

**FORM 51-102F3**

**MATERIAL CHANGE REPORT**

1. **Name and Address of Company:**

Deer Horn Capital Inc.  
4672 Kensington Place  
Delta, BC V4K 4W5

2. **Date of Material Change:**

June 6, 2018

3. **Press Release:**

A News Release dated and issued on June 6, 2018 at Vancouver, BC, through the Canadian Securities Exchange and SEDAR.

4. **Summary of Material Change:**

Deer Horn Reports Positive Preliminary Economic Assessment at its Deer Horn Gold-Silver-Tellurium Project in British Columbia

5. **Full Description of Material Change:**

See news release, a copy of which is attached hereto

6. **Reliance on Subsection 7.1(2) of the National Instrument 51-102 *Continuous Disclosure Obligations*:**

Not applicable.

7. **Omitted Information:**

Not applicable.

8. **Executive Officer Knowledgeable of Material Change:**

Tyrone Docherty, President and CEO  
Telephone: (604) 789-5653

9. **Date of Report:**

June 6, 2018

## NEWS >

### **Deer Horn Reports Positive Preliminary Economic Assessment at its Deer Horn Gold-Silver-Tellurium Project in British Columbia**

**PEA indicates a 9-year open-pit mine life with average grades of 3.73 g/t gold, 117.1 g/t silver and 118 ppm tellurium with a 1.6-year payback.**

**Vancouver, BC, Canada, June 6, 2018 – Deer Horn Capital Inc. (CSE: DHC, OTCBB: GODYF) (the “Company” or “Deer Horn”),** reports positive results from an independent Preliminary Economic Assessment (“PEA”) at its Deer Horn gold-silver-tellurium polymetallic property in north-central British Columbia. The full PEA, which was prepared in accordance with National Instrument 43-101 regulations, is available for viewing on the Company’s website at [www.deerhorncapital.ca](http://www.deerhorncapital.ca) and in its disclosure record at [www.SEDAR.com](http://www.SEDAR.com).

**PEA Highlights** (values shown in \$CDN unless indicated otherwise)

- Pre-tax NPV (5%) of \$56.6 million and internal rate of return of 56%;
- After-tax NPV (5%) of \$36.5 million and internal rate of return of 42%;
- Initial Capital of \$28.3 million;
- After-tax payback of initial capital in 1.6 years;
- Life of Mine (LOM) production of
  - 73,000 Ounces Gold
  - 2,100,000 Ounces Silver
  - 67,000 kilograms Tellurium
  - 1,700,000 pounds Copper
  - 3,600,000 pounds Zinc

The PEA figures were calculated using metals prices of US\$1,300 per ounce for gold, US\$17 per ounce for silver, US\$100 per kilogram for tellurium, US\$3.00 per pound for copper and US\$1.00 per pound for zinc. The Preliminary Economic Assessment is preliminary in nature. It includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the Preliminary Economic Assessment will be realized.

Deer Horn plans to operate the project as a high-grade “small mine” under the British Columbia Mines Act. This designation simplifies and expedites the permitting process with considerably lower up-front costs.

“We’ve engineered Deer Horn for low capital costs and rapid payback in a well-established mining jurisdiction,” said Deer Horn CEO and President Tyrone Docherty. “Our strategy is to put the project into production quickly and establish its viability initially on a small scale. Since the PEA was calculated on only 450 meters of a 2.4-kilometer-long mineralized system, we believe we can explore and expand the operation over time using mining cash flow and exploit the knowledge of the system that we gain as we mine.”

## NEWS >

The PEA recommended infill and tightly-spaced step-out diamond drilling focused both on upgrading and expanding the existing high-grade resource. “We plan to conduct infill drilling to upgrade as much of the inferred resources as we can. Previous drilling traced the vein’s strike length for at least 875 meters,” added Docherty.

The PEA emphasized that the deposit remains open to the west, east and down-dip.

