DEER HORN CAPITAL INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended April 30, 2016 and 2015

(Expressed in Canadian Dollars)

(unaudited)

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 third quarter ended April 30, 2016, 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.

DEER HORN CAPITAL INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars) *(unaudited)*

	Note		April 30, 2016		July 31, 2015
Assets					
Current Assets					
Cash		**$**	**51,566**	$	47,350
Receivables	*3*		**26,294**		45,783
Prepaid expenses	*4*		**15,861**		57,261
Inventories	*5*		**211,139**		248,928
			304,860		399,322
Deposits	*6*		**38,329**		38,322
Property and Equipment	*7*		**549,939**		623,035
Reclamation Deposit	*8*		**85,212**		85,212
		$	**978,340**	$	1,145,891
Liabilities					
Current Liabilities					
Accounts payable and accrued liabilities	*9*	**$**	**286,920**	$	367,290
Wages and benefits	*10*		**10,675**		43,856
Due to related parties	*11*		**239,700**		176,324
			537,295		587,470
Non-Current Liabilities					
Debentures payable	*12*		**182,000**		-
Shareholders' Equity					
Share capital	*13*		**13,160,199**		12,800,910
Reserves			**638,019**		835,765
Deficit			**(13,539,173)**		(13,078,248)
			259,045		558,421
		$	**978,340**	$	1,145,891

Nature of Operations and Going Concern (Note 1)
Commitments (Note 17)
Subsequent Events (Note 20)

These condensed consolidated interim financial statements were approved for issue by the Board of Directors on June 28, 2016.

They are signed on the Company's behalf by:

" Tyrone Docherty "
Director

"Tony Fogarassy "
Director

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

DEER HORN CAPITAL INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars) *(unaudited)*

	Note	Three months ended April 30, 2016	Three months ended April 30, 2015	Nine months ended April 30, 2016	Nine months ended April 30, 2015
Revenue					
Retail sales		**$ 119,226**	$ -	**$ 486,389**	$ -
Cost of goods sold					
Purchases		**109,771**	-	**355,527**	-
Salaries, wages and benefits		**71,266**	-	**303,129**	-
Other		**3,910**	-	**10,398**	-
		184,947	-	**669,054**	-
Gross margin (loss)		**(65,721)**	**-**	**(182,665)**	**-**
Expenses					
Advertising and promotion		**12,283**	-	**31,139**	-
Consulting fees	*14*	**7,893**	-	**93,479**	-
Depreciation	*7*	**28,351**	5,364	**85,066**	5,599
Exploration expenses		**-**	1,250	**-**	2,680
Insurance, licenses, and fees		**1,379**	-	**2,706**	-
Interest and financing fees		**18,796**	-	**18,796**	-
Investor relations and shareholder information		**375**	27,008	**18,800**	40,818
Management fees	*14*	**27,000**	151,801	**81,000**	340,951
Office and miscellaneous		**6,444**	11,347	**13,334**	18,426
Professional fees		**7,079**	12,416	**66,131**	69,362
Regulatory and filing fees		**3,537**	5,792	**15,881**	29,711
Rent, utilities and occupancy costs		**50,444**	6,500	**165,236**	11,500
Repairs and maintenance		**150**	-	**1,547**	-
Salaries and benefits		**19,891**	-	**79,566**	-
Share-based payments	*13*	**-**	89,367	**21,139**	89,367
Supplies		**10,978**	-	**27,829**	-
Travel		**3,050**	7,141	**9,249**	13,583
		(197,650)	(317,986)	**(730,898)**	(621,997)
Operating income (loss)		**(263,371)**	(317,986)	**(913,563)**	(621.997)
Interest income		**1**	-	**9**	-
Insurance proceeds		**-**	-	**25,000**	-
Gain on settlement of related party debt	*11*	**-**	-	**165,850**	-
Write-down of intangible assets		**-**	(261,800)	**-**	(261,800)
Loss and comprehensive loss for the period		**$ (263,371)**	$ (579,786)	**$ (722,704)**	$ (883,797)
Basic and diluted loss per share		**$ (0.01)**	$ (0.03)	**$ (0.02)**	$ (0.04)
Weighted average shares outstanding		**37,044,653**	20,180,150	**34,741,368**	19,987,667

