BARKSDALE CAPITAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
For the Three Months Ended June 30, 2016 and 2015

Overview

Barksdale Capital Corp. (the "Company") is a development stage company that is engaged in the acquisition and evaluation of new business opportunities. The following management discussion and analysis ("MD&A") of the operations, results and financial position of the Company has been prepared as of August 25, 2016, and is for the three months ended June 30, 2016 and should be read in conjunction with the unaudited condensed interim financial statements and notes for the three months ended June 30, 2016. Additional information about the Company may be obtained from www.sedar.com.

The financial statements and related notes of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All financial amounts in this MD&A are in Canadian dollars, except as otherwise indicated.

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that the financial report and 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 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 Company is listed on the NEX board of the TSX Venture Exchange ("TSXV") under the symbol BRO.H and is continuing its restructuring efforts and seeking new business opportunities. On February 24, 2016, the Company signed a non-binding memorandum of understanding ("MOU') with GES Electro Aero Corporation with the expectation it would constitute a reverse takeover of the Company. On May 3, 2016, the Company terminated the MOU.

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 share. In addition, on August 19, 2016, the Company closed a $350,000 non-brokered private placement through the issuance of seven million post-consolidated common shares at price of $0.05 per common share.

Summary of Quarterly Results

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

		Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
Total assets	$	3,989	891	1,347	3,633	12,244	153	311	787
Total liabilities	$	431,036	444,442	443,461	433,443	420,377	364,666	388,742	372,372
Working capital deficit	$	(427,047)	(443,551)	(442,114)	(429,810)	(408,133)	(364,513)	(388,431)	(371,585)
Revenues	$	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Major expense items									
Professional fees	$	-	7,500	-	9,858	33,821	19,250	8,687	6,000
Interest expense	$	6,466	12,280	9,843	5,086	5,915	6,845	6,058	5,264
Other items									
Gain on derecognition of accounts payable and accrued liabilities	$	(25,362)	(16,381)	-	-	-	(56,937)	-	-
Net loss (income)	$	(16,504)	(7,674)	12,304	30,788	43,620	(23,918)	16,846	12,100
Loss (income) per share	$	(0.01)	(0.00)	0.00	0.01	0.02	(0.01)	0.01	0.00

The Company has had working capital deficits in the past eight quarters as the Company continued to incur expenses related to its business but received no revenue and no new equity capital. In Q1 2017, Q4 2016 and Q4 2015, the Company recorded gains of $25,362, $16,381 and $56,937, respectively, from the derecognition of prior years accounts payable and accrued liabilities. During Q1 of 2016, the Company incurred higher professional fees related to the legal action brought against it which was settled in the same period. The Company expects to incur operating losses for the foreseeable future.

Operations

For the three months ended June 30, 2016 and 2015

Expenses

Total expenses were $8,858 for the three months ended June 30, 2016, compared to $43,620 for the comparative 2015 period. The Company recorded interest expense of $6,466 related to interest accrued and accretion expense for the working capital loans outstanding during the three months ended June 30, 2016 as compared to $5,915 in the comparative 2015 period. Professional fees of $33,821 were incurred during the three months ended June 30, 2015 for the Company's continuous disclosure matters and the legal action that was settled as compared to no professional fees in the current quarter.

Gain on derecognition of accounts payable and accrued liabilities

During the three months ended June 30, 2016, the Company recorded a gain on the derecognition of accounts payable and accrued liabilities of $25,362 as compared to no such gains in the comparative 2015 period.

Net Income/Loss

The Company recorded net income of $16,504 or $0.01 per share for the three months ended June 30, 2016 compared with a net loss of $43,620 or $0.02 per share for the comparative 2015 period. Excluding the derecognition gain in the current quarter, the net losses for the three months ended June 30, 2016 would be $8,858.

Liquidity and Capital Resources

As at June 30, 2016, the Company had a working capital deficit of $427,047 as compared to a working capital deficit of $443,551 as at March 31, 2016. The decrease in the deficit was a result of the current quarter net income of $16,504. The working capital deficit includes cash of $3,522 as at June 30, 2016 as compared to cash of $633 as at March 31, 2016.

During the three months ended June 30, 2016, operating activities used $18,011 of cash as compared to $36,163 during the comparative three months. The major use of cash in operating activities during 2016 was related to the net reduction of accounts payables and accrued liabilities of $15,410.

During the three months ended June 30, 2016, the Company borrowed $26,125 under a loan agreement for net proceeds of $20,900.

Subsequent to the three months ended June 30, 2016, the Company closed a $350,000 non-brokered private placement through the issuance of seven million post-consolidated common shares at price of $0.05 per common share. The Company used the proceeds of the financing to repay the April 20, 2015 loan and partially repay the March 7, 2013 loan.

The Company believes it has inadequate working capital to fund minimum operations over the next twelve months, and will need additional capital or debt to seek new business opportunities. There can be no assurance that any additional financing will be available to the Company or, if it is, that it will be available on terms acceptable to the Company and will be sufficient to fund cash needs or it achieves positive cashflow.

Outstanding Share Data

The share capital of the Company as at the date of this MD&A consists of 9,545,583 common shares currently issued and outstanding. There are no stock options or warrants outstanding.

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. Key management comprises of directors and executive officers.

Off- Balance Sheet Arrangements

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

Critical Accounting Estimates

The preparation of 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 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: 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 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 the financial statements, 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. Loans and interest payable became due on March 31, 2016. The Company requires additional sources of financing to complete its future business plans. There can be no assurance that the Company will complete a financing or do a financing on favourable terms.

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

	< 1 three months	1 – 3 three months	Total
Accounts payable and accrued interest	$ 178,864	$ -	$ 178,864
Loan payable	$ 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 loan 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 nine 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

Forward-looking Statements

This discussion includes certain statements that may be deemed "forward-looking statements". All statements in this discussion, other than statements of historical facts that address future operations, acquisitions, financings, activities and events or developments that the Company expects are forward-looking statements. Specifically, this MD&A contains in its discussion on "Liquidity and Capital Resources" forward-looking statements about the Company's success in obtaining adequate financing to fund necessary working capital to achieve its business objectives and the Company' strategy to attract new business opportunities.

These forward-looking statements and information are based on current expectations but are subject to uncertainty and changes in circumstances that may cause actual results to differ materially from those expressed or implied by such forward-looking statements and information. Inherent in forward-looking statements and information are risks and uncertainties beyond the Company's ability to predict or control. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements and information contained in this MD&A. Such statements and information are based on a number of assumptions and factors which may prove to be incorrect, including, but not limited to, assumptions about the availability of financing for the Company on reasonable terms or at all, market competition on new business opportunities and changes in general economic conditions or conditions in the financial markets.

The Company undertakes no obligation to publicly revise forward-looking information to reflect subsequent events or circumstances except as required by securities laws. The forward-looking information contained herein is made as of the date hereof and is expressly qualified in its entirety by cautionary statements in this MD&A.