

The following discussion and analysis of the operations, results and financial position of Deer Horn Capital Inc. (the “Company” or “Deer Horn”) for the six months ended January 31, 2019 should be read in conjunction with the audited financial statements for the six months ended January 31, 2019, which can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

This Management Discussion and Analysis (“MD&A”) is dated March 15, 2019 and discloses specified information up to that date. The Company is classified as a “venture issuer” for the purposes of National Instrument 51-102. The Company’s financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) in Canada. Unless otherwise cited, references to dollar amounts are in Canadian dollars.

The Company is a reporting issuer in each of the provinces of British Columbia, Alberta and Ontario. Its head office is located at 4672 Kensington Place, Delta, BC, Canada, V4K 4W5. Its registered records office is located at Suite 1100-736 Granville Street, Vancouver, BC, V67 IG3.

### **Forward-looking Information**

Certain statements in this MD&A and the documents incorporated by reference contain forward-looking information, which includes forward-looking statements within the meaning of applicable Canadian securities laws. Forward-looking statements are statements which relate to future events or our future performance, including our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expects”, “plans”, “anticipates”, “believes”, “estimates”, “predicts”, or “potential” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause the Company’s or the industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. No assurance can be given that any of the events anticipated by the forward-looking information and statements will occur or, if they do occur, what benefits the Company will obtain from them. This MD&A contains forward-looking information and statements, which may include but are not limited to: statements with respect to the financial and operating performance of the Company; investments objectives and strategies; the business goals and strategies; forecast operating and financial results; planned capital expenditures; potential future market for products, business prospects and opportunities; costs and timing of developmental new projects; management’s assessment of future plans and operations; and requirements for additional capital.

### **Overview**

Deer Horn is a publicly-traded, Vancouver-based, diversified issuer. During fiscal 2016, the Company discontinued operations of its organic retailing division, under which it operated one location, Bodhi Tree Natural Market Corp. (“Bodhi”). Bodhi was subsequently dissolved in May 2018. The Company has a 50% interest in the Deer Horn Property, located in British Columbia. The Company is refocusing its efforts on mineral exploration and intends to complete further equity financing in order to resume exploration and development on its mineral property interest while seeking additional opportunities in the junior mining sector to expand its property portfolio.

During fiscal 2018, the Company completed a share consolidation on a five to one basis. All share and per share amounts herein have been restated to reflect the share consolidation.

### **Strategy, Performance and Outlook**

On August 3, 2018, the Company completed the first tranche of a non-brokered private placement, issuing 200,000 units at a price of \$0.50 per unit for total proceeds of \$100,000. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.60 per share for a period of two years. The Company paid a finder's fee of \$3,000 in connection with the first tranche.

On August 13, 2018, the Company completed the second tranche of a non-brokered private placement, issuing 200,000 units at a price of \$0.50 per unit for total proceeds of \$100,000. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.60 per share for a period of two years.

On August 29, 2018, the Company completed the second tranche of a non-brokered private placement, issuing 82,000 units at a price of \$0.50 per unit for total proceeds of \$41,000. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.60 per share for a period of two years.

On November 15, 2018, the Company completed the first tranche of a non-brokered private placement, issuing 400,000 units at a price of \$0.20 per unit for total proceeds of \$80,000. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.25 per share for a period of one year.

On December 10, 2018, the Company completed the second tranche of a non-brokered private placement, issuing 1,640,000 units at a price of \$0.20 per unit for total proceeds of \$328,000. Each unit consists of one common share and one common share purchase warrant exercisable at \$0.25 per share for a period of one year. The Company paid commissions of \$18,480 in connection with the second tranche.

### ***Deer Horn Property***

The Company intends to pursue its exploration efforts on its 50% interest in the Deer Horn Property to include both exploration of additional targets on new showings as well as further in-fill and step-out drilling with a view to upgrade and expand the existing resource, and advance to prefeasibility status.

On June 6, 2018, the Company announced results of a revised and updated Preliminary Economic Assessment ("PEA") for the property. The amended and restated PEA, prepared in accordance with NI 43-101, is available in the Company's disclosure record located on SEDAR ([www.sedar.com](http://www.sedar.com)). The PEA estimated that the project will carry a 9-year mine life with a 1.6-year payback period.

