

NEWS >

DEER HORN PROVIDES QUARTERLY UPDATE FOR THE PERIOD MAY-JULY 2015

Vancouver, British Columbia, August 20, 2015 – Welcome to the Deer Horn Capital Quarterly Shareholder Update for May-July 2015. There is a tremendous amount of activity taking place as we work to build our new brand, Bodhi Natural Market, into one of Western Canada's leading names in the natural and organic food retailing space. We feel it is important that all shareholders properly understand the status of our business and what to expect going forward. That is why we plan to issue a written update soon after the end of each quarter as part of our effort to keep everyone informed regarding progress toward our objectives of expanding the Bodhi Natural Market store network and making Deer Horn a profitable public company.

In this edition of the Quarterly, we review the creation of our first store, in Maple Ridge, British Columbia, share a few stories leading up to opening day and discuss its early performance. This edition is lengthy, but it is our first one and there are some people to introduce and a corporate vision to make clear. We appreciate your time in reading to the end.

Some Recent History

Deer Horn announced its intention to enter the natural and organic retailing sector in January of this year, and soon after we put in place the key members of the team to carry this vision forward. In the ensuing four months, we went from a mere concept to cutting the ribbon at the Grand Opening ceremony for our first store. In my opinion, that is one indication that we have the right people in place to build a strong business in this sector.

What is involved in developing a store up to opening day? Finding a location, negotiating lease terms, designing the store and building its infrastructure, obtaining approval from city council, putting vendor agreements in place, ordering equipment, obtaining inventory, hiring staff, stocking the shelves, connecting the point of sales system, obtaining permits, passing multiple inspections...I could fill the page, but I am sure you get the point.

On top of this, because it was our first store, our team had to create a brand, establish a website, develop an advertising strategy and write an operating manual. Opening our second store should be easier with these tasks associated with a new brand out of the way.

NEWS >

At our Grand Opening on June 13, we were joined by local dignitaries and approximately 1,000 people from Maple Ridge and the surrounding area. We set our single day sales record that day – it was a great number and will take some work to top. I would like to take this opportunity to thank the people of Maple Ridge for their support – we could hardly have chosen a better place for our flagship location.

Target Canada liquidation helps us reduce cost of future stores

A couple of paragraphs ago I indicated that establishing a second store should be easier than building our first. A special factor making this particularly so was our participation in the liquidation sale conducted by Target Canada in the first quarter of 2015 to procure nearly new capital equipment at excellent prices. We bought enough equipment, in fact, that some items are completely covered for Store 2, and likely for Store 3.

Cashier tills? We have eight in storage. Coolers? We have 60 doors of them. Open-face coolers for produce? We have those, too – 24 feet of them. Considering that most of this equipment would have come from the United States, we saved even more given the prevailing weakness in the Canadian dollar. Having the equipment on hand also mitigates concerns about delays in opening subsequent locations. This heads-up work by the Bodhi team saved us a very healthy six-figure sum compared to buying new.

The Bodhi Natural Market team

The president of Bodhi Natural Market, Lance Sutherland, is a 25-year veteran of the grocery industry. He worked at one of Canada's largest names in conventional grocery for 16 years before opting for the natural and organic sector, where he has managed stores and overseen regional operations for medium-sized chains. Every store Lance has managed has consistently achieved double-digit operating margins.

The head of our merchandising team is Graham Clarke. Graham is regarded as one of the leading merchandisers in Western Canada's natural and organic sector, having worked in this side of the food retailing business for over 20 years.

I had the pleasure of attending the Canadian Health Food Association convention in Vancouver several months ago, and to say that Lance and Graham are well-known in the industry would be

NEWS >

an understatement. I felt pretty special walking the floor with them. Again, an indication that we have the right people in place.

Louisa Clarke is the procurement manager overseeing our Healthy Living Department. I'm pleased to say that Healthy Living is one of the strongest performers in the store, a testament to Louisa's 22 years of experience in the natural and organic product industry.

Our IT and Administration manager, Tony Gomboc, keeps the sales system humming so that customers can enjoy a smooth shopping experience and be charged the right prices. His systems also play a role in our all-important inventory control.

We are proud to also have a great young team working the floor with us at the store. As Lance always says, the goal is to be regarded as the Ritz Carlton of the grocery industry when it comes to service. We believe that great products and great prices can't miss if the atmosphere in your store also keeps people wanting to come back.

What is Bodhi Natural Market and how is the first store doing?

