

BARKSDALE CAPITAL CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED JUNE 30, 2017

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General

The purpose of this Management Discussion and Analysis (“**MD&A**”) is to explain management’s point of view regarding the past performance and future outlook of Barksdale Capital Corp. (“**Barksdale**” or the “**Company**”). This report also provides information to improve the reader’s understanding of the financial statements and related notes as well as important trends and risks affecting the Company’s financial performance, and should therefore be read in conjunction with the Company’s unaudited condensed interim consolidated financial statements and notes for the three months ended June 30, 2017 (the “**Financial Statements**”) and the audited consolidated financial statements for the years ended March 31, 2017 and March 31, 2016.

All information contained in this MD&A is current as of August 29, 2017 unless otherwise stated.

The Financial Statements and related notes of the Company and all financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”) and all dollar amounts are expressed in Canadian dollars unless otherwise indicated. Additional information on the Company is available on SEDAR at www.sedar.com. See “Other MD&A Requirements” below.

Overview

Barksdale is currently listed on the NEX board of the TSX Venture Exchange (“**TSXV**”) under the symbol BRO.H.

Since the second half of 2016, the Company has been undergoing a reactivation plan with a view to relisting the Company’s shares for trading on Tier 2 of the TSXV as a mining issuer. To date, such plan has included the following:

- On July 25, 2016, the Company consolidated its common shares on the basis of one post-consolidated common share for every two pre-consolidated common shares.
- In August 2016, Ross Wilmot, Kurt Lahey and Ken Taylor resigned as directors of the Company and Richard Silas, Mark McCartney and Jeff O’Neil were appointed as directors of the Company in their place. In addition, Michael Waldkirch was appointed as the Chief Financial Officer of the Company.
- On August 19, 2016, the Company closed a \$350,000 non-brokered private placement through the issuance of 7,000,000 common shares at a price of \$0.05 per common share to reduce payables and for working capital purposes.
- On October 17, 2016, the Company closed an \$800,000 non-brokered private placement through the issuance of 4,000,000 common shares at a price of \$0.20 per common share.
- On December 11, 2016, the Company entered into an arm’s length mining lease agreement for the exploration and, if warranted, mining of 123 contiguous unpatented lode mining claims encompassing approximately 2,204 acres (1,012 hectares) situated in Elko County, Nevada, U.S.A. (the “**Swales Project**”) for a primary period of 10 years in consideration for certain annual cash lease payments and work commitments. See “Geological Summary – Exploration and Evaluation Properties – Swales Project” below for further details regarding the Swales Project.
- On August 10, 2017, the Company entered into arm’s length definitive agreements to acquire, by way of option, up to a 67.5% undivided interest in 286 unpatented mining claims comprising approximately 5,223.71 acres (2,113.96 hectares) situated in Santa Cruz County, Arizona (the “**Sunnyside Property**”) from Regal Resources USA, Inc. (“**Regal US**”), a wholly-owned Nevada subsidiary of Regal Resources Inc., a British Columbia reporting issuer (“**Regal BC**” and, together with Regal US, “**Regal**”), in consideration for a combination of cash payments, share issuances and exploration expenditures. See “Geological Summary – Exploration and Evaluation Properties – Sunnyside Property” below for further details regarding the Sunnyside Property.

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In August 2017, the Company applied to the TSXV for relisting of the Company's shares for trading on Tier 2 of the TSXV as a mining issuer. As of the date of this MD&A, the Company's relisting application remains under review and the Company's shares are currently halted from trading pending acceptance of the Company's application by the TSXV.

Geological Summary

Exploration and Evaluation Properties

Swales Project

In December 2016, the Company entered into an arm's length mining lease agreement (the "**Swales Lease**") to lease a 100% right in 123 unpatented lode mining claims encompassing approximately 2,204 acres (1,012 hectares) situated in Elko County, Nevada, U.S.A., for a primary period of 10 years.

