DEER HORN CAPITAL INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and nine months ended April 30, 2015

(Expressed in Canadian Dollars)

NOTICE TO READER

Pursuant to National Instrument 51-102, Part 4, subsection 4.3 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 for the nine months ended April 30, 2015 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 CAPITAL INC.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

	Note	April 30, 2015	July 31, 2014
Assets			
Current Assets			
Cash		$ 63,726	$ 197,670
Receivables	**3**	67,175	3,120
Prepaid expense		131,382	4,638
Exploration advances	**4**	4,936	4,936
		267,219	210,364
Equipment	**5**	226,805	2,408
Reclamation deposit	**7**	82,000	82,000
Exploration and evaluation assets	**4**	8,250	8,250
		$ 584,274	**$ 303,022**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	**8**	$ 229,484	$ 161,627
Shareholders' Equity			
Share capital	**9**	12,187,075	11,403,400
Reserves	**9**	1,065,037	765,920
Deficit		(12,897,322)	(12,027,925)
		354,790	141,395
		$ 584,274	**$ 303,022**

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 15)

On behalf of the Board:

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

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

DEER HORN CAPITAL INC.
CONDENSED INTERIM STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Expressed in Canadian Dollars)
For the three and nine months ended April 30

	Note	Three months ended Apr. 30 2015	Three months ended Apr. 30 2014	Nine months ended Apr. 30 2015	Nine months ended Apr. 30 2014
REVENUE					
Consulting		$ 30,000	-	$ 30,000	-
Net income from Operations		$ 30,000	-	$ 30,000	-
EXPENSES					
Depreciation		5,364	-	5,599	122
Exploration expenses, net	**4**	1,250	1,200	2,680	4,079
Investor relations and shareholder information		27,008	2,181	40,818	8,798
Office		11,347	2,605	18,426	5,977
Professional fees		12,416	-	69,362	9,588
Regulatory and filing fees		5,792	1,816	29,711	16,024
Rent		6,500	4,000	11,500	10,000
Salaries and management fees		181,801	69,175	370,951	247,950
Share-based payments		89,367	-	89,367	-
Travel		7,141	2,000	13,583	8,032
Operating loss		(347,986)	(82,977)	(651,997)	(310,670)
Mining tax credit recovered		-	332,310	-	332,310
Write-down of intangible assets		(261,800)	-	(261,800)	-
Income (loss) and comprehensive income (loss) for the period		$ (579,786)	$ 249,333	$ (883,797)	$ 21,640
Loss per share (Basic and Diluted)		$0.03	$ -	$0.04	$ -
Weighted average number of common shares outstanding		20,180,150	15,105,260	19,987,667	15,035,317

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

DEER HORN CAPITAL INC.
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

	Number of common shares	Share Capital	Share Subscriptions	Reserves	Deficit	Total shareholders' equity
Balance, July 31, 2013	**10,435,317**	**$ 11,097,972**	**$ 171,500**	**$ 1,129,648**	**$ (12,390,462)**	**$ 8,658**
Private placements	5,000,000	250,000	(171,500)	-	-	78,500
Transfer upon expiration of stock options	-	-	-	(120,230)	120,230	-
Loss and comprehensive loss for the period	-	-	-	-	21,640	21,640
Balance, April 30, 2014	**15,435,317**	**$ 11,347,972**	**$ -**	**$ 1,009,418**	**$ (12,248,592)**	**$ 108,798**
Balance, July 31, 2014	**15,435,317**	**$ 11,403,400**	**$ -**	**$ 765,920**	**$ (12,027,925)**	**$ 141,395**
Private placements	14,205,000	691,350	-	224,150	-	915,500
Share issuance cost	-	(20,675)	-	-	-	(20,675)
Share subscriptions	-	-	63,000	-	-	63,000
Issuance of shares pursuant to asset acquisition (Note 6)	1,000,000	50,000	-	-	-	50,000
Stock options granted	-	-	-	89,367	-	89,367
Transfer upon expiration of stock options	-	-	-	(14,400)	14,400	-
Loss and comprehensive loss for the period	-	-	-	-	(883,797)	(883,797)
Balance, April 30, 2015	**30,640,317**	**$ 12,124,075**	**$ 63,000**	**$ 1,065,037**	**$ (12,897,322)**	**$ 354,790**

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

DEER HORN CAPITAL INC.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
For the three and nine months ended April 30