For those of you who have not had the chance to shop at our Maple Ridge store, let me outline what we carry: produce, canned goods, meat, pastries, beverages, dairy, snacks, frozen food, pasta, healthy living (vitamins, body care), household supplies...and the list goes on. As you might guess, Bodhi carries pretty much everything you need, as long as you are sticking to healthy choices. This includes our own Bodhi Natural Market line of products, which we started with dried organic fruit and have since expanded to include items such as our own line of flour. Our Maple Ridge store also has a coffee bar...in front of which lineups are not uncommon. If you haven't tried our Frog Friendly Wild coffee, you are missing out.

Another important point to make is that we have a great kitchen at the Maple Ridge store and this will enable us to save money when we build new locations. Simply put, we can use this kitchen to prepare deli items for Maple Ridge and other stores of ours nearby.

We cannot provide sales numbers until the financial statements for the quarter are officially released, but we can still convey a few things about the store that speak to its performance. As I write this version of the Quarterly, Bodhi has recorded almost 2,500 in-store signups to its loyalty program. Our average sale is gradually increasing, meaning that more and more people are

NEWS >

concluding they can do a comprehensive shop at Bodhi, rather than just dropping in to buy one or two favourite items. Our customer balance after two months is about 40% new shoppers and 60% returning shoppers, which is what Lance wants to see. It means that word is getting out to potential new customers and that people like the store enough to come back.

Expectations for the near future

We opened the Maple Ridge store in a traditionally weak month during a heatwave with road construction on either side of us. Despite this the store is doing fine, and come September/October we anticipate an increase in revenue compared to summer levels. Families will return from holidays, people tend to eat at home more and the weather will return to cooler autumn days.

The autumn season will also coincide with our initial flyer advertising. Most shoppers probably don't realize that the flyers they receive with their local newspaper are planned months in advance, so ours will only just be ready to reach people in the community this September. You will be glad to know that advertising dollars provided to us by product vendors completely cover the cost of this advertising. All we have to do is plan the flyers and line things up with the newspaper. New online advertising ideas and the clearly growing word of mouth about the store will also help.

In a way, Maple Ridge has been the test location where we have proven our concept and worked out some of the kinks in branding, product selection, and operating hours. We are now at the point where we believe a second store makes sense. We have assessed about 15 sites for Store 2 and there are a couple that we like. We cannot control timing when it comes to finding a location that is available on the right terms, but rest assured that we are working to expand both quickly and wisely.

A second store is important to us for a number of reasons. Not only does it bring higher overall sales, but also better prices from suppliers, the ability to spread overhead costs across a larger sales base, greater brand visibility and other economies of scale. It should also lift combined sales to a level where we begin to get on the radar of more large players in the financial community. It will take us from a single store to a small chain. We will be following through on our promises.

NEWS >

I would like to invite investors to visit the Deer Horn website at deerhorncapital.ca. Also, check out Bodhi Natural Market at www.bodhinaturalmarket.com. Sign up for shareholder updates by e-mail and give us a call. We love talking to shareholders. And because shopping for groceries is something we all do, the conversations are always useful for Bodhi's business. Everyone has something to contribute.

Many thanks for your support of our team and the Bodhi Natural Market vision. I believe that not only is Deer Horn an investment worth considering, but we are a good-hearted group that can make a difference in communities where our stores provide people with healthy products.

Sincerely,

"Tyrone Docherty"

Tyrone Docherty
President and CEO

For further information please contact:

Tyrone Docherty
President and CEO
Deer Horn Capital Inc.
(604) 952 7221
tyrone@deerhorncapital.ca

Forward Looking Information

Certain information regarding the Company set forth in this press release, including the use of proceeds, and management's assessment of the Company's future plans and operations contain forward looking information that involve substantial known and unknown risks and uncertainties. The forward looking information is subject to numerous risks and uncertainties, some of which are beyond the Company's and management's control, including but not limited to, the impact of general economic conditions, industry conditions, fluctuation of commodity prices, fluctuation of foreign exchange rates, imperfection of reserve estimates, environmental risks, industry competition, availability of qualified personnel and management, stock market volatility, timely and cost effective access to sufficient capital from internal and external sources. The Company's actual results, performance or achievement could differ materially from those expressed in or implied by, the forward looking information and accordingly, no assurance can be given that any of the events anticipated to occur or transpire from the forward looking information will provide any benefits to the Company.

"Neither the Canadian Securities Exchange nor its Regulation Services accepts responsibility for the adequacy or accuracy of this release."