DEER HORN METALS INC.

INTERIM FINANCIAL STATEMENTS

For the three and six months ended January 31, 2014

(Expressed in Canadian Dollars)

NOTICE TO READER

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The interim financial statements for the Company as at and for the six months ended January 31, 2014 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 unaudited interim 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.

DEER HORN METALS INC.
INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited - Expressed in Canadian Dollars)

	Note	Jan. 31, 2014	July 31, 2013
Assets			
Current Assets			
Cash		$ 559	$ 166,583
Receivables	**3**	7,401	823
Prepaid expense		4,035	8,035
Exploration advances	**4**	4,936	4,936
		16,931	180,377
Equipment	**5**	**-**	122
Reclamation deposit	**6**	82,000	82,000
Exploration and evaluation assets	**4**	8,250	8,250
		$ 107,181	**$ 270,749**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	**7**	$ 247,716	$ 262,091
Shareholders' Equity			
Share capital	**8**	11,347,972	11,097,972
Share subscriptions		-	171,500
Share-based payments reserve	**8**	1,095,648	1,129,648
Deficit		(12,584,155)	(12,390,462)
		(140,535)	8,658
		$ 107,181	**$ 270,749**

Nature of Operations and Going Concern (Note 1)

On behalf of the Board:

" Tyrone Docherty " **Director** ***"Tony Fogarassy "*** **Director**

The accompanying notes are an integral part of these financial statements.

DEER HORN METALS INC.
INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Unaudited - Expressed in Canadian Dollars)
For the three and six months ended January 31

	Note	Three months ended Jan. 31 2014	Three months ended Jan. 31 2013	Six months ended Jan. 31 2014	Six months ended Jan. 31 2013
EXPENSES					
Depreciation		$ -	$ 272	$ 122	$ 544
Exploration expenses, net	**4**	-	103,146	2,879	300,998
Investor relations and shareholder information		1,842	25,966	6,617	53,060
Office		758	5,956	3,372	10,378
Professional fees		1,350	4,150	9,588	4,346
Regulatory and filing fees		6,082	2,279	14,208	10,859
Rent		2,000	4,267	6,000	8,535
Salaries and management fees		86,075	94,500	178,775	226,500
Share-based payments	**8**	-	-	-	-
Travel		3,000	3,566	6,132	5,799
Operating loss		(101,107)	(244,102)	(227,693)	(621,019)
Loss and comprehensive loss for the period		$ (101,107)	$ (244,102)	$ (227,693)	$ (621,019)
Loss per share (Basic and Diluted)		-	-	-	$ (0.01)
Weighted average number of common shares outstanding		143,939,110	96,999,894	148,601,203	97,158,197

The accompanying notes are an integral part of these financial statements.

DEER HORN METALS INC.
INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Number of common shares	Share Capital	Share Subscriptions	Share-based payments reserve	Deficit	Total shareholders' equity
Balance, July 31, 2012	**98,653,166**	**$ 10,879,922**	**$ -**	**$ 1,219,763**	**$ (11,565,325)**	**$ 534,360**
Private placement	5,700,000	258,400	-	26,600	-	285,000
Share issuance costs	-	(9,949)	-	-	-	(9,949)
Transfer upon expiration of warrants	-	-	-	(118,258)	118,258	-
Loss and comprehensive loss for the period	-	-	-	-	(621,019)	(621,019)
Balance, January 31, 2013	104,353,166	$ 11,128,373	$ -	$ 1,128,105	$ (12,068,086)	$ 188,392
Balance, July 31, 2013	**104,353,166**	**$ 11,097,972**	**$** 171,500	**$ 1,129,648**	**$ (12,390,462)**	**$ 8,658**
Private placements	50,000,000	250,000	(171,500)	-	-	78,500
Transfer upon expiration of stock options	-	-	-	(34,000)	34,000	-
Loss and comprehensive loss for the period	-	-	-	-	(227,693)	(227,693)
Balance, January 31, 2014	**154,353,166**	**$ 11,347,972**	**$ -**	**$ 1,095,648**	**$ (12,584,155)**	**$ (140,535)**

The accompanying notes are an integral part of these financial statements.

