Sprott Resource Holdings Inc. Reports 2019 Third Quarter Results and Updates 2019 Guidance

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TORONTO, Nov. 11, 2019 - (TSX: SRHI) - Sprott Resource Holdings Inc. ("SRHI" or the "Company") today announced its operating and financial results for the three and nine months ended September 30, 2019. The Company's principal operating business is its 70% equity interest in the Chilean producing copper mine Minera Tres Valles ("MTV"). The Company's financial statements and management's discussion and analysis ("MD&A") are available at www.sprottresource.com and www.sedar.com.

“MTV continued to invest in growth projects during the third quarter,” stated Michael Harrison, Interim President and CEO of SRHI. “MTV’s Don Gabriel open pit mining operation hit target in the third quarter, and MTV is adding the target salt dosage to the crushed sulphide material. MTV increased ore crushed by 30% to 404,000 tonnes despite some unplanned downtime at our crusher that resulted in higher average crush size. Mineral production from Don Gabriel has increased from 1,500 tonnes per day in the first quarter of 2019 to over 2,900 tonnes per day in the third quarter. Total open pit copper grade increased to 0.70% from 0.55% from prior quarter, and we delivered 29% more copper to the heap leach pads compared to the first quarter of 2019.”

“Our copper production dropped from the prior quarter to 1,646 tonnes, yet MTV increased inventory of recoverable copper in the heap leach pad by 1,000 tonnes. The majority of this inventory build was caused by the unplanned crusher downtime and the resulting higher average crush size that then required an increased curing period of salt in the heap leach pad. Unit costs were higher in Q3, resulting from lower copper production, an increased strip ratio and higher consumable costs, and when combined with the lower copper price, negatively affecting cash flow. This resulted in weaker financial results including a gross loss of $4.3 million for the quarter, a net loss of $9.0 million and break-even Adjusted EBITDA. With the pre-payment and offtake financing taking longer than anticipated to finalize, a lower grade production profile in the first half of the year, and larger than anticipated inventory build, we are revising our full year 2019 guidance. However, with the year-to-date inventory build nearing $11 million and full dosing of salt in place, initial results in October are positive including record cathode production of 655 tonnes. The Company expects improved results in the fourth quarter of this year.”

“We have received the detailed engineering report, and we have selected our underground contractor for the Papomono Massive deposit. We signed a mandate letter with Anglo American Marketing Limited and Kimura in August that will provide net new financing of $20 million (“Facility”) and a new offtake arrangement (“Offtake”), and we continue with the drafting of documentation, with the aim of receiving funding in the fourth quarter.”

“Although our production was not interrupted by the recent nationwide civil unrest in Chile, we were not unaffected; we had a security incident at the mine on November 3 as presented in our news release of that day which resulted in a security guard being seriously injured and another individual being fatally shot. We continue to work with our community partners to ensure we are a good neighbour. We completed another LTI-free quarter, and continue to emphasize safety training and awareness,” concluded Michael Harrison.

Revised 2019 Guidance

SRHI's updated guidance for copper production, cash cost per pound produced and capital expenditures is set out below together with the original guidance amounts. The revised guidance reflects several factors both positive and negative, which collectively resulted in a reduced forecast for the remainder of 2019.

1. For the first half of 2019, at our Don Gabriel mine, 70% of the material delivered to the crushing plant was not in our reserve mine plan. Blast-hole drill assays determined that the material outside of the reserve mine plan was ore-grade material, and was mined and processed. The benefit of additional material above cut-off grade reduces reserve depletion, and is specific to the outer halo of the Don Gabriel deposit, although negatively impacts contained copper production due to its lower grade, and reduces precision on forecasting production;

2. Mechanical issues, specifically the tertiary and quaternary crusher downtimes resulted in suboptimal crush size for the application of the Salt Leach (defined below) extending the recovery curve;

3. Operating costs have increased through the year largely due to increasing input costs for diesel and reagents and elevated consumption of acid in 2019;

4. The delay in securing the Facility negatively impacted the deployment of capital expenditures and advancement of the current mine plan; and,

5. Lower equipment availability by contractors created compounding operational issues.

	Revised Guidance November 2019	Original Guidance Provided January 2019
Cu production (tonnes)	7,000 - 7,400	8,250 - 8,750
Cu production (millions of pounds)	15.4 - 16.3	18.2 - 19.3
Cash cost per pound produced [1]	$2.50 - $2.80	$2.20 - $2.50
Capital expenditures ($ millions)	$15 - $17	$25-$30

[1] *See Non-IFRS Performance Measures*

[2] Guidance is based on certain estimates and assumptions, including but not limited to, mineral reserve estimates, grade and continuity of interpreted geological formations and metallurgical performance. Please refer to the technical report prepared by AMEC Foster Wheeler, a Wood company, in respect of the Project filed on December 14, 2018 and the Company’s SEDAR filings for complete risk factors.

