

SRHI Inc. Begins Construction and Development of Underground Mine and Reports 2020 Third Quarter Results

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TORONTO, Nov. 16, 2020 - [SRHI Inc.](#) ("SRHI" or the "Company" - formerly Sprott Resource Holdings Inc.) (TSX: SRHI) is pleased to announce that the Company's 70% owned producing copper mine in Salamanca, Chile, Minera Tres Valles ("MTV") has commenced the construction and development of its Papomono Masivo underground deposit. The Company also announces its operating and financial results for the three and nine months ended September 30, 2020. The Company's financial statements and management's discussion and analysis ("MD&A") are available at www.srhi.ca and www.sedar.com.

- Desarrollos Mineros Aura SpA (“Aura”) selected as contractor for the construction and development of Papomono Masivo
- MTV emerges successfully from creditor protection with support from 100% of MTV’s senior secured lenders (the "Lenders") and 93% of the unsecured creditors
- The customary documentation ("Customary Documentation") as required under the Judicial Reorganization Agreement ("JRA") is nearing completion clearing hurdles to additional financial support – funding currently in progress
- MTV agreed to sell 40% of its copper production at \$2.89 per pound for 24 months ending July 2022 under its offtake agreement providing stability of cash flow during its construction and development phase

“Since the JRA was approved at the end of August and MTV successfully emerged from creditor protection, our teams have been working to both secure an underground contractor and to complete the customary documentation to fulfill the requirements of the JRA,” stated Michael Staresinic, President and Chief Financial Officer. “The Company, together with MTV, have executed the remaining amending agreements allowing for the final Chilean processes to be completed. Our contractor, Aura, has already begun mobilizing their equipment at site and we expect this to be completed in the next couple of weeks.”

Mr. Staresinic continued, "This past quarter was a challenging yet rewarding period for the Company. With the support of its creditors, MTV emerged from creditor protection in August providing it with the future financial flexibility to execute the construction and development of the Papomono Masivo incline block caving project. The incline block caving project is undoubtedly the most important part of MTV's future success."

Luis Vega, Chief Executive Officer of MTV, stated, “Our recent partnership with Aura to construct and develop Papomono Masivo is an important step in unlocking MTV’s value. Aura is a well-known and reputable mining contractor properly qualified to execute this project. The next 12 months are critical to MTV’s success and we believe that with Aura as our partner, we will be effective in executing the construction and development of Papomono Masivo."

"We will take the remainder of the year to complete the budget and our guidance for 2021," commented Terry Lyons, Interim Chief Executive Officer of SRHI. "However, we do expect that with the completion of the Customary Documentation, the construction of the Papomono Masivo incline block caving project will be underway before the end of the year and our Don Gabriel open pit mine restarted shortly thereafter."

Mr. Lyons continued, “At the end of the first quarter of 2020, the Company reacted to COVID-19 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 would be sustainable in a depressed copper price environment. The copper price during the third quarter remained above our expectations and we are encouraged it will continue as we restart operations in early 2021."

Business Update

Emergence by MTV from Creditor Protection

COVID-19 contributed to the decision to file for creditors' protection for MTV in May 2020.

On August 24, 2020, the Company announced that creditors of MTV approved the JRA in Chile with support from 100% of the Lenders and 93% of the unsecured creditors. This support provides a solution that is expected to generate sufficient liquidity and flexibility to finance operations into 2021 and 2022 when mining operations are expected to generate sufficient cash flow. As a result of the JRA, a significant portion of MTV's accounts payable and accrued liabilities were converted to long-term debt (the "Unsecured Debt") and additional commitments by both the Lenders and the Company were made subject to the completion of Customary Documentation. Upon the completion of the Customary Documentation, the terms of the Lenders' secured prepayment facility (the "Facility") will be amended (the "Amended Facility").

