

Sprott Resource Holdings Inc. Reports 2020 First Quarter Results

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TORONTO, May 28, 2020 - (TSX: SRHI) - [Sprott Resource Holdings Inc.](#) ("SRHI" or the "Company") today announced its operating and financial results for the three months ended March 31, 2020. The Company's principal operating business is its 70% equity interest in the producing copper mine Minera Tres Valles ("MTV") in Salamanca, Chile. The Company's financial statements and management's discussion and analysis ("MD&A") are available at www.sprottresource.com and www.sedar.com.

"COVID-19 and other events have impacted the business significantly," stated Michael Harrison, Interim President and CEO of SRHI. "Our focus continues to be around managing and mitigating the risks related to the outbreak of COVID-19 and the necessary safeguards to maintain the health and safety of our employees, contractors and communities. This pandemic and related uncertainty has continued to suppress the near-term copper price and negatively affected the global economy. It has introduced social dislocation with various cities and countries around the world responding in different ways to address the outbreak. The Company and its primary operating subsidiary, MTV, are not immune to this ongoing dynamic and the outlook is uncertain."

Mr. Harrison continued, "During the first quarter of 2020, the Company reacted and modified its operations which included updating short-term mine plans to focus on easily accessible, higher grade material which can be mined at a lower strip ratio and creating a lower operating cost environment which will be sustainable in a depressed copper price environment. We believe these low copper prices and market uncertainties are short term and anticipate the copper price recovering."

"While our mine plan is sustainable longer term at higher prices than today, the construction and development of the Papomono Masivo incline block caving project is undoubtedly the most important part of MTV's future success. The immediate need for support from MTV's stakeholders in providing MTV the financial flexibility to execute this project resulted in MTV filing for creditors' protection on May 12, 2020. This is expected to provide MTV sufficient time to complete its refinancing efforts while protecting its supply chain."

Business Update

COVID-19

COVID-19 has had a significant effect on the business of MTV and contributed to a significant reduction in the near-term copper price. On March 18, 2020, Chile declared a state of catastrophe over the COVID-19 outbreak that restricts freedom of movement within the country. This declaration is still in place. MTV undertook significant measures in response to COVID-19, including:

- Implementing comprehensive preventative measures at site;
- Temporarily halting the majority of all mining operations;
- Significantly reducing the employee base required to maintain minimal operations;
- Maintaining the necessary staff to operate and monitor the leach pad;
- Maintaining the necessary staff to operate its solvent-extraction and electrowinning processing plant where its copper cathodes are produced; and,
- Maintaining the necessary staff to conduct preventative maintenance of key equipment

These measures, together with the delayed timing in the expected recovery of copper prices, contributed to an after-tax impairment charge of \$7.6 million and an inventory write-down of \$3.8 million.

MTV continues to operate in a reduced state yet produced nearly one million pounds of copper cathodes in April and is projected to produce a further nine hundred thousand pounds in May.

COVID-19 also contributed to the decision to file for creditors' protection for MTV.

Creditor Protection for MTV

On May 12, 2020, MTV commenced reorganization proceedings by filing a Judicial Restructuring Procedure (JRP) in Chile to seek protection from creditors with the expectation that it will give MTV sufficient time to complete its refinancing efforts to allow for the completion of the construction of its underground mine. This is the equivalent of filing for creditor protection under the *Companies and Creditors Arrangement Act* in Canada.

After careful consideration of all available alternatives following thorough consultation with its advisors, the Company and MTV determined that it was in the best interests of MTV and all of its stakeholders to file for an application for creditor protection under the JRP.