Operational Update

	Three months ended				Nine months ended		Eight months ended	
Operating information	Sept. 30, 2019		Sept. 30, 2018		Sept. 30, 2019		Sept. 30, 2018	
Copper (MTV Operations)								
Total ore mined (thousands of tonnes)	345		254		897		502	
Total waste mined (thousands of tonnes)	1,442		552		4,518		880	
Ore Processed (thousands of tonnes)	404		313		1,069		670	
Grade (% Cu)	0.73	%	0.74	%	0.66	%	0.73	%
Cu Production (tonnes)	1,646		1,462		5,176		3,785	
Cu Production (thousands of pounds)	3,628		3,223		11,412		8,344	
Inventory build ($000s)	2,787		3,036		10,809		4,984	
Cash cost of copper produced [1] (USD per pound)	$ 2.77		2.07		$ 2.61		$ 2.35	
Realized copper price (USD per pound)	$ 2.51		2.61		$ 2.66		$ 2.96	

[1] *See Non-IFRS Performance Measures*

The Company has previously communicated its focus for MTV; the implementation of the Salt Leach, the expansion of its Don Gabriel open pit mine and the development and expansion of its Papomono underground mine.

Salt Leach Project Nears Completion - Full Dosage Application in Process

The implementation of chloride leaching ("Salt Leach") 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%. These changes are expected to reduce cash costs and improve MTV’s working capital position. The construction of the salt storage and dosing system to commence the Salt Leach was completed in June and MTV began adding salt at low levels near the end of the second quarter, nearly three months ahead of schedule. In mid-October, additional Salt Leach infrastructure was completed and the maximum dosages of salt have now begun. The total cost of the Salt Leach project is in line with the March 2018 pre-feasibility NI 43-101 technical report (the "Technical Report") estimate of $7.1 million. In October, the Company has already seen an increase in production and expects this to continue with the intention to grow copper production to reach plant capacity of 40 million pounds of copper cathodes per year.

Quarterly production including continued expansion at Don Gabriel

MTV produced 3.6 million pounds of 99.99% pure copper cathodes at a cash cost of $2.77 per pound of copper produced (see Non-IFRS Financial Measures) and sold 3.6 million pounds at an average sales price of $2.51 per pound of copper in the quarter. MTV had approximately $2.0 million of finished goods inventory at September 30, 2019.

Total material crushed in the first three quarters increased to 1.1 million tonnes as a result of increased open pit operations, primarily from Don Gabriel, Cumbre and the Rajo Norte open pit mines. This compares to 0.7 million tonnes in the prior year's eight-month period. Tonnes crushed in the third quarter of 2019 of 404 thousand tonnes set a new quarterly record for MTV.

Don Gabriel is the largest contributor of ore to MTV and together with ancillary deposits, ore movement for the first time increased to more than 100,000 tonnes per month. The Rajo Norte and Cumbre open pit mines are two of the ancillary deposits that contribute to copper production as shown in the PEA case of the October 2018 Technical Report and demonstrates the flexibility in MTV’s operations. Open pit ore grade has also increased from 0.67% for the three months ended September 30, 2018 to 0.70% for the three months ended September 30, 2019.

Ore production from the Papomono underground mine remained stable at approximately 500 tonnes per day, extracting ore from resource blocks adjacent to the Papomono Massive deposit in advance of future block caving operations. A large component of ore production growth in 2020 will come from the higher-grade Papomono Massive deposit. MTV plans to extract ore using the incline block caving method, which is expected to ultimately increase underground production beyond 2,000 tonnes per day halving unit-mining costs. Detailed engineering is completed and construction will begin upon closing of the Facility.