Under the terms of the Swales Lease, the Company is required to pay the following yearly minimum payments

Date	Payment amount (US\$)
Upon execution of the Swales Lease (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 Swales Lease is also subject to a 3% non-participating royalty based on the gross value from the production or sale of minerals from the Swales Project, with a buy-down option of 0.5% for US\$2,500,000, at any time before December 11, 2021. The minimum yearly lease payments above shall be credited cumulatively against any royalty obligations.

In addition, the Company is required to meet annual 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 foot (1') shortfall in drilling in that year.

The Company is also required to pay all applicable governmental filing fees and taxes required to maintain the Swales Project in good standing.

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The Company may terminate the Swales Lease at any time in its discretion upon notice to the lessor, provided that if the Company elects to terminate the Swales Lease less than ninety (90) days before the deadline for payment of any annual governmental filing fees and/or taxes, the Company shall be required to pay for such annual fees and/or taxes.

For the three months ended June 30, 2017, the Company incurred exploration and evaluation expenditures of \$141,050 as compared to \$Nil in the comparative period for 2016 as follows.

	Swales \$
<i>Exploration expenditures:</i>	
Claim maintenance fees	27,627
Consulting	2,731
Camp accommodation	4,306
Geological	5,765
Sampling and processing	100,442
Supplies and fuel	179
For the three months ended June 30, 2017	141,050

The Swales Project is located in the southern Independence Mountains of Elko County, NV on strike with the Independence belt of gold (Au) deposits and adjacent to and just northeast of the Carlin Trend, a northwest alignment of more than 40 sedimentary rock-hosted gold deposits that have produced more than 80 million ounces of gold to date. The Swales Project is located in close proximity to a number of world class gold producing mines including 12 miles (20 km) east of Newmont Mining Corporation's ("**Newmont**") Carlin Mine and 10 miles (16 km) northeast of the Newmont's Gold Quarry Mine. The close proximity of the Swales Project to various producing mines and/or gold deposits is not necessarily indicative of the gold and/or other mineralization present on the Swales Project.

The Swales Project is considered an early stage grass roots exploration project centered on the western and southern flanks of Swales Mountain, the southernmost peak of the Independence Mountains. Swales Mountain is the middle member of a series of five known north-south aligned igneous intrusive centers of Eocene-age. The north and south end-members of this series of igneous intrusions are known to be associated with important Carlin-style gold districts. The recent gold discoveries made by Gold Standard Ventures Corp. lie in the Pinon Range twenty miles south of Swales Mountain. Approximately twenty miles to the north in the Independence Mountains, the Jerritt Canyon District (+8 million ounces of gold production) hosts numerous Eocene-age igneous dikes.

Paleozoic sedimentary rocks of both the upper and lower plate of the Roberts Mountain thrust are exposed at the Swales Project. Rocks of the upper plate are mainly western assemblage siliceous and siliciclastic whereas the lower plate rocks are comprised mainly of carbonates. These rocks are intruded by two types of igneous rocks of Eocene age. These igneous intrusions have uplifted and exposed carbonate rocks of Devonian and Mississippian age along the eastern flank of Swales Mountain in a structural window through the Roberts Mountains thrust. Certain of these lower plate carbonate rocks bear similarities of age, lithology, and thickness to important ore host rocks at the Gold Quarry Mine.

A north striking, west dipping fault zone, with Eocene volcanic rocks in its hanging wall and upper plate Paleozoic siliciclastic rocks in its footwall, forms the western edge of Swales Mountain. A prominent gravity gradient is present along this fault zone and indicates that there is down to the west displacement of lower plate carbonate rocks across it at depth. These same rock units are interpreted to lie at depth along the western flank of Swales Mountain, where uplift has been insufficient to create a window through the Roberts Mountains thrust. The youngest rocks within the Swales Project consist of thin veneers of fanglomerate and landslide deposits that have accumulated along the east side of this mountain range and subsequently the east side of Swales Mountain.

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Very limited information is available for historic mineral exploration on Swales Mountain, other than a few simple descriptions of the historic mineral occurrences. The mineral occurrences located directly on the Swales Project are Bad Apple, Prospect #4 and Edgar Turquoise Mine.