	Three months ended Apr. 30 2015	Three months ended Apr. 30 2014	Nine months ended Apr. 30 2015	Nine months ended Apr. 30 2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) for the period	$ (579,786)	$ 249,333	$ (883,797)	$ 21,640
Items not affecting cash:				
Depreciation	5,364	-	5,599	122
Share-based payments	89,367	-	89,367	-
Write-down of intangible assets	261,800	-	261,800	
Changes in non-cash working capital items				
Decrease (increase) in receivables	(49,613)	7,065	(64,055)	487
Decrease (increase) in prepaid expenses	(79,172)	(2,287)	(126,744)	1,713
Increase (decrease) in accounts payable and accrued liabilities	(40,028)	(174,114	67,856	(188,489)
Cash flows used by operating activities	(392,068)	79,997	(649,974)	(164,527)
CASH FLOWS FROM INVESTING ACTIVITIES				
Equipment purchase	(229,995)	-	(229,995)	-
Investment in intangible assets	-	-	(211,800)	-
Cash flows provided from (used by) investing activities	(229,995)	-	(441,795)	-
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of common shares	410,500	-	915,500	250,000
Share subscriptions	63,000	-	63,000	(171,500)
Share issuance costs	(10,675)	-	(20,675)	-
Cash flows provided from financing activities	462,825	-	957,825	78,500
CHANGE IN CASH DURING THE PERIOD	(159,238)	79,997	(133,944)	(86,027)
CASH, beginning of period	222,964	559	197,670	166,583
CASH, end of period	$ 63,726	$ 80,556	$ 63,726	$ 80,556
Supplemental cash flow information				
Issuance of common shares for asset acquisition	50,000	-	50,000	-
Transfer expired equity options to deficit	-	-	14,400	-
Fair value of warrants on share issuance	123,150	-	224,150	-

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 Capital Inc. (the "Company") was incorporated under the *Business Corporations Act* (Canada) and continued into British Columbia pursuant to the *Business Corporations Act* (British Columbia). The Company owns interests in exploration and evaluation assets in British Columbia, leasing and consulting under marijuana medical access regulations ("MMAR") and is currently planning its entry into the organic grocery industry. 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, Alberta and Ontario, Canada and trades on the Canadian Securities Exchange under the symbol "DHC".

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.

	April 30, 2015	July 31, 2014
Deficit	$ (12,897,322)	$ (12,027,925)
Working capital (deficiency)	$ 37,736	$ 48,737

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

a) **Statement of compliance:**

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements follow the same accounting policies and methods of application as the most recent annual financial statements of the Company, except for the accounting policies which have changed as a result of the adoption of new and revised standards and interpretations which are effective August 1, 2014. These condensed interim financial statements do not contain all of the information required for full annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the Company's July 31, 2014 annual financial statements, which were prepared in accordance with IFRS as issued by the IASB.

The financial statements were authorized by the Audit Committee and Board of Directors of the Company on June 26, 2015.

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

b) **Basis of presentation:**

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.

The significant accounting policies for the quarter are consistent with those disclosed in the audited annual financial statements for the year ended July 31, 2014 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, 2014.

c) **Changes in accounting policies:**

Effective August 1, 2014, the Company adopted the following new and revised standards, along with any consequential amendments. These changes were made in accordance with the applicable transitional provisions.

Basis of Consolidation

The consolidated financial statements include the accounts of Deer Horn and its subsidiaries and the proportionate share of the assets, liabilities, revenues, expenses and cash flows of its operation. The subsidiaries are fully consolidated from the date of acquisition, being the date on which Deer Horn obtained control, and continues to be consolidated until the date that such control ceases.

The consolidated financial statements include the financial statements of Deer Horn Capital Inc. and its wholly-owned owned subsidiaries, BC Cannabis Pharms Ltd. and Bodhi Tree Natural Market Corp.

Name	Jurisdiction of Incorporation	% Interest
BC Cannabis Pharms Ltd.	British Columbia	100
Bodhi Tree Natural Market Corp.	British Columbia	100

Intangible Assets

Finite life intangible assets are comprised of MMAR leasing and consulting and other items which are recorded at cost less accumulated amortization and accumulated impairment losses. The estimated useful life and amortization method are reviewed at the end of each reporting period, and the effects of any changes are reported on a prospective basis.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs to sell can be reliably measured, Revenue is measured at the fair value of the consideration received.