The initial court order to be obtained is expected to provide a stay of creditor claims and the exercise of contractual rights with a view to provide the necessary protection to allow MTV to negotiate repayment terms with its creditors that should provide a financial foundation to grow MTV's business. This is an event of default under the Facility that MTV has with the Lenders, that could result in the Company's \$10 million guarantee that it has provided to be called upon on demand. The Lenders have informed MTV and the Company that it has chosen not to exercise its rights and remedies under the Facility at this time as a consequence of this event of default. The court order is also intended to provide clarity to the many suppliers and workers of MTV from the surrounding communities. Salamanca and its surrounding areas supply over 70% of the MTV mine site's workforce and this community is an integral part of MTV's business.

At this time and based on constructive discussions with MTV's Lenders, MTV expects that upon a successful negotiation with its creditors, that additional capital will be committed by the Company (up to \$10 million) and MTV's Lenders to begin construction of the Papomono Masivo incline block caving underground mining project. Once construction is complete, the Papomono Masivo deposit is expected to provide high grade ore with low per tonne operating costs once in production that should provide meaningful cash flows by the end of 2021.

As a result of filing the JRP, the TSX is reviewing the eligibility of the Company's securities for continued listing on the TSX. If the Company cannot demonstrate that it meets applicable TSX requirements on or before September 10, 2020, the Company's securities will be delisted 30 days from such date. In the event that the Company is required to delist, the Company anticipates having alternatives for providing shareholders a platform to transact which may include a listing on the TSX Venture Exchange or NEX Exchange.

Chile's Drought

The province of Coquimbo, where the mine is located, is suffering through a severe drought, the worst in 60 years, which is affecting fluid flow through the heaps and copper production. MTV owns and leases water rights that allow it to take up to 81 litres per second ("l/s") of water from various sources including the Choapa River, however the reduced flow does not fulfill these rights.

Water flow from snow-melt typically rises in October and November. With reduced snow and rain this past Chilean winter, there has not been sufficient recharge to the Choapa River. The Chilean government declared an agricultural emergency in September for livestock farmers in the region, however there was little indication that the expected rise in water flow would not occur.

In 2020, the water challenges intensified and MTV immediately instituted mitigating measures including

exploring other sources of water through discussions with local community members and surveying MTV's property for probable well locations. Subsequent to March 31, 2020, MTV secured a portion of its water shortage and identified other sources of water on the MTV property that are currently yielding the required water flows to maintain its revised planned operations. However, should MTV not continue to secure these additional water amounts and/or the drought conditions exist for the foreseeable future, further adjustments to the operations at MTV may be required.

2020 Guidance

The Company is not in a position to provide guidance for 2020 given the broad level of uncertainty and, more particularly, until additional information is assessed following the current COVID-19 impacts and the resolution of MTV's creditor protection process.

Special Committee

On February 11, 2019, the Board of Directors (the "Board") of the Company formed a special committee of the Board ("Special Committee") comprised solely of the Company's four Independent Directors chaired by Terry Lyons, the current Chairman of the Board. The Special Committee was established to review and evaluate potential measures to address the Company's market valuation. The review was comprehensive and evaluated all measures to maximize shareholder value. The Special Committee engaged financial and legal advisors to assist in its evaluation.

The Company announced on February 18, 2020, that the Special Committee had been dissolved but its strategic review continues at the Board level. The conclusion of the Special Committee was to complete a transition to focus the Company's investment thesis as a pure-play copper-mining company, to continue to pursue alternatives to divesting its portfolio of investments in order to further support MTV and to continue to look for strategic alternatives for the Company.

Subsequent to March 31, 2020, the Company disposed of its equity holdings in Corsa Coal Corp. ("Corsa Coal") and Uranium Royalty Corp. ("URC") for gross proceeds of \$2.7 million.

On May 12, 2020, consistent with the Board's decision to continue as a pure-play copper-mining company, the Company and Sprott Consulting Limited Partnership ("SCLP"), a wholly-owned entity of Sprott Inc., mutually agreed to terminate their management services arrangement and the Company transition to establish an independent management team. The Company has entered into a Transitional Support Agreement (the "Agreement") with effect June 23, 2020 with SCLP pursuant to which the Management Services Agreement ("MSA") between the Company and SCLP will be terminated effective June 23, 2020. There is no payment required by the Company to be made to SCLP or any Sprott Inc. affiliate as a result.

