



January 8, 2019

## **TO OUR SHAREHOLDERS AND DEER HORN SUPPORTERS,**

I'm taking this opportunity to wish all of you a very happy, healthy and prosperous 2019. I also want to give you an update on our status and plans for 2019 at Deer Horn.

### **But First, Here's Why I Believe in This Company**

Over the past 20+ years, I have taken on only two ventures. The first was Quinto Mining, where with limited resources in a difficult market we raised more than \$30 million and advanced a Quebec iron ore property to a viable project. We then sold Quinto to Consolidated Thompson Iron Mines for a share value equal to \$175M (starting from \$4M). I view Deer Horn as a very similar opportunity, which is why I enthusiastically became president and CEO. My long-term view is the same as it was with Quinto.

In Deer Horn, we have:

1. An exceptional property in British Columbia covering over 51 square kilometers
2. High grades for silver, gold and tellurium with targets for copper, tungsten, zinc, lead and molybdenum
3. The only known tellurium property in North America with an NI 43-101 certified tellurium resource
4. A mineralized zone that remains open to the east, west and down-dip
5. A robust Preliminary Economic Assessment (PEA) with a 1.6-year payback on just 20% of the current target
6. A small, open-pit mine plan that lowers the capital requirements (CDN\$28.3 million), minimizes permitting requirements and greatly facilitates our engagement with regional First Nations.

While tellurium is the feature mineral, the property's gold and silver make it especially attractive to a potential tellurium buyer. I have never seen anything like it, and rest assured I am committed to making this venture a success.

### **A Remarkable Turnaround for Deer Horn**

We have completed a remarkable turnaround for Deer Horn over the last 18 months while enduring very difficult markets. We believe 2019 will mark a watershed year for the company. Here's why:

- Deer Horn has a clean and tight share structure
- We have cash for near-term needs (with plans for further funding)
- Our planned work includes Phase 1 prep for a preliminary feasibility study
- A pending agreement to acquire the high-grade Colorado Klondike tellurium property in Colorado. (We expect to conclude the agreement in the next 30 days.)

### **Resilience in Our Share Price**

Over the past three months, our share price has shown resilience while most juniors have been battered. I believe this strength is due largely to the factors just mentioned, but also because of our exceptional share structure. In addition, Deer Horn is not part of the crowded space in the lithium and cobalt sectors. Our tellurium focus gives us a unique identity amongst critical metals firms.

### **Tellurium and Deer Horn in the News**

We have also enjoyed increasing exposure in the news around tellurium. To the best of our knowledge, we are the only junior company in North America focused on tellurium exploration. As we continue to report on tellurium's expanding uses for technology and to solve crucial world problems, our visibility is expanding.

#### **Funding and Our Next Exploration Program**

We are considering various funding options to proceed with our next round of exploration at the Deer Horn property. This would allow us to get back on the property in the spring and proceed with Phase 1 recommendations from our recent PEA, which include additional surface mapping and drilling.

#### **Listing in the United States**

To make it easier for U.S. investors to participate in Deer Horn, we are investigating options for moving our shares to a larger, more visible U.S. exchange. We should have further news about this later in 2019.

#### **Management's Ongoing Commitment**

I'd like to emphasize that management is solidly committed to realizing the ambitious vision for Deer Horn. Management and insiders hold a significant portion of the outstanding share capital, and I continue to add to my position. In other words, I "walk the talk" when it comes to our commitment to make Deer Horn a success.

Thanks for your ongoing support, and I look forward to delivering more good news in 2019. As always, please contact me directly with any questions or concerns. I welcome the feedback and conversations.

**Tyrone Docherty,**

President and CEO

604.789.5653

*tyrone@deerhorncapital.ca*