DEER HORN METALS INC.
INTERIM STATEMENTS OF CASH FLOWS
(Unaudited - Expressed in Canadian Dollars)
For the three and six months ended January 31,

	Three months ended Jan. 31 2014	Three months ended Jan. 31 2013	Six months ended Jan. 31 2014	Six months ended Jan. 31 2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss for the period	$ (101,107)	$ (244,102)	$ (227,693)	$ (621,019)
Items not affecting cash:				
Share-based payments	-	-	-	-
Amortization	-	272	122	544
Changes in non-cash working capital items				
Decrease (increase) in receivables	(2,550)	7,372	(6,578)	(10,612)
Decrease (increase) in prepaid expenses	2,610	3,340	4,000	7,105
Decrease (increase) in exploration advances	-	-	-	1,632
Increase (decrease) in accounts payable and accrued liabilities	80,489	46,549	(14,375)	36,158
Cash flows used in operating activities	(20,558)	(186,569)	(244,524)	(586,192)
CASH FLOWS FROM INVESTING ACTIVITIES				
Reclamation deposit recovery	-	-	-	-
Cash flows provided from (used by) investing activities	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of common shares	-	-	250,000	285,000
Share subscriptions	-	-	(171,500)	
Share issuance costs	-	-	-	(9,949)
Cash flows provided from financing activities	-	-	78,500	275,051
CHANGE IN CASH DURING THE PERIOD	(20,558)	(186,569)	(166,024)	(311,141)
CASH, beginning of period	21,117	344,436	166,583	469,008
CASH, end of period	$ 559	$ 157,867	$ 559	$ 157,867
Supplemental cash flow information				
Fair value of warrants on share issuance	-	-	-	26,600

The accompanying notes are an integral part of these financial statements.

(Unaudited – Expressed in Canadian Dollars)

NOTE 1 - NATURE OF OPERATIONS AND GOING CONCERN

Deer Horn Metals Inc. (the "Company") was incorporated under the Laws of the Province of British Columbia. The Company owns interests in exploration and evaluation assets in British Columbia and its principal business is the exploration of those assets. The Company's head office and principal place of business is Suite 140, 1440 Garden Place, Delta, British Columbia, Canada. The Company is a reporting issuer in the provinces of British Columbia and Alberta, Canada and trades on the TSX Venture Exchange under the symbol "DHM".

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

The Company has not yet determined whether its exploration and evaluation assets contain economically recoverable ore reserves. The recovery of the amounts comprising exploration and evaluation assets are dependent upon the confirmation of economically recoverable reserves, the ability of the Company to obtain necessary financing, successfully complete the exploration and development of those reserves and upon future profitable production or, alternatively, upon the Company's ability to dispose of its interest on an advantageous basis. The Company estimates that additional funding will be required to continue operations over the next 12 months. These material uncertainties may cast significant doubt on the Company`s ability to continue as a going concern.

		January 31, 2014		July 31, 2013
Deficit	$	(12,618,155)	$	(12,390,462)
Working capital (deficiency)	$	(230,785)	$	(81,714)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

a) **Statement of compliance:**

These financial statements have been prepared in accordance with IAS 1 "Presentation of Financial Statements" ("IAS 1") using accounting policies consistent with International Financial Reporting Standards "IFRS" issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements were authorized by the Audit Committee and Board of Directors of the Company on March 31, 2014.

b) **Basis of preparation:**

The financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in the accounting policies set out in below. In addition, the financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(Unaudited – Expressed in Canadian Dollars)

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Cont'd...)

b) **Basis of presentation: (cont'd...)**

The significant accounting policies for the quarter are consistent with those disclosed in the audited annual financial statements for the year ended July 31, 2013 except as specified below. The accompanying interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2013.

c) **New standards, amendments and interpretations not yet effective:**

Certain new standards, interpretations and amendments to existing standards have been issued by the International Accounting Standards Board (IASB) or International Financial Reporting Interpretations Committee (IFRIC) that are mandatory for accounting periods beginning after October 1, 2014, or later periods. Some updates that are not applicable or are not consequential to the Company may have been excluded from the list below.

