DEER HORN CAPITAL INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended October 31, 2017 and 2016

(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 condensed consolidated interim financial statements for the Company for the first quarter ended October 31, 2017 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.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars) (*unaudited*)

	Note		**October 31, 2017**		July 31, 2017
Assets					
Current Assets					
Cash		**$**	**1,025**	$	6,191
Receivables	3		**4,696**		4,270
Prepaid expenses	4		**6,804**		7,209
			12,525		17,670
Property and Equipment	5		**1,236**		1,301
Reclamation Deposit	6		**85,212**		85,212
		$	**98,973**	$	104,183
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities	8	**$**	**150,081**	$	234,268
Loan payable	9		**199,000**		199,000
Due to related parties	10		**346,121**		308,121
			695,202		741,389
			695,202		741,389
Shareholders' Equity (Deficiency)					
Share capital	11		**13,569,365**		13,464,365
Share-based payments reserve			**507,488**		507,488
Deficit			**(14,673,082)**		(14,609,059)
			(596,229)		(637,206)
		$	**98,973**	$	104,183

Nature of Operations and Going Concern (Note 1)
Contingencies (Note 13)

On behalf of the Board:

"Tyrone Docherty"
Director

"Tony Fogarassy"
Director

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

DEER HORN CAPITAL INC.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars) (*unaudited*)
For the three months ended October 31,

	Note		**2017**		2016
Operating Expenses					
Advertising and promotion			**-**		3,500
Consulting fees	12		**-**		6,776
Depreciation and accretion	5		**65**		1,010
Investor relations and shareholder information			**3,559**		4,905
Management fees	12		**30,000**		30,000
Office and miscellaneous			**580**		1,303
Professional fees			**296**		-
Regulatory and filing fees			**24,936**		5,840
Operating income (loss)			**(59,436)**		(53,334)
Interest income			**(4,587)**		(4,587)
Loss and comprehensive loss for the period		**$**	**(64,023)**	$	(57,921)
Basic and diluted loss per share		**$**	**(0.01)**	$	(0.00)
Weighted average shares outstanding			**35,712,803**		34,619,653

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

DEER HORN CAPITAL INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars) (*unaudited*)

	Number of common shares		Share Capital		Share Subscriptions		Share-based payments reserve		Stakeholder Contribution Reserve		Deficit		Total shareholders' equity (deficiency)
Balance, July 31, 2016	**41,444,653**	**$**	**13,445,138**	**$**	**(25,000)**	**$**	**387,704**	**$**	**229,500**	**$**	**(14,475,193)**	**$**	**(437,851)**
Loss and comprehensive loss for the period	-		-		-		-		-		(57,921)		(57,921)
Balance, October 31, 2016	**41,444,653**	**$**	**13,445,138**	**$**	**(25,000)**	**$**	**387,704**	**$**	**229,500**	**$**	**(14,533,114)**	**$**	**(495,772)**
Balance, July 31, 2017	**41,444,653**	**$**	**13,464,365**	**$**	**-**	**$**	**277,988**	**$**	**229,500**	**$**	**(14,609,059)**	**$**	**(637,206)**
Private placement	5,250,000		105,000		-		-		-		-		105,000
Loss and comprehensive loss for the period	-		-		-		-		-		(64,023)		(64,023)
Balance, October 31, 2017	**46,694,653**	**$**	**13,569,365**	**$**	**-**	**$**	**277,988**	**$**	**229,500**	**$**	**(14,673,082)**	**$**	**(596,229)**