There is potential for three styles of mineralization within the Swales Project area:

- Carlin-type sedimentary rock-hosted gold (+/-) silver mineralization.
- Manto to Skarn-type silver, copper, lead, zinc, gold mineralization.
- Sedimentary rock-hosted gold, silver and copper mineralization hosted in hornfelsed Paleozoic rocks (similar to geologic patterns observed at the Mike Gold-Copper-Zinc-Silver Deposit), as described by Norby and Orobona (2002).

Exploration Work

Geologic mapping at a scale of 1:5000 has been completed. This work resulted in the documentation of important faults, zones of alteration and mineralization, and stratigraphic units that may be permissive host rocks. Of particular importance is the recognition of a carbonate section that is probably Devonian in age. The presence of phosphate nodules and ripple marks also suggest that rocks previously thought to be Ordovician Vinini Fm may be Devonian in age. These rocks may be equivalent to some of the important host rocks at the nearby Gold Quarry mine.

In April 2017, the Company commissioned JL Wright Geophysics to conduct a property and regional ground gravity survey. The survey consisted of 523 gravity stations with the objective of lithologic and structural definition. In summary, the results of the gravity survey agree well with mapped geology. Domed carbonates around the margin of the Swales intrusion produce an elongated gravity high around a central gravity low. The low gravity correlates with a magnetic high and mapped felsic intrusive lithologies. The west side of the gravity high is mapped as siliciclastic rocks, but interpreted to be underlain at shallow depth by carbonates.

In May 2017, North American Exploration Services, Inc. of Layton, Utah completed a soil geochemical sampling program on behalf of Barksdale which consisted of 1,475 soil samples. Results from the soil program are summarized as follows:

- A significant copper in soil anomaly is spatially associated with the historic Edgar Turquoise Mine in the southeast portion of Section 18, which occurs at the contact between Ordovician Vinini Formation sedimentary rocks and a porphyry intrusive into the sedimentary complex.
- Smaller copper in soil anomalies are also associated with the Bad Apple Claims and Prospect #4 occurrences. The most significant result was from sample SW-892, approximately 250 metres north of the Prospect #4 occurrence, which returned 1,030 ppm Cu.
- A number of anomalous gold in soil samples were identified in the northeast corner of Section 18 in the vicinity of the Prospect #4 occurrence. Spatially associated with gold is anomalous Cu-Zn and minor As and Sb in the vicinity of Prospect #4. The geology of Prospect #4 is described as mineralized rock along the contact of monzonite porphyry with chert and limestone (U.S. Geological Survey, 2005).
- Slightly elevated amounts of gold were also detected in soils associated with the Bad Apple Claims occurrence, located in the southeast portion of Section 6. Spatially associated with Au is anomalous Cu, As, Zn and Pb in the vicinity of this occurrence. The Bad Apple Claims occurrence is described as a contact zone between siliceous, silty mudstones of the Vinini Formation and altered Tertiary quartz porphyry.
- Soil sampling along the central western portion of Section 18 along the contact between the Monzonite Porphyry and Vinini Formation sedimentary rocks has identified a striking Ba-Zn in soil anomaly along with slightly anomalous Au and Cu.
- Another significant Barium anomaly is located in section 6 with values of up to 7,110 ppm Ba.

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Between May to August, 2017, the Company collected 43 rock samples from outcrops of altered quartz porphyry, dacite tuff and altered Vinini Formation sedimentary rocks mostly comprised of silica replaced limestone breccias and siltstone along with some jasperoid. The samples were collected primarily from a 7 km long, 50 to 300 metre wide structural zone, mainly consisting of faulted, brecciated and hornfelsed siltstone with rare silicified silty carbonate. Results of eighty-five (85) rock samples indicate anomalous gold (to 105 ppb), silver (to 19.4 ppm), arsenic (to 561 ppm), and antimony (to 131 ppm) occur in and around igneous intrusive dikes and surrounding silicified Paleozoic sedimentary rocks. An additional 80 rock samples are being analyzed.