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

DEER HORN CAPITAL INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars) *(unaudited)*

	Nine months ended April 30, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) and comprehensive income (loss) for the period	**$ (722,704)**	$ (883,797)
Items not involving cash:		
Depreciation	**85,066**	5,599
Share-based payments	**21,139**	89,367
Write-down of intangible assets	**-**	261,800
Changes in non-cash working capital balances:		
Decrease (increase) in receivables	**19,489**	(64,055)
Decrease (increase) in prepaid expenses	**41,400**	(126,744)
Decrease (increase) in inventories	**37,789**	-
Increase (decrease) in wages and benefits payable	**(33,181)**	-
Increase (decrease) in due to related parties	**(84,324)**	-
Increase (decrease) in accounts payable and accrued liabilities	**(80,370)**	67,856
Cash flows used in operating activities	**(715,696)**	(649,974)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	**(11,970)**	(229,995)
Deposits	**(7)**	-
Investment in intangible assets	**-**	(211,800)
Cash flows used in investing activities	**(11,977)**	(441,795)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contribution from stakeholder	**69,500**	-
Issuance of common shares	**362,000**	915,500
Share subscriptions	**-**	63,000
Proceeds from related party loans	**147,700**	-
Proceeds from debentures payable	**182,000**	-
Share issue costs	**(29,311)**	(20,675)
Cash flows provided from financing activities	**731,889**	957,825
Change in cash during the period	**4,216**	(133,944)
Cash, beginning of period	**47,350**	197,670
Cash, end of period	**$ 51,566**	$ 63,726

Supplemental disclosure with respect to cash flows:

	2016	2015
Issuance of common shares for asset acquisition	$ -	$ 50,000
Transfer expired equity options to deficit	261,785	14,400
Transfer expired warrants to share capital	26,600	-
Fair value of warrants on share issuance	-	224,150

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

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

			Reserves			
	Number of Common Shares	Share Capital	Share-based Payments	Contribution Reserve	Deficit	Total Shareholders' Equity
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 subscriptions	-	63,000	-	-	-	63,000
Share issue costs	-	(20,675)	-	-	-	(20,675)
Transfer upon expiration of options	-	-	(14,400)	-	14,400	-
Share-based compensation	-	-	89,367	-	-	89,367
Issuance of shares pursuant to an asset acquisition	1,000,000	50,000	-	-	-	50,000
Loss and comprehensive loss for the period	-	-	-	-	(883,797)	(883,797)
Balance, April 30, 2015	30,640,317	$ 12,187,075	$ 1,065,037	$ -	$ (12,897,322)	$ 354,790

			Reserves			
	Number of Common Shares	Share Capital	Share-based Payments Reserve	Contribution Reserve	Deficit	Total Shareholders' Equity
Balance, July 31, 2015	32,344,653	$ 12,800,910	$ 660,765	$ 175,000	$ (13,078,254)	$ 558,421
Private placements	4,700,000	362,000	-	-	-	362,000
Share issue costs	-	(29,311)	-	-	-	(29,311)
Transfer upon expiration of warrants	-	26,600	(26,600)	-	-	-
Transfer upon expiration of options	-	-	(261,785)	-	261,785	-
Share-based compensation	-	-	21,139	-	-	21,139
Contribution from stakeholder (Notes 15 & 16)	-	-	-	69,500	-	69,500
Loss and comprehensive loss for the period	-	-	-	-	(722,704)	(722,704)
Balance, April 30, 2016	**37,044,653**	**$ 13,421,984**	**$ 393,519**	**$ 244,500**	**$ (13,539,173)**	**$ 295,045**

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). These condensed consolidated interim financial statements for the period ended April 30, 2016 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. 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".

