

**FORM 51-102F3**  
**MATERIAL CHANGE REPORT**

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

Deer Horn Capital Inc.  
PO Box 18086  
1215C 56<sup>th</sup> Street  
Delta, BC V4L 2M4

**Item 2. Date of Material Change**

April 2, 2019.

**Item 3. News Release**

A News Release dated and issued April 2, 2019 at Vancouver, British Columbia, through Executive Business Services and SEDAR.

**Item 4. Summary of Material Change**

Demand for Critical Minerals on the Rise with Increasing Applications for Cleantech and Carbon Reduction, says US Geological Survey.

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

See news release, a copy of which is attached hereto.

**Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable.

**Item 7. Omitted Information**

Not applicable.

**Item 8. Executive Officer**

Tyrone Docherty, President & CEO  
Telephone: 604.789.5653

**Item 9. Date of Report**

April 5, 2019.



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Metals for Clean Technology  
and a Low-Carbon Economy.

## NEWS >>>

### Demand for Critical Minerals on the Rise with Increasing Applications for Cleantech and Carbon Reduction, says US Geological Survey

Vancouver, BC, Canada, April 2, 2019 – Deer Horn Capital Inc. (CSE: DHC, OTCBB: GODYF) (or “Deer Horn”) announces that the US Department of the Interior/US Geological Survey (USGS), in its latest report on [Characterization and Identification of Critical Mineral Resources](#), has reported:

“Global demand for critical mineral commodities is on the rise with increasing applications in consumer products, computers, automobiles, aircraft, and other advanced technology products.” Much of this demand growth, says the agency, “...is driven by new technologies that increase energy efficiency and decrease reliance on fossil fuels.”

“We have been following this trend for several years,” said Deer Horn President and CEO Tyrone Docherty. “We know that the global effort to reduce carbon emissions will require enormous amounts of critical minerals, which is why we have made it our mission to explore for and develop economic sources of these metals. Not only is the demand increasing, Deer Horn can be part of the solution for climate change in supplying them.

Dependable supplies of critical minerals are considered essential to the U.S. economy and security. Last year the Department of the Interior, through the USGS, published its [latest list of 35 critical minerals](#). These are minerals the U.S. Government identifies as having a supply chain vulnerable to disruption and that serve an essential function in the manufacturing of a product, “...the absence of which would have significant consequences for the economy or national security.”

Docherty noted that, “According to our recently-updated [NI 43-101 Preliminary Economic Assessment](#) (PEA), the Deer Horn Property in west-central British Columbia contains at least three of the minerals designated by the USGS as “critical” – tellurium, tungsten and bismuth. The property also contains silver and copper, both essential for solar power.”

Tellurium (Te) is key to this mix at Deer Horn. The blog [Critical Metals](#) reports that, “With solar energy growing exponentially, the supply of Te is becoming an issue of concern. The U.S. (and indeed the world) gets most of its Te as a by-product of copper refining.”

The USGS reports that approximately 85% of global tellurium is derived through a copper recovery process called electrolytic refining. To increase copper recovery from low-grade deposits, there is currently a shift in the copper production mode from electrolytic refining to solvent extraction-electrowinning (SX-EW) and copper recycling, neither of which produces tellurium as a byproduct.

In a supporting [study](#), the U.S. Department of the Interior noted that tellurium is currently recovered as a *primary* resource from only two locations in the world. *Critical Metals* identifies these sources as “The Kankberg Mine in Västerbotten County, Sweden, which produces about 10% of the world’s tellurium, and the Dashuigou and Majiagou mines in China, which together produce from 2% to 7% of the world’s tellurium.”

Noting this domestic threat to tellurium supplies, the USGS has emphasized, “It is imperative that we understand the enrichment processes of potential alternative sources of tellurium, such as epithermal gold deposits.”

In assessing known epithermal gold deposits with meaningful amounts of recoverable tellurium, the USGS has identified the Deer Horn property as one of North America's key tellurium properties. In its 40-page report on Tellurium from the comprehensive [Critical Mineral Resources of the United States—Economic and Environmental Geology and Prospects for Future Supply](#), the USGS states:

“The Deer Horn intermediate-sulfidation epithermal deposit in west-central British Columbia, Canada, contains high gold and silver grades with abundant base-metal sulfides and telluride minerals.”

The report also notes the high grades of tellurium achieved in Deer Horn drill results, with some “in the thousands of parts per million.”

According to *Critical Metals*, the USGS also included the Deer Horn property in its latest [Professional Paper 1802-R](#) on tellurium. “Most of these (epithermal deposits) contain gold,” says *Critical Metals*, “and would likely be mined for the gold first and Te second (or even third, if the deposit contains silver).”

Tellurium end users have expressed interest in the Deer Horn Property, noting that the gold and silver could greatly offset the cost of extracting the tellurium. The Deer Horn PEA notes that the indicated resource grades (using a 1 g/t cut-off) average 5.12 g/t Au, 157.5 g/t Ag and 160 ppm Te.

### **About Deer Horn Capital**

Deer Horn Capital is committed to exploring for, and providing, strategic and critical metals vital to a low-carbon economy and for the advancement of technology. The Company's leadership has a track record of project monetization with a board and advisory group that includes industry leaders in finance, mineral property development, geology, mineralogy, solar power, engineering, research and First Nations engagement and economic development.

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

“Tyrone Docherty”

Tyrone Docherty  
President and CEO

For further information please contact:

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***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 event.*