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

DEER HORN CAPITAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars) (*unaudited*)
For the three months ended October 31,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) and comprehensive income (loss) for the period	**$ (64,023)**	$ (57,921)
Items not involving cash:		
Depreciation and accretion	**65**	1,010
Changes in non-cash working capital balances:		
Decrease (increase) in receivables	**(426)**	(2,098)
Decrease (increase) in prepaid expenses	**405**	
Increase (decrease) in due to related parties	**38,000**	11,018
Increase (decrease) in accounts payable and accrued liabilities	**(84,187)**	17,053
Cash flows used in operating activities	**(110,166)**	(30,938)
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of share capital	105,000	-
Cash flows provided from financing activities	105,000	-
Change in cash during the period	**(5,166)**	(30,938)
Cash, beginning of period	**6,191**	57,182
Cash, end of period	**1,025**	26,244

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

NOTE 1 - NATURE OF OPERATIONS AND GOING CONCERN

Deer Horn Capital Inc. ("Deer Horn" or the "Company") was incorporated under the *Business Corporations Act* (Canada) and continued into British Columbia pursuant to the *Business Corporations Act* (British Columbia, Canada). The consolidated financial statements for the year ended July 31, 2017 include the accounts of Deer Horn and its wholly-owned subsidiary, Bodhi Tree Natural Market Corp. ("Bodhi"), a company incorporated under the laws of British Columbia, Canada. Subsequent to the year ended July 31, 2017, Bodhi was dissolved. The Company's head office and principal place of business is 4672 Kensington 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 condensed consolidated interim financial statements are prepared 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 in the foreseeable future. Management believes that the Company's cash on hand at October 31, 2017, is not sufficient to finance operations through the next twelve months. The Company's ability to continue on a going concern basis depends on its ability to successfully raise additional financing. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company.

These factors may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the last annual consolidated financial statements as at and for the year ended July 31, 2017. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements were authorized by the Board of Directors of the Company on January 2, 2018.

Basis of measurement

The condensed consolidated interim financial statements are prepared on the historical cost basis, except the following assets and liabilities which are stated at their fair value: financial instruments classified as fair value through profit and loss ("FVTPL"), financial instruments classified as available for sale and cash settled stock-based compensation plans. Assets held for sale are valued at the lower of their carrying amount and fair value less costs to sell.

The significant accounting policies for the quarter are consistent with those disclosed in the audited annual financial statements for the year ended July 31, 2017. The accompanying interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2017.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Use of Estimates and judgments

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended July 31, 2017.

New standards, interpretations and amendments not yet effective:

A number of new standards, amendments to standards and interpretations are not yet effective as of October 31, 2017, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a material effect on the financial statements of the Company.

Effective for annual periods beginning on or after January 1, 2018

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 and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

IFRS 2 *Share-based Payment*

IFRS 2 was amended in June 2016, clarifying the accounting for certain types of share-based payment transactions. The amendments provide requirements on accounting for the effects of vesting and non-vesting conditions of cash-settled share-based payments, withholding tax obligations for share-based payments with a net settlement feature, and when a modification to the terms of a share-based payment changes the classification of the transaction from cash-settled to equity-settled.

Effective for annual periods beginning on or after January 1, 2019

IFRS 16, *Leases:*

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model.

NOTE 3 – RECEIVABLES

	As at October 31, 2017		As at July 31, 2017	
Amounts due from the Government of Canada pursuant to GST input tax credits	**$**	**4,696**	$	4,270
Total	**$**	**4,696**	$	4,270

NOTE 4 – PREPAID EXPENSES

	As at October 31, 2017		As at July 31, 2017	
Other		**6,804**		7,209
Total	**$**	**6,804**	$	7,209

NOTE 5 – PROPERTY AND EQUIPMENT

		Tenant improvements		Furniture and fixtures		Store equipment		Office and computer equipment		TOTAL
Cost:										
Balance at July 31, 2016	$	-	$	19,652	$	-	$	-	**$**	**19,652**
Balance at July 31, 2017	$	-	$	19,652	$	-	$	-	**$**	**19,652**
Balance at October 31, 2017	$	-	$	19,652	$	-	$	-	**$**	**19,652**
Accumulated depreciation:										
Balance at July 31, 2016	$	-	$	18,054	$	-	$	-	**$**	**18,054**
Depreciation		-		297		-		-		**297**
Balance at July 31, 2017	$	-	$	18,351	$	-	$	-	**$**	**18,351**
		-		65		-		-		**65**
Balance at October 31, 2017	$	-	$	18,416	$	-	$	-	**$**	**18,416**
Carrying amounts:										
July 31, 2017	$	-	$	1,301	$	-	$	-	**$**	**1,301**
October 31, 2017	$	-	$	1,236	$	-	$	-	**$**	**1,236**