(Unaudited – Expressed in Canadian Dollars)

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

c) **Changes in accounting policies (cont'd...):**

Equipment

Equipment consists of computer equipment and furniture, fixtures and equipment, and leasehold improvements that are depreciated at the following rates per annum under the declining balance and straight-line method:

Computer equipment	30% declining balance
Furniture, fixtures and equipment	20% declining balance
Leasehold improvements	Term of the lease, straight-line

IFRIC 21

This is an interpretation of IAS 37, *Provisions, contingent liabilities and contingent assets.* IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event, known as an obligating event. The interpretation clarifies that the obligation event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Company has concluded that the adoption of IFRIC 21 did not have any impact on its financial statements.

d) **Recent accounting pronouncements:**

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee ("IFRIC") are mandatory for accounting periods after October 31, 2014 or later periods. Many are not applicable or do not have significant impact to the Company and have been excluded from the discussion below. The impact of these new standards on the Company's financial instruments has not yet been determined.

IFRS 7, Financial Instruments: Disclosures, will be amended to require additional disclosures on transition from IAS 39 and IFRS 9, and is effective for annual periods beginning on or after January 1, 2015.

IFRS 9 Financial Instruments (Revised)

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the exiting derecognition requirements from IAS 39 *Financial instruments: recognition and measurement.* The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is tentatively effective for annual periods beginning on or after January 1, 2018.

IAS 32 (Amendment)

New standard that clarifies requirements for offsetting financial assets and financial liabilities.

IAS 36 (Amendment)

This amendment addresses the disclosure of information regarding the recoverable amount of impairment assets as the amount is based on fair value less costs of disposal.

(Unaudited – Expressed in Canadian Dollars)

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

d) **Recent accounting pronouncements (cont'd):**

IFRS 15

The standard provides a single, principles-based five-step model to be applied to all contracts with customers. The standard will also provide users with more informative relative disclosures. The standard is effective for reporting period on or after January 1, 2017.

NOTE 3 – RECEIVABLES

Receivables are comprised of the following:

	April 30, 2015	July 31, 2014
GST Receivable	$ 36,953	$ 3,120
Other receivables	30,222	-
	$ 67,175	$ 3,120

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	Total
Balance, April 30, 2015 and July 31, 2014	**$ 8,250**	**$ 8,250**

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.

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 April 30, 2015 the Company had provided exploration advances of $4,936 (July 31, 2014 - $4,936) on its Deerhorn property.

(Unaudited – Expressed in Canadian Dollars)

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

Exploration Expenditures

For the nine months ended:

	Apr. 30 2015 Deerhorn (Canada)	Apr. 30 2014 Deerhorn (Canada)
Exploration Expenses		
Geological consulting	$ -	$ 1,679
Other	2,680	2,400
Total Exploration Expenses	**$ 2,680**	**$ 4,079**

NOTE 5 – EQUIPMENT

	$
Cost:	
Balance at July 31, 2014 and 2013	**19,652**
Additions	229,995
Balance at April 30, 2015	**249,647**
Accumulated depreciation:	
Balance at July 31, 2013	**17,081**
Depreciation	163
Balance at July 31, 2014	**17,244**
Depreciation	**5,599**
Balance, April 31, 2015	**22,843**
Carrying amounts:	
July 31, 2014	**2,408**
April 30, 2015	**226,805**

NOTE 6 – INTANGIBLE ASSETS

BC Cannabis Pharms Ltd.

On January 8, 2015, the Company acquired the assets of a private company, which assets include leased premises which are sub-leased to various individuals for the purposes of producing medical marijuana under 8 MMAR production licenses as well as a consulting service to provide information and guidance with respect to the cultivation of various strains of medical marijuana plants.

In order to complete the acquisition, the Company must pay $200,000 cash ($100,000 upon closing and $100,000 within 1 year of closing) and issue 1,000,000 common shares at closing. The Company has paid $175,000 of the $200,000, of which the remaining $25,000 must be paid on or before January 7, 2016 and has issued 1,000,000 common shares valued at $50,000. Total transaction costs of $11,800 were capitalized.

(Unaudited – Expressed in Canadian Dollars)

NOTE 6 – INTANGIBLE ASSETS (Cont'd...)

BC Cannabis Pharms Ltd. (cont'd...)

The Company deemed the asset to be impaired and wrote-down the value of this asset to $nil. Subsequent to the period ended April 30, 2015, the Company relinquished its medical marijuana interests.

Bodhi Tree Natural Market Corp.

In January 2015, the Company acquired all of the issued shares of a private company, Bodhi Tree Natural Market Corp. ("Bodhi"), through which it will enter the organic supermarket industry, for fair value of $30.