IFRS 9, Financial Instruments- Classification and Measurement

IFRS 9 is a new standard on financial instruments that will replace IAS 39, *Financial Instruments: Recognition and Measurement.*

IFRS 9 addresses classification and measurement of financial assets and financial liabilities as well as derecognition of financial instruments. IFRS 9 has two measurement categories for financial assets: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 7, Financial Instruments- Disclosure

Amended to require additional disclosures on transition from IAS 39 to IFRS 9.

NOTE 3 – RECEIVABLES

Receivables are comprised of the following:

	Jan. 31, 2014	July 31, 2013
HST Receivable	$ 7,401	$ 823

NOTE 4 – EXPLORATION AND EVALUATION ASSETS

Title to exploration and evaluation assets involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyancing history characteristic of many exploration and evaluation assets. The Company has investigated title to all of its exploration and evaluation assets and, to the best of its knowledge, title to all of its properties are in good standing.

Exploration and evaluation assets costs are set out below:

	Deerhorn	Dome South	Total
Balance, January 31, 2014 and July 31, 2013	**$ 8,250**	**$ -**	**$ 8,250**

(Unaudited – Expressed in Canadian Dollars)

NOTE 4 – EXPLORATION AND EVALUATION ASSETS (Cont'd...)

Deerhorn

In August 2009, the Company entered into an option agreement with a company related by virtue of common directors, to acquire an initial 50% interest in the Deerhorn property, located in north western British Columbia.

To acquire its interest, the Company was required to incur $5,000,000 in exploration expenditures.

Guardsmen Resources Inc. (the "Optionor") has acknowledged that the required expenditures have been expended and that the Company has earned its initial 50% interest in the property. It may acquire an additional 25% interest by incurring all costs required to bring the property to commercial production.

As at January 31, 2014 the Company had provided exploration advances of $4,936 (July 31, 2013 - $4,936) on its Deerhorn property.

Dome South

During the year ended July 31, 2012, the Company elected to terminate its option and wrote-off all acquisition costs on property.

Exploration Expenditures

For the six months ended:

	Jan. 31 2014	Jan. 31 2013
	Deerhorn (Canada)	**Deerhorn (Canada)**
Exploration Expenses		
Assays and sampling	$ -	$ 7,624
Camp and field expense	-	3,937
Drilling and field support	-	68,830
Equipment rental	-	59,335
Geological consulting	1,679	117,676
Travel and accommodation	-	12,557
Other	1,200	1,754
Total Exploration Expenses	**$ 2,879**	**$ 300,998**

(Unaudited – Expressed in Canadian Dollars)

NOTE 5 – EQUIPMENT

	$
Cost:	
Balance at July 31, 2013, 2012 and 2011	**17,203**
Accumulated depreciation:	
Balance at July 31, 2012	**15,993**
Depreciation	1,088
Balance at July 31, 2013	**17,081**
Depreciation	122
Balance at Jan. 31, 2014	**17,203**
Carrying amounts:	
July 31, 2013	**122**
January 31, 2014	**-**

NOTE 6 – RECLAMATION DEPOSIT

The Company provided funding for deposits totalling $82,000 (2012 - $82,000) as security against potential future reclamation work related to the Deerhorn property (Note 4).

NOTE 7 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

		Jan. 31, 2014		July 31, 2013
Trade payables	$	247,716	$	237,091
Accrued liabilities		-		25,000
	$	247,716	$	262,091

NOTE 8 – SHARE CAPITAL

Fiscal 2014 Transactions

During the period ended January 31, 2014, the Company completed a non-brokered private placement for gross proceeds of $250,000 through the sale of 50,000,000 common shares at a price of $0.005 per share.

