	
	2017	2016	2017	2016
	$	**$**	**$**	**$**
Expenses				
Consulting fees	23,000	-	23,000	-
Foreign exchange loss	5,114	-	11,313	-
Interest expense	-	10,508	-	16,974
Management fees (Note 6)	26,500	18,000	26,500	18,000
Office and general	3,703	1,360	3,985	1,706
Professional fees (Note 6)	151,922	500	166,867	500
Property investigation costs	22,133	-	22,133	-
Transfer and filing fees	5,475	8,052	7,346	10,098
	(237,847)	(38,420)	(261,144)	(47,278)
Gain on derecognition of accounts payable and accrued liabilities	-	2,277	-	27,639
Loss and comprehensive loss for the period	(237,847)	(36,143)	(261,144)	(19,639)
Basic and diluted loss per share	(0.02)	(0.01)	(0.02)	(0.00)
Weighted average number of common shares outstanding	13,545,583	5,817,322	13,545,583	4,190,392

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

	Number of Shares Issued	Share Capital	Share Subscriptions Received	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	7,000,000	350,000	-	-	-	350,000
Share subscriptions received	-	-	2,000	-	-	2,000
Net loss for the period	-	-	-	-	(19,639)	(19,639)
Balance at September 30, 2016	**9,545,583**	**17,087,805**	**2,000**	**1,561,278**	**(18,762,273)**	**(111,190)**
Share issued for cash	4,000,000	800,000	(2,000)	-	-	798,000
Net loss for the period	-	-	-	-	(90,336)	(90,336)
Balance at March 31, 2017	**13,545,583**	**17,887,805**	**-**	**1,561,278**	**(18,852,609)**	**596,474**
Share subscriptions received	-	-	2,443,000	-	-	2,443,000
Net loss for the period	-	-	-	-	(261,144)	(261,144)
Balance at September 30, 2017	**13,545,583**	**17,887,805**	**2,443,000**	**1,561,278**	**(19,113,753)**	**2,778,330**

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 six months ended September 30, 2017	2016
	$	**$**
Cash flows used in operating activities		
Net loss for the period	(261,144)	(19,639)
Items not affecting cash		
Accrued interest and accretion	-	16,836
Gain on derecognition of payables	-	(27,639)
Unrealized foreign exchange loss	-	1,159
	(249,831)	(29,283)
Changes in non-cash working capital items		
Receivables	(6,451)	(468)
Prepaid expenses	(813)	-
Deferred financing costs	(99,000)	-
Accounts payable and accrued liabilities	159,725	(109,067)
	(207,683)	(138,818)
Cash flows used in investing activities		
Exploration and evaluation asset expenditures	(386,216)	-
Cash flows from financing activities		
Proceeds from share issuances	-	350,000
Share subscriptions received	2,443,000	2,000
Proceeds from loans payable	-	(177,100)
	2,443,000	174,900
Net change in cash	1,849,101	36,082
Cash, beginning of period	583,864	633
Cash, end of period	2,432,965	36,715
Exploration and evaluation assets in accounts payable and accrued liabilities	14,515	-

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 trades under the symbol BRO.V. 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 September 30, 2017, the Company has accumulated net losses of $19,113,753 since inception and has working capital of $2,277,526. 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 six months ended September 30, 2017 were authorized by the Board of Directors for issuance on November 27, 2017.

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.

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

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 six months ended September 30, 2017 and have not been applied in preparing these condensed interim consolidated financial statements:

IFRS 9 – Financial Instruments: Applies to classification and measurement of financial assets and liabilities as defined in IAS 39. It is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company does not expect that the adoption of this standard will have a material effect on the Company's consolidated financial statements.

IFRS 15 – Clarifications to IFRS 15 "Revenue from Contracts with Customers" issued. The amendments do not change the underlying principles of the standard, but simply clarify and offer some additional transition relief. The standard is effective for annual periods beginning on or after January 1, 2018. The Company does not expect that the adoption of this standard will have any effect on the Company's consolidated financial statements.

IFRS 16 – Leases: On January 13, 2016, the IASB issued the final version of IFRS 16 Leases. The new standard will replace IAS 17 Leases and is effective for annual periods beginning on or after January 1, 2019. IFRS 16 eliminates the classification of leases as either operating leases or finance leases for a lessee. Instead, all leases are treated in a similar way to finance leases applying IAS 17. IFRS 16 does not require a lessee to recognize assets and liabilities for short-term leases (i.e. leases of 12 months or less) and leases of low-value assets.

(Unaudited - Expressed in Canadian Dollars)

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 costs	-	100,000	100,000
Exploration expenditures:			
Claim maintenance fees	27,627	55,599	83,226
Consulting	58,672	8,047	66,719
Camp accommodation	5,482	-	5,482
Data analysis	2,031	6,581	8,612
Geological	5,765	-	5,765
Geophysics	26,223	-	26,223
Sampling and processing	104,011	-	104,011
Supplies and fuel	693	-	693
Balance, September 30, 2017	**330,577**	**170,227**	**500,804**

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 ("Swales"), 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	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.

(Unaudited - Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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.

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 subsequently)	-	1,250,000 (issued subsequently)
On or before end of Year 1 *	1,200,000	3,000,000	3,850,000 (issued subsequently)
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.

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

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.

5. SHARE CAPITAL AND STOCK OPTIONS

Authorized Share Capital

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

Issued Share Capital

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 six months ended September 30, 2017, there were no shares issued.

As at September 30, 2017, the Company received share subscriptions totalling $2,443,000 related to private placement completed subsequently (Note 10).

(Unaudited - Expressed in Canadian Dollars)

5. SHARE CAPITAL AND STOCK OPTIONS (CONTINUED)

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. There were no stock options outstanding and exercisable as at September 30, 2017, March 31, 2017, and March 31, 2016.

6. RELATED PARTY TRANSACTIONS AND BALANCES

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

During the six months ended September 30, 2017, the Company entered into the following transactions with key management personnel:

	For the six months ended September 30,	
	2017	2016
	$	$
Management fees	**26,500**	18,000
Professional fees	**9,792**	-
	36,292	18,000

As at September 30, 2017, $1,500 (March 31, 2017 - $5,000) was included in accounts payable and accrued liabilities owing to a company controlled by an officer of the Company.

7. 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.

8. 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.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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

a) Currency risk

The Company conducts 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 September 30, 2017, the Company had a net monetary liability position of approximately US$67,000. Each 1% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately $670.

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.

9. 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 six months ended September 30, 2017. The Company is not subject to externally imposed capital requirements.

10. SUBSEQUENT EVENTS

a) 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.

b) 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 gross proceeds of $5,412,000 (Note 5). Finder’s fees totalling $123,000 cash and 307,500 finder’s warrants were paid and 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.

c) In October 2017, pursuant to the Option of the Sunnyside Property, the Company made a cash payment of $650,000 and issued 5,100,000 common shares of the Company 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).

d) In November 2017, the Company granted 600,000 stock options to the newly appointed Chief Executive Officer (effective in December 2017) of the Company at an exercise price of $0.88 per share for a period of five years.