Bodhi entered into a net profits interest ("NPI") agreement with a third party (the "NPI Holder") providing for net profit interest of 20% to the NPI Holder as partial consideration for assistance in setting up the flagship store.

NOTE 7 – RECLAMATION DEPOSIT

The Company provided funding for deposits totalling $82,000 (2013 - $82,000) as security against potential future reclamation work related to the Deerhorn property (Note 4).

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Apr. 30, 2015	July 31, 2014
Trade payables	$ 229,484	$ 147,627
Accrued liabilities	-	14,000
	$ 229,484	$ 161,627

NOTE 9 – SHARE CAPITAL

The Company's share capital consists of an unlimited number of common shares without par value.

In May 2014, the Company effected a share consolidation of its share capital on a 10 for 1 basis, consolidating its 154,353,166 currently outstanding common shares to 15,435,317 common shares. All references to common stock in the financial statements have been changed to reflect the share consolidation.

Fiscal 2015 Transactions

In March 2015, the Company completed a non-brokered private placement for gross proceeds of $410,500 through the issuance of 4,105,000 units at a price of $0.10 per unit. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will be exercisable into one common share for a period of two years at a price of $0.15 per share in the first year and $0.20 per share in the second year. The warrants were attributed a fair value of $123,150.

In January 2015, the Company completed a non-brokered private placement for gross proceeds of $505,000 through the issuance of 10,100,000 units at a price of $0.10 per unit. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant will be exercisable into one common share for a period of two years at a price of $0.10. The warrants were attributed a fair value of $101,000.

(Unaudited – Expressed in Canadian Dollars)

NOTE 9 – SHARE CAPITAL (Cont'd…)

Fiscal 2014 Transactions

During the year ended July 31, 2014, the Company completed a non-brokered private placement for gross proceeds of $250,000 through the sale of 5,000,000 common shares at a price of $0.05 per common share.

Share-based payments

A 2014 Stock Option Plan (the "Plan") was approved by the shareholders on July 21, 2014, at the Company's annual general and special 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 five years. Vesting is not required but may be set on an individual basis as determined by the board of directors.

On March 18, 2015, the Company granted incentive stock options for the purchase of up to 200,000 common shares, at a price of $0.25 per share, and exercisable on or before March 18, 2020, to a consultant of the Company. The total fair value of options was $48,548. The options vest over a period of twelve months, as follows: 25% upon grant and 25% per quarter thereafter.

A total of $12,137 was charged to operations, offset to share-based payments reserves.
On March 10, 2015, the Company granted incentive stock options for the purchase of up to 2,275,000 common shares, at a price of $0.14 per share, and exercisable on or before March 10, 2020, to directors, officers and consultants of the Company. The total fair value of options granted using the Black-Scholes option pricing model was $308,917. The options vest over a period of twelve months, as follows: 25% upon grant and 25% per quarter thereafter. A total of $77,230 was charged to operations, offset to share-based payments reserves.

During the period ended April 30, 2015, 80,000 options previously issued with a fair value of $14,400 as share-based compensation expired. The previously recorded historical fair value of these options was reallocated to deficit.

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the year:

	2015	2014
Dividend yield	Nil	-
Expected volatility	193.3-194.5%	-
Risk free rate of return	0.77-0.78%	-
Expected life	5 years	-
Fair value	$0.13-$0.23	-

During the year ended July 31, 2014, 235,000 options previously issued with a fair value of $308,300 as share-based compensation expired or were cancelled. The previously recorded historical fair value of these options was reallocated to deficit.

(Unaudited – Expressed in Canadian Dollars)

NOTE 9 – SHARE CAPITAL (Cont'd…)

As at April 30, 2015 the Company had outstanding stock options as follows:

Number outstanding July 31, 2014	Granted	Exercised	Expired/ Cancelled	Number outstanding April 30, 2015	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
80,000	-	-	(80,000)	-	$2.20	Aug. 28, 2014	-
220,000	-	-	-	220,000	$1.00	May 21, 2015	0.25 yrs
205,000	-	-	-	205,000	$2.50	Mar. 11, 2016	0.86 yrs
50,000	-	-	-	50,000	$2.50	June 24, 2016	1.15 yrs
100,000	-	-	-	100,000	$1.00	Mar. 25, 2018	2.90 yrs
-	2,275,000	-	-	2,275,000	$0.14	March 10, 2020	4.83 yrs
-	200,000	-	-	200,000	$0.25	March 18, 2020	4.83 yrs
655,000	2,475,000	-	(80,000)	3,050,000	$0.43	(weighted average)	1.36 yrs
			Exercisable	1,193,750	$0.43	(weighted average)	1.36 yrs