NOTE 8 – SHARE CAPITAL (Cont'd…)

Fiscal 2013 Transactions

During the year ended July 31, 2013, the Company completed a non-brokered private placement for gross proceeds of $285,000. 3,040,000 flow-through common shares were sold at a price of $0.05 per share for gross proceeds of $152,000 and 2,660,000 units were sold at a price of $0.05 per unit for gross proceeds of $133,000. Each unit consisted of one common share and one common share purchase warrant, with each warrant exercisable into one common share at a price of $0.10 for a period of three years following the close of private placement. The warrants were attributed a residual value of $26,600. The flow-through common shares were sold at premium of $30,400 which was initially recorded as a liability.

Share-based payments

A 2013 Stock Option Plan (the "Plan") was approved by the shareholders on April 16, 2013, at the Company's annual general meeting. Under the Plan, the Company is authorized to grant options to executive officers, directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company, on a rolling basis. Options may be granted at an exercise price of no less than a 25% discount of the market price on the date of the grant, or such higher price as determined by the board of directors. Options can be granted for a maximum term of 5 years. Vesting is not required but may be set on an individual basis as determined by the board of directors.

On March 25, 2013, the Company granted incentive stock options for the purchase of up to 1,000,000 common shares, at a price of $0.10 per share , and exercisable on or before March 25, 2018, to a director of the Company. The total fair value of options granted using the Black-Scholes option pricing model was $17,051. A total of $17,051 was charged to operations, offset to share-based payments reserves. All options vested immediately upon grant.

During the year ended July 31, 2013, 1,175,000 options previously issued with a fair value of $133,766 as share-based compensation expired or were cancelled. The previously recorded historical fair value of these options was reallocated to deficit.

During the year ended July 31, 2012, the Company granted 1,000,000 stock options. The total fair value of options granted using the Black-Scholes option pricing model was $118,259. A total of $118,259 was charged to operations, offset to share-based payments reserves. All options vested immediately upon grant.

(Unaudited – Expressed in Canadian Dollars)

NOTE 8 – SHARE CAPITAL (Cont'd…)

Share-based payments (Cont'd...)

As at January 31, 2014 the Company had outstanding stock options as follows:

Number outstanding July 31, 2013	Granted	Exercised	Expired/ Cancelled	Number outstanding Jan. 31, 2014	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
500,000	-	-	(100,000)	400,000	$0.10	Mar. 9, 2014	0.11 yrs
500,000	-	-	-	500,000	$0.22	July 14, 2014	0.55 yrs
850,000	-	-	(50,000)	800,000	$0.22	Aug. 28, 2014	0.58 yrs
2,500,000	-	-	(50,000)	2,450,000	$0.10	May 21, 2015	1.31 yrs
300,000	-	-	-	300,000	$0.10	Oct. 8, 2015	1.69 yrs
2,750,000	-	-	(100,000)	2,650,000	$0.25	Mar. 11, 2016	2.11 yrs
500,000	-	-	-	500,000	$0.25	June 24, 2016	2.40 yrs
1,000,000	-	-	-	1,000,000	$0.10	Mar. 25, 2018	4.15 yrs
8,900,000	-	-	-	8,600,000	$0.17	(weighted average)	1.57 yrs
			Exercisable	8,600,000	$0.17	(weighted average)	1.57 yrs

Warrants

The exercise price and expiry dates of the warrants outstanding as at January 31, 2014 are set out below:

Exercise price	Number outstanding	Expiry date	Weighted average remaining contractual life
$0.14 - $0.17	3,044,000	June 20, 2014	0.38 yrs
$0.10	2,660,000	October 12, 2015	1.70 yrs
	5,704,000		1.25 yrs

