

SRHI Inc. Reports 2020 Second Quarter Results

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TORONTO, Aug. 10, 2020 - [SRHI Inc.](#) ("SRHI" or the "Company" - formerly Sprott Resource Holdings Inc.) (TSX: SRHI) today announced its operating and financial results for the three and six months ended June 30, 2020. The Company's principal operating business is its 70% equity interest in the producing copper mine Minera Tres Valles ("MTV") in Salamanca, Chile. The Company's financial statements and management's discussion and analysis ("MD&A") are available at [www.srhi.ca](#) and [www.sedar.com](#).

"This past quarter was a challenging time for the business," stated Terry Lyons, Interim CEO of SRHI. "COVID-19 and other events necessitated MTV filing for creditor protection in Chile in order to provide it the future financial flexibility to execute the construction and development of the Papomono Masivo incline block caving project. While we believe our mine plan is sustainable longer term at the current price, the incline block caving project is undoubtedly the most important part of MTV's future success. This protection filing is expected to provide MTV sufficient time to complete its refinancing efforts while protecting its supply chain."

Mr. Lyons continued, "We continue to take 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. Only one employee contracted the virus, was properly isolated and returned back to work with no impact to the remaining workforce. This pandemic and related uncertainty has impacted the global economy in extraordinary ways - volatile financial markets, massive central bank and government interventions and unpredictable commodity markets. It has introduced social dislocation with various cities and countries around the world responding in different ways to address the outbreak. The Company and its primary operating subsidiary, MTV, are not immune to this ongoing dynamic and the outlook is uncertain."

Mr. 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 second quarter rebounded swiftly and to above our expectations but we have maintained our limited operations as MTV works through its reorganization proceedings with its creditors. We expect certainty to the outcome of these proceedings before the end of the third quarter."

Business Update

COVID-19

On March 18, 2020, Chile declared a state of catastrophe over the COVID-19 outbreak which restricts freedom of movement within the country. This declaration is still in place. MTV undertook immediate and significant measures in response to COVID-19 that continued throughout the second quarter, including:

- Temporarily halting the majority of all mining operations followed by resumption of 20% of operating activities compared to the end of 2019;
- Implementing comprehensive preventative measures at site;
- Significantly reducing the employee base required to maintain minimal operations while maintaining the necessary staff to operate and monitor the leach pad, operate its solvent-extraction and electrowinning processing plant where its copper cathodes are produced and conduct preventative maintenance of key equipment.

MTV continues to operate in a reduced state yet produced 2.7 million pounds of copper cathodes in the second quarter.

Creditor Protection for MTV

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

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

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

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

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

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

Chile's Drought

Chile entered the rainy season in the second quarter that provided adequate amounts of water to comfortably sustain and expand operations, if necessary. Prior to this 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. However, should drought conditions or water supply challenges reappear in the foreseeable future, further adjustments to the operations at MTV will be required.

2020 Guidance

The Company is not in a position to provide guidance for 2020 given the broad level of uncertainty and, more particularly, the quickly developing issues impacting MTV. MTV is currently working with its stakeholders (including the Company) during the creditor protection process (the "Process") to finalize the current proposed mine plan (the "Plan") to support MTV through this period.

Termination of Management Services Agreement

On May 12, 2020, consistent with the Board's decision to continue as a pure-play copper-mining company, the Company and Sprott Consulting Limited Partnership ("SCLP"), a wholly-owned entity of Sprott Inc., mutually agreed to terminate their management services arrangement and the Company transition to establish a management team independent of SCLP. The Company entered into a Transitional Support Agreement (the "Agreement") with effect June 23, 2020 with SCLP pursuant to which the Management Services Agreement ("MSA") between the Company and SCLP was terminated on June 23, 2020. There is no payment required by the Company to be made to SCLP or any Sprott Inc. affiliate as a result. There is no cost to the Company for entering into the Agreement and it expires no later than December 31, 2020.

As a result of the termination of the MSA:

- All employees of Sprott Inc. and its affiliates resigned as directors or officers of the Company or its subsidiaries. Each of Rick Rule, Michael Harrison and Andrew Stronach did not stand for re-election at the Company's annual general meeting in June 2020;
- Terry Lyons, the Chairman of the Board of the Company, became the Interim Chief Executive Officer;
- Michael Staresinic became a direct employee of the Company as President, Chief Financial Officer and Secretary. The Board of Directors of the Company will determine the composition of the balance of the Company's management team in due course; and
- The Company changed its name to [SRHL Inc.](#)