As a result of the Agreement:

- All employees of Sprott Inc. and its affiliates will resign as directors or officers of the Company or its subsidiaries. Each of Rick Rule, Michael Harrison and Andrew Stronach will not stand for re-election at the upcoming annual general meeting;
- Terry Lyons, the Chairman of the Board of the Company, will become the Interim Chief Executive Officer;
- Michael Staresinic, the Chief Financial Officer of the Company, is anticipated to continue in that role and may become a direct employee of the Company. The Board of Directors of the Company will determine the composition of the balance of the Company's management team in due course;
- The Company will change its name to SRHI Inc.;
- SCLP will continue to provide ongoing support services on a transitional basis and without cost to SRHI until no later than December 31, 2020 to ensure the continued operation of the Company with no disruption due to the termination of the MSA.

Operational Update

	Three months ended			
<i>Operating information</i>	Mar. 31, 2020		Mar. 31, 2019	
Copper (MTV Operations)				
Total ore mined (thousands of tonnes)	249		264	
Total waste mined (thousands of tonnes)	638		1,499	
Ore Processed (thousands of tonnes)	299		311	
Grade (% Cu)	0.82	%	0.61	%
Cu Production (tonnes)	1,484		1,793	
Cu Production (thousands of pounds)	3,271		3,953	
Change in inventory (\$000s)	(3,226)	4,145	
Cash cost of copper produced ¹ (USD per pound)	\$0.27		\$0.27	
Cash cost of copper produced excluding write-down of inventory	\$0.11		\$0.27	
Realized copper price (USD per pound)	\$0.25		\$0.81	

¹ Refer to Non-IFRS Performance Measures

During the three months ended March 31, 2020, a combination of circumstances including a significant drop in copper price and working capital issues contributed to a change in mining operations strategy. In an effort to reduce operational costs, certain measures were taken throughout the quarter including reductions in headcount, idling two mining operations and operating only the Rajo Norte open pit, modifying plant shift schedules and purchasing high grade third party ore.

Cost per pound produced increased to \$3.27 for the three months ended March 31, 2020 compared to \$2.27 for the three months ended March 31, 2019. The increase in cost per pound is largely driven by the write-down in inventory of \$3.8 million. Not including the write-down in inventory, the cost per pound produced was \$2.11 per pound. There was no write-down of inventory in the first quarter of 2019.

Total ore and waste tonnes mined have decreased compared to the same quarter in the prior year (887 thousand tonnes in the three months ended March 31, 2020 compared to 1.8 million tonnes in the three months ended March 31, 2019). This is largely due to a significant decrease in tonnes of waste moved in the first quarter of 2020 (638 thousand tonnes compared to 1.5 million tonnes for the three months ended March 31, 2019), a decrease of 57%. During the first quarter of 2020, the waste contractor for Don Gabriel demobilized and waste movement was taken on internally by MTV. In addition, due to changes in mine sequencing, the expansion at Don Gabriel was temporarily put on hold in order to focus on more economic ore in a lower copper price environment.

Ore mined in the three months ended March 31, 2020 of 249 thousand tonnes is similar to the three months ended March 31, 2019 of 264 thousand tonnes, but is significantly lower than the fourth quarter of 2019 of 313 thousand tonnes (a 21% decrease). This was driven by a change in mine sequencing and the negative impact on operations of a historic drought in northern Chile.