Cost per pound produced increased to $2.77 for the three months ended September 30, 2019 compared to $2.07 for the comparable period of last year. The increase in cost per pound is driven by an increase in the strip ratio (2.5:1 in the third quarter of 2019 compared to 0.8:1 in the third quarter of 2018) as well as the cost and consumption of peroxide, salt and sulphuric acid. Over the past year, sulphuric acid production in Chile was significantly lower with the major smelters in Chile undergoing retrofit to meet new emission standards. At the end of 2018, MTV entered into a one year contract to ensure delivery from suppliers. MTV understands the smelters are back on line, and spot prices are trending downwards. Throughout the implementation of the Salt Leach, new costs have also been incurred for higher peroxide on initial implementation as well as the added cost of salt over the quarter. However, we expect the consumption of sulphuric acid to decrease as the Salt Leach reaches its full potential. For the nine months ended September 30, 2019, cost per pound produced increased to $2.61 from $2.35 from the comparable period of last year for the same reasons as discussed above.

During the quarter, MTV completed additional Salt Leach infrastructure that allowed for an increased dosage of salt to its sulfide ore. Although a positive event, MTV also encountered mechanical issues during its most recent quarter that negatively affected both the processing and curing, and recovery time of copper. In separate instances, both the tertiary and quaternary crushers were off-line resulting in periods of downtime and suboptimal crush size for the Salt Leach process that have now been addressed to significantly reduce the likelihood of recurrence. These third quarter events contributed to the Company's revised guidance for the remainder of 2019.

Capital cost, financing and Papomono underground development and expansion

The Company continued funding the expansion projects at MTV including $3.8 million of capital expenditures primarily for waste stripping at Don Gabriel and costs for the Salt Leach project. During the quarter, 1.4 million tonnes of waste and pre-strip were moved compared to 0.6 million tonnes moved in the prior year’s quarter illustrating MTV’s execution of its mine expansion.

Capital expenditures year-to-date of $10.6 million represent front-caving development costs, capitalized stripping costs, Salt Leach project costs and purchases of equipment.

With the Facility expected to close in the fourth quarter of this year, MTV’s capital expenditure program will accelerate in 2020 when the Papomono underground development and expansion is scheduled to begin.

SRHI and MTV previously announced that it had entered into an investment committee approved mandate letter with Anglo American Marketing Limited ("Anglo American") and a fund under the investment management of Kimura Capital LLP ("Kimura") to provide a US$45 million secured prepayment facility and offtake agreement to be utilized for the expansion of the MTV copper project. The Facility will be used to replace the existing revolving credit facility managed by Kimura and to repay a portion of debt financing previously provided by the Company to MTV resulting in net new debt financing of approximately $20 million to MTV. The Facility and Offtake remains subject to satisfaction of customary conditions and completion of documentation and is expected in the fourth quarter of 2019.

Health and safety

MTV completed another quarter without a Lost-Time Incident (“LTI”). In January 2019, an employee did suffer an LTI, and is expected to fully recover. 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 below 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 at the end of the third quarter.

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. Furthermore, MTV promotes strong ties with authorities by offering site visits and frequently attending events.

Financial Results

	Three months ended		Nine mo
Financial information (in thousands)	Sept. 30, 2019	Sept. 30, 2018	Sept. 30
Revenue [1]	$ 9,650	$ 6,039	$ 26,33
Gross loss [1]	$ (4,259)	$ (1,449)	$ (8,922
Net loss from continuing operations	$ (8,619)	$ (1,149)	$ (23,94
Net loss from discontinued operations [1]	$ (374)	$ (496)	$ (2,428
Net loss for the period	$ (8,993)	$ (1,645)	$ (26,37
Adjusted EBITDA from continuing operations [2]	$ 51	$ (1,712)	$ (4,683
Gain (loss) on portfolio investments	$ (3,419)	$ 2,597	$ (8,578
Cash provided by (used in) operating activities before working capital changes	$ 109	$ (1,665)	$ (4,497

[1] *Comparative figures in the nine months ended column are for the period February 1, 2018 to September 30, 2018*
[2] *See Non-IFRS Financial Measures*

Financial results summary

Revenues of $9.7 million were generated predominantly from the sale of copper cathodes and tolling charges for mineralized material supplied by ENAMI with approximately $2.0 million of finished goods inventory at September 30, 2019. This is largely driven by an increase in copper cathodes sold during the three months ended September 30, 2019 of 1,653 tonnes compared to 1,004 tonnes in the same period of 2018. This was partially offset by a lower realized copper price.