Operational Update

<i>Operating information</i>	Three months ended		Six mo
	Jun. 30, 2020	Jun. 30, 2019	Jun. 30,
Copper (MTV Operations)			
Total ore mined (thousands of tonnes)	53	288	301
Total waste mined (thousands of tonnes)	97	1,577	735
Ore Processed (thousands of tonnes)	86	354	385
Grade (% Cu)	0.98	% 0.62	% 0.85
Cu Production (tonnes)	1,228	1,737	2,712
Cu Production (thousands of pounds)	2,707	3,829	5,979
Change in inventory (\$000s)	(1,184)	3,877	(4,410
Cash cost of copper produced ¹ (USD per pound)	\$ 2.43	\$ 2.63	\$ 2.89
AISC cost per pound of copper produced (\$)	\$ 2.68	\$ 3.84	\$ 3.39
Cash cost of copper produced excluding write-down of inventory (USD per pound)	\$ 2.32	\$ 2.41	\$ 2.20
Realized copper price (USD per pound)	\$ 2.42	\$ 2.70	\$ 2.32

¹ Refer to Non-IFRS Performance Measures

During the three months ended June 30, 2020, the mining operation continued to run in a modified capacity experiencing certain operating challenges resulting from COVID-19 and working capital issues reflecting the impact of decisions taken earlier in the year as well as by rain and snow from the early weeks of winter weather. Two open pit mines remained idle 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 \$2.43 for the three months ended June 30, 2020 compared to \$2.63 for the three months ended June 30, 2019 primarily as a result of halting waste mining that was implemented in the first quarter of 2020. Cost per pound produced increased to \$2.89 for the six months ended June 30, 2020 compared to \$2.45 for the six months ended June 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 (149 thousand tonnes in the three months ended June 30, 2020 compared to 1.9 million tonnes in the three months ended June 30, 2019). This is largely due to a significant decrease in tonnes of waste moved in the second quarter of 2020 (97 thousand tonnes compared to 1.6 million tonnes for the three months ended June 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 (53 thousand tonnes in the three months ended June 30, 2020 compared to 288 thousand tonnes in the three months ended June 30, 2019). This was driven by a change in mine sequencing which 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 June 30, 2020 of 1,228 tonnes of copper cathodes was lower than the three months ended June 30, 2019 of 1,737 tonnes. The impact on copper production was largely driven by:

- a modified, reduced mine plan
- almost two weeks of downtime to the mining operation during the quarter due to inclement weather
- the drought which continued during a portion of the second quarter of 2020
- the reduction of oxide ore placed on the heap leach - oxide ore has a shorter leaching time than sulfide ore placed
- periodic shortages of critical materials and supplies such as explosives, fuel and sulfuric acid affected both mine and plant production
- working capital challenges impacting the optimal balance of reagents in solution

Salt Leach Project

Salt Leaching involves adding rock salt (NaCl) in the agglomeration stage of the crushing plant allowing the mixed sulphide and oxide material to cure in the heap for 15 to 30 days before application of sulphuric acid. The oxidation of sulphide material in the heaps is expected to improve copper recoveries by approximately 8%, reduce acid consumption, and decrease the leach time by approximately 40%. Unfortunately, the drought conditions being experienced in Chile had a negative effect on MTV's leaching operations near the end of 2019 and continued into the first 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. However, should drought conditions or water supply challenges reappear in the foreseeable future, further adjustments to the operations at MTV will be required.

Production

During the second quarter of 2020, MTV produced 2.7 million pounds of 99.99% pure copper cathodes at a cash cost of \$2.43 per pound (see *Non-IFRS Financial Measures*) and sold 1.9 million pounds at an average sales price of \$2.42 per pound. MTV had approximately \$1.9 million of finished goods inventory at June 30, 2020.

Total material crushed in the three months ended June 30, 2020 was 86 thousand tonnes primarily from operations at the smaller Rajo Norte open pit mine. This compares to 354 thousand tonnes in three months ended June 30, 2019.

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

Ore production from the Papomono underground mine was limited for the three months ended June 30, 2020. A large component of ore production growth remains part of the long term mine plan now expected in

2021 (instead of 2020) which will come from the higher-grade Papomono Masivo deposit. Subject to a successful Process, MTV plans to begin construction and development of the incline block caving of Papomono Masivo during the fourth quarter of 2020, at which point it is expected to ultimately generate underground production beyond 2,000 tonnes per day while halving unit-mining costs.