“It’s also important to remember that Deer Horn is largely unexplored over its 51 square kilometers,” added Docherty. “The gold, silver and tellurium represent only a portion of the targets we plan to explore further. For example, prospecting in 2012 identified new showings indicative of a buried copper porphyry system. We also have important concentrations of tungsten on the property. We will report more on these additional targets in the near future.”

### Mineral Resource Estimate

The Mineral Resource Estimate has been prepared in accordance with NI 43-101 by Gary Giroux, P.Eng., qualified person under the meaning of NI 43-101, and summarized in the Table 1 below.

**Table 1 - Deer Horn NI 43-101 Indicated and Inferred Mineral Resource Estimate**

INDICATED RESOURCE													
Au Cutoff (g/t)	Tonnes (tonnes)	Au (g/t)	Ag (g/t)	Te (ppm)	Cu (%)	Pb (%)	Zn (%)	Au (Ounces)	Ag (Ounces)	Te (kg)	Cu (lbs)	Pb (lbs)	Zn (lbs)
1	414,000	5.12	157.5	160	0.19	0.038	0.39	68,000	2,100,000	66,000	1,750,000	344,000	3,600,000
INFERRED RESOURCE													
Au Cutoff (g/t)	Tonnes (tonnes)	Au (g/t)	Ag (g/t)	Te (ppm)	Cu (%)	Pb (%)	Zn (%)	Au (Ounces)	Ag (Ounces)	Te (kg)	Cu (lbs)	Pb (lbs)	Zn (lbs)
1	197,000	5.04	146.5	137	0.16	0.039	0.34	32,000	930,000	27,000	690,000	169,000	1,470,000

### Notes:

- 1) This Mineral Resource Estimate was prepared by Gary Giroux, P.Eng. in accordance with NI 43-101, with an effective date of May 5, 2018.
- 2) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal or other relevant issues. The Mineral Resources have been classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves in effect as of the date of this news release.
- 3) Metal assays were capped where appropriate.
- 4) The Tellurium, Copper, Lead and Zinc resource was estimated with about ½ the data used to estimate Au and Ag. The reader should be aware that the confidence in the Te, Cu, Pb and Zn estimates are lower than the confidence on Au and Ag.
- 5) A 1.0 g/t Au cut-off is chosen as a possible open pit mining cut-off for this deposit. This cut-off grade includes the following considerations: Gold Price of US\$1,300/oz., Silver Price of US\$17/oz.,

## NEWS >

*Tellurium price of US\$100/kg, exchange rate of 0.8 US\$:CDN\$, process costs of \$29 per tonne milled, process recovery of 90% and mining costs of \$4/tonne mined.*

Mineralized material from the Deer Horn deposit will be mined from an open pit. The mine will operate during the summer months only to keep costs low. The material will be processed using a conventional flowsheet including crushing, grinding and flotation to produce base metal concentrates with precious metals.

The pit delineated resources used as the basis for the PEA economics are included in Table 2. These resources are a subset of the Mineral Resource Estimate shown in Table 1.

**Table 2 - Deer Horn NI 43-101 Pit Delineated Resources for PEA**

Mill Feed (tonnes)	Au (g/t)	Ag (g/t)	Te (ppm)	Cu (%)	Pb (%)	Zn (%)	Waste kt	Strip Ratio
656,000	3.73	117.1	117.6	0.14	0.029	0.28	7,022	10.7