The Company reported a quarterly net loss of $9.0 million or $(0.26) per share. This result includes a net loss from discontinued operations of $0.4 million and a loss on portfolio investments of $3.4 million. Adjusted EBITDA (see Non-IFRS Financial Measures) from continuing operations for the quarter was $51 thousand or $0.00 per share. In the third quarter of 2018, the Company reported a net loss of $1.6 million or $(0.05) per share and Adjusted EBITDA from continuing operations of negative $1.7 million or $(0.05) per share.

In the first three quarters of 2019, the Company reported a net loss of $26.4 million or $(0.77) per share. This result includes a net loss from discontinued operations of $2.4 million and a loss on portfolio investments of $8.6 million. Adjusted EBITDA (see Non-IFRS Financial Measures) from continuing operations for the nine months ended September 30, 2019 was negative $4.7 million or $(0.14) per share. In the first three quarters of 2018, the Company reported a net loss of $18.5 million or $(0.55) per share and Adjusted EBITDA from continuing operations of negative $2.5 million or $(0.07) per share.

In the third quarter of 2019, cash provided by operating activities was $2.5 million (cash provided of $109 thousand before changes in non-cash components of working capital), as compared with the third quarter of 2018 when cash used by operating activities was $1.5 million (cash used of $1.7 million before changes in non-cash components of working capital).

In the first three quarters of 2019, cash used by operating activities was $3.4 million (cash used of $4.5 million before changes in non-cash components of working capital), as compared with the first three quarters of 2018 when cash used by operating activities was $11.9 million (cash used of $2.2 million before changes in non-cash components of working capital).

As the operations at MTV continue to grow and expand, significant costs are incurred approximately one year before the leaching process for the copper cathodes to be sold is completed. With the Salt Leach now implemented, this period is expected to decrease by almost 50%. The Company has invested significant working capital in the past year to expand its operations, including a significant build in inventory that is expected to slowly and steadily increase copper cathode production in the future. Inventory as at September 30, 2019 was $31.4 million compared to $20.6 million as at December 31, 2018. With the mining operation continuing to expand and currently operating at less than 50% capacity, the Company's gross profit is expected to improve as the operation ramps up in 2020 and is brought to full capacity in early 2021.

The gross loss for the three months ended September 30, 2019 was $4.3 million. This is largely generated by depreciation expense of $3.0 million and an inventory write-down of $1.2 million which are both non-cash items. For the three months ended September 30, 2019, the Company continued to be in an expansion phase of operations with a high cost environment and, coupled with a decreasing copper price environment, resulted in a gross loss for the period. In addition to the increase in costs in 2019 previously mentioned, the expansion of the project resulted in increased depreciation expense primarily from the pre-strip investment at Don Gabriel.

Cash position

Cash and cash equivalents decreased to $10.7 million at September 30, 2019 from $13.5 million at December 31, 2018 as the Company continues to support the operations at MTV that have resulted in an inventory build of $10.8 million and capital expenditures of $10.6 million during the nine months ended September 30, 2019.

In late September 2019, Kimura extended a further $5 million in short-term financing to MTV in anticipation of closing the Facility. MTV's revolving credit facility with Kimura is now $20 million and is expected to be rolled into the Facility upon closing as Kimura will continue as one of two lenders for the Facility.

The net additional debt financing is expected to be approximately $20 million to support MTV's planned mine expansion. The majority of this Facility will be long-term in nature providing the necessary capital flexibility to MTV.

Investment portfolio divestment

The Company continues to work on its divestment strategies for the non-core assets. During the quarter, the Company completed selling its holdings in InPlay Oil Corp. and Virgina Energy Resources Inc. Management expects that further non-core investments or businesses could be divested during the remainder of 2019 but now believes the majority of its remaining non-core investments or businesses will be divested in 2020.

Outlook and Growth Initiatives

The Company is focused on executing the three expansion projects identified in the Technical Report.

The expansion of Don Gabriel began in the second half of 2018 and has been supported by the Company's working capital and MTV's operational cash flows. This expansion has progressed well with $1.9 million of capital expenditures incurred in 2018 for pre-stripping of phases 2, 3 and 5 (7 mining phases in total). In 2019, a further $4.5 million of expenditures were incurred year-to-date in phases 4, 5, 6 and 7. Starting in the first half of 2018, ore movement at Don Gabriel has more than tripled to over 90,000 tonnes per month. Ore production at Don Gabriel for the three months ended September 30, 2019 was 25% higher than the three months ended June 30, 2019 and 45% higher than the three months ended September 30, 2018.

