

BARKSDALE CAPITAL CORP.
MANAGEMENT DISCUSSION AND ANALYSIS
For the Three and Nine Months Ended December 31, 2014 and 2013

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 January 21, 2015, and is for the nine months ended December 31, 2014 and should be read in conjunction with the unaudited condensed interim financial statements and notes for the nine months ended December 31, 2014. 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.

Summary of Quarterly Results

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

	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013
Total assets	\$ 311	787	2,913	5,904	10,075	10,661	30,235	10,376
Total liabilities	\$ 388,742	372,372	362,408	342,980	314,342	299,722	311,923	428,118
Shareholders’ deficit	\$ (388,431)	(371,585)	(359,485)	(337,076)	(304,267)	(289,061)	(281,688)	(417,742)
Revenues	\$ Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Major expense items								
Professional fees	\$ 8,687	6,000	12,500	16,000	7,750	2,000	17,250	54,714
Management fees	\$ -	-	-	-	-	-	-	7,500
Office and rent	\$ 204	136	126	372	-	377	2,422	5,163
Interest expense	\$ 6,058	5,264	4,960	12,059	6,781	3,025	39,085	3,605
Gain on settlement of debt	\$ -	-	-	-	-	-	-	388,454
Net loss (income)	\$ 16,846	12,100	22,409	32,810	15,205	7,373	63,946	(302,491)
Loss (income) per share	\$ 0.00	0.00	0.00	0.01	0.00	0.00	0.01	(0.13)

The Company has had shareholders’ deficits in the past eight quarters as the Company continued to incur expenses related to its business but received no revenue and no material new equity capital. In Q4 2013, the Company recorded gains on the settlement of debt of \$388,454 as it settled debt with creditors and certain former related parties. The Company’s working capital also improved in Q1 2014 as a result of a \$200,000 financing of its common shares. The Company expects to incur operating losses for the foreseeable future.

Operations

For the three months ended December 31, 2014 and 2013

Expenses

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Total expenses were \$16,846 for the three months ended December 31, 2014, compared to \$15,205 for the comparative period in 2013. Professional fees of \$8,687 were incurred during the three months ended December 31, 2014 for the Company's continuous disclosure matters as compared to \$7,750 in the comparative three months. The Company recorded interest expense of \$6,058 related to interest accrued and accretion expense for the working capital loan outstanding during the three months ended December 31, 2014 as compared to \$6,781 in 2013.

Net Loss

The Company recorded a net loss of \$16,846 or \$0.00 per share for the three months ended December 31, 2014 compared with a net loss of \$15,205 or \$0.00 for the 2013 period.

For the nine months ended December 31, 2014 and 2013

Expenses

Total expenses were \$51,355 for the nine months ended December 31, 2014, compared to \$86,525 for the comparative period in 2013. Professional fees of \$27,187 were incurred during the nine months ended December 31, 2014 for the Company's continuous disclosure matters as compared to \$27,000 in the comparative nine months.

The Company recorded interest expense of \$16,282 related to interest accrued and accretion expense for the working capital loan outstanding during the nine months ended December 31, 2014 as compared to \$48,891 in 2013 when the loan was executed and incurred a higher accretion expense related to the 20% discount of the loan.

Net Loss

The Company recorded a net loss of \$51,355 or \$0.01 per share for the nine months ended December 31, 2014 compared with a net loss of \$86,525 or \$0.02 for the 2013 period.

Liquidity and Capital Resources

As at December 31, 2014, the Company had a working capital deficit of \$388,431 as compared to a working capital deficit of \$337,076 as at March 31, 2014. The working capital deficit increased as a result of the loss during the period of \$51,355. The working capital deficit includes cash of \$183 as at December 31, 2014 as compared to cash of \$3,830 as at March 31, 2014.

During the nine months ended December 31, 2014, operating activities used \$5,647 of its cash as compared to \$43,688 during the comparative 2013 period. The major use of cash in operating activities during 2014 was related to the net loss of \$51,355 less the accrued interest of \$16,282 and an increase in accounts payable of \$27,480.

During the nine months ended December 31, 2013, the Company closed a non-brokered private placement of 2,666,667 common shares at a price of \$0.075 per share for total proceeds of \$200,000. The Company used \$150,000 of the proceeds from the private placement to partially repay the working capital loan during the current period. There were no equity financings in 2014.

During the year ended March 31, 2013, the Company entered into a 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, is subject to an original issue discount of 20% and was due for repayment March 31, 2014. During the nine months ended December 31, 2014, the Company borrowed \$2,400 under this facility for net proceeds of \$2,000 to fund minimum working capital requirements and during the year ended March 31, 2013, the Company borrowed \$250,000 under this facility for net proceeds of \$200,000 to partially fund its working capital deficiency. During the year ended March 31, 2014, the Company repaid \$150,000 of the working capital loan facility in conjunction with closing a financing. During the year ended March 31, 2014, the Company entered into an amending agreement with the third party to extend the date of repayment of principal and interest of the working capital facility from March 31, 2014 to March 31, 2015. In return for the extension, the Company agreed to issue the third party a one-time 10% bonus of the current principal outstanding which equals \$10,000, payable on March 31, 2015.

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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.

In 2014, the Company along with its former CEO were named as defendants in a statement of claim in the Supreme Court of British Columbia. The action was a result of a third party's claim that they were persuaded by the former CEO in November 2011 to invest \$10,000 in an oil company operating in Sudan known as Emperor Oil Ltd. The allegation is the former CEO was acting as a representative to the Company in his dealings. The Company has filed a defence and believes the case to be unfounded. The former CEO has indemnified the Company against this claim.

Outstanding Share Data

The share capital of the Company as at the date of this MD&A consists of 5,091,226 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 nine months ended December 31, 2014 and 2013.

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 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 a 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, all of which are due within the next twelve month period. There are no capital or operating lease commitments.

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 \$388,431 at December 31, 2014. 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 December 31, 2014 are as follows:

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	< 1 year	1 – 3 years	Total
Accounts payable	\$ 255,905	\$ -	\$ 255,905
Loan payable	\$ 132,837	\$ -	\$ 132,837

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 an interest bearing loan at a fixed rate that is repayable by March 31, 2015. 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 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 December 31, 2014
Cash	\$ 183	\$ -	\$ -	\$ 183

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's 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.

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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.