Production for the three months ended March 31, 2020 of 1,484 tonnes of copper cathodes was lower than than the three months ended March 31, 2019 of 1,793 tonnes. Given tonnes of ore mined and crushed for both periods are fairly similar, the impact on copper production was largely driven by:

- the drought which continued through the first quarter of 2020
- the reduction of oxide ore placed on the heap leach which lowers the timing of production coming off the leach pads compared to the recovery curve for sulfide ore placed
- ability of maintaining optimal balance of reagents in solution

Salt Leach Project

Salt Leaching involves adding rock salt (NaCl) in the agglomeration stage of the crushing plant allowing the

mixed sulphide and oxide material to cure in the heap for 15 to 30 days before application of sulphuric acid. The oxidation of sulphide material in the heaps is expected to improve copper recoveries by approximately 8%, reduce acid consumption, and decrease the leach time by approximately 40%. Unfortunately, the drought conditions being experienced in Chile had a negative effect on MTV's leaching operations near the end of 2019 and continued into the first quarter of 2020 with the operation not having enough solution available to irrigate all the ore being placed on the leach pads.

Production

During the first quarter of 2020, MTV produced 3.3 million pounds of 99.99% pure copper cathodes at a cash cost of \$3.27 per pound (see *Non-IFRS Financial Measures*) and sold 3.0 million pounds at an average sales price of \$2.25 per pound. MTV had approximately \$1.1 million of finished goods inventory at March 31, 2020.

Total material crushed in the three months ended March 31, 2020 was 299 thousand tonnes primarily from operations at Don Gabriel and Rajo Norte open pit mines. This compares to 311 thousand tonnes in three months ended March 31, 2019.

Don Gabriel was historically the largest contributor of ore to MTV and together with other ancillary deposits, ore movement during the last six months in 2019 was more than 100,000 tonnes per month, a first for MTV. The first three months of 2020 were impacted by several external forces including COVID-19, resulting in production levels averaging approximately 54,000 tonnes per month.

Ore production from the Papomono underground mine was significantly curtailed for the three months ended March 31, 2020, extracting ore from resource blocks adjacent to the Papomono Masivo deposit in advance of future block caving efforts. A large component of ore production growth remains part of the long term mine plan now expected in 2021 (instead of 2020) which will come from the higher-grade Papomono Masivo deposit. MTV plans to extract ore using retreat mining during the second half of 2020 and is considering beginning the construction and development of the incline block caving of Papomono Masivo in the second half of 2020, at which point it is expected to ultimately generate underground production beyond 2,000 tonnes per day while halving unit-mining costs.

Production in the first quarter of 2020 was lower than the fourth quarter of 2019 due to several external forces experienced by MTV including Chile's worst drought in 60 years, the social unrest uprising that created issues with suppliers and COVID-19 pandemic impacts. MTV continues to assess its options for mine sequencing in 2020 given the continuing COVID-19 pandemic impacts and the creditor protection process that has been initiated by MTV.

Following the pre-feasibility level estimates for Papomono in the Technical Report, detailed engineering is complete and initial development is expected to take 12 months and be completed in 2021 subject to a successful creditor protection process outcome for MTV. Continuing pricing pressure directly related to the USA-China trade dispute, and the COVID-19 virus together with Chile's continued drought and social unrest have delayed expected production for 2020 and the Company is in the process of structuring a mine plan sequencing and operations to accommodate these unforeseen operational pressures while its negotiation with creditors continue. It is still expected that over time, production from Papomono Masivo will ramp up to beyond 2,000 tonnes per day, compared to the current production levels of approximately 300 tonnes per day.

Mineralized material supplied by ENAMI and local miners has decreased in the first quarter of 2020 due to the current economic environment and decline in copper prices. The processing of third party mineralized material has good margins, utilizes excess capacity, requires no capital spend and benefits local community members.

In December 2019, MTV entered into a secured prepayment facility (the "Facility") with Anglo American Marketing Limited and a fund under investment management of Kimura Capital LP (referred to as the "Lenders"). MTV, the Company and the Lenders are currently in advanced discussions to amend the Facility as part of the creditor protection process to accommodate the operational impacts resulting from the lower copper price due to the USA-China trade dispute and the COVID-19 outbreak. This is in addition to Chile's continuing drought and social unrest.