The PEA describes a 74,000 tonnes per year seasonal, open-pit mining operation and conventional flotation mill which would produce a combined gold/silver/tellurium concentrate. The Project may be permitted under the Mines Act of BC as a small mine, without the requirement for a provincial environmental assessment (EA) as the project mining tonnage does not exceed the legislated reviewable project threshold of 75,000 tonnes per year. Waste to ore cut-offs were determined using metal prices of US\$1,300 per ounce gold, US\$17 per ounce silver, US\$100 per kilogram tellurium, US\$3 per pound for copper and \$1 per pound for zinc for net smelter return calculations. Net smelter return cut-off for the PEA pit delineated resource was assumed to be \$29/tonne.

The initial capital cost of the Project is estimated to be \$28.3 million. Average mine, process and G&A operating costs over the Project's life (including pre-stripping and waste handling) are estimated to be \$94

per tonne milled. A base case economic evaluation was undertaken incorporating historical three-year trailing averages for metal prices as of May 31, 2018.

***It should be noted that this PEA is preliminary in nature as it includes inferred mineral resources which are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. There is no certainty that the PEA forecast will be realized or that any of the resources will ever be upgraded to reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability.***

## **Revenue and Expense Summary**

Three months ended January 31, 2019

### **Results of Operations for the Three Months Ended January 31, 2019**

This review of the Results of Operations should be read in conjunction with the financial statements of the Company for the quarter ended January 31, 2019.

#### ***Expenses***

General and administrative expenses totaled \$235,040 for the three months ended January 31, 2019 compared to \$146,585 for the quarter ended January 31, 2018. Details of the largest changes and significant general and administrative items are as follows:

- Advertising and promotion increased by \$65,710 to \$65,710 from \$nil. This is due to the Company's increased efforts in advertising, promotional activity and rebranding to reach current stakeholders and potential new shareholders.
- Investor relations and shareholder information increased by \$122,702 to \$124,594 from \$1,892, due to an increase in expenditures relating to dissemination of shareholder information, website updates and contractual costs relating to investor relations and market management activities.
- Office and miscellaneous expenses increased by \$2,791 to \$2,899 from \$108 and is due to increasing levels of corporate activity.
- Professional fees decreased by \$93,850 to \$nil from \$93,850. The decrease is due to a reduction in corporate filings and legal costs associated with the Company's reinstatement for trading, as well as decreased costs related to audit and non-audit services.
- Regulatory and filing fees decreased by \$10,135 to \$5,950 from \$16,085. In the quarter ended January 31, 2018, the Company incurred costs associated with late fees and penalties payable to respective securities commissions as well as filing fees payable in relation to the late filing of the Company's audited annual financial statements and interim financial statements, whereas no such costs were incurred in the quarter ended January 31, 2019.

Management fees of \$30,000 remained consistent with the quarter ended January 31, 2019 (\$30,000).

Interest expense of increased by \$1,250 to \$5,837 from \$4,588, and results from a one-time interest charge payable on a short-term loan.

#### ***Exploration Expenses***

The Company did not incur exploration expenses during the quarter ended January 31, 2019 or January 31, 2018.

Six months ended January 31, 2019

**Results of Operations for the Six Months Ended January 31, 2019**

This review of the Results of Operations should be read in conjunction with the financial statements of the Company for the six months ended January 31, 2019.

***Expenses***

General and administrative expenses totaled \$393,513 for the six months ended January 31, 2019 compared to \$210,608 for the six months ended January 31, 2018. Details of the largest changes and significant general and administrative items are as follows:

- Advertising and promotion increased by \$86,710 to \$86,710 from \$nil. This is due to the Company's increased efforts in advertising, promotional activity and rebranding to reach current stakeholders and potential new shareholders.
- Investor relations and shareholder information increased by \$204,790 to \$210,241 from \$5,451, due to an increase in expenditures relating to dissemination of shareholder information, website updates and contractual costs relating to investor relations and market management activities.
- Office and miscellaneous expenses increased by \$6,937 to \$7,625 from \$688 and is due to increasing levels of corporate activity.
- Professional fees decreased by \$94,146 to \$nil from \$94,146. The decrease is due to a reduction in corporate filings and legal costs associated with the Company's reinstatement for trading, as well as decreased costs related to audit and non-audit services.
- Regulatory and filing fees decreased by \$32,422 to \$8,600 from \$41,022. In the quarter ended January 31, 2018, the Company incurred costs associated with late fees and penalties payable to respective securities commissions as well as filing fees payable in relation to the late filing of the Company's audited annual financial statements and interim financial statements, whereas no such costs were incurred in the six ended January 31, 2019.