Production in the second quarter of 2020 was lower than both the first quarter of 2020 and the fourth quarter of 2019 as several external forces experienced by MTV in the first quarter of 2020 continued into the second quarter including Chile's worst drought in 60 years, the social unrest uprising that created issues with suppliers and COVID-19 pandemic impacts. MTV continues to assess its options for mine sequencing in 2020 given the continuing COVID-19 pandemic impacts and the Process that has been initiated by MTV. The new short term mine plan was modified to include more oxide ore which has a shorter leach cycle and putting two of its mining operations in care and maintenance to manage the unforeseen operating challenges.

In December 2019, MTV entered into a secured prepayment facility (the "Facility") with Anglo American Marketing Limited and a fund under investment management of Kimura Capital LP (referred to as the "Lenders"); MTV, the Company and the Lenders are currently in advanced discussions to amend the Facility as part of the Process and expects to have a resolution during the third quarter of 2020.

Capital Cost Expenditures

Capital expenditures for the six months ended June 30, 2020 amounted to \$1.3 million and were primarily pre-stripping waste rock at Don Gabriel in the first quarter in preparation of the next mining phases and final costs relating to the Salt Leach project. There were limited capital expenditures for the three months ended June 30, 2020 as a result of MTV entering the Process.

Health and Safety

For the three months ended June 30, 2020, there was one Lost-Time Incident. 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

At the end of the first quarter, the Company announced measures in response to MTV's local government's request to temporarily halt or restrict operations for two weeks as a measure to slow the advance of the pandemic. These included significantly reducing the employee base required to maintain minimal operations, maintaining the necessary staff to operate and monitor the leach pad, maintaining the necessary staff to operate its solvent-extraction and electrowinning processing plant where copper cathodes are produced and maintaining the necessary staff to conduct preventative maintenance of key equipment. These measures continue to be in place.

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

<i>Financial information (in thousands)</i>	Three months ended		Six months ended	
	Jun. 30, 2020	Jun. 30, 2019	Jun. 30, 2020	Jun. 30, 2019
Revenue	\$ 4,943	\$ 8,078	\$ 12,090	\$ 16,686
Gross loss	\$ (2,012)	\$ (3,103)	\$ (8,994)	\$ (4,663)
Net loss from continuing operations	\$ (5,256)	\$ (12,708)	\$ (20,832)	\$ (15,330)

Net loss from discontinued operations	\$ —	\$ (537)	\$ (2,241)	\$ (2,054)
Net loss for the period	\$ (5,256)	\$ (13,245)	\$ (23,073)	\$ (17,384)
Adjusted EBITDA from continuing operations ¹	\$ (3,271)	\$ (2,775)	\$ (1,540)	\$ (4,734)
Gain (loss) on portfolio investments	\$ 1,038	\$ (6,821)	\$ (1,294)	\$ (5,159)
Impairment of non-current assets	\$ —	\$ —	\$ (7,628)	\$ —
Write-down of inventory	\$ (301)	\$ (865)	\$ (4,106)	\$ (865)
Cash used in operating activities before working capital changes	\$ (1,069)	\$ (2,836)	\$ (3,315)	\$ (4,136)

¹ Refer to Non-IFRS Performance Measures

Financial Results Summary

Revenues of \$4.9 million for the three months ended June 30, 2020 were generated predominantly from the sale of copper cathodes and tolling charges for mineralized material supplied by ENAMI. Finished goods inventory at June 30, 2020 was approximately \$1.9 million. Copper cathodes sold for the three months ended June 30, 2020 of 856 tonnes was lower than the comparative quarter in 2019 of 1,251 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 June 30, 2020 were 395 tonnes lower than the three months ended June 30, 2019 but the unfavourable price variance had a more significant impact on the gross loss with a decrease in realized price from \$2.70 per pound for the three months ended June 30, 2019 to \$2.42 per pound for the three months ended June 30, 2020.

The Company reported a quarterly net loss of \$5.3 million or \$(0.16) per share. This result includes a gain on portfolio investments of \$1.0 million. Adjusted EBITDA (see Non-IFRS Financial Measures) from continuing operations for the three months ended June 30, 2020 was negative \$3.3 million or \$(0.10) per share. For the comparable quarter in 2019, the Company reported a net loss of \$13.2 million or \$(0.39) per share and Adjusted EBITDA from continuing operations of negative \$2.8 million or \$(0.08) per share. The net loss for the three months ended June 30, 2020 is lower than the previous period in 2019 as the Company recognized a gain on portfolio investments of \$1.0 million in the current quarter compared to a loss on portfolio investments of \$6.8 million in the comparable quarter of the prior year.

