

# Sprott Resource Holdings Inc. Files NI 43-101 Technical Report on its Minera Tres Valles Copper Project

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Project Expected to Generate Significant Cash Flow in 2020  
High Project Internal Rate of Return with Less than 2 Year Payback

TORONTO, Dec. 14, 2018 - [Sprott Resource Holdings Inc.](#) (“SRHI” or the “Company”) (TSX:SRHI) is pleased to announce that it has filed a technical report (the “MTV Technical Report”) on its 70% owned Minera Tres Valles Copper Project (“MTV” or the “Project”) prepared in accordance with National Instrument 43-101 (“NI 43-101”). The MTV Technical Report is in support of SRHI’s November 2, 2018 news release announcing the results.

Table 1. Technical Studies & Economic Analysis Highlights (US dollars)

	Base Case PEA Case	
Pre-tax Net Present Value (NPV) (8%)	\$87M	\$129M
After-tax Net Present Value (NPV) (8%)	\$87M	\$129M
Pre-tax Internal Rate of Return (IRR)	93 %	131 %
After-tax Internal Rate of Return (IRR)	93 %	131 %
Payback (years)	2.0	1.2
Average Annual Copper Cathode Production (2019-2025)	24M lbs	34M lbs
Total Copper Cathode Production (LOM)	177M lbs	250M lbs
2020 Cash Flow	\$23M	\$34M
Life of Mine	6.5 years	7.5 years
Operating Cash Cost (per lb of finished copper)	\$1.66/lb	\$1.65/lb
Upfront Capital Cost	\$15M	\$21M
LOM Capital Cost	\$32M	\$52M

#### Notes:

1. Base Case includes only the Don Gabriel Manto open pit, Papomono Masivo underground and ENAMI tolling revenues. The PEA Case includes the Don Gabriel Manto, Papomono Masivo, Don Gabriel Vetas, Papomono Norte, Manto Norte, Epitermal, Papomono Cumbre, Papomono Mantos Conexión and Papomono Sur. The PEA Case also includes ENAMI tolling revenues.
2. The PEA Case is preliminary in nature and includes inferred resources that are too speculative geologically to have the economic considerations applied to them. There is no certainty the PEA Case will be realized.
3. Base Case capital cost estimate was completed at a cost accuracy of +/- 25%. PEA Case capital cost estimate was completed at a cost accuracy of +/- 50%.
4. Based on long-term flat copper price forecast of US\$2.75/lb.
5. Includes revenue from long-term tolling contract with ENAMI of minimum of 15,000 t/month and a tolling rate of US\$27.50/t of material received. MTV delivers copper cathodes produced from supplied feed material to ENAMI, on the basis of a contractual metallurgical recovery of 78%.
6. MTV has tax losses available to apply that will shelter any tax payable on operating profits, due to capital costs and operating losses sustained by prior operators. MTV is subject to a sliding scale copper royalty payable to the Chilean government.
7. Does not include copper production from purchasing of mineralized material from small scale third party miners and any additional copper production pursuant to excess recovery from the ENAMI toll milled material.
8. NPV is calculated based on monthly discounting using a reference date of July 2018.

The MTV Technical Report is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com) and SRHI's website [www.sprottresource.com](http://www.sprottresource.com).

#### Qualified Persons

The scientific and technical content contained in this news release has been reviewed, verified and approved 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.

#### 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 a fully permitted operating mining complex located nine kilometers from Salamanca in Region IV of Chile. 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 copper cathodes. For more information about MTV, please visit <http://www.mineratresvalles.com>.

#### About Sprott Resource Holdings Inc.

SRHI acquires and grows a portfolio of cash-flowing businesses and businesses expected to cash flow in the natural resource sector. Based in Toronto, SRHI is part of the Sprott Group of Companies and seeks to deploy capital to provide our investors with exposure to attractive commodities. For more information about SRHI, please visit [www.sprottresource.com](http://www.sprottresource.com).

#### Non-GAAP Financial Measures

"Cash costs" is a non-IFRS financial performance measure. This measure may differ from those used by, and may not be comparable to such measures as reported by, other issuers. The Company believes that this measure is commonly used by certain investors, in conjunction with conventional IFRS measures, to enhance their understanding of the Company's performance. 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](http://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 economic and study parameters of MTV; mineral resource and mineral reserve estimates; the cost and timing of development of MTV; the proposed mine plan and mining methods; dilution and extraction

recoveries; processing method and rates and production rates; projected metallurgical recovery rates; additional infrastructure requirements or infrastructure modifications; capital, operating and sustaining cost estimates; the projected life of mine and other expected attributes of MTV; the NPV and IRR and payback period of capital; availability of capital; future metal prices; changes to MTV's configuration that may be requested as a result of stakeholder or government input; government regulations and permitting timelines; estimates of reclamation obligations; requirements for additional capital; environmental risks; 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 significant disruptions affecting the development and operation of the Project; the availability of certain consumables and services and the prices for power and other key supplies being approximately consistent with assumptions in the MTV Technical Report; labour and materials costs being approximately consistent with assumptions in the MTV Technical Report; fixed operating costs being approximately consistent with assumptions in the MTV Technical Report; permitting and arrangements with stakeholders being consistent with current expectations as outlined in the MTV Technical Report; certain tax rates, including the allocation of certain tax attributes, being applicable to the Project; 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, extraction and mining recovery rates, hydrological and hydrogeological assumptions, capital and operating cost estimates, and general marketing, political, business and economic conditions. 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); (v) performance of the counterparty to the ENAMI tolling contract; (vi) risks associated with investments in emerging markets; and (vii) those risks disclosed in the Company's filings with Canadian securities regulators on SEDAR at [www.sedar.com](http://www.sedar.com). 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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