BARKSDALE CAPITAL CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS DECEMBER 31, 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 consolidated 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 consolidated financial statements by an entity’s auditor.

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

	December 31, 2016	March 31, 2016
	$	$
ASSETS		
Current		
Cash	612,376	633
Receivables	1,655	258
Prepaid expenses	26,250	-
	640,281	891
Exploration and evaluation assets (Note 3)	100,073	-
	740,354	891
LIABILITIES		
Current		
Accounts payable and accrued liabilities	79,261	219,636
Loans payable and accrued interest (Note 4)	-	224,806
	79,261	444,442
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	17,887,805	16,737,805
Reserves	1,561,278	1,561,278
Deficit	(18,787,990)	(18,742,634)
	661,093	(443,551)
	740,354	891

Nature of Operations and Going Concern (Note 1)

Approved on behalf of the Board of Directors on March 1, 2017:

"Mark McCartney" Director *"Richard Silas"* Director

BARKSDALE CAPITAL CORP.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars)

	For the three months ended December 31,		For the nine months ended December 31,	
	2016	2015	2016	2015
	$	**$**	**$**	**$**
Expenses				
Consulting fees	750	-	750	-
Interest expenses (Note 4)	-	9,843	16,974	25,153
Management fees (Note 6)	18,000	-	36,000	-
Office and rent (recovery)	(1,584)	229	122	747
Professional fees	7,571	-	8,071	43,679
Transfer and filing fees	1,587	2,232	11,685	8,022
	(26,324)	(12,304)	(73,602)	(77,601)
Gain on derecognition of accounts payable and accrued liabilities	607	-	28,246	-
Loss and comprehensive loss for the period	(25,717)	(12,304)	(45,356)	(77,601)
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.02)
Weighted average number of common shares outstanding	12,849,931	5,091,226	7,087,401	5,091,226

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

	Number of Shares Issued	Share Capital	Reserves	Accumulated Deficit	Total Shareholders' Equity
		$	$	$	$
Balance at March 31, 2015	**2,545,583**	**16,737,805**	**1,561,278**	**(18,663,596)**	**(364,513)**
Net loss for the period	-	-	-	(77,601)	(77,601)
Balance at December 31, 2015	**2,545,583**	**16,737,805**	**1,561,278**	**(18,741,197)**	**(442,114)**
Net loss for the period	-	-	-	(1,437)	(1,437)
Balance at March 31, 2016	**2,545,583**	**16,737,805**	**1,561,278**	**(18,742,634)**	**(443,551)**
Share issued for cash	11,000,000	1,150,000	-	-	1,150,000
Net loss for the period	-	-	-	(45,356)	(45,356)
Balance at December 31, 2016	**13,545,583**	**17,887,805**	**1,561,278**	**(18,787,990)**	**661,093**

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

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

	For the nine months ended December 31, 2016	2015
	$	**$**
Cash flows used in operating activities		
Net loss for the period	(45,356)	(77,601)
Items not affecting cash		
Accrued interest and accretion	16,974	25,153
Gain on derecognition of payables	(28,246)	-
Unrealized foreign exchange gain	(1,457)	-
	(58,085)	(52,448)
Changes in non-cash working capital item		
Receivables	(1,397)	(18)
Prepaid expenses	(26,250)	1,642
Accounts payable and accrued liabilities	(110,672)	(539)
	(196,404)	(51,363)
Cash flows used in investing activities		
Exploration and evaluation assets expenditures	(100,073)	-
Cash flows from financing activities		
Proceeds from share issuances	1,150,000	-
Proceeds from (repayment of) loans payable	(241,780)	52,000
	908,220	52,000
Net change in cash	611,743	637
Cash, beginning of period	633	38
Cash, end of period	612,376	675

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 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 exploration and evaluation assets domiciled in Nevada, USA. The Company has not yet determined whether any of these exploration and evaluation assets contain ore reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development of those reserves and upon future profitable production. To date, the Company has not earned any revenues and is considered to be in the exploration stage.

These condensed interim consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred ongoing losses. A number of alternatives are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due.

The Company has not generated revenues from its operations to date. As at December 31, 2016, the Company has accumulated net losses of $18,787,990 since inception and has working capital of $561,020. 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 believes that the Company has sufficient working caiptal 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 of the Company have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting", using accounting policies that are consistent and in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") that are in effect at December 31, 2016.

The condensed interim consolidated financial statements for the three and nine months ended December 31, 2016 were authorized by the Board of Directors for issuance on March 1, 2017.

2. BASIS OF PRESENTATION (CONTINUED)

b) Basis of Presentation

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

c) Basis of consolidation

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

d) Foreign currency translation

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 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.

e) 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.

(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.

(Unaudited - Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION (CONTINUED)

f) 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 nine months ended December 31, 2016 and have not been applied in preparing these condensed interim consolidated 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. EXPLORATION AND EVALUATION ASSETS

	Swales
Balance, March 31, 2016	**-**
Lease payments	100,073
Balance, December 31, 2016	**100,073**

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.

(Unaudited - Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS (continued)

Swales Project (continued)

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 one foot (1’) shortfall in drilling in that year.

4. 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 nine months ended December 31, 2016, the Company fully repaid the loan principal of $155,500 and accrued interest of $5,041.81.

(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 nine months ended December 31, 2016, the Company borrowed $22,400 under this facility and accrued $9,501 of interest (December 31, 2015 - $10,336).

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

(Unaudited - Expressed in Canadian Dollars)

5. SHARE CAPITAL

a) Authorized

The authorized share capital is comprised 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 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 post-consolidated 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 post-consolidated common shares at $0.20 per common share for gross proceeds of $800,000.

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 December 31, 2016 and March 31, 2016.

6. 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 nine months ended December 31,	
	2016	2015
	$	$
Management fees	**36,000**	-

As at December 31, 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.

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, accounts payable and accrued liabilities, and loans payable and accrued interest. 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 December 31, 2016, the Company does not have any significant monetary assets or liablities in US dollars, therefore, the Company has determined that there is very limited currency risk at this time.

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.

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.

9. 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 nine months ended December 31, 2016. The Company is not subject to externally imposed capital requirements.