A summary of the financial commitments arising from the JRA, both in effect and pending, is as follows:

SRHI Inc. to Provide \$10 Million to MTV by June 2021

- Up to \$10 million secured second ranking debt to be financed from the Company's cash resources (the "SRHI New Loan");
- May be drawn down by MTV over the next 12 months
- Principal and interest subordinated to the Facility and New Senior Debt (defined below)
- Expected payback beginning 2025
- Fulfills (and will reduce, pro-rata) the Company's \$10 million corporate guarantee provided under the Facility agreement (the "Facility Agreement") entered into between the Lenders, MTV and the Company in December 2019
- No dilution to the Company's 70% equity holding of MTV

Lenders Amend Facility Agreement Terms and Commit to Additional \$6 Million

- Immediate release of \$7 million of cash, currently restricted by the Lenders pursuant to the Facility Agreement, to support MTV's operations (effective August 24, 2020)
- Extension of the Facility Agreement's maturity by 12 months to December 2024
- Extension of the Facility Agreement's commencement for principal repayments by 12 months to begin March 31, 2022
- Extension by 18 months of the requirement to pay 50% of interest under the Facility Agreement. Full interest payments begin March 31, 2022
- Up to \$6 million of new senior debt (the "New Senior Debt") to have substantially the same security and terms as currently contemplated in the Facility Agreement (with some amendments)
- The New Senior Debt is to be made available to MTV, if needed, after SRHI has fully advanced the SRHI New Loan

Unsecured Creditors Convert Amounts Owed to Unsecured Debt

- Effective August 24, 2020, Unsecured Debt amounting to approximately \$17 million converted from accounts payable of MTV to long-term debt (the "Unsecured Term Debt");
- Effective August 24, 2020, Unsecured Debt amounting to approximately \$5 million converted from accounts payable of MTV to subordinated long-term debt ("Subordinated Debt") to be repaid only after all amounts due to the Lenders and unsecured creditors are fully repaid
- Principal and interest repayment grace period for Unsecured Term Debt; first payment to begin March 31, 2022
- 50% of Unsecured Term Debt to be repaid in 13 quarterly payments beginning March 31, 2022
- Remaining 50% of Unsecured Term Debt to be repaid on June 30, 2025
- Annual interest rate of New Unsecured Debt is 5%
- Opportunity for accelerated prepayments
- Subordinated Debt and Unsecured Term Debt totaling approximately \$7 million is due to Vecchiola S.A, a related party to the minority Shareholder of MTV.

As a result of MTV filing for creditor protection in May 2020, 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 December 4, 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. The Company expects that upon the successful completion of the Customary Documentation, the TSX will conclude its delisting review supporting the Company's continued listing on the TSX.

Construction and Development of Papomono Masivo

On November 8, 2018, the Company announced its results from a series of technical studies (the "Technical Studies") on MTV that was consolidated into a NI 43-101 compliant technical report (the "Technical Report") that was filed on December 14, 2018. The Technical Studies were completed by Amec Foster Wheeler, a Wood company ("Wood") along with contributions from independent consulting firms that included:

- Mineral resource and mineral reserve estimates for the Papomono deposits; and,
- Preliminary Feasibility Study ("PFS") for the underground exploitation of the Papomono Masivo mine zone.

The Technical Studies concluded that a total capital cost of US\$21 million would be required for the PEA (the "PEA Case") to ramp-up operations to approximately 18,000 tonnes per annum of copper cathodes within 24 months together with an additional \$31 million of sustaining/development capital costs. Upfront capital costs of \$7.8 million and sustaining/development capital costs of \$6.7 million were identified for the Papomono Masivo project in the PEA Case.

In early 2020, the Company completed additional detailed engineering work to optimize certain aspects of the construction and development of the Papomono Masivo deposit. This additional work was the basis for the negotiation of the Aura contract that has a value of \$11.4 million based on the most recent specifications obtained from this detailed engineering study. The majority of this \$11.4 million is considered upfront capital costs compared to the \$7.8 million identified in the Technical Studies.

In the last 10 years alone, Aura has completed contracts for Codelco El Teniente, Codelco Andina, Minera Los Pelambres, Antogafasta Minerals, Minera Nova Ventura, Minera Las Cenizas, Yamana Gold, Endesa, Colbun, among others. It has accumulated construction of over 95,800 meters of tunnels, 348,300 cubic meters of excavations, 221,300 square meters of mesh fortifications, and 2,600 tonnes of assembled structures.

Under the base case mine plan (the "Base Case"), the mineral reserve estimate for Papomono Masivo is 2,559kt of proven mineral reserves (at a copper grade of 1.51%) and 508kt of probable mineral reserves (at a copper grade of 1.48%) for a total of 3,067kt of proven and probable mineral reserves.

The construction and development of Papomono Masivo is expected to be completed in the fourth quarter of 2021 with initial ore production beginning during the third quarter of 2021. For the remainder of 2020, MTV will be focusing on processing ore in its current inventory, increasing its tolling business and accelerating the processing of ore supplied by third-party miners. Beginning in 2021, MTV intends to reopen its Don Gabriel open pit mine for approximately 1 year while simultaneously constructing the Papomono Masivo underground mine.