NOTE 6 – RECLAMATION DEPOSIT

The Company provided funding for deposits as security against potential future reclamation work related to the Deerhorn property (Note 7).

	As at October 31, 2017	As at July 31, 2017
Reclamation deposit: Deerhorn property	**$ 85,212**	$ 85,212

NOTE 7 – EXPLORATION AND EVALUATION ASSETS

Deerhorn property

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.

The Company reviews the carrying values of its exploration and evaluation assets on a regular basis by reference to the project economics including any independent feasibility studies on a property, the timing of the exploration and/or development work, the work programs and the exploration results experienced by the Company. When the carrying value of the asset exceeds its estimated net recoverable amount, an impairment loss is recorded to reflect its decline in value.

In fiscal 2015, the Company performed an impairment test on the Deerhorn exploration and evaluation assets according to IFRS 6 and IAS 36, using the market approach. Entities recognizing exploration and evaluation assets are required to perform an impairment test on those assets when specific facts and circumstances outlined in the standard indicate an impairment test is required.

Based on the impairment testing performed, the Company determined that the exploration and evaluation assets were impaired, and recorded an impairment loss of $8,250.

Exploration and evaluation expenditures

	As at October 31, 2017	As at July 31, 2017
Other	**$ -**	$ -
Total exploration expense (recovery)	**$ -**	$ -

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at October 31, 2017	As at July 31, 2017
Trade payables and corporate credit card	**$ 125,494**	$ 154,268
Other accrued liabilities	**20,000**	80,000
Total	**$ 145,494**	$ 234,268

NOTE 9 – LOANS PAYABLE

During the year ended July 31, 2016, the Company entered into a loan with a third party which is non-interest bearing, unsecured and due on demand, in the principal amount of $30,000. The Company settled $13,000 of the loan by issuing 260,000 valued at $0.085, resulting in a loss on settlement of debt of $9,100.

The Company also issued debenture loans in the principal amount of $182,000. The loans bear an annual interest rate of 10% and mature on March 2, 2021. The Company recorded interest expense of $4,587 (2016 - $4,587) in relation to the accrued interest on the debenture loans and is included in accounts payable. Finders' fees and closing costs of $15,904 were incurred with the issuance of the debenture loans. The Company is not in compliance with the terms of the loan as it has accrued, but not paid, the interest due. As a result, the debenture loan and accrued interest is due on demand.

NOTE 10 – DUE TO RELATED PARTIES

During the period ended October 31, 2017, the Company incurred fees with individuals and companies owned, or partly owned, by key management personnel. See Note 12(a).

		As at October 31, 2017		As at July 31, 2017
Due to key management or companies controlled by key management personnel 121	**$**	**346,121**	$	308,121
Total	**$**	**346,121**	$	308,121

NOTE 11 – SHARE CAPITAL

a) **Authorized:** An unlimited number of common shares without par value.

b) **Share issuance:**

Fiscal 2018

On August 16, 2017, the Company completed a non-brokered private placement for total gross proceeds of $105,000 through the issuance of 5,250,000 common shares at a price of $0.02 per share.

Fiscal 2017

There were no share issuances during the three-month period ended October 31, 2016.

c) **Shareholder contribution**

During the year ended July 31, 2016, the Company received $54,500 (2015 - $175,000) in cash contributions from a stakeholder of the Company and has been recorded in contribution reserves. The contribution is non-repayable and does not confer equity interest.