Capital Cost Expenditures

Capital expenditures for the three months ended March 31, 2020 included \$1.4 million of capital expenditures primarily for waste stripping at Don Gabriel and costs for the Salt Leach project. During the quarter, 638 thousand tonnes of waste and pre-strip were moved, compared to 1.5 million tonnes moved in the prior year's quarter due to a change in mine sequencing and transitioning waste movement internally at MTV in 2020.

Health and Safety

For the three months ended March 31, 2020, there was one Lost-Time Incident in February 2020. The Company and MTV devote considerable time and effort to ensure that our workers and contractors return safely to their families after each shift. Our safety statistics are better than the country and peer averages, and MTV pro-actively engages in education and assessment to achieve a goal of zero lost-time incidents. MTV's Injury Frequency rate was 1.5 per million hours worked as at March 31, 2020.

Community and Environment

On March 18, 2020, Chile declared a state of catastrophe over the COVID-19 outbreak that restricts freedom of movement within the country. On March 21, 2020, officials of Salamanca formally requested MTV to temporarily halt or restrict operations for two weeks as a measure to slow the advance of the pandemic and on March 23, 2020, the Company announced measures that were immediately implemented at MTV. These measures continue to be in place. The extent of the effect of the COVID-19 pandemic on the Company's future business activities is uncertain.

MTV works with the local communities, and the MTV Foundation continued the funding of projects agreed by the MTV Foundation board, which is largely composed of community representatives to help MTV understand the true needs of its neighbors, such as starting an eco-friendly cooperative at a local school. MTV's ore purchase program ensures support from local miners, buying ore from over 26 providers and supporting the development of over 300 small-scale miners through local mining unions.

Financial Results

Financial information (in thousands)	Three months ended	
	Mar. 31, 2020	Mar. 31, 2019
Revenue	\$1,147	\$1,608
Gross loss	\$6,982) \$1,560
Net loss from continuing operations	\$15,576) \$2,622
Net loss from discontinued operations	\$2,241) \$1,517
Net loss for the period	\$17,817) \$4,139
Adjusted EBITDA from continuing operations ¹	\$1,731	\$1,959
Unrealized gain (loss) on portfolio investments	\$2,332) \$,662
Impairment of non-current assets	\$7,628) \$8212;
Write-down of inventory	\$3,805) \$8212;
Cash used in operating activities before working capital changes	\$2,246) \$1,300

¹ Refer to Non-IFRS Performance Measures

Financial Results Summary

Revenues of \$7.1 million for the three months ended March 31, 2020 were generated predominantly from the sale of copper cathodes and tolling charges for mineralized material supplied by ENAMI. Finished goods inventory at March 31, 2020 was approximately \$1.1 million. Copper cathodes sold for the three months ended March 31, 2020 of 1,354 tonnes which was slightly higher than the comparative quarter in 2019 of 1,302 tonnes due to timing of shipments.

Tonnes of copper sold during the three months ended March 31, 2020 were 52 tonnes higher than the three months ended March 31, 2019 but the unfavourable price variance had a more significant impact on the gross loss with a decrease in realized price from \$2.68 per pound for the three months ended December 31, 2019 to \$2.25 per pound.

The Company reported a quarterly net loss of \$17.8 million or \$(0.53) per share. This result includes a net loss from discontinued operations of \$2.2 million, impairment charges of \$7.6 million, inventory write-down of \$3.8 million and an unrealized loss on portfolio investments of \$2.3 million. Adjusted EBITDA (see Non-IFRS Financial Measures) from continuing operations for the three months ended March 31, 2020 was \$1.7 million or \$0.05 per share. For the comparable quarter in 2019, the Company reported a net loss of \$4.1 million or \$(0.12) per share and Adjusted EBITDA from continuing operations of negative \$2.0 million or \$(0.06) per share.

