

DUCKHORN VENTURES LTD.

Condensed Interim Financial Statements
(Unaudited – Prepared by Management)
(Expressed in Canadian Dollars)

For the nine months ended September 30, 2021 and 2020

Duckhorn Ventures Ltd.
(the “Company” or “Duckhorn”)

CONDENSED INTERIM FINANCIAL STATEMENTS
As at and for the nine months ended September 30, 2021

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Management of Duckhorn Ventures Ltd. is responsible for the preparation of the accompanying unaudited condensed interim financial statements. The unaudited condensed interim financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards for the preparation of condensed interim financial statements and are in accordance with IAS 34 – Interim Financial Reporting.

The Company’s auditor has not performed a review of these condensed interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

DUCKHORN VENTURES LTD.

Condensed Interim Statements of Financial Position

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	As at September 30, 2021	As at December 31, 2020
Assets		
Current Assets		
Cash	\$ 247	\$ 830
GST receivable	3,312	11,317
	<u>3,559</u>	<u>12,147</u>
Investment in Enosi (Note 6)	-	207,452
	<u>-</u>	<u>207,452</u>
Total Assets	3,559	\$ 219,599
Liabilities and Shareholders' Deficiency		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 45,664	\$ 238,436
Promissory notes payable (Note 5 & 7)	-	256,413
	<u>45,664</u>	<u>494,849</u>
Shareholders' Deficiency		
Share capital (Note 8)	124,653	124,653
Share-based payment reserve	6,692	6,692
Deficit	(173,450)	(406,595)
	<u>(42,105)</u>	<u>(275,250)</u>
Total Liabilities and Shareholders' Deficiency	3,559	\$ 219,599

Nature and continuance of operations (Note 1)

Approved on Behalf of the Board on November 29, 2021:

"Jeff Barber"
Jeff Barber – CEO/CFO/Director

"Anthony Alvaro"
Anthony Alvaro – Director

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

DUCKHORN VENTURES LTD.

Condensed Interim Statements of Loss and Comprehensive Loss

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

	For the three months ended September 30		For the nine months ended September 30,	
	2021	2020	2021	2020
Expenses				
Administration expenses	\$ 1,019	\$ 3,045	\$ 7,058	\$ 9,402
Filing fees	489	-	2,313	1,845
Finance expense (Note 5 & 7)	558	6,741	7,897	19,920
Professional fees	33,532	30,000	97,268	91,030
	(35,598)	(39,786)	(114,536)	(122,197)
Other Items				
Gain on sale of investment (Note 6)	-	-	30,671	-
Interest income (Note 6)	-	-	-	712
Recovery on write-down of accounts payable	317,010	-	317,010	-
Unrealized gain/(loss) on investments at fair value (Note 4)	-	(900)	-	(6,300)
Net Income/(Loss) and comprehensive income/(loss) for the period	\$ 281,412	\$ (40,686)	\$ 233,145	\$ (127,785)
Weighted average number of shares outstanding – basic and diluted				
	10,735,014	12,465,250	7,293,556	12,465,250
Basic and diluted income/(loss) per share	\$ 0.03	\$ (0.00)	\$ 0.03	\$ (0.01)

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

DUCKHORN VENTURES LTD.

Condensed Interim Statements of Changes in Shareholders' Deficiency
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	Share Capital		Reserves	Deficit	Total Shareholders' Deficiency
	Number (Note 8)	Amount			
Balance, December 31, 2019	12,465,250	\$ 124,653	\$ 6,692	\$ (235,722)	\$ (104,377)
Loss for the period	-	-	-	(127,785)	(127,785)
Balance, September 30, 2020	12,465,250	\$ 124,653	\$ 6,692	\$ (363,507)	\$ (232,162)
Balance, December 31, 2020	12,465,250	\$ 124,653	\$ 6,692	\$ (406,595)	\$ (275,250)
Return to treasury	(9,131,917)	-	-	-	-
Income for the period	-	-	-	233,145	233,145
Balance, September 30, 2021	3,333,333	\$ 124,653	\$ 6,692	\$ (173,450)	\$ (42,105)

**On September 1, 2021, the Company completed a consolidation of its issued and outstanding common shares on a 2:1 basis and a total of 9,131,917 post-consolidated common shares of the Company were cancelled and returned to treasury. All share and per share information has been retroactively adjusted to reflect the share consolidation.

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

DUCKHORN VENTURES LTD.