In summary, locally elevated gold and other Carlin pathfinder elements such as As, Sb and Ba in upper plate siliciclastic rocks suggest possible leakage along faults and contacts from a Carlin-type hydrothermal system that could have potentially altered and mineralized lower plate carbonate rocks at depth.

Planned additional exploration includes further fieldwork in the form of detailed geological mapping and additional rock and soil sampling, along with a CSAMT survey over the area of high gravity along the west flank of the anticline at an estimated cost of US\$250,000; followed by about 3,000 meters of reconnaissance RC (reverse circulation) drilling at an estimated cost of US\$500,000.

Sunnyside Property

On August 10, 2017, the Company entered into arm's length definitive agreements (the "**Sunnyside Agreements**") with Regal US to acquire, by way of option (the "**Option**"), up to 67.5% of the Sunnyside Property located at 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 (\$100,000 paid) and 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 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	C\$ Cash	Exploration Requirement C\$	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	-	1,250,000
On or before end of Year 1 *	1,200,000	3,000,000	3,850,000
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:	C\$3,500,000	C\$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.

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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 provision 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 Agreements further provide that:

- (1) 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;
- (2) 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;
- (3) 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; and
- (4) 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.

The Option remains subject to the acceptance of the TSXV.

The Sunnyside Property is located approximately 80 km (~50 miles) south of Tucson, AZ and 20 km (~12 miles) northeast of Nogales, AZ. The project straddles the Harshaw (northeast), Patagonia (south) and Palmetto (northwest) mining districts and is situated in a broad northwest trending corridor of porphyry copper deposits that straddle the U.S./Mexico border from the La Caridad mine in Central Sonora, Mexico through to the Mineral Park located in northwestern Arizona.

The primary target consists of a large, 0.9 mile (~ 1.5 km) diameter diatreme breccia complex overlying a deep porphyry copper system in the north central part of the property along with a number of shallow (within ~ 1,000 metres of surface) porphyry Cu (and Cu-Mo) and Cu (+/- Ag) targets associated with abundant breccia pipe systems mapped throughout the property and secondary chalcocite enrichment zones as identified from limited historical drilling.

In addition, historic drill hole TCH-2 represents a potential northwesterly extension of the recently discovered Taylor base metal skarn/replacement deposit belonging to Arizona Mining Inc. located approximately 750 metres to the southeast. This core hole, drilled in the early 1970's, intersected multiple horizons of polymetallic (Cu-Pb-Zn-Ag) replacement skarn hosted mineralization, with increased copper grades to the west indicating that the porphyry system's source may originate from the Sunnyside Property. Highlights from TCH-2 include:

Depth (ft.) From	Depth (ft.) To	Vertical Thickness (ft.)	Cu%	Pb%	Zn%	Ag oz/st
4127	4166	39	0.71	0.21	0.12	1.20
4195	4209	14	2.32	0.73	0.09	5.90
4653	4710	57	1.3	5.00	12.2	10.80
4767	4891	124	0.23	0.86	14.10	7.40

TCH-2 was drilled prior to the implementation of National Instrument 43-101 *Standard of Disclosure for Mineral Projects* ("NI 43-101"), has not been verified by a "qualified person" and therefore should not be relied upon. It has been presented to provide an indication of the possible mineralization within the Sunnyside Property and as a guide to future exploration. In addition, the close proximity of the Sunnyside Property to Arizona Mining's Taylor deposit is not necessarily indicative of the base metal mineralization present on the Sunnyside Property.

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Quality Control and Quality Assurance

The scientific and technical content and interpretations contained in this MD&A have been reviewed and approved by Steven R. Koehler, B.Sc. Geology, CPG-10216, a consultant to Barksdale and a “qualified person” as defined by NI 43-101.

Summary of Quarterly Results

The following provides selected quarterly information for the Company’s eight most recently completed quarters.

