

The following discussion and analysis of the operations, results and financial position of Deer Horn Capital Inc. (formerly Deer Horn Metals Inc.) (the “Company” or “Deer Horn”) for the year ended July 31, 2017 should be read in conjunction with the audited financial statements ended July 31, 2017, which can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

This Management Discussion and Analysis (“MD&A”) is dated November 28, 2017 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. The Company has a 50% interest in the Deer Horn Property, located in British Columbia. The Company’s strategy is to further explore and develop its mineral property interest while seeking additional opportunities in the junior mining sector to complement its existing property interest.

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

During the year ended July 31, 2017, the management and board of directors decided to refocus its efforts on mineral exploration subsequent to the discontinuation of two business segments in fiscal 2015 and fiscal 2016.

The Company intends to pursue its exploration efforts on its 50% interest in the Deer Horn Property. Future plans include in-fill and step-out drilling, engineering and environmental programs, with a view to advance the project to a preliminary feasibility stage.

### **Selected Financial Information**

The following selected financial data have been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements. The following table sets forth selected financial data for the Company for and as of the end of the last three completed financial years to the year ended July 31, 2017.

|   | 2017      | 2016      | 2015        |
|---|-----------|-----------|-------------|
| Revenue                                       |           |           |             |
| - From continuing operations                  | -         | -         | -           |
| - From discontinued operations                | -         | 643,675   | 207,989     |
| Cost of sales                                 |           |           |             |
| - From continuing operations                  | -         | -         | -           |
| - From discontinued operations                | -         | (953,411) | (261,294)   |
| Net revenue                                   | -         | (309,736) | (53,505)    |
| General and administrative expenses           | (254,826) | (481,948) | (1,006,890) |
| Earnings (loss) per share – basic and diluted | (0.01)    | (0.05)    | (0.06)      |
| Total assets                                  | 104,183   | 164,949   | 1,145,891   |
| Shareholders' equity                          | (637,206) | (437,851) | 558,421     |
| Working capital                               | (723,719) | (314,679) | (188,148)   |

#### Year ended July 31, 2017

### **Results of Operations for the Twelve Months Ended July 31, 2017**

This review of the Results of Operations should be read in conjunction with the financial statements of the Company for the year ended July 31, 2017.

For the year ended July 31, 2017, the Company had a loss and comprehensive loss of \$(254,826) compared to a loss and comprehensive loss of \$(1,710,797) for the year ended July 31, 2016.

### **Expenses**

General and administrative expenses totaled \$254,826 for the year ended July 31, 2017 compared to \$481,948 for the year ended July 31, 2016. Details of the largest changes and significant general and administrative items are as follows:

Advertising and promotion decreased by \$23,566 to \$3,500 from \$27,066, consulting fees decreased by \$40,520 to \$8,480 from \$49,000, investor relations and shareholder information decreased by \$3,836 to \$5,460 from \$9,296, management fees decreased by \$72,711 to \$120,000 from \$192,711, office and miscellaneous increased by \$12,108 to \$14,340 from \$2,232, professional fees decreased by \$78,807 to



**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the year ended July 31, 2017

\$20,000 from \$98,807, regulatory filing fees increased by \$1,780 to \$19,340 from \$17,560 and rent, utilities and occupancy costs decreased by \$8,720 to \$nil from \$8,720.

Share based compensation decreased by \$36,926 to \$30,471 from \$67,397 in the prior year due to a reduction in stock options vested during the fiscal year.

The Company recorded interest expense of \$18,350 during the year ended July 31, 2017 compared to \$7,479 during the year ended July 31, 2016.

**Exploration Expenses**

The Company incurred no exploration expenses during the year ended July 31, 2017 compared to \$1,200 in 2016.

**Summary of Quarterly Results**

| Quarter Ended                        | 2017       | 2017       | 2017       | 2016       | 2016       | 2016       | 2016       | 2015       |
|--------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
|                                      | July 31    | Apr. 30    | Jan. 31    | Oct. 31    | July 31    | Apr. 30    | Jan. 31    | Oct. 31    |
|                                      | Q4         | Q3         | Q2         | Q1         | Q4         | Q3         | Q2         | Q1         |
|                                      | \$         | \$         | \$         | \$         | \$         | \$         | \$         | \$         |
| <b>G&amp;A Expenses (recoveries)</b> | 114,439    | 40,969     | 41,497     | 57,921     | 142,949    | 197,650    | 267,457    | 265,190    |
| <b>Share-based payments</b>          | 30,471     | -          | -          | -          | 46,258     | -          | (2,321)    | 23,460     |
| <b>Net Loss</b>                      |            |            |            |            |            |            |            |            |
| <b>per share</b>                     | -          | -          | -          | -          | \$0.01     | -          | -          | -          |
| <b>per share (diluted)</b>           | -          | -          | -          | -          | \$0.01     | -          | -          | -          |
| <b>Total Assets</b>                  | 104,183    | 93,291     | 119,537    | 136,029    | 164,949    | 978,340    | 1,002,447  | 1,003,573  |
| <b>Working Capital (Deficiency)</b>  | (723,719)  | (493,548)  | (454,293)  | (414,160)  | (357,249)  | (232,435)  | (204,409)  | (234,230)  |
| <b>Share Capital:</b>                |            |            |            |            |            |            |            |            |
| <b>Authorized</b>                    | Unlimited  | Unlimited  | Unlimited  | Unlimited  | Unlimited  | Unlimited  | Unlimited  | Unlimited  |
| <b>Outstanding</b>                   | 41,444,653 | 41,444,653 | 41,444,653 | 41,444,653 | 41,444,653 | 37,044,653 | 37,044,653 | 32,344,653 |
| <b>Warrants</b>                      | 5,700,000  | 6,551,668  | 8,604,668  | 13,654,668 | 13,654,668 | 11,654,668 | 11,654,668 | 7,954,668  |
| <b>Options</b>                       | 2,325,000  | 3,425,000  | 3,425,000  | 3,425,000  | 3,425,000  | 2,475,000  | 2,680,000  | 2,680,000  |