As at April 30, 2014 the Company had outstanding stock options as follows:

Number outstanding July 31, 2013	Granted	Exercised	Expired/ Cancelled	Number outstanding Apr. 30, 2014	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
500,000	-	-	(50,000)	-	$1.00	Mar. 9, 2014	-
500,000	-	-	-	50,000	$2.20	July 14, 2014	0.30 yrs
850,000	-	-	(5,000)	80,000	$2.20	Aug. 28, 2014	0.33 yrs
2,500,000	-	-	(30,000)	220,000	$1.00	May 21, 2015	1.06 yrs
300,000	-	-	(30,000)	-	$1.00	Oct. 8, 2015	-
2,750,000	-	-	(70,000)	205,000	$2.50	Mar. 11, 2016	1.86 yrs
500,000	-	-	-	50,000	$2.50	June 24, 2016	2.15 yrs
1,000,000	-	-	-	100,000	$1.00	Mar. 25, 2018	3.90 yrs
8,900,000	-	-	(185,000)	705,000	$1.75	(weighted average)	1.48 yrs
			Exercisable	705,000	$1.75	(weighted average)	1.48 yrs

Warrants

The exercise price and expiry dates of the warrants outstanding as at April 30, 2015 are set out below:

Exercise price	Number outstanding	Expiry date	Weighted average remaining contractual life
$1.00	266,000	October 12, 2015	0.45 yrs
$0.10	5,050,000	January 15, 2017	1.75 yrs
$0.10/$0.20	2,052,500	March 10, 2017	1.83 yrs
	7,368,500		0.82 yrs

(Unaudited – Expressed in Canadian Dollars)

NOTE 9 – SHARE CAPITAL (Cont'd…)

Number outstanding July 31, 2014	Granted	Exercised	Expired/ Cancelled	Number outstanding April 30, 2015	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
266,000	-	-	-	266,000	$1.00	October 12, 2015	0.45 yrs
-	5,050,000	-	-	5,050,000	$0.10	January 15, 2017	1.75 yrs
	2,052,000	-	-	2,052,000	$0.10/$0.20	March 10, 2017	1.83 yrs
266,000	7,102,000	-	-	7,368,000	$0.14	(weighted average)	0.93 yrs

Number outstanding July 31, 2013	Granted	Exercised	Expired/ Cancelled	Number outstanding Apr. 30, 2014	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	$1.40-1.70	June 20, 2014	0.13 yrs
2,660,000	-	-	-	2,660,000	$1.00	October 12, 2015	1.45 yrs
19,764,000	-	-	(14,060,000)	5,704,000	$1.40	(weighted average)	0.75 yrs

NOTE 10 – 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:

Nine months ended April 30,		**2015**		**2014**
Management fees paid or accrued to a company controlled by the President and CEO	$	157,500	$	157,500
Management fees paid or accrued to the CFO or a company controlled by the CFO	$	22,500	$	22,500
Travel expense allowance paid or accrued to a company controlled by the President and CEO	$	9,000	$	9,000
Management fees paid or accrued to a company controlled by a Director	$	45,000	$	45,000

Included in accounts payable and accrued liabilities is $135,614 (2014 - $63,415) due to key management personnel or companies controlled by key management personnel.

NOTE 11 – SEGMENTED INFORMATION

The Company operates in business segments 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.

The Company is currently entering into two other business segments as disclosed in Note 1.

NOTE 12 – BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share for the nine months ended April 30, 2015 is based on the loss attributable to common shareholders of $883,797 (2014 – income of $21,640) and a weighted average number of common shares outstanding of 19,987,667 (2014 – 15,035,317).

NOTE 13 – 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, receivables 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 receivables and 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.

NOTE 13 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd…)

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.

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 14 – 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.

NOTE 14 – CAPITAL MANAGEMENT (Cont'd...)

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 consists 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 April 30, 2015. The Company is not subject to externally imposed capital requirements.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent to April 30, 2015, the Company:

- Completed a non-brokered private placement through the issuance of 932,668 units for aggregate proceeds of $279,800. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable for a period of two years at a price of $0.40 per warrant share in the first year following the closing, and at a price of $0.50 per warrant share in the second year following the closing.

- Completed the first tranche of a non-brokered private placement through the issuance of 681,668 units for aggregate proceeds of $204,500.40. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant is exercisable for a period of two years at a price of $0.40 per warrant share in the first year following the closing, and at a price of $0.50 per warrant share in the second year following the closing.