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Deer Horn Capital Inc.
(DHC:CSE)

Date: November 23, 2018
Price: \$0.22

(coverage initiated on April 10, 2018 at \$0.17)

QIS COMPANY PROFILE



Highlights:

- only known tellurium property with an NI43-101 compliant tellurium-silver-gold resource
- recognized by First Solar Inc. as one of the world's top four primary tellurium properties
- numerous emerging technologies require tellurium

SHARE DATA

52-Week High/Low	\$0.58 - \$0.03
3-Mth Avg. Trading Volume	9,052 shares
Shares (millions)	Basic (15% insiders) 14.4
	F/D 16.4
Market Capitalization	\$3.2 million
Enterprise Value	\$3.3 million

BALANCE SHEET (as at April 30, 2018)

Current Assets	\$ 133,186
Total Assets	219,514
Current Liabilities	619,565
Shareholders' Equity	(400,051)

QUICK SUMMARY

Deer Horn Capital is looking to develop Canada's first tellurium-silver-gold mine at its Deer Horn Project in north-central British Columbia. The Deer Horn Property has been recognized by First Solar Inc. as one of the world's top four primary tellurium properties.

Deer Horn recently released a very favourable Preliminary Economic Assessment for the Deer Horn Project. The company is led by a management team which previously developed and sold a graphite property for a share value equal to \$175 million.

CORPORATE OVERVIEW

Deer Horn Capital is unique amongst mineral exploration firms, exploring and developing the only known tellurium property with an NI 43-101 compliant tellurium-silver-gold resource.

Tellurium, considered a "critical" or "green" minor metal, is an important element in solar panels and other clean technologies. Principal applications are in battery storage, digital storage, computing power, a wide range of advanced electronics products including phase change memory chips, and a range of other future sustainable applications. Deer Horn's strategy is to grow the company by partnering with industry leaders in critical or green minor metals extraction, manufacturing, supply and research as well as with relevant governmental and educational institutions.

Rarer than gold and produced generally as a by-product of copper refining, tellurium's increasing demand worldwide means that new sources must be developed. Solar panel manufacturers and other users are now seeking primary sources of tellurium not reliant on copper refining. Ideal sources are those in mining-friendly and stable jurisdictions and where tellurium is abundant along with precious metals that can supply silver and offset production costs.

The Deer Horn Property has been recognized by First Solar Inc. as one of the world's top four primary tellurium properties. First Solar is one of the world's leading solar panel manufacturers.

Deer Horn's principal property covers 51 square kms in north-central BC, about 36 km south of the prolific Huckleberry copper-molybdenum mine. The company currently has a 50% interest with an option to acquire up to a 75% interest by taking the property into production. The property was drilled by a variety of operators starting in 1943. After being acquired by the current management team in 2009, the company performed a small drilling program and then shut down operations due to the poor mining and financing environment at the time. Based on this limited drilling, the property was estimated to host an indicated resource of 66,000 kgs of tellurium, 68,000 ozs of gold and 2.1 million ozs of silver with additional inferred resources of 27,000 kgs of tellurium, 68,000 ozs of gold and 930,000 ozs of silver.

On June 6, 2018, Deer Horn reported an updated Preliminary Economic Assessment (PEA) for the Deer Horn gold-silver-tellurium project which took into account the original PEA completed in 2013 with current metal prices. The updated PEA set out a

robust economic return and encompassed only a 450m portion of the gold-silver-tellurium system which has been mapped to a minimum of 2.4 km in length. There remains excellent potential for future development along the strike length.

The PEA calculated 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. The after tax NPV (5%) was estimated at \$36.5 million with an internal rate of return of 42%. An initial capital outlay of \$28.3 million is required. The PEA estimated total production of 73,000 ozs of gold, 2.1 million ozs silver, 67,000 kg tellurium, 1.7 lbs copper and 3.6 lbs zinc. It is important to note that the PEA incorporates inferred mineral resources which are too geologically speculative to be categorized as mineral reserves at this time.

Management has applied for a multi-year exploration permit on its Deer Horn property in anticipation of commencing a new work program. The company's goal is to double its resource estimate with additional drilling and then seek sufficient financing to take the property into production. The deposit remains open to the west, east, and down-dip and the property remains largely unexplored over is 51 square kilometers.

In October 2018 Deer Horn signed a binding LOI with Colorado Klondike LLC to acquire a purchase option on the Colorado Klondike property located in south-central Colorado. The Colorado Klondike property is a tellurium prospect held previously by First Solar Inc. as a potential primary source of tellurium for the company's cadmium-telluride (CdTe) solar panels. Colorado Klondike LLC, operated by former First Solar management, acquired the property in 2013 after First Solar terminated its worldwide raw materials exploration program. Surface sampling by First Solar in 2006 found very high tellurium grades of up to 3.3% (33,000ppm) along with locally high gold grades. Deer Horn is conducting further due diligence on the property in anticipation of signing a full agreement later in the year.

Deer Horn completed a 5 for 1 consolidation of its outstanding shares in February 2018. The company subsequently completed a \$400,000 financing by issuing 1.7 million shares at \$0.10, plus issuing 2.3 million shares at a deemed price of \$0.10 to settle certain debts. A further financing was completed in August 2018 raising \$241,000 at \$0.50 per share. The company is currently working on a \$500,000 financing through the issuance of 2.5 million units at \$0.20. Deer Horn has recently closed the first tranche of \$80,000. The company currently has 14,370,903 shares issued and outstanding, resulting in a market capitalization of about \$3.2 million.

There are a number of developing markets which could have significant impact on Deer Horn's viability. In mid-May the California Energy Commission mandated that most new

homes built in the state after January 2020 will require solar panels. This legislation is indicative of a worldwide trend towards increasing use of solar energy which requires silver in varying amounts along with tellurium.

Scientists in Bangalore claim to have synthesized a novel thermoelectric material that is effective in turning waste heat into electricity. This new material, made from silver, copper and tellurium, shows high levels of thermoelectric performance that scientists hope may be harnessed to extract electricity from the waste heat of chemical, thermal, or steel power plants.

Researchers from Indiana's Purdue University have developed a new material called tellurene, created from tellurium, that allows electrons to move at faster speeds than in other materials. This characteristic could be exploited to create faster and/or smaller transistors that can switch higher currents.

In a March 2018 report from Colorado State University, generating electricity from cadmium-telluride photo-voltaics has now become less expensive than electricity from fossil fuels in many utility-scale applications.

Finally according to a recent article in the journal Science Advances, tellurium nanoparticles could triple the rate of evaporation for solar desalination. If effective on a commercial scale, the process could reduce the energy needed for desalination plants by a factor of 10X. There are currently 18,400 desalination plants operating worldwide, providing water for more than 300 million people in 150 countries.

Deer Horn Capital's management team and advisory board includes industry leaders in mineral property development and finance, geology, mineralogy, metallurgy, solar power, engineering, research and First Nations engagement and economic development. Deer Horn Capital is run by Tyrone Docherty, the former president and CEO of Quinto Mining Inc. While at Quinto, Mr. Docherty raised more than \$30 million in a difficult market environment, and advanced a Quebec iron ore property to a viable project. Quinto was sold to Consolidated Thompson Iron Mines in June 2008 for a share value equal to \$175M (starting from \$4M). Consolidated Thompson eventually sold to Cliffs Resources for \$4.9B.

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