

# Sprott Resource and Adriana Resources Announce Closing of Previously Announced Business Combination and Name Change to Sprott Resource Holdings Inc.

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TORONTO, Feb 9, 2017 - Sprott Resource Corp. ("SRC") (TSX:SCP) and [Adriana Resources Inc.](#) (now renamed Sprott Resource Holdings Inc.) ("ADI" or the "Company") (TSX VENTURE:ADI) are pleased to announce the completion of the previously announced plan of arrangement (the "Arrangement") pursuant to which ADI acquired 100% of the outstanding 96,672,102 SRC common shares and SRC became a wholly-owned subsidiary of ADI. Holders of common shares of SRC received 3.0 ADI common shares per common share of SRC held. ADI shareholders of record on the business day immediately prior to the closing date for the Arrangement were issued one-quarter of a common share purchase warrant in respect of each ADI share held, with each whole warrant (each, a "Warrant") having a five-year term and a strike price of \$0.333 per share (the "Warrant Distribution").

In connection with the Arrangement, Sprott Inc. ("Sprott"), a fund managed by a subsidiary of Sprott, and Term Oil Inc. (a corporation controlled by Arthur Richards (Rick) Rule IV, Chairman of Sprott US Holdings Inc.) also invested, concurrently with the closing of the Arrangement, an aggregate of \$15 million in the combined Company by purchasing a combination of ADI common shares and Warrants (collectively, the "Concurrent Private Placements"). The Arrangement, the Warrant Distribution, the Concurrent Private Placements are referred to collectively as the "Transaction".

Immediately following completion of the Transaction, ADI changed its name to [Sprott Resource Holdings Inc.](#) ("SRHI").

The common shares of SRHI, including those issued pursuant to the Transaction are expected to be listed and begin trading on the Toronto Stock Exchange ("TSX") under the symbol "SRHI" on or about February 13, 2017. The ADI common shares and the SRC common shares are expected to be delisted from the TSX Venture Exchange and the TSX, respectively, concurrent with the listing of the SRHI common shares. Subsequently, SRC will apply to cease to be reporting issuer.

In connection with the Transaction, the board of directors of the Company was reconstituted and is now made up of the current members of the board of directors of SRC (other than Peter Grosskopf, who is stepping down from the board of directors of SRC in connection with the closing of the Arrangement) together with Donald K. Charter, Chairman of ADI, Rick Rule, Chairman of Sprott US Holdings Inc. and Xinting (Tony) Wang. Rick Rule is being appointed Vice Chairman of the board of directors of SRHI. Following the Transaction, the management of the Company is being reconstituted and will be made up of the current SRC management together with Mr. Rule as Chief Investment Officer ("CIO") and Michael Harrison, former President and CEO of ADI, as Managing Director. The Company also entered into a management services agreement and an amended and restated partnership agreement with Sprott Consulting Limited Partnership to provide for the Company's day-to-day operations.

"We are very pleased that the shareholders of SRC and ADI voted in favour of this transaction to create a new, diversified resource holding company with a strong portfolio of core assets," said Steve Yuzpe, incoming CEO of SRHI. "The combination of the two businesses has strengthened our balance sheet and enhanced our management team with the additions of Rick Rule as CIO and Michael Harrison as Managing Director. We are also pleased to welcome Rick and Don Charter to our Board of Directors."

"With excellent deal flow, a deep bench of resource investment professionals, approximately \$55 million in cash and no debt, we believe SRHI is extremely well positioned to create value for our shareholders at an attractive phase of the natural resource cycle," said Rick Rule, incoming CIO of SRHI.

Sprott Resource Consulting Limited Partnership also received 21,750,000 Warrants as a long term incentive to replace the profit distribution program that was previously in place at Sprott Resource Partnership and which was terminated upon completion of the Transaction.

The first tranche of the previously announced best efforts marketed private placement offering (the

"Marketed Offering") to accredited investors, each unit comprised of one common share and one Warrant, at a price of \$0.25 per unit, is expected to close in mid-February, 2017. It is expected that the second tranche will close in March, 2017.

Following the Transaction, SRHI intends to transition from a private equity firm to a diversified holding company focused on owning businesses that its management team believes can generate sustainable free cash flow or attractive returns on investment in the natural resource industry. Management expects that it will take less than 12 months to make the transition from a private equity firm to a diversified holding company.

### **About Sprott Resource Holdings Inc.**

Sprott Resource Holdings Inc. ("SRHI") is a publicly-listed diversified holding company focused on holding businesses in the natural resource industry. Based in Toronto, SRHI is part of the Sprott Group of Companies and is managed by a team of leading resource investment professionals. Our current holdings are concentrated in the mining and energy sectors. We take an active role in the companies in which we invest and are committed to being high-value partners to the management teams we back and the co-investors who invest alongside us. For more information about SRHI, please visit [www.sprottresourceholdings.com](http://www.sprottresourceholdings.com).

### **Forward-Looking Information and Statements**

*Certain statements in this press release contain forward-looking information (collectively referred to herein as the "Forward-Looking Statements") within the meaning of applicable securities laws including, but not limited to, statements about; the completion of the proposed Private Placements, expectations regarding trading on the TSX, expectations regarding SRHI's position to create value for its shareholders and similar statements concerning anticipated future events, results, circumstances, performance or expectations, that reflect management's current expectations and are based on information currently available to management of SRC and ADI and their respective subsidiaries.*

*Forward-Looking Statements are based on a number of expectations or assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although management believes the expectations and assumptions reflected in such Forward-Looking Statements are reasonable, undue reliance should not be placed on Forward-Looking Statements because management can give no assurance that such expectations and assumptions will prove to be correct. The Forward-Looking Statements included in this news release are not guarantees of future performance and should not be unduly relied upon. Such information and statements, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors, which may cause actual results or events to differ materially from those anticipated in such Forward-Looking Statements, including, but not limited to, a failure to obtain necessary regulatory and other third party approvals and SRHI's inability to complete the Marketed Offering. The foregoing factors are not exhaustive. Additional information on other factors that could affect the operations or financial results of SRC, ADI and SRHI are included in reports on file with applicable securities regulatory authorities, including, but not limited to, those listed under the heading "Risk Factors" in SRC's annual information form dated March 4, 2016 and those listed under the heading "Risks and Uncertainties" in ADI's Management's Discussion and Analysis for the Year Ended December 31, 2015 dated February 26, 2016. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the Forward-Looking Statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the Forward Looking Statements contained in this news release.*

*The Forward-Looking Statements contained in this news release speak only as of the date of this news release, and SRHI does not assume any obligation to publicly update or revise any of the included Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.*

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