COVID-19

During the quarter, COVID-19 had a limited impact on both the Company and MTV. There were no cases of COVID-19 reported and the necessary precautions to manage and mitigate 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 continues. As a result of COVID-19 and the creditor protection process, MTV undertook immediate and significant measures that continued throughout the third quarter reflecting a care and maintenance mining program. Although operating in a reduced state, MTV still produced 2.4 million pounds of copper cathodes in the third quarter.

With the successful emergence by MTV from creditor protection, restarting operations is expected in early 2021.

Chile's Drought and Social Unrest

Chile entered the rainy season in the second quarter that provided adequate amounts of water to comfortably sustain and expand operations, if necessary. During the first quarter, the province of Coquimbo, where the mine is located, was suffering from the most severe drought in 60 years, which affected fluid flow through the heaps and impacted copper production. At times, the flow of water from various sources including the Choapa River, was not sufficient to fulfill MTV's water rights necessitating production curtailment.

At the beginning of the second quarter, MTV was able to secure water sources that currently yield the required water flows to maintain its revised planned operations. The early rains received from the start of this rainy season have helped MTV and the surrounding areas that were in desperate need for water. There is currently no water supply issues affecting MTV's mining operations. However, should drought conditions or water supply challenges reappear in the foreseeable future, further adjustments to the operations at MTV may be required.

In October 2019, social unrest in Chile erupted throughout the country. Deaths, vandalism and looting were reported in Santiago and other regions of the country. As of September 30, 2020, the social unrest had retreated as COVID-19 became the focus of the country but its impacts on Chile's economy continue. This geopolitical uncertainty and the current global economic uncertainties has reduced the attractiveness of Chile as an investment destination for capital providers.

Operational Update

<i>Operating information</i>	Three months ended		Nine months ended	
	Sept. 30, 2020	Sept. 30, 2019	Sept. 30, 2020	Sept. 30, 2019
Copper (MTV Operations)				
Total ore mined (thousands of tonnes)	49	345	351	897
Grade of ore mined (% Cu)	0.88	% 0.73	% 0.86	% 0.66
Total waste mined (thousands of tonnes)	118	1,442	853	4,518
Ore Processed (thousands of tonnes)	90	404	474	1,069
Cu Production (tonnes)	1,077	1,646	3,789	5,176
Cu Production (thousands of pounds)	2,374	3,628	8,353	11,412
Change in inventory (\$000s)	(11)	2,787	(4,421)	10,809
Cash cost of copper produced ¹ (USD per pound)	\$ 2.16	\$ 2.77	\$ 2.68	\$ 2.61
Realized copper price ¹ (USD per pound)	\$ 2.82	\$ 2.51	\$ 2.46	\$ 2.66

¹ Refer to Non-IFRS Performance Measures

During the three months ended September 30, 2020, the mining operation continued to run in a modified capacity, consistent with the second quarter of 2020. While MTV continued to re-leach rehandled ore from its leach pads, two open pit mines remained idled and only the smaller Rajo Norte open pit continued to run. Supplemental ore was also contributed by third parties and ENAMI. The higher grades and faster leaching of the oxide ores provided by these sources are a better contribution based on the reduced production profile. There was very limited activity at the Papomono underground site as it was principally in care and maintenance.

Cost per pound produced decreased to \$2.16 for the three months ended September 30, 2020 compared to \$2.77 for the three months ended September 30, 2019 primarily as a result of cost savings created by the change in mine sequencing and modifications made to the operations. Cost per pound produced increased to \$2.68 for the nine months ended September 30, 2020 compared to \$2.61 for the nine months ended September 30, 2019. The increase in cost per pound is driven primarily by the write-down in inventory taken in the first quarter of 2020.

Total ore and waste tonnes mined decreased compared to the same quarter in the prior year (167 thousand tonnes in the three months ended September 30, 2020 compared to 1.8 million tonnes in the three months ended September 30, 2019). This is largely due to a significant decrease in tonnes of waste moved in the third quarter of 2020 (118 thousand tonnes compared to 1.4 million tonnes for the three months ended September 30, 2019). During the first quarter of 2020, the contractor for Don Gabriel demobilized and the mine was put on care and maintenance.

