

Sprott Resource Holdings Inc. Announces 2017 Annual Results

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TORONTO, March 02, 2018 (GLOBE NEWSWIRE) -- (TSX:SRHI) - [Sprott Resource Holdings Inc.](#) ("SRHI" or the "Company") today announced its financial results for the year ended December 31, 2017. SRHI was created in February 2017 via a business combination between Sprott Resource Corp. ("SRC") and [Adriana Resources Inc.](#) ("ADI").

Business Summary - Year in Review

- Successfully completed the business combination between SRC and ADI and concurrently completed a financing for gross proceeds of \$15 million
- As a result of the business combination SRHI announced that it was transitioning from a private equity firm to a diversified holding company focused on owning controlling interests in businesses in the natural resource industry which it believes can generate sustainable free cash flow. Effective February 1, 2018, SRHI management determined that SRHI had completed its transition to a diversified holding company.
- Expanded team, adding Rick Rule as Chief Investment Officer and Mike Harrison as Managing Director
- Successfully closed a marketed financing in late April for gross proceeds of \$30 million
- Invested \$49.9 million (USD\$39.9 million) for a 70% equity interest in Chilean producing copper mine S.C. Minera Tres Valles ("MTV") consisting of \$41.9 million (USD\$33.5 million) in cash and CAD\$8.0 million (USD\$6.4 million) in SRHI common shares
- Sold entire stake in Union Agriculture Group ("UAG") for \$6.1 million (USD\$4.7 million)
- Held cash and other assets net of liabilities of \$35 million at December 31, 2017
- Continue to see strong deal flow and focused on high priority commodities

Financial Summary ¹

- As at December 31, 2017, the Company had public company investments of \$48.2 million and private company investments of \$67.2 million
- Net Asset Value ("NAV") at December 31, 2017 of \$150.8 million (\$0.22 per share)
- For the year ended December 31, 2017, the Company recorded a net loss of \$42.2 million (\$0.07 loss per basic and diluted share) compared to net income of \$3.5 million (\$0.01 per basic and diluted share) for the year ended December 31, 2016, primarily comprised of realized losses on the sale of UAG, along with unrealized losses as a result of marking-to-market the investment portfolio

"2017 was a transformational year for [Sprott Resource Holdings Inc.](#) In February, we completed a business combination with ADI and, over the course of the year, repositioned the portfolio through the monetization of legacy investments," said Steve Yuzpe, CEO of SRHI. "We also completed significant transaction through our purchase of Chilean copper producer, MTV."

"Our investment in MTV provides us with a strategic copper foothold in Chile, one of the world's premier mining jurisdictions," added Mr. Yuzpe. "Since our investment in October, we have made significant progress with MTV. Today, we announced MTV's maiden NI 43-101 compliant resource, a pre-feasibility study on the conversion to salt leach to improve recoveries and a feasibility study on tripling ore production from the Don Gabriel open pit. The results of the technical reports support SRHI's initial thesis for its investment in MTV. The MTV operating team is focused on expanding production and resources, increasing recoveries, reducing costs and completing a technical report for the exploitation of the underground resources."

"In addition to copper, we continue to maintain our holdings in metallurgical coal and light oil producing businesses and are very confident in our positioning as we enter what we believe are the early stages of a commodity bull market," concluded Mr. Yuzpe.

¹ comparative figures are of SRC only and per share amounts have been adjusted on a 3:1 basis to reflect the equivalent share exchange ratio for SRC shareholders entered into for the business combination of ADI and SRC

SRHI Net Asset Value as at December 31, 2017

The following table outlines SRHI's equity attributable to shareholders and investment ownership as at December 31, 2017. Please see the Company's audited annual consolidated financial statements and notes thereon, and management's discussion and analysis for the year ended December 31, 2017 for additional information.

As at December 31, 2017, the fair value of the Company's public and private company investments was \$48.2 million and \$67.2 million respectively.

As at December 31, 2017, the fair value of the Company's mining, energy production and services, and agriculture investments were \$91.0 million, \$15.2 million and \$9.2 million respectively.

	As at December 31, 2017	SRHI Ownership (%)
<i>(in millions except per share amounts and issued and outstanding common shares)</i>		
Cash and cash equivalents and other assets net of liabilities	\$ 35.3	
Investments owned, at fair value		
Core businesses and strategic investments		
MTV	Private \$ 50.1	70
Corsa Coal Corp.	Public 33.3	17
InPlay Oil Corp.	Public 13.8	11
Non-core and tactical investments	18.2	
Total equity attributable to shareholders (NAV)	\$ 150.8	
Number of common shares issued and outstanding as at December 31, 2017	681,680,846	
NAV per share	\$ 0.22	

Conference Call Details

SRHI will hold a conference call to discuss its results for the year ended December 31, 2017 on Monday, March 5, 2018 at 8:30am Toronto time. To participate in the call, please dial (855) 458-4215 ten minutes prior to the scheduled start of the call and provide conference ID: 9783618. A taped replay of the conference call will be available until Monday, March 12, 2018 by calling (855) 859-2056. The conference call will be webcast live at www.sprottresource.com and <http://edge.media-server.com/m/p/rfz3xk8r>.

About Sprott Resource Holdings Inc.

SRHI is a publicly-listed diversified resource holding company focused on holding businesses in the natural resource industry. Based in Toronto, SRHI is a member of the Sprott Group of Companies and is managed by a team of leading resource professionals. SRHI's current businesses and holdings are concentrated in the mining and energy sectors. SRHI takes an active role in the businesses in which it operates and is committed to being a high-value partner to the management teams it backs and the co-investors who invest alongside SRHI. For more information about SRHI, please visit www.sprottresource.com.

Forward-Looking Information

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. 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 press release contains Forward-Looking Statements pertaining to: (i) MTV's potential to increase production and generate stronger cash flows at a time when copper has positive catalysts for price appreciation; and (ii) the strength of the deal pipeline.

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 the continued availability of quality management. 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) general economic, market and business conditions; (ii) commodity price fluctuations and uncertainties and, in particular the price of oil and gas; (iii) risks associated with the oil and gas 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 reserves, production, costs and expenses, and health, safety and environmental risks); (iv) risks associated with investing in emerging markets; (v) risks associated with the food manufacturing and retail business in general (e.g., a rise in the cost of inputs, a drop in pricing and/or sales volumes, food safety); (vi) 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 reserves, production, costs and expenses, and health, safety and environmental risks); (vii) other risks associated with SRHI's portfolio companies' industries; (viii) those risks disclosed under the heading "Risk Management" in SRHI's Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2017; and (ix) those risks disclosed under the heading "Risk Management" in SRHI's MD&A for the year ended December 31, 2017. 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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