	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
	\$	\$	\$	\$
Total assets	700,462	685,525	740,354	37,441
Total liabilities	127,285	89,051	79,261	148,631
Working capital (deficit)	332,054	496,401	561,020	(111,190)
Revenues	-	-	-	-
Other item				
Gain on derecognition of accounts payable and accrued liabilities	-	4,644	607	2,277
Net income (loss)	(23,297)	(64,619)	(25,717)	(36,143)
Income (loss) per share	(0.00)	(0.01)	(0.00)	(0.01)

	June 30, 2016	March 31, 2016	December 31, 2015	September 30, 2015
	\$	\$	\$	\$
Total assets	3,989	891	1,347	3,633
Total liabilities	431,036	444,442	443,461	433,443
Working capital (deficit)	(427,047)	(443,551)	(442,114)	(429,810)
Revenues	-	-	-	-
Other item				
Gain on derecognition of accounts payable and accrued liabilities	25,362	16,381	-	-
Net income (loss)	16,504	7,674	(12,304)	(30,788)
Income (loss) per share	0.01	0.00	(0.00)	(0.01)

The Company was inactive during most of the eight most recently completed quarters and, except for the three most recently completed quarters ended December 31, 2016, March 31, 2017, and June 30, 2017, the Company has suffered from significant working capital deficits due to a lack of available equity financing and ongoing administrative expenses. In August, 2016, in conjunction with a change in management, the Company raised gross proceeds of \$350,000 through the issuance of 7,000,000 common shares at \$0.05 per share and in October, 2016, the Company raised an additional \$800,000 through the issuance of 8,000,000 common shares at \$0.20 per share as part of the Company’s reactivation plan. See “Overview” above.

In the quarters ended March 31, 2017, December 31, 2016, September 30, 2016, June 30, 2016, and March 31, 2016, the Company recorded gains of \$4,644, \$607, \$2,277, \$25,362, and \$16,381, respectively, from the derecognition of prior years accounts payable and accrued liabilities.

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Operations

For the three months ended June 30, 2017 and 2016

Expenses

Total expenses were \$23,297 for the three months ended June 30, 2017, compared to \$8,858 for the comparative 2016 period. The Company recorded interest expense of \$6,466 related to interest accrued for short-term working capital loans outstanding during the three months ended June 30, 2016 as compared to \$Nil in the comparative 2017 period. Professional fees of \$14,945 were incurred during the three months ended June 30, 2017 in connection with the Company's reactivation plan as compared to \$Nil in the comparative 2016 period. The Company also recorded foreign exchange loss of \$6,199 during the three months ended June 30, 2017 as compared to \$Nil in the comparative 2016 period.

Net Loss

The Company recorded a net loss of \$23,297 or \$0.00 per share for the three months ended June 30, 2017 compared with a net income of \$16,504 or \$0.01 per share for the comparative 2016 period. The net loss during the current period was due mainly to higher professional fees incurred in connection with the Company's reactivation plan and Option to acquire the Sunnyside Property. The net income of \$16,504 for the comparative 2016 period resulted entirely from a gain on derecognition of accounts payable and accrued liabilities totaling \$25,362 during such period.

Liquidity and Capital Resources

The Company's liquidity and capital resources are as follows:

	June 30, 2017	March 31, 2017
	\$	\$
Cash	456,280	583,864
Receivables	964	338
Prepaid expenses	2,095	1,250
Total current assets	459,339	585,452
Accounts payables and accrued liabilities	127,285	89,051
Working capital	332,054	496,401

In August 2016, the Company closed a \$350,000 non-brokered private placement through the issuance of 7,000,000 common shares at price of \$0.05 per share. The Company used the proceeds from this financing to repay outstanding loans payable, accounts payable and accrued liabilities and for general working capital. In October 2016, the Company closed an \$800,000 non-brokered private placement through the issuance of 4,000,000 common shares at price of \$0.20 per share. A portion of the net proceeds from this financing has been used for general working capital and the acquisition and initial exploration of the Swales Project. See "Overview" above. The remainder of the proceeds from this financing is included in the Company's working capital surplus of \$332,054 as at June 30, 2017 (March 31, 2017 - \$496,401).

