BARKSDALE CAPITAL CORP.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2017 AND 2016

(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 condensed interim consolidated 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 auditors have not performed a review of these condensed interim consolidated 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 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	June 30, 2017	March 31, 2017
	$	$
ASSETS		
Current		
Cash	456,280	583,864
Receivables	964	338
Prepaid expenses	2,095	1,250
	459,339	585,452
Exploration and evaluation assets (Note 4)	241,123	100,073
	700,462	685,525
LIABILITIES		
Current		
Accounts payable and accrued liabilities	127,285	89,051
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	17,887,805	17,887,805
Reserves (Note 5)	1,561,278	1,561,278
Deficit	(18,875,906)	(18,852,609)
	573,177	596,474
	700,462	685,525

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 10)

Approved on behalf of the Board of Directors on August 29, 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 June 30,	
	2017	2016
	$	**$**
Expenses		
Foreign exchange loss	6,199	-
Interest expenses	-	6,466
Office and rent	282	346
Professional fees (Note 6)	14,945	-
Transfer and filing fees	1,871	2,046
	(23,297)	(8,858)
Gain on derecognition of accounts payable and accrued liabilities	-	25,362
Income (loss) and comprehensive income (loss) for the period	(23,297)	16,504
Basic and diluted income (loss) per share	(0.00)	0.01
Weighted average number of common shares outstanding	13,545,583	2,545,583

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

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, 2016	**2,545,583**	**16,737,805**	**1,561,278**	**(18,742,634)**	**(443,551)**
Net income for the period	-	-	-	16,504	16,504
Balance at June 30, 2016	**2,545,583**	**16,737,805**	**1,561,278**	**(18,726,130)**	**(427,047)**
Share issued for cash	11,000,000	1,150,000	-	-	1,150,000
Net loss for the period	-	-	-	(126,479)	(126,479)
Balance at March 31, 2017	**13,545,583**	**17,887,805**	**1,561,278**	**(18,852,609)**	**596,474**
Net loss for the period	-	-	-	(23,297)	(23,297)
Balance at June 30, 2017	**13,545,583**	**17,887,805**	**1,561,278**	**(18,875,906)**	**573,177**

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

	For the three months ended June 30, 2017	2016
	$	**$**
Cash flows used in operating activities		
Net income (loss) for the period	(23,297)	16,504
Items not affecting cash		
Accrued interest and accretion	-	6,466
Gain on derecognition of payables	-	(25,362)
Unrealized foreign exchange loss	6,199	-
	(17,098)	(2,392)
Changes in non-cash working capital items		
Receivables	(626)	(209)
Prepaid expenses	(845)	-
Accounts payable and accrued liabilities	(14,703)	(15,410)
	(33,272)	(18,011)
Cash flows used in investing activities		
Exploration and evaluation asset expenditures	(94,312)	-
Cash flows from financing activities		
Proceeds from loans payable	-	20,900
Net change in cash	(127,584)	2,889
Cash, beginning of period	583,864	633
Cash, end of period	456,280	3,522
Exploration and evaluation assets in accounts payable and accrued liabilities	46,738	-

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 mineral properties. The Company has not yet determined whether its 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 June 30, 2017, the Company has accumulated net losses of $18,875,906 since inception and has working capital of $332,054. The operations of the Company have primarily been funded by the issuance of common shares. The condensed interim consolidated 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 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 consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB").

This condensed interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual consolidated financial statements of the Company for the year ended March 31, 2017.

These condensed interim consolidated financial statements for the three months ended June 30, 2017 were authorized by the Board of Directors for issuance on August 29, 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) Use of Estimates and Judgements

The preparation of these condensed interim consolidated 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 condensed interim consolidated 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.

3. SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared in accordance with IFRS and reflect management's consideration of the following significant accounting policies:

a) Foreign Currency Transactions

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 and its subsidary 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 net income (loss).

b) 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 these condensed interim consolidated 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.

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.

(Unaudited - Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS

	Swales
Balance, March 31, 2016	**-**
Acquisition costs	100,073
Balance, March 31, 2017	**100,073**
Exploration expenditures:	
Claim maintenance fees	27,627
Consulting	2,731
Camp accommodation	4,306
Geological	5,765
Sampling and processing	100,442
Supplies and fuel	179
Balance, June 30, 2017	**241,123**

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. The minimum payments above shall be credited cumulatively against any royalty obligations.

(Unaudited - Expressed in Canadian Dollars)

4. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

In addition, the Company is required to meet 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.

5. SHARE CAPITAL AND STOCK OPTIONS

Authorized Share Capital

The authorized share capital is comprised of an unlimited number of common shares without par value.

Issued Share Capital

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 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 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 common shares at $0.20 per common share for gross proceeds of $800,000.

During the three months ended June 30, 2017, there were no shares issued.

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, 2017, March 31, 2017, and March 31, 2016.

(Unaudited - Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS AND BALANCES

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.

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

As at June 30, 2017, $6,250 (March 31, 2017 - $5,000) was included in accounts payable and accrued liabilities owing to a company controlled by a officer of the Company.

7. SEGMENTED INFORMATION

The Company has one operating segment, being the acquisition and exploration of mineral properties. 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, 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.

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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' equity (deficiency). The Company manages its capital structure and makes adjustments to it, in order to have the funds available to support the exploration of its mineral properties. The Company is an exploration stage company, as such the Company is dependent on external equity financing to fund its activities. In order to pay for administrative costs and exploration expenditures, 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, 2017. The Company is not subject to externally imposed capital requirements.

(Unaudited - Expressed in Canadian Dollars)

10. SUBSEQUENT EVENTS

Sunnyside Property

In August 2017, the Company entered into a definitive agreement with Regal Resources USA, Inc. (“Regal US”) to acquire, by way of Option, up to 67.5% of the Sunnyside property located at Santa Cruz County, Arizona (the “Property”).

In consideration for the acquisition of the Property, the Company will have the right to acquire an initial 51% undivided interest in the Property upon making a series of cash payments, share issuances, and exploration expenditures on the Property as follows:

Date	Cash $	Exploration Expenditures $	Number of Shares
Upon execution of definitive agreeements: (paid)	100,000	-	-
Within 3 business days following TSXV conditional acceptance for the Option:	650,000	-	1,250,000
On or before the last day of the first annual period:	1,200,000	3,000,000	3,850,000
On or before the last day of the second annual period:	1,000,000	3,000,000	5,000,000

Upon acquiring an initial 51% undivided interest in the Properties, the Company will be entitled to increase its undivided ownership interest in the Properties to 67.5% upon making a series of cash payments, share issuances, and exploration expenditures on the Property as follows:

Date	Cash $	Exploration Expenditures $	Number of Shares
On or before the last day of the third annual period:	-	3,000,000	-
On or before the last day of the fourth annual period:	550,000	3,000,000	4,900,000

The transaction and associated transactions are subject to regulatory approval including the approval of the TSX-V.