Ore mined decreased in the current quarter compared to the same quarter in the prior year (49 thousand tonnes in the three months ended September 30, 2020 compared to 345 thousand tonnes in the three months ended September 30, 2019). This was driven by a change in mine sequencing as the majority of MTV's operation was on care and maintenance during the current quarter and focused on more economic oxide ore which has a shorter leaching cycle and helps produce higher production during this time. Production for the three months ended September 30, 2020 of 1,077 tonnes of copper cathodes was lower than the three months ended September 30, 2019 of 1,646 tonnes. The impact on copper production was largely driven by:

- a modified, reduced mine plan
- reduced ore processing and sub-optimal reagents in the heap leach
- downtime to the mining operation during the quarter due to inclement weather
- periodic shortages of equipment, critical materials and supplies such as explosives, fuel and sulfuric acid affected both mine and plant production

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 at least 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 experienced in Chile had a negative effect on MTV's leaching operations near the end of 2019 and continued into the first half of 2020 with the operation not having enough solution available to irrigate all the ore being placed on the leach pads. Chile entered the rainy season in the second quarter that provided adequate amounts of water to comfortably sustain and expand operations, if necessary. The early rains received from the start of this rainy season have helped MTV and the surrounding areas that were in desperate need for water. The higher levels of water will be required to support a ramp up of tonnes added to the Salt Leach and during the third quarter, MTV did not experience any water supply issues. Beginning in September 2020, MTV began increasing the addition of salt with the goal of reaching design parameters by early 2021. However, should drought conditions or water supply challenges reappear in the foreseeable future, further adjustments to the operations at MTV may be required.

Production

During the third quarter of 2020, MTV produced 2.4 million pounds of 99.99% pure copper cathodes at a cash cost of \$2.16 per pound (see *Non-IFRS Financial Measures*) and sold 1.9 million pounds at an average sales price of \$2.82 per pound. MTV had approximately \$1.9 million of finished goods inventory at September 30, 2020.

Total material crushed in the three months ended September 30, 2020 was 90 thousand tonnes primarily from operations at the smaller Rajo Norte open pit mine. This compares to 404 thousand tonnes in the three months ended September 30, 2019 as operations in the current quarter remained primarily in care and maintenance.

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 resulting in production levels averaging approximately 54,000 tonnes per month from Don Gabriel. During the first quarter of 2020, Don Gabriel was idled and remained that way through the third quarter. It is expected that operations at the Don Gabriel open pit mine will restart in the first quarter of 2021.

For similar reasons, ore production from the Papomono underground mine was curtailed at the end of the

first quarter of 2020 and remained that way through the third quarter, extracting minimal ore as a part of care and maintenance. A large component of ore production growth remains part of the long-term mine plan which will come from the higher-grade Papomono Masivo deposit beginning in late 2021. MTV plans to begin construction and development of the incline block caving of Papomono Masivo before the end of this year, and following a 12 month construction phase, is expected to ultimately generate underground production in excess of 2,000 tonnes per day while halving unit-mining costs.

Production in the third quarter of 2020 was the lowest this year due to the mine idling described above. With the approval of the JRA and near completion of the Customary Documentation, MTV is finalizing its mine sequencing for 2021 that is likely to include the restart of Don Gabriel while Papomono Masivo is under construction and development. For the remainder of 2020, MTV will continue to produce copper cathodes from its existing inventory, its tolling business and the processing of third-party ore.

Capital Cost Expenditures

Capital expenditures for the nine months ended September 30, 2020 amounted to \$1.1 million and were primarily pre-stripping waste rock at Don Gabriel in the first quarter in preparation of the next mining phases, mining equipment and final costs relating to the Salt Leach project. There were limited capital expenditures for the three months ended September 30, 2020. With the planned construction and development of Papomono Masivo beginning before the end of 2020, the Company expects capital expenditures for 2021 and the remainder of 2020 to increase substantially.

Health and Safety

For the three months ended September 30, 2020, there were no Lost-Time Incidents. 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 monitored and compared to the country and peer averages, and MTV pro-actively engages in education and assessment to achieve a goal of zero lost-time incidents.

