

BARKSDALE CAPITAL CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS SEPTEMBER 30, 2016 AND 2015

(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 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 interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed interim financial statements by an entity's auditor.

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

	September 30, 2016	March 31, 2016
	\$	\$
ASSETS		
Current		
Cash	36,715	633
GST receivable	726	258
	37,441	891
LIABILITIES		
Current		
Accounts payable and accrued liabilities	84,089	219,636
Loans payable and accrued interest (Note 3)	64,542	224,806
	148,631	444,442
SHAREHOLDERS' DEFICIENCY		
Share capital (Note 4)	17,087,805	16,737,805
Share subscriptions received (Note 4)	2,000	-
Reserves	1,561,278	1,561,278
Deficit	(18,762,273)	(18,742,634)
	(111,190)	(443,551)
	37,441	891

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

Approved on behalf of the Board of Directors on November 29, 2016:

"Mark McCartney" Director "Richard Silas" Director

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

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

	For the three months ended September 30,		For the six months ended September 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Expenses				
Bank charges and interest expenses (Note 3)	10,508	5,086	16,974	15,310
Management fees (Note 5)	18,000	-	18,000	-
Office expenses and rent	1,360	256	1,706	518
Professional fees	500	25,719	500	43,679
Transfer agent and filing fees	8,052	267	10,098	5,790
	(38,420)	(30,788)	(47,278)	(65,297)
Other Item				
Gain on derecognition of accounts payable and accrued liabilities	2,277	-	27,639	-
Net and comprehensive loss for the period	(36,143)	(30,788)	(19,639)	(65,297)
Basic and diluted loss per share	(0.01)	(0.01)	(0.00)	(0.03)
Weighted average number of common shares outstanding	5,817,322	2,545,613	4,190,392	2,545,613

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

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

	Number of Shares Issued	Share Capital \$	Share Subscriptions Received \$	Reserves \$	Accumulated Deficit \$	Deficiency \$
Balance at March 31, 2015	2,545,583	16,737,805	-	1,561,278	(18,663,596)	(364,513)
Net loss for the period	-	-	-	-	(65,297)	(65,297)
Balance at September 30, 2015	2,545,583	16,737,805	-	1,561,278	(18,728,893)	(429,810)
Net loss for the period	-	-	-	-	(13,741)	(13,741)
Balance at March 31, 2016	2,545,583	16,737,805	-	1,561,278	(18,742,634)	(443,551)
Shares 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)

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

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

	For the six months ended September 30,	
	2016	2015
	\$	\$
Operating Activities		
Net loss for the period	(19,639)	(65,297)
Items not involving cash:		
Accrued interest and accretion	16,836	15,310
Gain on derecognition of accounts payable and accrued liabilities	(27,639)	-
Unrealized foreign exchange loss	1,159	-
	(29,283)	(49,987)
Changes in non-cash operating working capital:		
GST receivable	(468)	(231)
Prepaid expenses	-	(1,150)
Accounts payable and accrued liabilities	(109,067)	1,467
	(138,818)	(49,901)
Financing Activities		
Proceeds from share issuances	350,000	-
Share subscriptions received	2,000	-
Proceeds from (repayment of) loans payable	(177,100)	52,000
	174,900	52,000
Net Change in Cash	36,082	2,099
Cash, Beginning of Period	633	38
Cash, End of Period	36,715	2,137

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

BARKSDALE CAPITAL CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
Three and Six Months Ended September 30, 2016 and 2015
(Unaudited - Expressed in Canadian Dollars)

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's principal business is the identification and evaluation of assets or a business, once identified or evaluated, to negotiate an acquisition or participation in a business or an asset. The Company's registered office is Suite 610, 815 West Hastings Street, Vancouver, British Columbia, Canada, V6C 1B4.

These condensed interim 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, 2016, the Company has accumulated net losses of \$18,762,273 since inception and had a working capital deficiency of \$111,190. 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.

In October 2016, the Company closed a private placement for \$800,000 and 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 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 six months ended September 30, 2016 were authorized by the Board of Directors for issuance on November 29, 2016.

b) Basis of Presentation

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

BARKSDALE CAPITAL CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
Three and Six Months Ended September 30, 2016 and 2015
(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (CONTINUED)

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.

d) 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 six months ended September 30, 2016 and have not been applied in preparing these condensed interim financial statements:

IFRS 9 – Financial Instruments: Classification and Measurement 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 any effect on the Company's financial statements.

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 financial statements.

3. 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. During the six months ended September 30, 2016, the Company repaid \$96,000 of the loan principal and accrued interest. In addition, the Company accrued \$7,335 of interest (September 30, 2015 - \$6,762).

As at September 30, 2016, there was \$59,500 in principal and \$5,042 in accrued interest outstanding.

BARKSDALE CAPITAL CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
Three and Six Months Ended September 30, 2016 and 2015
(Unaudited - Expressed in Canadian Dollars)

3. LOANS PAYABLE AND ACCRUED INTEREST (CONTINUED)

(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. The Company had continued to negotiate an extension of the loan as the loan was not fully repaid by the repayment deadline.

During the six months ended September 30, 2016, the Company borrowed \$22,400 under this facility and accrued \$9,501 of interest (September 30, 2015 - \$8,548).

In August 2016, the loan principal plus all accrued interest was fully repaid by the Company.

4. SHARE CAPITAL

a) Authorized

The authorized share capital comprises of 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 shares. All common share and per common share amounts in these condensed interim 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 post-consolidated common shares at \$0.05 per common share for gross proceeds of \$350,000.

b) Share Subscriptions Received

During the six months ended September 30, 2016, the Company received \$2,000 in connection with the closing of a private placement in October 2016 (Note 9).

c) 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, 2016 and March 31, 2016.

BARKSDALE CAPITAL CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
Three and Six Months Ended September 30, 2016 and 2015
(Unaudited - Expressed in Canadian Dollars)

5. RELATED PARTY TRANSACTIONS AND BALANCES

The Company defines key management as officers and directors of the Company.

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

	For the six months ended September 30,	
	2016	2015
Management fees	\$ 18,000	\$ -

As at September 30, 2016, \$18,000 (March 31, 2016 - \$nil) was included in accounts payable and accrued liabilities owing to companies controlled by a director and officers of the Company for accrued management fees.

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 twelve 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 \$111,190 at September 30, 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.

BARKSDALE CAPITAL CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
Three and Six Months Ended September 30, 2016 and 2015
(Unaudited - Expressed in Canadian Dollars)

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Liquidity Risk (continued)

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

	< 1 year	1 – 3 years	Total
Accounts payable and accrued liabilities	\$ 84,089	\$ -	\$ 84,089
Loans payable and accrued interest	\$ 64,542	\$ -	\$ 64,542

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. 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, GST receivable, account payables and accrued liabilities, and loans payable and accrued interest. 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 September 30, 2016
Cash	\$ 36,715	\$ -	\$ -	\$ 36,715

BARKSDALE CAPITAL CORP.
NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS
Three and Six Months Ended September 30, 2016 and 2015
(Unaudited - Expressed in Canadian Dollars)

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 six months ended September 30, 2016. The Company is not subject to externally imposed capital requirements.

9. SUBSEQUENT EVENT

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