Condensed Interim Statements of Cash Flows
(Unaudited – Prepared by Management)
(Expressed in Canadian dollars)

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
Cash provided by (used for):		
Operating Activities:		
Net Income/(Loss) for the period	\$ 233,145	\$ (127,785)
Item not involving cash:		
Accrued interest income	-	(712)
Accrued interest expense	7,897	19,920
Changes in fair value of investment	-	6,300
Gain on sale of investment	(30,671)	-
Net change in non-cash working capital items:		
Accounts payable and accrued liabilities	(218,959)	105,344
Accounts receivable	8,005	(5,248)
	(583)	(2,181)
Increase (decrease) in cash for the period	(583)	(2,181)
Cash, beginning of the period	830	3,095
Cash, end of the period	\$ 247	\$ 914
Supplemental information:		
Interest paid	\$ -	\$ -
Income taxes	\$ -	\$ -
The Company entered into the following non-cash transactions:		
Promissory note issued to settle accounts payable	\$ 7,000	\$ 5,250
Shares received to settle promissory note	-	207,452
Transfer of shares to settle promissory note	207,452	-

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

DUCKHORN VENTURES LTD.

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Duckhorn Ventures Ltd. (the “Company” or “Duckhorn”) was incorporated under the British Columbia Business Corporations Act on March 25, 2019. The Company’s head office and records and registered office is located at 301 – 1665 Ellis Street, Kelowna, British Columbia V1Y 2B3. The Company is currently managing its investment portfolio and is investigating and evaluating business opportunities to either acquire or in which to participate.

On May 29, 2019, ECC Diversified Inc. (“ECC”) completed a strategic reorganization of its assets by way of a plan of arrangement (the “Arrangement”) in which it spun out Duckhorn and other investee subsidiaries. The Arrangement was approved by the shareholders of ECC on May 17, 2019 and the Supreme Court of British Columbia issued its final order approving the Arrangement on May 28, 2019. Pursuant to the terms of the Arrangement, ECC distributed to each shareholder of ECC, as of April 17, 2019, one common share in the capital of Duckhorn for every common share in the capital of ECC held. As a result, 9,965,250 common shares of the Company were issued (Note 8).

In August 2019, the Company entered into a non-binding letter of intent (the “LOI”) with Enosi Pharmaceuticals Corp. (“Enosi”) with respect to the proposed acquisition by the Company of all the issued and outstanding equity securities of Enosi, and pursuant to which the Company loaned \$200,000 to Enosi. In January 2020, the parties mutually agreed to terminate the LOI and the Company converted the loan into an equity interest in Enosi. See Note 6 for details of this transaction.

The Company incurred a net income and comprehensive income of \$233,145 for the period ended September 30, 2021. As at September 30, 2021, the Company has an accumulated deficit of \$173,450 and a working capital deficiency of \$42,105. Continuing business as a going concern is dependent upon the ability of the Company to obtain additional debt or equity financing, both of which are uncertain. These material uncertainties may cast significant doubt on the Company’s ability to continue as a going concern.

These financial statements have been prepared in accordance with IFRS with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than a process of forced liquidation. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. To date, COVID-19 has not had an adverse impact on the Company.

DUCKHORN VENTURES LTD.

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION

Statement of Compliance

The condensed interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting. Accordingly, these condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the most recent audited annual financial statements of the Company as at and for the year ended December 31, 2020. The Board of Directors authorized these condensed interim financial statements for issue on November 29, 2021.

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Company’s most recent audited annual financial statements as at and for the year ended December 31, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Measurement

These condensed interim financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

(b) Critical Accounting Estimates, Judgments and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities and expenses. Estimates and associated assumptions applied in determining asset or liability values are based on historical experience and various other factors including other sources that are believed to be reasonable under the circumstances but are not necessarily readily apparent or recognizable at the time such estimate or assumption is made. Actual results may differ from these estimates.

Estimates and underlying assumptions used in determining asset and liability values are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The information about significant areas of estimation uncertainty considered by management in preparing the condensed interim financial statements is as follows:

DUCKHORN VENTURES LTD.

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2021

(Unaudited – Prepared by Management)

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)**(b) Critical Accounting Estimates, Judgments and Assumptions (continued)****(i) Deferred tax assets and liabilities**

The measurement of deferred income tax provision is subject to uncertainty associated with the timing of future events and changes in legislation, tax rates and interpretations by tax authorities. The estimation of taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful operations of the Company. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and deferred tax provisions or recoveries could be affected.