Community and Environment

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 Update

	Three months ended		Nine months ended	
<i>Financial information (in thousands)</i>	Sept. 30, 2020	Sept. 30, 2019	Sept. 30, 2020	Sept. 30, 2019
Revenue	\$ 5,610	\$ 9,650	\$ 17,700	\$ 26,300
Gross loss	\$ (552)	\$ (4,259)	\$ (9,546)	\$ (8,920)
Net loss from continuing operations	\$ (335)	\$ (8,619)	\$ (21,167)	\$ (23,900)
Net loss from discontinued operations	\$ (8212)	\$ (374)	\$ (2,241)	\$ (2,420)
Net loss for the period	\$ (335)	\$ (8,993)	\$ (23,408)	\$ (26,320)
Adjusted EBITDA from continuing operations ¹	\$ (2,279)	\$ 51	\$ (3,819)	\$ (4,680)
Loss on portfolio investments	\$ (8212)	\$ (3,419)	\$ (1,294)	\$ (8,570)
Impairment of non-current assets	\$ (8212)	\$ (8212)	\$ (7,628)	\$ (8,212)
Reversal (write-down) of inventory	\$ 665	\$ (1,194)	\$ (3,441)	\$ (2,050)
Gain on modification of debt	\$ 3,487	\$ (8212)	\$ 3,487	\$ (8212)
Cash used in operating activities before working capital changes	\$ (1,097)	\$ (1,412)	\$ (4,412)	\$ (5,540)

¹ Refer to Non-IFRS Performance Measures

Financial Results Summary

Revenues of \$5.6 million for the three months ended September 30, 2020 were generated predominantly from the sale of copper cathodes and, to a lesser extent, tolling charges for mineralized material supplied by ENAMI. Finished goods inventory at September 30, 2020 was approximately \$1.9 million. Copper cathodes sold for the three months ended September 30, 2020 of 858 tonnes was lower than the comparative quarter in 2019 of 1,653 tonnes. This was driven by the modified operations implemented in 2020 which has reduced operating volumes compared to 2019.

Tonnes of copper sold during the three months ended September 30, 2020 were 795 tonnes lower than the three months ended September 30, 2019 but the favourable price variance mitigated the impact on the gross loss with an increase in realized price from \$2.51 per pound for the three months ended September 30, 2019 to \$2.82 per pound for the three months ended September 30, 2020.

During the three months ended September 30, 2020, MTV and the offtake provider (one of the Lenders) agreed and executed an increase to the fixed price portion originally agreed to in the offtake agreement from 25% to 40%. MTV has contracted to sell 40% of its expected copper cathode production at \$2.89 per pound from August 2020 to July 2022. This stability of cash inflow for the next 2 years provides a degree of certainty for the business during its construction and production ramp-up phases.

The Company reported a quarterly net loss of \$0.3 million or \$(0.01) per share. This result includes a reversal of a previous write-down of current inventory of \$0.7 million and a non-cash gain on a modification of debt of \$3.5 million. The modification of debt represents the difference in accounting treatment upon the conversion of a significant portion of MTV's accounts payable and accrued liabilities to long-term debt as agreed to under the JRA. Adjusted EBITDA (see Non-IFRS Financial Measures) from continuing operations for the three months ended September 30, 2020 was negative \$2.3 million or \$(0.07) per share. For the comparable quarter in 2019, the Company reported a net loss of \$9.0 million or \$(0.26) per share and Adjusted EBITDA from continuing operations of positive \$51 thousand or \$0.00 per share. The net loss for the three months ended September 30, 2020 is lower than the previous period in 2019 as the Company recognized a reversal of a previous write-down of current inventory of \$0.7 million and a gain on modification of debt of \$3.5 million in the current quarter compared to a write-down of inventory of \$1.2 million and a loss on portfolio investments of \$3.4 million in the comparable quarter of the prior year.

In the first three quarters of 2020, the Company reported a net loss of \$23.4 million or \$(0.70) per share. This result includes a loss on sale from discontinued operations of \$2.2 million, impairment charges of \$7.6 million, an inventory write-down of \$3.4 million, gain on modification of debt of \$3.5 million and a loss on portfolio investments of \$1.3 million. Adjusted EBITDA (see Non-IFRS Financial Measures) from continuing operations for the nine months ended September 30, 2020 was negative \$3.8 million or \$(0.11) per share. For the comparable quarters in 2019, the Company reported a net loss of \$26.4 million or \$(0.77) per share and Adjusted EBITDA from continuing operations of negative \$4.7 million or \$(0.14) per share.

In the first three quarters of 2020, cash used in operating activities was \$2.4 million (cash used of \$4.4 million before changes in non-cash components of working capital), compared with the first three quarters of 2019 when cash used in operating activities was \$4.3 million (cash used of \$5.5 million before changes in non-cash components of working capital).