Management fees of \$60,000 remained consistent with the six months ended January 31, 2019 (\$60,000).

Interest expense of increased by \$1,250 to \$10,424 from \$9,174, and results from a one-time interest charge payable on a short-term loan.

***Exploration Expenses***

The Company did not incur exploration expenses during the six months ended January 31, 2019 or January 31, 2018.



Summary of Quarterly Results

Quarter Ended	2019 Jan. 31 Q2 \$	2018 Oct. 31 Q1 \$	2018 July 31 Q4 \$	2018 Apr. 30 Q3 \$	2018 Jan. 31 Q2 \$	2017 Oct. 31 Q1 \$	2017 July 31 Q4 \$	2017 Apr. 30 Q3 \$
<b>G&amp;A Expenses (recoveries)</b>	235,040	148,663	(20,490)	279,237	146,585	64,023	114,439	40,969
<b>Share-based payments</b>	-	9,810	19,231	144,379	-	-	30,471	-
<b>Loss and comprehensive loss</b>	(235,040)	(158,473)	(154,544)	(423,616)	(146,585)	(64,023)	(114,439)	(40,969)
<b>Net Loss</b>								
<b>per share</b>	\$0.02	\$0.01	\$0.04	\$0.04	-	\$0.01	-	-
<b>per share (diluted)</b>	-	-	-	-	-	-	-	-
<b>Total Assets</b>	247,728	236,004	175,855	219,514	102,484	98,973	104,183	93,291
<b>Working Capital (Deficiency)</b>	(315,628)	(470,158)	(482,498)	(486,379)	(814,200)	(682,377)	(723,719)	(493,548)
<b>Share Capital:</b>								
<b>Authorized</b>	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
<b>Outstanding</b>	16,010,931	13,970,931	13,488,931	13,488,931	9,488,931	9,488,931	8,288,931	8,288,931
<b>Warrants</b>	2,281,000	241,000	-	400,000	1,140,000	1,140,000	1,140,000	1,310,333
<b>Options</b>	970,000	1,104,000	1,104,000	1,104,000	465,000	465,000	465,000	685,000

The variation in quarterly losses has been relatively stable since the year ended July 31, 2017, with the exception of increases due to share based compensation amounts recorded. Overall, there has been a decrease in quarterly losses since Q3 2017 through Q1 2018 due to the discontinuation of the Company's wholly-owned subsidiary, Bodhi Tree Natural Market Corp. General and administrative expenditures have increased since Q2 2018 and is due to increased corporate activity, most significantly in legal and regulatory as well as investor relations and shareholder information expenses, and is expected to remain consistent in future periods as the Company continues its efforts to explore its current property and assess opportunities to acquire other mineral interests as well as increase promotional efforts.

### **Liquidity and Capital Resources**

Deer Horn is currently in the exploration stage and earns no revenue from operations. The Company invests its cash and cash equivalents with major Canadian financial institutions with investment grade credit ratings. Deer Horn has no outstanding bank debt as at January 31, 2019.

As at January 31, 2019, the Company has interest-bearing debenture loans in the principal amount of \$182,000. The loans bear an annual interest rate of 10%, payable annually to the debenture holders and mature on March 2, 2021. The Company was previously not in compliance with the terms of the loan as it has not paid the annual interest to the debenture holders in accordance with the terms of the loan, resulting in the loans being due on demand. In fiscal 2018, the Company made the required interest payments under the loan agreements, however; the Company has not received a waiver of the previous breach of terms and, accordingly, the loans are presented as current.

As at January 31, 2019, the Company also has a loan with a third party with a principal amount of \$50,000. The loan is unsecured, non-interest bearing and without fixed terms of repayment.

At January 31, 2019, Deer Horn had \$108,607 in cash and cash equivalents (July 31, 2018 - \$38,941) and a working capital deficiency of \$315,628 (July 31, 2018 – working capital deficiency of \$482,498). Additional debt or equity financing will be required to meet the Company's business objectives, to address its working capital deficiency and to service its debt.