During the three months ended June 30, 2017, the Company incurred exploration and evaluation expenditures of \$141,050 in respect of the Swales Project, Elko County, Nevada as compared to \$Nil in the comparative period in 2016. See "Geological Summary – Exploration and Evaluation Properties – Swales Project" above.

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On August 15, 2017, the Company announced a non-brokered private placement of 7,000,000 common shares at a price of \$0.40 per share to raise gross proceeds of \$2,800,000 (the “**2017 Private Placement**”). The net proceeds of the 2017 Private Placement will be used to make the cash payment of \$650,000 to Regal upon TSXV acceptance of the Option, fund further exploration of the Swales Project and, subject to receipt of all requisite permits, an initial exploration program on the Sunnyside Property and for general corporate and working capital purposes. The 2017 Private Placement is subject to acceptance of the TSXV and finder’s fees in accordance with TSXV policies may be payable in connection therewith. Provided the Company is successful in completing the 2017 Private Placement in full, management believes it will have sufficient working capital to fund its operations and property expenditures for at least the next six months. However, there are no assurances that the 2017 Private Placement will be completed in whole or in part on the terms set out above or otherwise. If the Company is unable to complete the 2017 Private Placement in full, management will need to re-assess its proposed expenditures and exploration programs for the Swales Project and Sunnyside Property in light of its available working capital.

Risks and Uncertainties

The business and operations of Barksdale are subject to numerous risks, many of which are beyond the Barksdale’s control. Barksdale considers the risks set out below to be some of the most significant to potential investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which Barksdale is currently unaware or which it considers to be material in relation to Barksdale’s business actually occur, the Company’s assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of Barksdale’s securities could decline and investors may lose all or part of their investment.

- (a) Barksdale has only recently re-commenced operations after having been inactive for a number of years. As such, it is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel and lack of revenues.
- (b) Barksdale has limited financial resources and no operating revenues. To maintain its interest in the Swales Project and acquire an interest in the Sunnyside Property, the Company has contractually agreed to make certain payments and expenditures for and on such properties. Barksdale’s ability to continue as a going concern is dependent upon, among other things, Barksdale establishing commercial quantities of mineral reserves on its properties and obtaining the necessary financing and permits to develop and profitably produce such minerals or, alternatively, disposing of its interests on a profitable basis, none of which is assured.
- (c) Barksdale has only generated losses to date and will require additional funds to further explore its properties. The only sources of funds for exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, presently available to Barksdale are the sale of equity capital or the offering by Barksdale of an interest in its properties to be earned by another party carrying out further exploration or development. Barksdale’s ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions as well as its business performance. There is no assurance such additional funding will be available to Barksdale when needed on commercially reasonable terms or at all. Additional equity financing may also result in substantial dilution thereby reducing the marketability of Barksdale’s shares. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and the possible, partial or total loss of the Company’s interest in its properties.
- (d) Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in Barksdale’s case given its formative stage of development and the fact that the Swales Project and Sunnyside Property are still in their exploration stage. Furthermore, exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There are no known resources or reserves on the Swales Project or the Sunnyside Property and the Company’s proposed exploration programs will be exploratory searches for commercial quantities of ore. There is no assurance that Barksdale’s exploration will result in the discovery of an economically viable mineral deposit.