The Company has newly entered the natural and organic retailing sector, and has no previous history in this sector. The Company will require additional financing to support the first retail location and to support its plan to further expand into this competitive retail space.

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 April 30, 2016, is not sufficient to finance planned 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 for the substantial capital expenditures required to achieve planned principal operations. 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, 2015. 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 Audit Committee and Board of Directors of the Company on June 28, 2016.

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.

NOTE 2 – BASIS OF PRESENTATION *(continued)*

Basis of measurement *(continued)*

The significant accounting policies for the interim periods are consistent with those disclosed in the audited annual financial statements for the year ended July 31, 2015. The accompanying interim financial statements should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2015.

Use of estimates and judgements

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, 2015

New standards, interpretations and amendments not yet effective:

A number of new standards, amendments to standards and interpretations are not yet effective as of April 30, 2016, and have not been applied in preparing these condensed consolidated interim 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, 2016

IAS 16 & IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortization*

Amended to (i) clarify that the use of a revenue-based depreciation and amortization method is not appropriated, and (ii) provide a rebuttable presumption for intangible assets.

Effective for annual periods beginning on or after January 1, 2017

IFRS 15, *Revenue from Contracts with Customers:*

IFRS 15 is a new standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It provides a single model in order to depict the transfer of promised goods or services to customers. IFRS 15 supersedes IAS 11, *Construction Contracts*, IAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programs*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions involving Advertising Service*.

In May 2015, the International Accounting Standards Board ("IASB") proposed to defer the effective date to January 1, 2018. Early application of the Standard would still be permitted.

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 de-recognition 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.

NOTE 3 – RECEIVABLES

	As at Apr. 30, 2016	As at July 31, 2015
Amounts due from the Government of Canada pursuant to GST input tax credits	**$ 17,344**	$ 43,498
Amounts due from merchant credit card sales	**8,950**	2,285
Total	**$ 26,294**	$ 45,783

NOTE 4 – PREPAID EXPENSES

	As at Apr. 30, 2016	As at July 31, 2015
Prepaid insurance	**$ 7,620**	$ 1,402
Prepaid consulting	**3,675**	50,000
Other	**4,566**	5,859
Total	**$ 15,861**	$ 57,261

NOTE 5 – INVENTORIES

	As at Apr. 30, 2016	As at July 31, 2015
Goods for sale	**$ 196,958**	$ 231,375
Promotional items	**-**	3,522
Supplies	**14,181**	14,031
Total	**$ 211,139**	$ 248,928

NOTE 6 – DEPOSITS

	As at Apr. 30, 2016	As at July 31, 2015
Security deposit on corporate credit card	**$ 20,007**	$ 20,000
Lease deposits – warehouse, store, office	**18,322**	18,322
Total	**$ 38,329**	$ 38,322

NOTE 7 – PROPERTY AND EQUIPMENT

	Tenant improvements	Furniture and fixtures	Store equipment	Office and computer equipment	TOTAL
Cost:					
Balance at July 31, 2014	$ -	$ 19,652	$ -	$ -	**$ 19,652**
Additions – tenant improvements	226,459	-	-	-	**226,459**
Additions – office & computers	-	-	-	70,018	**70,018**
Additions – store equipment	-	-	282,657	-	**282,657**
Additions – store equip inventory	-	-	57,525	-	**57,525**
Total additions	226,459	-	340,182	70,018	**636,659**
Balance at July 31, 2015	226,459	19,652	340,182	70,018	**656,311**
Additions – store equip inventory	-	-	11,970	-	**11,970**
Balance at Apr. 30, 2016	$ 226,459	$ 19,652	$ 352,152	$ 70,018	**$ 668,281**
Accumulated depreciation:					
Balance at July 31, 2014	$ -	$ 17,244	$ -	$ -	**$ 17,244**
Depreciation	2,930	447	7,471	5,184	**16,032**
Balance at July 31, 2015	2,930	17,691	7,471	5,184	**33,276**
Depreciation	16,764	280	41,277	26,745	**85,066**
Balance at Apr. 30, 2016	$ 19,694	$ 17,971	$ 48,748	$ 31,929	**$ 118,342**
Carrying amounts:					
July 31, 2015	$ 223,529	$ 1,961	$ 332,711	$ 64,834	**$ 623,035**
April 30, 2016	$ 206,765	$ 1,681	$ 303,404	$ 38,089	**$ 549,939**

Included in store equipment is $69,295 of equipment not currently in use and upon which no depreciation has been taken.