The Salt Leach project development and construction commenced in mid-2018, following the recommendations outlined in a Preliminary Feasibility Study filed in March 2018. Capital expenditures of approximately $7.1 million were defined for the Salt Leach and this project was implemented ahead of schedule and is in line with the March 2018 pre-feasibility Technical Report estimate utilizing the Company's working capital and MTV's operational cash flows to date. Preliminary results are supportive of the expected increase in recoverable copper, reduced leaching time and reduced acid consumption. Mechanical issues during the third quarter interrupted the initial leach cycle on the first ore under Salt Leach. Production for October has already started to demonstrate positive results with production of 655 tonnes which is a monthly production record for MTV.

As outlined in the Technical Report, the development and construction of Papomono Massive and ancillary deposits provides for $21 million in capital expenditures over 18 months. Although some of this amount has been incurred, the majority of these capital expenditures is to be funded by the Facility. The Facility and Offtake are expected to be in place in the fourth quarter of this year and remain subject to satisfaction of customary conditions and completion of documentation.

Upon MTV completing the aforementioned capital projects, cash flows generated from this expansion should provide MTV the ability to exploit the exploration upside of its significant land package of over 44,334 hectares of mineral rights and more than 100 copper occurrences identified that require more exploration effort.

MTV commenced an exploration drill program in the quarter. Initial results were encouraging in new areas, however deeper drill holes under Papomono Massive failed to explain the geophysical anomalies encountered. Further exploration at this area will be pursued at a later time as we focus our efforts on near to medium term exploration targets.

In October 2019, unrest in Chile gained international attention and was country-wide. Vandalism and looting were reported throughout the country, including in mining jurisdictions. MTV reported one incident of minor damage that resulted in no harm to its employees and no impact to its operations.

On February 11, 2019, the Board of Directors of the Company formed a Special Committee of the Board comprised solely of the Company's four Independent Directors chaired by Terry Lyons, the current Chairman of the Board. The Special Committee continues to review and evaluate potential measures to address the Company's market valuation. This review is comprehensive and is evaluating all measures to maximize shareholder value. The Special Committee has engaged financial and legal advisors to assist in its evaluation.

Conference Call and Webcast Details

SRHI will hold a conference call and webcast to review its results for the three and nine months ended September 30, 2019 on Monday, November 11, 2019 at 4:00pm Toronto time. To listen to the call, please dial (855) 458.4215 ten minutes prior to the scheduled start of the call and provide conference ID:7089107. A taped replay of the conference call will be available until Monday, November 18, 2019 by calling (855) 859.2056. The conference call will be webcast at www.sprottresource.com and https://edge.media-server.com/mmc/p/h4r5qcsm

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 are independent “Qualified Persons” as such term is defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects. 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 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.

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: expectations regarding production growth; expectations regarding the MTV mine expansion, including the anticipated expansion methods, costs, timing and the benefits derived from the expansion; expectations regarding the costs, timing and benefits of the Salt Leach; activity in zones with lower strip ratios which will help boost production and reduce unit costs; maintaining and increasing levels of production to grow copper production to reach plant capacity of 40 million pounds of copper cathodes per year; continued ramp up of waste mining activity; material reduction in operating costs; growth initiatives; future block caving efforts and the expected benefits therefrom; expectations regarding the timing of permit approvals; securing long-term debt and offtake financing from Anglo American and Kimura to fund growth initiatives on the terms and conditions provided above; expectations regarding the investment portfolio divestment; the Company's outlook, including its 2019 guidance for MTV and expected improved results for the fourth quarter of 2019; the capital expenditure program for MTV; mineral resource and mineral reserve estimates; the Technical Report; continued unrest in Chile; 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 MTV; the availability of certain consumables 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. 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 financing in the future on terms acceptable to the Company, if at all; (x) commodity price fluctuations and uncertainties; (xi) those risks disclosed under the heading "Risk Management" in SRHI’s Management’s Discussion and Analysis for the three-months ended June 30, 2019; and (xii) those risks disclosed under the heading "Risk Factors" or incorporated by reference into SRHI’s Annual Information Form dated March 6, 2019. 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 Harrison
President and CEO
T: (416) 943-4995
E: mharrison@sprott.com

Source: Sprott Resource Holdings Inc.