**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 or other interest bearing indebtedness as at July 31, 2017. At July 31, 2017, Deer Horn had \$6,191 in cash (July 31, 2016 - \$57,182) and a working capital deficiency of \$723,719 (July 31, 2016 – working capital deficiency of \$357,249).

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. Further discussion on these risks can be found in the "Risk Factors" section of the MD&A.

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**

Amounts owing to related parties consists of \$308,121 for consulting fees paid or accrued to key management personnel or companies controlled by key management personnel (2016 - \$167,246).



**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the year ended July 31, 2017

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.                  | Management fees charged as CEO             |
| Docherty Capital Corp.                  | Travel and expense allowances              |
| Saulnier Capital Consulting Corp.       | Management fees charged as CFO             |
| Dunbar Law Corp.                        | Management fees                            |
| The Sutherland Group (Lance Sutherland) | Salary and wages, and loans to the Company |
| Sean & Kieran Docherty                  | Rent, consulting fees                      |

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.

| For the year ended       | July 31, 2017     | July 31, 2016     |
|--------------------------|-------------------|-------------------|
| Management fees CEO      | \$ 90,000         | \$ 90,000         |
| Management fees CFO      | 30,000            | 30,000            |
| Management fees other    | -                 | 5,000             |
| Salaries and wages       | -                 | 29,724            |
| Share-based compensation | 16,759            | 46,016            |
| <b>Total</b>             | <b>\$ 136,759</b> | <b>\$ 200,740</b> |

The Company incurred the following fees with related parties – other:

| For the year ended       | July 31, 2017   | July 31, 2016    |
|--------------------------|-----------------|------------------|
| Rent                     | \$ -            | \$ 7,000         |
| Consulting               | 4,000           | 32,000           |
| Share-based compensation | -               | 925              |
| <b>Total</b>             | <b>\$ 4,000</b> | <b>\$ 39,000</b> |

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

A number of new standards, amendments to standards and interpretations are not yet effective as of July 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.

**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.

**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 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:

|  | Year ended<br>July 31,<br>2017 | Year ended<br>July 31,<br>2016 |
|--|--------------------------------|--------------------------------|
| General and Administration Expenses (recoveries) | <u>\$(254,826)</u>             | <u>\$(481,948)</u>             |

**Disclosure of Outstanding Share Data**

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

As at July 31, 2017 the Company had 41,444,653 issued and outstanding common shares and as at November 28, 2017, the Company had 47,444,653 issued and outstanding common shares.

The following is a summary of stock options outstanding as at July 31, 2017 and November 28, 2017:

| Expiry Date    | Exercise Price Per Share | Number of Shares Remaining Subject to Options (July 31, 2017) | Number of Shares Remaining Subject to Options (November 28, 2017) |
|----------------|--------------------------|---|---|
| March 25, 2018 | \$1.00                   | 100,000   | 100,000   |
| March 10, 2020 | \$0.14                   | 1,625,000   | 1,625,000   |
| June 16, 2021  | \$0.05                   | 600,000   | 600,000   |
| <b>Total</b>   |                          | <b>2,325,000</b>  | <b>2,325,000</b>  |

The following is a summary of share purchase warrants outstanding as at July 31, 2017 and November 28, 2017:

| Expiry Date       | Exercise Price Per Share | Number of Shares Remaining Subject to Warrants (July 31, 2017) | Number of Shares Remaining Subject to Warrants (November 28, 2017) |
|-------------------|--------------------------|--|--|
| November 19, 2017 | \$0.15                   | 1,000,000  | -  |
| January 11, 2018  | \$0.10                   | 2,700,000  | 2,700,000  |
| July 28, 2018     | \$0.10                   | 1,000,000  | 1,000,000  |
| July 29, 2018     | \$0.10                   | 1,000,000  | 1,000,000  |
| <b>Total</b>      |                          | <b>5,700,000</b>   | <b>4,700,000</b>   |

**Internal Controls over Financial Reporting**

The Chief Executive Officer and the Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting, or causing them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company assessed the design of the internal controls over financial reporting as at July 31, 2017 and concluded the following:



- a) Due to the limited number of staff resources, the Company believes there are instances where a lack of segregation of duties exist to provide effective controls; and
- b) Due to the limited number of staff resources, the Company may not have the necessary in-house knowledge to address complex accounting and tax issues that may arise.

The weaknesses and their related risks are not uncommon in a company the size of the Company because of limitations in size and number of staff. The Company believes it has taken steps to mitigate these risks by hiring additional personnel, consulting outside advisors and involving the Audit Committee and Board of Directors in reviews and consultations where necessary.

There have been no changes in the Company's internal controls over financial reporting that occurred during the year ended July 31, 2017 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

#### **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. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

#### **Additional Information**

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