NOTE 8 – RECLAMATION DEPOSIT

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

	As at Apr. 30, 2016	As at July 31, 2015
Reclamation deposit: Deerhorn property	**$ 85,212**	$ 85,212

NOTE 9 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at Apr. 30, 2016	As at July 31, 2015
Trade payables and corporate credit card	**$ 281,698**	$ 300,303
Ecology, recycling, and gift card liabilities	**1,173**	802
Amounts due to the Government of British Columbia pursuant to PST liabilities	**1,157**	1,185
Accrued interest on debentures	**2,892**	-
Other accrued liabilities	**-**	65,000
Total	**$ 286,920**	$ 367,290

NOTE 10 – WAGES AND BENEFITS

During the nine-month period ended April 30, 2016, the Company incurred wages, salaries, and other short-term benefits of $382,695 (2014 - $nil), of which $303,129 (2014 - $nil) is in cost of sales; and $79,566 (2014 - $nil) in operating expense.

Wages and benefits payable consists of the following:

	As at Apr. 30, 2016	As at July 31, 2015
Salaries and wages payable	**$ -**	$ 30,793
Accrued vacation pay payable	**10,410**	12,066
Accrued Worksafe premiums payable	**265**	997
Total	**$ 10,675**	$ 43,856

NOTE 11 – DUE TO RELATED PARTIES

During the three and nine-month periods ended April 30, 2016, the Company incurred fees with individuals and companies owned or partly owned by key management and directors. See Note 13(a).

During the nine-month period ended April 30, 2016, the Company and certain related party creditors agreed to reduce outstanding debts incurred in periods prior to August 1, 2015, as follows:

Related party	Reduction of debt	
Docherty Capital Corp. – management fees CEO	$	81,850
Dunbar Law Corp. – management fees		84,000
TOTAL related party fees reduced	**$**	**165,850**

In addition, during the nine-month period ended April 30, 2016, the Company borrowed funds from related companies or individuals for a total of $159,700. During the same period, $12,000 of these loans were repaid. These short-term loans bear no interest, and have no specific terms of repayment.

	As at Apr. 30, 2016		As at July 31, 2015	
Due to key management or companies controlled by key management personnel – as trade payables	**$**	**92,000**	$	176,324
Due to other related parties		**21,700**		-
Due to key management or companies controlled by key management personnel – as loans		**126,000**		-
Total	**$**	**239,700**	$	176,324

NOTE 12 – DEBENTURES PAYABLE

On March 3, 2016, the Company closed a private debt financing consisting of $182,000 of Series “A” 10% senior secured debentures of the Company being sold at a purchase price of $1,000 per debenture. These debentures carry an interest rate of 10% per annum payable annually, in arrears, and will mature five (5) years after their issue date, but may be repaid in whole or in part without penalty or charge at any time after the first anniversary of their issue date. A condition of these debentures is that at least 91% of the net proceeds received from this financing (net of any finder’s fees that may be paid) will be used for the operations of Bodhi. The balance of funds may be used for Bodhi’s operations or for the Company’s general working capital. The debenture holders will be granted a first priority security interest over substantially all of the assets of Bodhi.

The Company paid $14,560 in finder’s fees in relation to this debenture financing.

As at April 30, 2016, interest of $2,892 was accrued on the debentures, and is included in accounts payable and accrued liabilities.