In the first quarter of 2020, cash used in operating activities was \$0.5 million (cash used of \$2.2 million before changes in non-cash components of working capital), as compared with the first quarter of 2019 when cash used in operating activities was \$4.5 million (cash used of \$1.3 million before changes in non-cash components of working capital).

The gross loss for the three months ended March 31, 2020 was \$7.0 million. This is largely generated by a decrease in copper price and an inventory write-down of \$3.8 million.

Total costs (excluding the write-down of inventory) have decreased due to the change in mine plan with a 57% decrease in waste mined during the quarter compared to the first quarter of 2019. Also, during the three months ended March 31, 2020, cost of sales was positively impacted by the strengthening of the US dollar of approximately 14% compared to the Chilean peso.

Cash Position

Cash and cash equivalents decreased to \$9.5 million at March 31, 2020 from \$11.6 million at December 31, 2019 as MTV primarily used its opening cash balance and cash flow from operations to support the mine which included capital expenditures of \$1.3 million during the three months ended March 31, 2020. The Company has cash of \$11.5 million as at the date hereof.

Investment Portfolio Divestment

The Company continues to work on its divestment strategies for its Tactical Assets. Subsequent to March 31, 2020, the Company disposed of all its equity holdings of Corsa Coal and URC for gross proceeds of \$2.7 million. Management expects that further dispositions could be realized this year.

Qualified Persons

Scientific or technical information in this press release relating to MTV is based on information prepared by Dr Antonio Luraschi, RM CMC, Manager of Metallurgic Development and Senior Financial Analyst, Wood; Mr Sergio Navarrete, RM CMC, Mining Engineer, Wood; Mr Alfonso Ovalle, RM CMC, Mining Engineer, Wood; Mr Michael G. Hester, FAusIMM, Vice President and Principal Mining Engineer, Independent Mining Consultants, Inc.; Mr Enrique Quiroga, RM CMC, Mining Engineer, Q&Q Ltda; Mr Gabriel Vera, RM CMC, Metallurgical Process Consultant, GVMetallurgy; and Mr Sergio Alvarado, RM CMC, Consultant Geologist, General Manager and Partner, Geoinvestment Sergio Alvarado Casas E.I.R.L., all of whom were independent Qualified Persons; as such term is defined in National Instrument 43-101 Standards of Disclosure for Mineral Projects at the time the Technical Report was completed. The Technical Report was filed by SRHI on SEDAR on December 14, 2018. Readers are encouraged to read the Technical Report in its entirety.

Notes on Preliminary Economic Assessments

Please note that the PEA Case is preliminary in nature, that 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 PEA Case will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

About MTV

MTV is an operating mining complex located 300 kilometers northeast of Santiago, Chile in Region IV near the town of Salamanca. MTV comprises two main deposits: Papomono (underground) and Don Gabriel (open pit). The mine is currently operating and producing high-grade copper cathode. The mine has significant infrastructure in place with a crushing and processing plant with nameplate capacity of 7,000 and 6,000 tonnes per day, respectively. The plant is designed to produce up to 18,500 tonnes per annum of LME Grade 99.999% copper cathodes. For more information about MTV, please visit <http://www.mineratresvalles.com>.

About Sprott Resource Holdings Inc.

SRHI is a publicly-listed company focused on expanding MTV's copper mining operation in Chile and divesting of its legacy investments. Based in Toronto, SRHI is managed under a services contract by a team of resource professionals and its businesses and portfolio investments are concentrated in the mining sector. For more information about SRHI, please visit www.sprottresource.com.

Non-IFRS Financial Measures

"Cash costs", "Adjusted EBITDA" and "Working Capital" are non-IFRS financial performance measures. Further details on non-IFRS measures are provided in the MD&A accompanying SRHI financial statements filed from time-to-time on SEDAR at www.sedar.com.