Deer Horn assesses its financing requirements and its ability to access debt or equity markets on an ongoing basis. Given the current conditions of the financial markets, the company will seek to maintain financial flexibility and will monitor and assess its financing requirements as its activities progress. The Company's ability to access the equity or debt markets in the future may be affected by prolonged market instability. The inability to access the equity or debt markets for sufficient capital, at acceptable terms, and within required timeframes, could have a materially adverse effect on the Company's financial condition, results of operations and prospects.

Future exploration and subsequent development of the Company's properties beyond currently planned expenditures will depend on the Company's ability to obtain additional financing. The Company has limited financial resources and there is no assurance that additional funding will be available which could result in the delay or indefinite postponement of further exploration.

The Company's financial performance is dependent on many external factors. The Company expects that any revenues it may earn from its operations in the future will be from the sale of minerals. Both prices and markets for metals and minerals are cyclical, difficult to predict, volatile, subject to government price fixing and controls and respond to changes in domestic and international political, social, and economic environments. In addition, the availability and cost of funds for exploration, development and production costs are difficult to predict. These changes in events could materially affect the financial performance of the Company.

### **Off-Balance Sheet Arrangements**

The Company has no off-balance sheet arrangements.



**Related Party Transactions - Key Management Compensation**

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, expense allowances and loans to the Company
Saulnier Business Consulting LLC (Pamela Saulnier)	Management fees charged as CFO, and expense allowances

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.

Six months ended January 31,	2019	2018
Management fees CEO	\$ 45,000	\$ 45,000
Management fees CFO	15,000	15,000
<b>Total</b>	<b>\$ 60,000</b>	<b>\$ 60,000</b>

The Company owes amounts to key management personnel as follows:

Six months ended January 31,	2019	2018
Due to key management or companies controlled by key management personnel	\$ 158,621	\$ 341,621
<b>Total</b>	<b>\$ 158,621</b>	<b>\$ 341,621</b>

Balances owed to related parties are unsecured and non-interest bearing.

Related party transactions are measured at their exchange amounts, which is the amount of consideration paid or received as agreed by the parties. The Company has no contractual obligations or commitments with key management personnel.

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

A number of new standards, amendments to standards and interpretations are not yet effective as of January 31, 2019, and have not been applied in preparing the 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.

**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 (i.e.; as prices) or indirectly (i.e.; 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, accounts payable and accrued liabilities, 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 receivables, deposits and accounts payable and accrued liabilities, 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.

#### **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.

### OTHER MD&A REQUIREMENTS

#### Additional Disclosure for Venture Issuers without Significant Revenue:

The following is a breakdown of the material costs incurred:

	Six months ended Jan. 31, 2019	Six months ended Jan. 31, 2018
General and Administration Expenses	\$ 393,513	\$ 210,608

#### Disclosure of Outstanding Share Data

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

As at January 31, 2019 and March 15, 2019 the Company had 16,010,931 issued and outstanding common shares.

The following is a summary of stock options outstanding as at January 31, 2019 and March 15, 2019:

Expiry Date	Exercise Price Per Share	Number of Shares Remaining Subject to Options (January 31, 2019)	Number of Shares Remaining Subject to Options (March 15, 2019)
June 16, 2021	\$0.25	120,000	120,000
April 5, 2028	\$0.14	850,000	850,000
Total		970,000	970,000

The following is a summary of warrants outstanding as at January 31, 2019 and March 15, 2019:

<b>Expiry Date</b>	<b>Exercise Price Per Share</b>	<b>Number of Shares Remaining Subject to Warrants (January 31, 2019)</b>	<b>Number of Shares Remaining Subject to Warrants (March 15, 2019)</b>
<b>August 3, 2020</b>	<b>\$0.60</b>	<b>100,000</b>	<b>100,000</b>
<b>August 13, 2020</b>	<b>\$0.60</b>	<b>100,000</b>	<b>100,000</b>
<b>August 29, 2020</b>	<b>\$0.60</b>	<b>41,000</b>	<b>41,000</b>
<b>November 15, 2019</b>	<b>\$0.25</b>	<b>400,000</b>	<b>400,000</b>
<b>December 10, 2019</b>	<b>\$0.25</b>	<b>1,640,000</b>	<b>1,640,000</b>
<b>Total</b>		<b>2,281,000</b>	<b>2,281,000</b>

### **Management Responsibility for the Financial Statements**

The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings 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 these financial statements together with the other financial information included in these filings. The Board of Directors approves the Financial Statements and MD&A and ensures that management has discharged its financial responsibilities.

### **Additional Information**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).