BARKSDALE CAPITAL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS JUNE 30, 2016 AND 2015

(UNAUDITED – PREPARED BY MANAGEMENT)

Notice of no Auditor review of Interim Financial Statements

Under National Instrument 51-102, if an auditor has not performed a review of the interim 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 consolidated interim 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 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 STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian dollars)

		June 30, 2016		March 31, 2016
ASSETS				
Current				
Cash	**$**	**3,522**	$	633
GST and other receivables		**467**		258
	$	**3,989**	$	891
LIABILITIES				
Current				
Accounts payable and accrued liabilities	**$**	**178,864**	$	219,636
Loans and accrued interest payable (Note 5)		**252,172**		224,806
		431,036		444,442
DEFICIENCY				
Share Capital (Note 3)		**16,737,805**		16,737,805
Contributed Surplus		**1,561,278**		1,561,278
Deficit		**(18,726,130)**		(18,742,634)
		(427,047)		(443,551)
	$	**3,989**	$	891

Nature of Operations and Going Concern (Note 1)
Subsequent Event (Note 9)

Approved on behalf of the Board of Directors on August 25, 2016:

"N. Ross Wilmot" Director *"Richard Silas"* Director

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

BARKSDALE CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE MONTHS JUNE 30, 2016 AND 2015

(Unaudited - Expressed in Canadian dollars)

		2016	2015
Expenses			
Interest expense (Note 5)	$	**6,466**	5,915
Office and rent		**346**	290
Professional fees		**-**	33,821
Transfer and filing fees		**2,046**	3,594
Loss Before Other Items	$	**(8,858)**	(43,620)
Other Items:			
Gain on derecognition of accounts payable and accrued liabilities		**25,362**	-
Net Income (Loss) and Comprehensive Income (Loss)	$	**16,504**	(43,620)
Basic and Diluted Income (Loss) Per Share		**0.01**	(0.02)
Weighted Average Number of Common Shares Outstanding		**2,545,583**	2,545,583

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

BARKSDALE CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF CHANGES IN DEFICIENCY
FOR THE THREE MONTHS ENDED JUNE 30, 2016 AND 2015

(Unaudited - Expressed in Canadian dollars)

	Share Capital				
	Number of Shares	Amount	Contributed Surplus	Deficit	Deficiency
Balance, March 31, 2015	**2,545,583**	**16,737,805**	**1,561,278**	**$(18,663,596)**	**$(364,513)**
Net loss and comprehensive loss for the period	-	-	-	(43,620)	(43,620)
Balance, June 30, 2015	**2,545,583**	**16,737,805**	**1,561,278**	**$(18,707,216)**	**$(408,133)**
Balance, March 31, 2016	**2,545,583**	**16,737,805**	**1,561,278**	**$(18,742,634)**	**$(443,551)**
Net income and comprehensive income for the period	-	-	-	16,504	16,504
Balance, June 30, 2016	**2,545,583**	**$16,737,805**	**$1,561,278**	**$(18,726,130)**	**$(427,047)**

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

BARKSDALE CAPITAL CORP.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED JUNE 30, 2016 AND 2015

(Unaudited - Expressed in Canadian dollars)

		2016		2015
Cash Flows From (Used In):				
Operating Activities				
Net income (loss) for the period	**$**	**16,504**	$	(43,620)
Items not involving cash:				
Accrued interest and accretion		**6,466**		5,915
Gain on derecognition of accounts payable and accrued liabilities		**(25,362)**		-
		(2,392)		(37,705)
Changes in non-cash operating working capital:				
Amounts receivable		**(209)**		(1,649)
Accounts payable and accrued liabilities		**(15,410)**		3,946
Prepaid expenses		**-**		(755)
		(18,011)		(36,163)
Financing Activities				
Proceeds from loans payable		**20,900**		45,850
		20,900		45,850
Increase (Decrease) in Cash		**2,889**		9,687
Cash, Beginning of Period		**633**		38
Cash, End of Period	**$**	**3,522**	$	9,725
Supplemental Cash Flow Information				
Cash paid for interest	**$**	**-**	$	-
Cash paid for income taxes		**-**		-

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Barksdale Capital Corp. ("the Company"), incorporated in British Columbia, is a public company listed on the NEX board of the TSX Venture Exchange ("TSXV") and trades under the symbol BRO.H. The Company is in the business of seeking new business opportunities. The Company's registered office is Royal Center, 1055 West Georgia Street, Suite 1500, PO Box 11117, Vancouver, British Columbia, Canada, V6E 4N7.

These 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 including, but not limited to completing a financing, 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 June 30, 2016, the Company has accumulated net losses of $18,726,130 since inception and had a working capital deficiency of $427,047. These factors indicate the existence of a material uncertainty that raises significant doubt about the Company's ability to continue as a going concern. The operations of the Company have primarily been funded by the issuance of common shares. The 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 plans to raise financing to meet the Company's obligations over the next 12 months. There is no assurance that management will be able to complete any such financing.

2. BASIS OF PRESENTATION

a) Statement of Compliance

These condensed interim financial statements are prepared in accordance to IAS 34 Interim Financial Reporting using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") and follow the same accounting policies applied and disclosed in the Company's annual audited financial statements for the year ended March 31, 2016. These unaudited condensed interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2016, as they do not include all the disclosures required by accounting principles generally accepted in Canada for complete financial statements.