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- (e) Barksdale activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection and title defects.
- (f) Neither the Swales Project nor the Sunnyside Property have been surveyed and may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. In addition, the Company's exploration activities will require various licenses and permits from various governmental authorities. There is no assurance that Barksdale will be successful in obtaining the necessary licenses and permits on a timely basis or at all to undertake its exploration activities in the future or, if granted, that the licenses and permits will remain in force as granted.
- (g) Barksdale must comply with environmental regulations governing air and water quality and land disturbance and provide for reclamation and closure costs. In addition, Barksdale may become subject to liability for hazards against which it is not insured.
- (h) The mining industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. It is also highly competitive in all its phases and Barksdale will be competing with other mining companies, many with greater financial and technical resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals.
- (i) Certain of Barksdale's directors and officers also serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which Barksdale may participate, such directors and officers of Barksdale may have a conflict of interest.
- (j) Barksdale has not declared or paid any dividends on its common shares and does not expect to do so in the foreseeable future. Future earnings, if any, will likely be retained to finance growth. Any return on investment in Barksdale's shares will come from the appreciation, if any, in the value thereof. The payment of any future dividends will depend upon the Company's earnings, if any, its then-existing financial requirements and other factors, and will be at the discretion of the Company's board of directors.
- (k) The Company's common shares are currently listed on the NEX board of the TSXV. During the past year, trading in the Company's common shares has, at times, been very limited, sporadic and subject to large fluctuations in market price, which may result in losses to investors. There are no assurances that the Company's proposed reactivation plan will be successful or that the Company's shares will be re-listed for trading on Tier 2 of the TSXV. Even if the Company's shares become relisted on Tier 2 of the TSXV there are no assurances that an active, stable market will develop or be sustained in the future. If an active, stable public market for the Company's shares does not develop in the future, or if developed, is not sustained, the liquidity of such shares may be limited.

Readers are cautioned that the foregoing list of risks, uncertainties and other factors is not exhaustive.

Disclosure of Data for Outstanding Common Shares

The following table summarizes the outstanding common shares of the Company:

	As at June 30, 2017	Date of this report
Common shares	13,545,583	13,545,583

As of the date of this report, there are no outstanding stock options or warrants in the Company outstanding.

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Related Party Transactions and Balances

During the three months ended June 30, 2017, the Company entered into the following transactions with related parties:

- a. Incurred professional fees of \$1,250 (\$Nil in the comparative period for 2016) to a company controlled by Michael Waldkirch, CFO of the Company. As at June 30, 2017, \$6,250 (March 31, 2017 - \$5,000), was included in accounts payable and accrued liabilities for accrued professional fees.

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.

Summary of key management personnel compensation (includes officers and directors of the Company):

	For the three months ended June 30	
	2017	2016
	\$	\$
Professional fees	1,250	-

Off- Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Commitments

As at the date of the MD&A, the Company has the following commitments:

1. Pursuant to the Swales Lease, the Company's estimated exploration and evaluation assets lease obligations, work commitments, and tax levies for the Swales Project for the remainder of 2017 are approximately US\$75,000 as at June 30, 2017. See "Geological Summary – Exploration and Evaluation Properties – *Swales Project*" above for further details regarding the lease and other payments and work commitments required by the Company to maintain the Swales Lease in good standing.
2. Pursuant to the Sunnyside Agreements, the Company's estimated option payments to Regal, maintenance fees and taxes and other payments for the Sunnyside Property for the remainder of 2017 are approximately US\$745,416 as at August 29, 2017. See "Geological Summary – Exploration and Evaluation Properties – *Sunnyside Property*" above for further details regarding, inter alia, the option and other payments required by the Company to maintain the Sunnyside Agreements in good standing.

Accounting standards and amendments not yet adopted

A number of new standards, amendments to standards and interpretations applicable to the Company are not yet effective for the three months ended June 30, 2017 and have not been applied in preparing the 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.

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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.

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.

IAS 12 – Income Taxes: amendments to IAS 12 to clarify the recognition of a deferred tax asset for unrealized losses

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or not expected to have a significant impact on the Company’s condensed interim consolidated financial statements.

Critical Accounting Estimates

The preparation of the 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 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.

Financial Instruments and Other Instruments

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.

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 for the Canadian and US dollars. As at June 30, 2017, the Company had a net monetary asset position of approximately US\$128,000. Each 1% change in the US dollar relative to the Canadian dollar will result in a foreign exchange gain/loss of approximately \$1,280.

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 receivable is due from the Government of Canada. As such, the Company determined that it is not exposed to significant credit risk.

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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. The Company monitors gold prices to determine the appropriate course of action to be taken.