In the first two quarters of 2020, the Company reported a net loss of \$23.1 million or \$(0.69) 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 \$4.1 million and a loss on portfolio investments of \$1.3 million. Adjusted EBITDA (see Non-IFRS Financial Measures) from continuing operations for the six months ended June 30, 2020 was negative \$1.5 million or \$(0.05) per share. For the comparable quarter in 2019, the Company reported a net loss of \$17.4 million or \$(0.51) per share and Adjusted EBITDA from continuing operations of negative \$4.7 million or \$(0.14) per share.

In the first two quarters of 2020, cash used in operating activities was \$0.7 million (cash used of \$3.3 million before changes in non-cash components of working capital), as compared with the first two quarters of 2019 when cash used in operating activities was \$5.2 million (cash used of \$4.1 million before changes in non-cash components of working capital).

At June 30, 2020, the Company had a consolidated working capital deficiency of \$49.3 million primarily as a result of re-categorizing the long-term portion of the Facility to current liabilities (\$44.9 million) due to MTV entering the Process. It is expected that if the Process is successful, a significant portion of accounts payable and accrued liabilities will be converted to long-term debt together with re-categorizing a large portion of the Facility balance to long-term debt also.

The gross loss for the three months ended June 30, 2020 was \$2.0 million. Compared to the first quarter 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 \$12.1 million at June 30, 2020 from \$11.6 million at December 31, 2019 as the Company realized proceeds on the disposition of two Portfolio Investments and MTV utilized its opening cash balance to support the project's operations including capital expenditures of \$1.3 million during the six months ended June 30, 2020. The Lenders have authorized up to \$2 million of the \$7 million restricted cash to support the operations of MTV while MTV remains in the Process.

Investment Portfolio Divestment

The Company continues to work on its divestment strategies for its Investment Portfolio. During the three months ended June 30, 2020, the Company disposed of all its equity holdings of [Corsa Coal Corp.](#) and [Uranium Royalty Corp.](#) for gross proceeds of \$2.8 million. On June 30, 2020, Beretta Farms Inc. ("Beretta") completed the sale of its business for cash consideration of \$3.7 million. Beretta's shareholders have approved the dissolution of Beretta and it is intended for Beretta to distribute its net cash over the next twelve months in two tranches beginning in the third quarter of 2020.

Management expects that the remainder of the Investment Portfolio could be divested this year.

Qualified Persons

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

Notes on Preliminary Economic Assessments

Please note that the PEA Case is preliminary in nature, that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA Case will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

About MTV

MTV is an operating mining complex located 300 kilometers northeast of Santiago, Chile in Region IV near the town of Salamanca. MTV comprises two main deposits: Papomono (underground) and Don Gabriel (open pit). The mine is currently operating and producing high-grade copper cathode. The mine has significant infrastructure in place with a crushing and processing plant with nameplate capacity of 7,000 and 6,000 tonnes per day, respectively. The plant is designed to produce up to 18,500 tonnes per annum of LME Grade 99.999% copper cathodes. For more information about MTV, please visit <http://www.mineratesvalles.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 for MTV's creditor protection filing in Chile and the timing for certainty of such outcomes; 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 continued support under the transitional agreement with SCLP; 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; expected proceeds from Beretta and the 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, current constructive negotiations with the Lenders will continue, the creditor protection process will be successful, existing water supply will continue, supplemental water availability will continue and SRHI will not be delisted from the TSX. Actual results, performance or achievements could vary materially from those expressed or implied by the Forward-Looking Statements should assumptions underlying the Forward-Looking Statements prove incorrect or should one or more risks or other factors materialize, including: (i) possible variations in grade or recovery rates; (ii) copper price fluctuations and uncertainties; (iii) delays in obtaining governmental approvals or financing; (iv) risks associated with the mining industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to mineral reserves, production, costs and expenses; and labour, health, safety and environmental risks) and risks associated with the other portfolio companies' industries; (v) performance of the counterparty to the ENAMI Tolling Contract; (vi) risks associated with investments in emerging markets; (vii) general economic, market and business conditions; (viii) market volatility that would affect the ability to enter or exit investments; (ix) failure to secure additional financing in the future on acceptable terms, if at all; (x) commodity price fluctuations and uncertainties; (xi) risks associated with catastrophic events, manmade disasters, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic or other public health crises, including COVID-19; (xii) those risks disclosed under the heading "Risk Management" in SRHI's Management's Discussion and Analysis for the year ended December 31, 2019 or SRHI's 2020 Second Quarter Report; and (xiii) those risks disclosed under the heading "Risk Factors" or

incorporated by reference into SRHI's Annual Information Form dated March 24, 2020. See also the cautionary language under "Notes on Preliminary Economic Assessments" above. The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and SRHI does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable Canadian securities laws.

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

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

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