NOTE 13 – SHARE CAPITAL

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

b) **Share issuance:**

Fiscal 2016

On January 11, 2016, the Company closed a non-brokered private placement and issued 2,700,000 units at a price of $0.06 per unit for total gross proceeds of $162,000. Each unit consists of one common share and one share purchase warrant. Each whole warrant is exercisable for a period of two years at a price of $0.10 per share. The Company paid an aggregate of $12,960 in fees to eligible finders in respect to the private placement.

On November 17, 2015, the Company closed a non-brokered private placement and issued 2,000,000 units at a price of $0.10 per unit for total gross proceeds of $200,000. Each unit consists of one common share and one-half of one share purchase warrant. Each whole warrant is exercisable for a period of two years at a price of $0.15 per share. The Company paid an aggregate of $16,000 in fees to eligible finders in respect to the private placement, and incurred $351 in issue costs.

Fiscal 2015

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 is exercisable for a period of two years at a price of $0.10 per share. The warrants were attributed a fair value of $101,000. The Company paid an aggregate of $10,000 in fees to eligible finders in respect to the private placement.

c) **Shareholder contribution**

During the period ended April 30, 2016, the Company received a $69,500 in cash contributions from a stakeholder of the Company, and these funds have been recorded in contribution reserves. These contributions are non-repayable and do not confer an equity interest.

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 April 30, 2016, 2,475,000 of the outstanding stock options were vested and exercisable, with a weighted average exercise price of $0.23.

NOTE 13 – SHARE CAPITAL *(continued)*

d) **Stock Options** *(continued)*

As at April 30, 2016, the Company had outstanding stock options as follows:

Number outstanding July 31, 2015	Granted	Exercised	Expired/ Cancelled	**Number outstanding Apr. 30, 2016**	Exercise price per share	Expiry date	Weighted average remaining contractual life in years
205,000	-	-	205,000	**-**	-	Mar. 11, 2016	-
50,000	-	-	-	**50,000**	$2.50	June 24, 2016	0.15 yrs
100,000	-	-	-	**100,000**	$1.00	Mar. 25, 2018	1.90 yrs
2,125,000	-	-	-	**2,125,000**	$0.14	March 10, 2020	3.86 yrs
200,000	-	-	-	**200,000**	$0.25	March 18, 2020	3.88 yrs
2,680,000	-	-	205,000	**2,475,000**	$0.23	*(weighted average)*	3.71 yrs
			Exercisable	**2,475,000**	$0.23	*(weighted average)*	3.71 yrs

e) **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 2016

During the nine-month period ended April 30, 2016, the Company recorded $21,139 in share-based compensation expense for options vesting in the period.

During the nine-month period ended April 30, 2016, options previously issued with a fair value of $261,785 as share-based compensation expired. The previously recorded historical fair value of these options was reallocated to deficit.

Fiscal 2015

During the nine-month period ended April 30, 2015, the Company recorded $89,367 in share-based compensation expense for options granted and vesting in the period.

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.

NOTE 13 – SHARE CAPITAL *(continued)*

e) **Share-based compensation** *(continued)*

The following weighted-average assumptions were used for the Black-Scholes valuation of stock options granted during the nine-month period ended April 30, 2015:

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 - $0.24

f) **Share-purchase warrants**

The continuity for share purchase warrants for the period ended April 30, 2016, is as follows:

Number outstanding July 31, 2015	Issued	Exercised	Expired/ Cancelled	**Number outstanding Apr. 30, 2016**	Exercise price per share	Expiry date	Weighted average remaining life in yrs
266,000	-	-	(266,000)	**-**	$1.00	October 12, 2015	-
5,050,000	-	-	-	**5,050,000**	$0.10	January 12, 2017	0.70 yrs
2,052,000	-	-	-	**2,052,500**	$0.20	March 9, 2017 (1)	0.86 yrs
466,334	-	-	-	**466,334**	$0.40	May 4, 2017 (2)	1.01 yrs
340,834	-	-	-	**340,834**	$0.40	May 19, 2017 (2)	1.05 yrs
45,000	-	-	-	**45,000**	$0.40	July 27, 2017 (2)	1.24 yrs
-	1,000,000	-	-	**1,000,000**	$0.15	November 17, 2017	1.55 yrs
-	2,700,000	-	-	**2,700,000**	$0.10	January 11, 2018	1.70 yrs
8,220,668	3,700,000	-	(266,000)	**11,654,668**	$0.14	*(weighted average)*	1.06 yrs