Internal Control over Financial Reporting Procedures

As a venture issuer, the Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are responsible to ensure that the Financial Statements and this MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and that the financial report together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these filings. The certifying officers are also responsible for ensuring processes are in place to provide them with sufficient knowledge to support such representations.

However, in contrast to non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Company's certifying officers are not required to make representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Accordingly, investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of these interim filings as well as other filings and other reports provided by the Company under securities legislation.

Forward Looking Statements

Certain sections of this MD&A contain forward-looking statements and forward looking information.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements or forward-looking information, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements and forward-looking information contained or incorporated by reference in this MD&A may relate to the Company's future financial condition, results of operations, plans, objectives, performance or business developments including, among other things, the Company's reactivation plan and proposed relisting of the Company's shares on Tier 2 of the TSXV, exploration and work programs, drilling plans and timing of drilling, the performance characteristics of the Company's exploration and evaluation assets, exploration results of various

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projects of the Company, projections of market prices and costs, supply and demand for gold, zinc and other metals, expectations regarding the ability to raise capital and to acquire resources and/or reserves through acquisitions and/or development, treatment under governmental regulatory regimes and tax laws, and capital expenditure programs and the timing and method of financing thereof. Forward-looking statements and forward looking-information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements and information, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include, but are not limited to: (1) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions or otherwise; (2) permitting, access, exploration, expansion and acquisitions at our projects (including, without limitation, land acquisitions for and permitting of exploration plans) being consistent with the Company's current expectations; (3) the viability, permitting, access, exploration and, if warranted, development of the Swales Project and Sunnyside Property being consistent with the Company's current expectations; (4) political developments in the United States and the States of Nevada and Arizona including, without limitation, the implementation of new mining laws and related regulations being consistent with the Company's current expectations; (5) the exchange rate between the Canadian dollar and the U.S. dollar being approximately consistent with current levels; (6) certain price assumptions for gold, zinc and other metals; (7) prices for and availability of equipment, labor, natural gas, fuel oil, electricity, water and other key supplies remaining consistent with current levels; (8) the results of the Company's exploration programs on the Swales Project and future exploration programs on the Sunnyside Property being consistent with the Company's expectations; (9) labour and materials costs increasing on a basis consistent with the Company's current expectations; and (10) the availability and timing of additional financing being consistent with the Company's current expectations. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and forward-looking information. Such factors include, but are not limited to: fluctuations in the currency markets; fluctuations in the spot and forward price of gold, zinc or other commodities (such as diesel fuel and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company may carry on business in the future; business opportunities that may be presented to, or pursued by, us; our ability to successfully integrate acquisitions; operating or technical difficulties in connection with exploration activities; employee relations; the speculative nature of gold and zinc exploration and development, including the risks of obtaining necessary licenses and permits; competition for, among other things, capital, acquisitions of resources and/or reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, geological, technical, drilling and processing problems, fluctuations in foreign exchange or interest rates and stock market volatility, changes in income tax laws or changes in tax laws and incentive programs relating to the mineral resource industry; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold and/or zinc bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements or forward-looking information made by, or on behalf of, the Company. There can be no assurance that forward-looking statements and forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Forward-looking statements and forward-looking information are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements and forward-looking information made in this MD&A are qualified by these cautionary statements and those made in our other filings with applicable securities regulators in Canada including, but not limited to, the Financial Statements. These factors are not intended to represent a complete list of the factors that could affect the Company and readers should not place undue reliance on forward-looking statements or forward-looking information in this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking statements and forward-looking information, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements and forward-looking information, except to the extent required by applicable law.

The forward looking statements and forward-looking information contained herein are based on information available as of August 29, 2017.

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Other MD&A Requirements

Additional information relating to the Company may be found on SEDAR at www.sedar.com including, but not limited to:

- the Company's condensed interim consolidated financial statements for the three months ended June 30, 2017; and
- the Company's audited consolidated financial statements for the years ended March 31, 2017 and 2016.

This MD&A has been approved by the Board on August 29, 2017.