NOTE 11 – SHARE CAPITAL *(continued)*

d) **Stock Options**

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.

As at October 31, 2017, the Company had outstanding stock options as follows:

Number outstanding July 31, 2017	Granted	Exercised	Expired/ Cancelled	**Number outstanding October 31, 2017**	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
100,000	-	-	-	**100,000**	$1.00	Mar. 25, 2018	0.63
1,625,000	-	-	-	**1,625,000**	$0.14	March 10, 2020	2.59
600,000	-	-	-	**600,000**	$0.05	June 16, 2021	3.86
2,325,000	-	-	-	**2,325,000**	$0.15	*(weighted average)*	2.61
$0.15	-	-	-	Exercisable **2,325,000**	$0.15	*(weighted average)*	2.61

d) **Share-based compensation**

The fair value of each option granted to employees, officers and directors was estimated on the date of grant using the Black-Scholes option pricing model.

Fiscal 2018

There was no share-based compensation recorded for the three-month period ended October 31, 2017.

Fiscal 2017

There was no share-based compensation recorded for the three-month period ended October 31, 2016.

NOTE 11 – SHARE CAPITAL *(continued)*

d) **Share-purchase warrants**

The continuity for share purchase warrants for the period ended October 31, 2017, is as follows:

Number outstanding July 31, 2017	Granted	Exercised	Expired/ Cancelled	**Number outstanding October 31, 2017**	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
1,000,000	-	-	-	**1,000,000**	$0.15	Nov. 19, 2017[(1)]	0.03
2,700,000	-	-	-	**2,700,000**	$0.10	Jan. 11, 2018	0.18
1,000,000	-	-	-	**1,000,000**	$0.10	July 28, 2018	0.72
1,000,000	-	-	-	**1,000,000**	$0.10	July 29, 2018	0.72
5,700,000	-	-	-	**5,700,000**	$0.14	*(weighted average)*	0.33
-	-	-	-	**5,700,000**	$0.11	*(weighted average)*	0.33

(1) expired subsequent to period ended October 31, 2017, unexercised

NOTE 12 – RELATED PARTY TRANSACTIONS

a) The Company's related parties consist of companies with directors and officers in common and companies owned in whole or in part by executive officers, directors or close family members of those individuals as follows:

Name	**Nature of transactions**
Docherty Capital Corp. (Tyrone Docherty)	Management fees charged as CEO
Pamela Saulnier	Management fees charged as CFO
The Sutherland Group (Lance Sutherland)	Salary and wages, and loans to the Company

The Company incurred the following fees with individuals and / or companies owned, or partially owned, by key management which the Company defines as officers and directors.

Three months ended October 31,		**2017**		2016
Management fees CEO	**$**	**22,500**	$	22,500
Management fees CFO		**7,500**		7,500
Total	**$**	**30,000**	$	30,000

NOTE 12 – RELATED PARTY TRANSACTIONS *(continued)*

The company incurred the following fees with related parties – other.

For the three months ended October 31,		**2017**		2016
Consulting		-		6,776
Total	**$**	**-**	$	6,776

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Contingencies

The Company may be involved in legal proceedings from time to time, arising in the ordinary course of its business. Management of the Company is not currently aware of any claims or actions that would materially affect the Company's reported financial position or results from operations.

NOTE 14 – 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, deposits, accounts payable and accrued liabilities, wages payable, loans payable and due to related parties.

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 cash, receivables, deposits, accounts payable and accrued liabilities, wages payable, loans payable and due to related parties 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 14 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

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 or debt financings. 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. The Company is exposed to liquidity risk.

Interest rate risk

The Company has cash balances but no external debt. 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, 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 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.

NOTE 15 – CAPITAL MANAGEMENT *(continued)*

The Company does not pay out dividends at this time. 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, if any. 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 October 31, 2017. The Company is not subject to externally imposed capital requirements.