Number outstanding July 31, 2013	Granted	Exercised	Expired/ Cancelled	Number outstanding Oct. 31, 2013	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
14,060,000	-	-	(14,060,000)	-	-	Sept. 28, 2013	-
3,044,000	-	-	-	3,044,000	$0.14-0.17	June 20, 2014	0.38 yrs
2,660,000	-	-	-	2,660,000	$0.10	October 12, 2015	1.70 yrs
19,764,000	-	-	(14,060,000)	5,704,000	$0.14	(weighted average)	0.99 yrs

(Unaudited – Expressed in Canadian Dollars)

NOTE 9 – RELATED PARTY TRANSACTIONS

The Company's related parties consist of key management and personnel, which include executive officers and directors of the Company.

The Company incurred the following fees and expenses in connection with compensation of key management personnel:

Six months ended January 31,		**2014**		**2013**
Management fees paid or accrued to a company controlled by the President	$	111,000	$	105,000
Management fees paid or accrued to the CFO or a company controlled by the CFO	$	15,500	$	15,000
Management fees paid or accrued to a company controlled by a Director	$	30,000	$	30,000
Exploration costs paid or accrued to a private company controlled by a former director	$	-	$	190,853

Included in accounts payable and accrued liabilities is $204,150 (2013-$nil) due to key management personnel or companies controlled by key management personnel.

NOTE 10 – SEGMENTED INFORMATION

The Company operates in one business segment being the acquisition and exploration of exploration and evaluation assets in Canada as disclosed in Note 4. The total assets attributable to the geographical locations relate primarily to exploration and evaluation assets located in Canada and reclamation deposit receivable posted in Canada.

NOTE 11 – BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the six months January 31, 2014 is based on the loss attributable to common shareholders of $227,693 (2013 - $621,019) and a weighted average number of common shares outstanding of 148,601,203 (2013 – 97,158,197).

NOTE 12 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Classification of financial instruments

Financial instruments measured at fair value are classified into one of three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value (``FV``) hierarchy has the following levels:

Level 1- quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices); and

Level 3- inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company`s financial instruments consist of cash and accounts payable and accrued liabilities.

Fair values

Fair value estimates of financial instruments are made at a specific point in time, based on relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and matters of significant judgment, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair values.

The fair value of cash is measured at Level 1 of the fair value hierarchy. The carrying value of accounts payable and accrued liabilities approximate their fair value because of the short term nature of these instruments.

Financial instrument risk exposure and risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company considers the fluctuations of financial markets and seeks to minimize potential adverse effects on financial performance. The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management process.

Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligation. The Company's exposure to credit risk includes cash and receivables. The Company reduces its credit risk by maintaining its bank accounts at large international financial institutions. The Company's receivables consist primarily of tax receivables due from federal government agencies. The maximum exposure to credit risk is equal to the fair value or carrying value of the financial assets.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company's ability to continue as a going concern is dependent on management's ability to raise required funding through future equity 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.

NOTE 14 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont`d…)

Interest rate risk

The Company has cash balances. The Company's current policy is to invest excess cash in investment grade short-term demand deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit rating of its banks. The Company is marginally exposed to interest rate risk.

Foreign currency risk

The Company is not exposed to foreign currency risk.

Commodity price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and other precious and base metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

NOTE 15 – CAPITAL MANAGEMENT

The Company manages common shares, stock options, and share purchase warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the development of its exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash on hand.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions.

In order to maximize ongoing exploration efforts, the Company does not pay out dividends. The Company's investment policy is to keep its cash treasury on deposit in an interest bearing Canadian chartered bank account. Cash consist of cash on hand, balances with banks and investments in highly liquid instruments. The Company considers all highly liquid instruments with maturity of three months or less at the time of issuance to be cash equivalents as the fair value approximates carrying value. There have been no changes to the Company's approach to capital management during the period ended January 31, 2014. The Company is not subject to externally imposed capital requirements.