

March 20, 2020

To our Shareholders:

As we work to make 2020 a crucial transitional year for Deer Horn Capital, let me start by emphasizing that we are NOT a typical junior mining microcap. Our vision is to maximize returns for investors under a bold new model for exploration. Following an Impact Investment approach, our model is to generate revenue through:

- Mineral discoveries
- Project generation
- Opportunities with our First Nations partners
- Wildlife habitat restoration

These elements are designed to generate sustainable, long-term revenue for our investors. Looking ahead through 2020-2021, we're focused on three key initiatives that serve to build a unique foundation for investor value (see our partners [structure chart](#) and [business model diagram](#) for clarification):

1) Deer Horn Property - Bulk Sample and Exploration

Deer Horn is North America's only silver-gold-tellurium property with an NI 43-101 compliant tellurium resource. The property also contains copper and a highly prospective zone of tungsten (for which the property was originally staked in 1943).

Our focus this year is permitting and prep for a 10,000-tonne bulk sample to test the high-grade Au-Ag-Te Main zone, an essential step in bringing the project to production as it provides key information on grade, recoveries and metallurgy.

We will also continue investigating the property's copper porphyry potential, as noted in the 2018 Preliminary Economic Assessment (PEA). Copper porphyries are in high demand by major copper companies worldwide.

We are working closely with First Nations at Deer Horn and have full support for our *Small Mines* approach (under BC mining law and permitting), or what we like to call: "Small Footprint, Big Impression." The strategy is to start small and expand the operation over time.

This phased approach offers advantages over larger mines, including (all figures from 2018 PEA):

- ✓ Much lower exploration and development costs
- ✓ Much lower CapEx (only \$28.3M)
- ✓ Much faster time to production and cash flow
- ✓ Exceptional post-tax payback – 1.6 years
- ✓ Potential dilution-free funding for resource development
- ✓ Less onerous permitting with a small mine application
- ✓ Smaller environmental footprint

A key driver of this strategy is First Nations support, including potential investment and employment.

2) **Cheona Metals: Exploration, Project Generation, Stream Restoration**

Here's a win/win economic scenario for mining and First Nations. [Cheona](#) is a partnership we developed with Allen Edzerza, one of BC's most highly-respected First Nations leaders. Cheona was formed to help First Nations achieve social and economic independence through the exercise of their inherent rights and title to mineral resources in their ancestral lands.

It's important to note that we turned down an offer of 50% ownership in Cheona and opted for 49%. This was a show of faith on our part and to demonstrate our commitment to First Nations' benefits and success.

In 2020, Cheona will explore and stake highly prospective First Nations ground in BC's renowned Golden Triangle region. This relationship gives Deer Horn a distinct advantage by allowing access to First Nations lands never before available to exploration companies.

The strategy is to either explore these projects or vend them, possibly with royalties, to other companies. We are the only junior company with such a First Nations arrangement.

Cheona is also partnered with, and partly funded by, Washington, DC-based [RESOLVE](#), one of the world's leading social and environmental organizations. Cheona and RESOLVE support placer mine restoration under the unique [Salmon Gold™](#) label. Salmon Gold is an innovative approach to sourcing gold responsibly and restoring fish habitats in Alaska, the Yukon Territory, and British Columbia.

Cheona's agreement with RESOLVE is to search for and identify sites eligible to participate in mining and restoration, for which Cheona receives finder's fees and financial assistance. Gold produced under this agreement is purchased by Apple and Tiffany & Co as part of a "responsible gold" initiative.

3) **Other Partnerships: IRMA and Fenix**

Deer Horn is the only junior mining member of U.S.-based [IRMA](#), the *Initiative for Responsible Mining Assurance*. IRMA was formed in response to global demand for more socially and environmentally responsible mining. Deer Horn is working with IRMA to establish the first verifiable standards for mineral exploration.

We have also partnered with BC-based [Fenix Advanced Materials](#) to supply tellurium from the Deer Horn project for purification and use in technology. Fenix is a clean technology company specializing in the manufacture of ultra-high purity (UHP) metals. They're currently focused on developing a lithium-tellurium battery that would be smaller and more powerful than current lithium-based batteries. Fenix sells a variety of UHP metals for use in solar energy, telecommunications and commercial/military Infrared markets.

There are a number of potential advantages for Deer Horn with this partnership, outlined [here on our website](#). Working with Fenix brings us additional expertise, exposure, connections and relationships for development of the Deer Horn project.

Both Teck Metals and the University of British Columbia, key partners with Fenix, bring Deer Horn new, world-class partners that could be instrumental in taking not only the Deer Horn Project further, but other projects that come out of future partnerships we are advancing.

As you can see, we are building Deer Horn into a unique mineral exploration microcap. We believe the 2020-2021 period will move us to a new level, with the Deer Horn bulk sample/test mining completed, a clearer understanding of the project's copper porphyry potential, new projects staked and under exploration with Cheona Metals and expanding revenue from the Cheona/RESOLVE Salmon Gold initiative.

Thanks to all of you for your support and interest in Deer Horn Capital. I hope to deliver much more good news in the months ahead.

Tyrone Docherty
President & CEO