(ii) Valuation of share-based payments

Management uses the Black-Scholes model to determine the fair value of stock options granted to officers and directors. This model requires assumptions of the expected future price volatility of the Company's common shares, expected life of options, future risk-free interest rates, and the dividend yield of the Company's common shares.

The information about significant areas of judgment considered by management in preparing the condensed interim financial statements is as follows:

(i) Going concern

The assessment of the Company's ability to continue as a going concern as discussed in Note 1 involves judgment regarding future funding available for its operations and working capital requirements.

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4. INVESTMENTS

Changes in the Company's investment at fair value were as follows:

	September 30, 2021	December 31, 2020
	\$	\$
Opening Balance	-	10,800
Disposal of investment (Note 7)	-	(3,600)
Changes in fair value of investment	-	(7,200)
Ending Balance	\$ -	\$ -

Publicly traded securities

The Company's publicly traded securities can be sold at any time at the Company's discretion subject to market conditions and from time to time hold period restrictions of not more than four months pursuant to the terms of each respective private placement subscription agreement, as well as escrow restrictions, if applicable. During the year ended December 31, 2020, the Company sold 180,000 common shares of World Class Extractions Inc. ("WCE") with a fair value of \$3,600 to ECC. As consideration, the promissory note between ECC and the Company was reduced by \$6,300, resulting in a gain of \$2,700. See Note 7 for details relating to this promissory note. As at September 30, 2021 the Company did not own any investments in publicly traded securities.

5. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

Summary of expenses incurred:

Nature	For the nine months ended September 30, 2021	For the nine months ended September 30, 2020
	\$	\$
Interest on promissory notes	7,897	19,920

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5. RELATED PARTY TRANSACTIONS (continued)

The Company has secured promissory notes with different related parties; ECC and The Emprise Special Opportunities Fund (2017) (“ESOF 2017”) are both shareholders of the Company. During fiscal 2020, an additional \$5,250 was secured from ESOF 2017. During the period ended September 30, 2021, an additional \$7,000 was secured from ESOF 2017. See Note 7 for details relating to these promissory notes.

Amounts due to related parties included in promissory notes payable:

Nature	Relationship	September 30, 2021	December 31, 2020
Promissory note (ECC)	Shareholder of the Company	\$ -	\$ 18,535
Promissory note (ESOF (2017))	Shareholder of the Company	\$ -	\$ 237,878

6. INVESTMENT IN ENOSI

Pursuant to an agreement dated August 30, 2019, the Company loaned \$200,000, receivable by promissory note to Enosi in conjunction with the LOI. The principal outstanding under this promissory note bore interest at the simple rate of 10% per annum. On January 13, 2020, the Company and Enosi entered into an agreement to restructure their proposed transaction (the “Settlement Agreement”), resulting in the Company acquiring an equity interest in Enosi. Pursuant to the Settlement Agreement, Enosi issued 82,500 common shares in its capital to the Company in full satisfaction of all obligations owing by Enosi to the Company. Enosi is a private biotechnology company that is focused on translating novel technologies into valuable therapeutics in the treatment of cancer and autoimmune disease. In the current quarter, the Company transferred the 82,500 common shares to ESOF 2017 for full and final settlement of the \$200,000 note as well as \$38,123 in interest payable, thereby recording a gain of \$30,671.

7. PROMISSORY NOTES PAYABLE

ECC

Pursuant to an agreement dated March 25, 2019, the Company purchased 90,000 common shares (subsequently split 2:1 resulting in 180,000 common shares) of WCE from ECC for an aggregate price of \$21,150, payable by promissory note. The principal outstanding under this promissory note bears interest at the simple rate of 10% per annum. The entire unpaid principal and any interest is fully and immediately payable upon demand. The Company may repay the principal and all accrued interest thereon at any time and from time to time without notice or penalty.

During the year ended December 31, 2020, the Company sold its investment in WCE to ECC. As consideration for the transfer, the promissory note was reduced by \$6,300, resulting in a gain on debt settlement of \$2,700. The Company incurred interest expense of \$1,208 on the promissory note during the period ended September 30, 2021 (2020 - \$1,054). As of September 30, 2021, the promissory note had a balance of \$nil (December 31, 2020 - \$18,535) including accrued interest payable of \$nil, (December 31, 2020 - \$388).