(1) exercise price increased to $0.20 on March 9, 2016
(2) exercise price increases to $0.50 in year two

NOTE 14 – 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.	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 other
The Sutherland Group	Salary, wages and loans to the Company
Sean Docherty	Office rent
Kieran Docherty	Consulting fees (other)

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

	Three months ended Apr. 30,		Nine months ended April 30,	
	2016	2015	**2016**	2015
Management fees CEO	**$ 19,500**	$ 52,500	**$ 58,500**	$ 157,500
Travel and expense allowances CEO	**3,000**	3,000	**9,000**	9,000
Management fees CFO	**7,500**	7,500	**22,500**	22,500
Management fees other	**-**	15,000	**-**	45,000
Salaries and wages	**19,891**	-	**79,566**	-
Share-based compensation	**-**	-	**21,139**	-
Total	**$ 49,891**	$ 78,000	**$ 190,705**	$ 234,000

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

	Three months ended Apr. 30,		Nine months ended April 30,	
	2016	2015	**2016**	2015
Office rent	**$ -**	$ 3,000	**$ 6,000**	$ 9,000
Consulting fees (other)	**4,000**	12,000	**28,000**	36,000
Total	**$ 4,000**	$ 15,000	**$ 34,000**	$ 45,000

b) Balances owed to related parties are disclosed in Note 11 of these financial statements.

Included in wages and benefits payable are management salaries of $nil.

NOTE 15 – SEGMENTED INFORMATION

The Company operates in two business segments being the operation of retail stores in the natural and organic retailing sector, and the acquisition and exploration of exploration and evaluation assets in Canada.

Management has determined that the primary segmental reporting format is by business segment, based on the Company's internal reporting structure. The Company operates principally in two segments: retail operations and head office. The retailing operation consists of retail sales of food products in Maple Ridge, BC.

As at April 30, 2016	**Retail operations**	**Head office and corporate**	**Total**
ASSETS:			
Current Assets	$ 275,702	$ 29,158	$ 304,860
Deposits	38,322	-	38,322
Property and Equipment	548,257	1,682	549,939
Reclamation Deposit	-	85,212	85,212
Total Assets	**$ 862,288**	**$ 116,052**	**$ 978,340**
LIABILITIES:			
Current Liabilities	$ 168,619	$ 368,676	$ 537,295
Debentures Payable	-	182,000	182,000
Total Liabilities	**$ 168,619**	**$ 550,676**	**$ 719,295**

For the nine months ended April 30, 2016	**Retail operations**	**Head office and corporate**	**Total**
Revenue			
Retail sales	$ 486,389	$ -	**$ 486,389**
Cost of goods sold			
Purchases	355,527	-	**355,527**
Salaries, wages and benefits	303,129	-	**303,129**
Other	10,398	-	**10,398**
	669,054	-	**669,054**
Gross margin (loss)	(182,665)	-	**(182,665)**

NOTE 15 – SEGMENTED INFORMATION *(continued)*

For the nine months ended April 30, 2016	Retail operations	Head office and corporate	Total
Expenses			
Advertising and promotion	$ 31,139	$ -	**$ 31,139**
Consulting fees	-	93,479	**93,479**
Depreciation	84,786	280	**85,066**
Insurance, licenses, and fees	2,706	-	**2,706**
Interest and financing fees	-	18,796	**18,796**
Investor relations and shareholder information	-	18,800	**18,800**
Management fees	-	81,000	**81,000**
Office and miscellaneous	11,154	2,180	**13,334**
Professional fees	27,678	38,453	**66,131**
Regulatory and filing fees	-	15,881	**15,881**
Rent, utilities and occupancy costs	157,516	7,720	**165,236**
Repairs and maintenance	1,547	-	**1,547**
Salaries and benefits	79,566	-	**79,566**
Share-based payments	-	21,139	**21,139**
Supplies	27,829	-	**27,829**
Travel	249	9,000	**9,249**
Expenses	(424,170)	(306,728)	**(730,898)**
Operating income (loss)	(606,835)	(306,728)	**(913,563)**
Interest income	9	-	**9**
Insurance recovery	25,000	-	**25,000**
Gain on settlement of debt	-	165,850	**165,850**
Income (loss) and comprehensive income (loss) for the period	$ (581,826)	$ (140,878)	**$ (722,704)**