At September 30, 2020, the Company had a consolidated working capital deficiency of \$23.7 million primarily as a result of the entire balance of the Facility presented as current liabilities. The re-categorization of a large portion of this facility balance to long-term debt is expected in the last quarter of 2020. Should all of the obligations under the JRA have been satisfied as at September 30, 2020, the working capital of the Company would have been \$20.9 million.

The gross loss for the three months ended September 30, 2020 was \$0.6 million. Compared to the first two quarters of 2020, total costs have decreased due to cost saving initiatives which included reductions in headcount, idling two mining operations and operating only the smaller Rajo Norte open pit, modifying plant shift schedules, purchasing high grade third party ore and maintaining tolling of ENAMI ore which are higher oxide ore and have a faster leach cycle.

Cash Position

Cash and cash equivalents increased to \$15.1 million at September 30, 2020 from \$11.6 million at December 31, 2019 as the Company realized proceeds on the disposition of two Portfolio Investments, recorded the release of restricted cash of \$7.0 million and MTV utilized its opening cash balance to support the project's operations including capital expenditures of \$1.1 million during the nine months ended September 30, 2020. The majority of cash resided at the Company level and amounted to \$10.9 million at September 30, 2020.

Investment Portfolio Divestment

The Company continues to work on its divestment strategies for its Investment Portfolio. During the three months ended September 30, 2020, there were no dispositions of portfolio investments.

Management expects that the remainder of the Investment Portfolio could be divested in the first half of 2021.

Qualified Persons

The scientific and technical content contained in this news release is taken from the Technical Report entitled "Minera Tres Valles Copper Project, Salamanca, Coquimbo Region, Chile NI 43-101 Technical Report"; 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 are independent qualified persons as defined by NI 43-101. The Technical Report is available under the Company's profile on www.SEDAR.com. 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 SRHI Inc.

SRHI is a publicly-listed company based in Toronto and its principal operating business is its 70% equity interest in the producing copper mine MTV in Salamanca, Chile. For more information about SRHI, please visit www.srhi.ca.

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: the potential for positive outcomes as a result of the completion of the Customary Documentation and the timing for certainty of such outcomes; completion of the outstanding terms of the JRA and the terms thereof; expectations regarding the \$10 million guarantee and its expected drawdown; expected timelines for drawdown and repayment of indebtedness of MTV; expectations regarding the costs, timing and benefits of constructing and mining Papomono Masivo and MTV's plan during the construction period; MTV's focus for the remainder of 2020 and the expected reopening of the Don Gabriel mine and the timing thereof, sustainability of the mine plan at MTV; expectations regarding refinancing of MTV; impacts of COVID-19 and the Company's and MTV's precautions to manage and mitigate same; the potential for the Company's guarantee of MTV's indebtedness to be called upon; the expectation for additional capital to be provided by the Company to MTV as well as the quantity, timing and use thereof by MTV; expectations regarding production following construction and ability and timing of generation of cash flow; the future of the Company's stock exchange listing and alternatives in respect thereof; the future availability of water to MTV's operations; expectations regarding the costs, timing and benefits of the Salt Leach; the long-term mine plan at Papomono and the timing in respect of production growth therefrom; future block caving efforts and the expected benefits therefrom and timing thereof; expectations for an Amended Facility and timing thereof; and anticipated divestitures of the remaining Investment Portfolio and timing thereof.

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 Preliminary Economic Assessment, 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, successful completion of the Customary Documentation, all terms of the JRA will be satisfied, existing water supply will continue, supplemental water availability will continue, the construction and expansion of mining operations including the Papomono Masivo incline block caving underground mining project, as well as the timing thereof and production therefrom; the timing for the expected reopening of the Don Gabriel mine; expected timelines for drawdown and repayment of indebtedness of MTV; 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 in general; (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 to the Company, if at all; (x) commodity price fluctuations and uncertainties; (xi) failure to successfully complete the Customary Documentation; (xii) 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; (xiii) those risks disclosed under the heading "Risk Management" in SRHI's 2017's Management's Discussion and Analysis for the year ended December 31, 2019 or SRHI's 2020 Second Quarter Report; and (xiv) 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.

For further information:

Michael Staresinic
President and Chief Financial Officer
T: (416) 943-7107
E: mstaresinic@srhi.ca

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