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7. PROMISSORY NOTES PAYABLE (continued)

THE EMPRISE SPECIAL OPPORTUNITIES FUND (2017) LIMITED PARTNERSHIP (“ESOF2017”)

Pursuant to an agreement dated August 30, 2019, the Company received \$200,000 from ESOF2017, payable by promissory note. The promissory note bears interest at the simple rate of 12% per annum and is unsecured. The entire unpaid principal and any interest is fully and immediately payable upon demand. The Company may repay the principal and all accrued interest thereon at any time and from time to time without notice or penalty.

During the year ended December 31, 2020, ESOF 2017 advanced a further \$5,250, and during the period ended September 30, 2021, an additional \$7,000. During the period ended September 30, 2021, with the transfer of the 82,500 Enosi shares (Note 6), the Company repaid the promissory note of \$200,000 plus interest of \$38,123, thereby recognizing a gain of \$30,671.

The Company incurred interest expense of \$6,689 on the promissory note during the period ended September 30, 2021 (December 31, 2020 - \$24,540). As at September 30, 2021, the promissory note had a balance of \$nil, (2020 - \$237,878) including accrued interest payable of \$nil, (2020 - \$32,628).

8. SHARE CAPITAL

(a) Authorized

Unlimited number of common and preferred shares without par value.

(b) Issued and outstanding

As at September 30, 2021 the Company had 3,333,333 common shares issued and outstanding. There are no preferred shares issued or outstanding.

On March 25, 2019, the Company received \$25,000 through the issuance of 2,500,000 common shares at \$0.01 per share.

On May 29, 2019, ECC completed a strategic reorganization of its assets in which it spun out certain assets into Duckhorn. The transaction was carried out by way of an Arrangement pursuant to the *Business Corporations Act* (British Columbia). Under the terms of the Arrangement, shareholders of ECC received one common share of the Company for every common share of ECC they held as of April 17, 2019; as a result, 9,965,250 common shares of the Company were issued. The value of each share is deemed to be \$0.01 for a total of \$99,653.

On September 1, 2021, certain shareholders of the Company agreed to cancel an aggregate of 9,131,917 post-consolidated common shares registered in their name and return them to treasury.

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Notes to the Condensed Interim Financial Statements
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8. SHARE CAPITAL (continued)**(b) Issued and outstanding (continued)**

	Number of Shares	Amount \$
Balance, (incorporation) March 25, 2019	-	-
March 25, 2019 – share issuance	2,500,000	25,000
May 29, 2019 – plan of arrangement	9,965,250	99,653
Balance, December 31, 2019, 2020	12,465,250	124,653
September 1, 2021 – return to treasury	(9,131,917)	-
Balance, September 30, 2021	3,333,333	124,653

(c) Stock options

On March 25, 2019, the Company adopted a stock option plan (the “Stock Option Plan”) whereby it can grant incentive stock options to directors, officers, employees, and technical consultants of the Company. The maximum number of shares that may be reserved for issuance under the Stock Option Plan is limited to 10% of the issued common shares of the Company at any time. The vesting period for all options is at the discretion of the Board of Directors. The exercise price will be set by the Board of Directors at the time of grant and cannot be less than the discounted market price (if any) of the Company’s common shares.

The Stock Option Plan provides that the number of common shares that may be reserved for the issuance to any one individual upon exercise of all stock options held by such an individual may not exceed 5% of the issued common shares, if the individual is a director or officer, or 2% of the issued common shares, if the individual is a consultant or engaged in providing investor relations services, on a yearly basis. All options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; or (iii) one year from the date of death or disability. Options granted under the Stock Option Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession.

On May 29, 2019, the Company granted a total of 1,245,000 incentive stock options to officers and a consultant to the Company, which vested immediately, having an exercise price of \$0.04 per share and expire in five years.

DUCKHORN VENTURES LTD.

Notes to the Condensed Interim Financial Statements
For the nine months ended September 30, 2021
(Unaudited – Prepared by Management)
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8. SHARE CAPITAL (continued)**(c) Stock options (continued)**

Share purchase option transactions are summarized as follows:

	Number	Weighted Average Exercise Price
Balance, (incorporation) March 25, 2019	-	\$ -
Granted	1,245,000	0.04
Outstanding and exercisable, December 31, 2019, and 2020	1,245,000	\$ 0.04
Cancelled	(1,245,000)	\$0.04
Outstanding, September 30, 2021	-	-

The fair value of the options granted was determined to be \$6,692 using the Black-Scholes option pricing model under the following assumptions: risk-free interest rate – 1.36%; expected life – 5 years; expected volatility – 100% and expected dividends – nil.

9. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted income per share for the period ended September 30, 2021 was based on the income attributable to common shareholders of \$265,177 and the weighted average number of common shares outstanding of 10,735,014.