NOTE 16 – BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share for the three and nine-month period ended April 30, 2016 is as follows:

	Three months ended April 30,		**Nine months ended April 30,**	
	2016	2015	**2016**	2015
Comprehensive loss for the period	**$ (263,370)**	$ (579,786)	**$ (722,704)**	$ (883,797)
Basic and diluted loss per share	**$ (0.01)**	$ (0.03)	**$ (0.02)**	$ (0.04)
Weighted average shares outstanding	**37,044,653**	20,180,150	**34,741,368**	19,987,667

NOTE 17 – COMMITMENTS

Leases

The Company leases certain of its retail stores, corporate offices, and other assets under operating lease arrangements. Substantially all of the retail store leases have renewal options for additional terms.

Determining whether a lease arrangement is classified as finance or operating requires judgment with respect to the fair value of the leased asset, the economic life of the lease, the discount rate and the allocation of leasehold interests between the land and building elements of property leases.

Fiscal year	2016	2017	2018	2019	2020 (1)	TOTAL
Lease – Head office	$ 24,687	$ 8,229	$ -	$ -	$ -	**$ 32,916**
Lease – Retail store (1)	72,533	74,800	79,333	81,600	27,200	**335,466**
Lease – Warehouse	30,000	8,750	-	-	-	**38,750**
	$127,220	$ 91,779	$ 79,333	$ 81,600	$ 27,200	**$ 407,132**

(1) – with option to renew

Net Profits Interest

On January 15, 2015, the Company entered into a net profits interest agreement ("NPI Agreement") with Mr. Lance Sutherland and The Sutherland Group ("Sutherland"). Pursuant to the NPI Agreement, the Company will pay to Sutherland a net profits interest ("NPI") in each retail organic grocery store that the Company owns and operates in the amount of 20% of the calculated net profits, or net deficiency, as the case may be, of each retail store. The retail NPI will be calculated on each retail store separately, and will be payable 160 days subsequent to the year-end of each store. Any carried-forward NPI deficiency from prior years will be accounted for as deductions from the then current years NPI calculation. This NPI does not confer any ownership rights to Sutherland. If a retail store is sold, the net proceeds or profit attributable to the Company on such sale will not be considered net profits for the purposes of the NPI calculation pursuant to the NPI Agreement.

In addition, and pursuant to the NPI Agreement, there will be no NPI calculated or payable to Sutherland until such time as the Company has been repaid any and all loans or other indebtedness from each retail store.

The NPI Agreement is assignable, in whole or in part at the discretion of Sutherland.

NOTE 18 – 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, due to related parties, and debentures payable.

NOTE 18 – FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

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, 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

All aspects of the Company's risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended July 31, 2015.

NOTE 19 – 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 and expand the retail store operations and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

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

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

In order to maximize ongoing operations and growth, 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 year ended July 31, 2015. The Company is not subject to externally imposed capital requirements.

NOTE 20 – SUBSEQUENT EVENTS

a) On May 17, 2016, the Company announced it would cease operations of the Bodhi Natural Market store in Maple Ridge, BC;

b) On June 16, 2016, the Company granted incentive stock options for the purchase of up to 1,000,000 common shares, at a price of $0.05 per share, and exercisable on or before June 16, 2021, to directors, officers and consultants of the Company; and

c) On June 24, 2016, 50,000 incentive stock options expired, unexercised.