**Notes:**

- 1) The pit delineated resource has an effective date of 15 May 2018. The Qualified Person for the estimate is Mr. Marc Schulte, P.Eng.*
- 2) Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The estimate of Pit Delineated Mineral Resources may be materially affected by metal price assumptions, geologic interpretations and mineral resource estimates, metallurgical recovery assumptions, operating cost assumptions, surface rights, permitting, regulatory restrictions, environmental, legal or other relevant issues.*
- 3) The Mineral Resources have been classified according to the CIM Definition Standards for Mineral Resources and Mineral Reserves in effect as of the date of this news release.*
- 4) A \$29/t NSR cut-off grade includes the following considerations: Gold Price of US\$1,300/oz., Silver Price of US\$17/oz., Tellurium price of US\$70/kg, exchange rate of 0.8 US\$:CDN\$, process costs of \$29 per tonne milled, process recovery of 90 %, mining costs of \$4/tonne mined. Open pit layouts utilize overall pit slope angles of 44 degrees.*
- 5) The pit delineated resources are mined tonnes and grade, the reference point is the mill feed at the primary crusher.*
- 6) Mining recovery of 100% of mineralized tonnes and grade. Mining dilution of 50% at 0.133 g/t Au, 5.096 g/t Ag, 7.196 ppm Te, 0.005 % Cu, 0.001 % Pb, 0.011 % Zn, applied to the block modeled mineralized tonnes and grade.*
- 7) The preliminary economic assessment is preliminary in nature. The preliminary economic assessment includes Inferred material that is considered too speculative geologically to have the*

## NEWS >

*economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the preliminary economic assessment will be realized.*

### Capital and Operating Costs

The total estimated initial capital cost for the Deer Horn project is **\$28.3 million** and sustaining capital is **\$2.6 million** over the LOM. The estimated LOM operating costs are \$94 per tonne mill feed. The following tables summarize the cost components:

**Table 3 –Initial Capital Costs (\$ millions)**

<b>Direct Capital Cost</b>	<b>Capital (\$ Millions)</b>
Mining	\$3.6
Process	\$7.2
Tailings and Water Management	\$2.3
Infrastructure	\$6.5
<b>Total Direct Capital Costs</b>	<b>\$19.6</b>
<b>Indirect Capital Cost</b>	
Owner's Costs	\$1.4
Indirects	\$2.6
<b>Total Indirect Capital Cost</b>	<b>\$4.0</b>
<b>Contingency (20 %)</b>	<b>\$4.7</b>
<b>Total Capital</b>	<b>\$28.3</b>

**Table 4 –LOM Average Operating Costs (\$)**

Mining costs	\$44	\$/tonne milled
Processing	\$30	\$/tonne milled
G&A	\$20	\$/tonne milled
<b>Total</b>	<b>\$94</b>	<b>\$/tonne milled</b>

### Next Engineering and Development Steps

The Company will soon initiate work towards a Preliminary Feasibility Study this year. Further details about the Deer Horn PEA will be released soon.

## NEWS >

---

### **Qualified Persons, Quality Control and Assurance**

The independent qualified persons responsible for preparing the Deer Horn PEA are; Tracey Meintjes, P.Eng. of Moose Mountain Technical Services (MMTS), Marc Schulte P.Eng. of MMTS, Bob Lane , P.Geo. of Plateau Minerals Corp, and Gary Giroux, M.A.Sc., P.Eng. of Giroux Consultants Ltd., all of whom act as independent consultants to the Company, are Qualified Persons as defined by National Instrument 43-101 ("NI 43-101") and have reviewed and approved the contents of this news release.

On behalf of the board of directors of  
Deer Horn Capital Inc.

"Tyrone Docherty"

Tyrone Docherty  
President and CEO

For further information please contact:

**Tyrone Docherty**

604.789.5653

[tyrone@deerhorncapital.ca](mailto:tyrone@deerhorncapital.ca)

**Investor Relations, Craig Doctor**

(604) 278-4656

[craig@docsconsultingltd.com](mailto:craig@docsconsultingltd.com)

***Neither the Canadian Securities Exchange nor its regulations services accept responsibility for the adequacy or accuracy of this release.***

#### ***Forward-looking information***

*All statements included in this press release that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are forward-looking statements. These forward-looking statements involve numerous assumptions made by the Company based on its experience, perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances. In addition, these statements involve substantial known and unknown risks and uncertainties that contribute to the possibility that the predictions, forecasts, projections and other forward-looking statements will prove inaccurate, certain of which are beyond the Company's control. Readers should not place undue reliance on forward-looking statements. Except as required by law, the Company does not intend to revise or update these forward-looking statements after the date hereof or revise them to reflect the occurrence of future unanticipated events.*