10. SEGMENTED INFORMATION

The Company operates in one segment, being the investigation and evaluation of business opportunities in which to participate. All of the Company's assets are held in Canada.

DUCKHORN VENTURES LTD.

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2021

(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

11. MANAGEMENT OF CAPITAL

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital, but rather relies on the expertise of the Company's management to sustain the future development of the business. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. As at September 30, 2021, the Company is not subject to any externally imposed capital requirements. There were no changes to the Company's approach to capital management during the period.

12. FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Market Risk

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollars. As at September 30, 2021, the Company is not exposed to currency risk.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

DUCKHORN VENTURES LTD.

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2021

(Unaudited – Prepared by Management)

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12. FINANCIAL INSTRUMENTS (continued)**Market Risk (continued)****(iii) Price rate risk**

The Company has no exposure to price risk with respect to 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.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. At September 30, 2021, the Company has limited sources of revenue and has a cash balance of \$247 to settle current liabilities of \$45,664. As such, the Company has insufficient cash to fund corporate overhead costs and the repayment of the Company's debt obligations for the next year.

Until such time as the Company's investments increase in value or begin generating significant dividend income, the Company will remain dependent upon the financial support of its shareholders and debt holders or the sale of investments. If the Company is unable to finance itself through these means, it is possible that the Company will be unable to continue as a going concern.

Additionally, the Company likely has insufficient funds from which to finance any identified business acquisition and as such will require additional financing to accomplish the Company's long-term strategic objectives. Future funding may be obtained by means of issuing share capital and/or debt financing. There can be no certainty of the Company's ability to raise additional financing through these means. If the Company is unable to continue to finance itself through these means, it is possible that the Company will be unable to continue as a going concern.

Consequently, the Company is exposed to liquidity risk as at September 30, 2021.

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12. FINANCIAL INSTRUMENTS (continued)

Fair Value Risk

When participating in investment activities, the Company may incur losses if it is unable to resell the securities it has purchased or if it is forced to liquidate its holdings at less than their respective carrying values. The Company is also exposed to fair value risk as a result of its trading activities in publicly traded securities. All the Company's investments are carried on a FVTPL basis and are recorded at their fair value. As such, changes in fair value affect earnings as they occur.

The fair value of cash, accounts receivable, and accounts payable and accrued liabilities at September 30, 2021 approximate their carrying values due to their short term to maturity.

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices that are observable for the assets or liability either directly or indirectly; and
Level 3	Inputs that are not based on observable market data.

The fair value of the Company's private company investment is determined using Level 2 inputs. The key assumptions used by the Company in the valuation of its private company investment include, but are not limited to, the value of recently completed financings by the investee, entity-specific information, and publicly available information of comparable entities.

13. PROPOSED TRANSACTION

On September 19, 2021, the Company and Helium Evolution Incorporated ("HEI") entered into a definitive business combination agreement, whereby the Company will acquire all of the issued and outstanding securities of HEI by way of a three-cornered amalgamation involving HEI, Duckhorn and 2374145 Alberta Ltd., a wholly-owned subsidiary of Duckhorn that was incorporated solely for the purposes of the acquisition (the "Acquisition").

HEI is a Canadian-based helium exploration and production company focused on developing assets in southern Saskatchewan. HEI has over three million acres of land under permit located near proven discoveries of economic helium concentrations.

Under the terms of the Acquisition, shareholders of HEI will be issued common shares of the Company (the "Consideration Shares") in exchange for HEI Shares on a 1 HEI Share for 1.00542 Consideration Shares basis.

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(Unaudited – Prepared by Management)

(Expressed in Canadian dollars)

13. PROPOSED TRANSACTION (continued)

In connection with the Acquisition, HEI has completed a financing for gross proceeds of \$12.3 million through the issuance of 40,998,636 subscription receipts ("Subscription Receipts") at a price of \$0.30 per Subscription Receipt. Upon closing of the Acquisition, each Subscription Receipt will automatically convert into one common share of HEI ("HEI Share"), which will be subsequently exchanged for 1.00542 common shares in the capital of the Company.

Upon completion of Acquisition, the combined entity will have a total of 78,738,462 common shares issued and outstanding on an undiluted basis.

Completion of the Acquisition is subject to a number of conditions including, listing of the shares of the resulting issuer on a Canadian stock exchange, the receipt of all requisite regulatory and shareholder approvals and other standard closing conditions. There can be no assurance that the Acquisition will be completed as proposed or at all.