Cautionary Statement Regarding Forward-Looking Information

Certain statements in this news release, contain forward-looking information (collectively referred to herein as the "Forward-Looking Statements") within the meaning of applicable Canadian securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify Forward-Looking Statements. In particular, but without limiting the foregoing, this news release contains Forward-Looking Statements pertaining to: anticipated additional capital for MTV and the sources and timing thereof, expectations regarding the outcome of the creditor protection process in Chile and the sustainability of MTV, expectations regarding production (including in May 2020) and ability and timing of generation of positive free cash flow; expectations regarding the MTV mine expansion, development and cost reductions and operational efficiencies, including the anticipated expansion methods, costs, timing and the benefits derived from same; expectations regarding the change in the Company's management and continued support under the transitional agreement with SCLP; expectations regarding the costs, timing and benefits of the Salt Leach; the short term and long term price of copper; future block caving efforts and the expected benefits therefrom and timing thereof; improvements in gross profits and timing for operations to ramp up to full capacity; expectations regarding the investment portfolio divestment; the mine plan and capital expenditure program for MTV; mineral resource and mineral reserve estimates; the Technical Report; continued USA-China trade disputes; continued unrest in Chile; disruption by COVID-19 and water shortages; the ability of the Company and MTV to continue as a going concern and the impact and timing of plans in respect thereof, and general business and economic conditions.

Although SRHI believes that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: there being no additional significant disruptions affecting the development and operation of MTV; the availability of certain consumables (including water) and services and the prices for power and other key supplies being approximately consistent with assumptions in the Technical Studies; labour and materials costs being approximately consistent with assumptions in the Technical Studies; fixed operating costs being approximately consistent with assumptions in the Technical Studies; permitting and arrangements with stakeholders being consistent with current expectations as outlined in the Technical Studies; certain tax rates, including the allocation of certain tax attributes, being applicable to MTV; the availability of financing for MTV's planned development activities;

assumptions made in mineral resource and mineral reserve estimates and the financial analysis based on the mineral reserve estimate and in the case of the PEA, the mineral resource estimate, including (as applicable), but not limited to, geological interpretation, grades, commodity price assumptions, metallurgical performance, extraction and mining recovery rates, hydrological and hydrogeological assumptions, capital and operating cost estimates, and general marketing, political, business and economic conditions, the continued availability of quality management, critical accounting estimates, current constructive negotiations with the Lenders will continue, the creditor protection process will be successful, drought conditions will improve, supplemental water availability will continue and SRHI will not be delisted from the TSX. Actual results, performance or achievements could vary materially from those expressed or implied by the Forward-Looking Statements should assumptions underlying the Forward-Looking Statements prove incorrect or should one or more risks or other factors materialize, including: (i) possible variations in grade or recovery rates; (ii) copper price fluctuations and uncertainties; (iii) delays in obtaining governmental approvals or financing; (iv) risks associated with the mining industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to mineral reserves, production, costs and expenses; and labour, health, safety and environmental risks) and risks associated with the other portfolio companies' industries; (v) performance of the counterparty to the ENAMI Tolling Contract; (vi) risks associated with investments in emerging markets; (vii) general economic, market and business conditions; (viii) market volatility that would affect the ability to enter or exit investments; (ix) failure to secure additional financing in the future on acceptable terms, if at all; (x) commodity price fluctuations and uncertainties; (xi) risks associated with catastrophic events, manmade disasters, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic or other public health crises, including COVID-19; (xii) those risks disclosed under the heading "Risk Management" in SRHI's Discussion and Analysis for the year ended December 31, 2019; and (xiii) those risks disclosed under the heading "Risk Factors" or incorporated by reference into SRHI's Annual Information Form dated March 24, 2020. See also the cautionary language under "Notes on Preliminary Economic Assessments" above. The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and SRHI does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable Canadian securities laws.

Cautionary Note to United States Investors Concerning Estimates of measured, indicated and inferred mineral resources

This news release may use the terms "measured", "indicated" and "inferred" mineral resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable.

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