The condensed interim financial statements for the three months ended June 30, 2016 were authorized for issuance in accordance with a resolution of the Board of Directors on August 25, 2016.

b) Basis of Presentation

These financial statements are presented in Canadian dollars. The Canadian dollar is the functional currency of the Company.

c) Use of Estimates and Judgements

The preparation of these financial statements is in conformity with IFRS which 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.

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.

3. SHARE CAPITAL

a) Authorized

At June 30, 2016, the authorized share capital comprised an unlimited number of common shares without par value. 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 share. All common share and per common share amounts in these financial statements have been adjusted to give retroactive effect to the share consolidation.

b) 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 June 30, 2016 and 2015.

4. RELATED PARTY TRANSACTIONS AND BALANCES

There were no related party transactions during the three months ended June 30, 2016 and 2015. The Company incurred no compensation for its key management personnel during the three months ended June 30, 2016 and 2015.

5. LOANS PAYABLE AND ACCRUED INTEREST

(i) March 7, 2013 Loan

On March 7, 2013, the Company entered into an unsecured working capital loan facility with a third party to partially fund the Company's working capital deficiency. The working capital loan facility bears interest at 12% per annum, was subject to an original issue discount of 20% and was due for repayment March 31, 2016 pursuant to an amending agreement. As at August 25, 2016, the Company continues to negotiate an extension of the loan but there are no assurances and extension will be successfully negotiated.

During the three months ended June 30, 2016, the Company accrued $3,363 of interest (2015 - $3,363). As at June 30, 2016, there is $112,400 in principal and $44,170 in accrued interest outstanding.

(Unaudited - Expressed in Canadian dollars)

(ii) April 20, 2015 Loan

On April 20, 2015, the Company entered into an additional unsecured working capital loan facility with a third party. The working capital loan facility bears interest at 12% per annum, is subject to an original issue discount of 20% and was due for repayment March 31, 2016. As at August 25, 2016, the Company continues to negotiate an extension of the loan but there are no assurances an extension will be successfully negotiated.

During the three months ended June 30, 2016, the Company borrowed $26,125 under this facility for net proceeds of $20,900 and accrued $3,103 of interest (2015 - $2,552) which is comprised of $2,142 in accrued 12% interest (2015 - $956) and $961 for the accretion of the 20% bonus (2015 - $1,596). As at June 30, 2016, there is $72,900 in principal and $22,702 in accrued interest outstanding.

6. SEGMENTED INFORMATION

The Company currently operates in one segment: general corporate activities in Canada.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments are exposed to credit, liquidity and market risks. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Market risk is where the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risks. It is management's opinion that the Company is not exposed to significant credit or market risks.

Liquidity Risk

The Company has an informal planning and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements. The Company coordinates this planning and budgeting process with its financing activities through its capital management process. The Company's financial liabilities are comprised of its accounts payable and loans payable and accrued interest, all of which are due within the next 12 month period. There are no finance or operating lease commitments.

As identified in Note 1, the Company's ability to continue as a going concern and to realize the carrying value of its assets and to discharge its liabilities is dependent on the Company's ability to obtain necessary financing to fund its operations. The Company has a working capital deficiency of $427,047 at June 30, 2016. As disclosed in Note 5, loans and interest payable became due on March 31, 2016. The Company requires additional sources of financing to complete its future business plans and negotiate settlement with its creditors. There can be no assurance that the Company will complete a financing or do a financing on favourable terms or negotiate settlements with creditors.

Significant commitments in years subsequent to June 30, 2016 are as follows:

	< 1 year	1 – 3 years	Total
Accounts payable	$ 178,864	$ -	$ 178,864
Loans payable and accrued interest	$ 252,172	$ -	$ 252,172

Foreign Exchange Risk

The Company does not have significant foreign currency denominated financial instruments and is not exposed to significant foreign exchange risk.

Interest Rate Risk

The Company does have exposure to interest rate risk as it has interest bearing loans at a fixed rate that were repayable by March 31, 2016. A 1% change in the interest rate would not have a significant effect on the Company's income or comprehensive income.

Fair Value

The Company's financial instruments include cash, account payables and loans payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature. The fair value of these financial instruments approximates their carrying value due to their short terms of maturity.

The Company classifies its fair value measurements in accordance with the three level fair value hierarchy as follows:

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 (i.e. as prices) or indirectly (i.e. derived from prices), and
Level 3 – Inputs that are not based on observable market data

The following table sets forth the Company's financial assets measured at fair value on a recurring basis by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total June 30, 2016
Cash	$ 3,522	$ -	$ -	$ 3,522

8. CAPITAL MANAGEMENT

The Company considers its capital structure to consist of all components of shareholders' deficiency. The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the acquisition and development of new business opportunities.

The Company is seeking new business opportunities; as such the Company is dependent on external equity financing to fund its activities. In order to pay for administrative costs, 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 three months ended June 30, 2016. The Company is not subject to externally imposed capital requirements.

9. SUBSEQUENT EVENT

Subsequent to the three months ended June 30, 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 financial statements have been adjusted to give retroactive effect to the share consolidation.

Subsequent to the three months ended June 30, 2016, the Company closed a private placement of seven million post-consolidated common shares at $0.05 per common shares for gross proceeds of $350,000.

Subsequent to the three months ended June 30, 2016, the Company repaid the April 20, 2015 loan and partially repaid the March 7, 2013 loan (see Note 5).