

# Sprott Resource Holdings Inc. Announces 2018 Second Quarter Results

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TORONTO, Aug. 13, 2018 - (TSX: SRHI) - [Sprott Resource Holdings Inc.](#) ("SRHI" or the "Company") today announced its financial results for the three and six months ended June 30, 2018. SRHI is a publicly-listed company that acquires and grows a portfolio of cash-flowing businesses and businesses expected to cash flow in the natural resource sector.

The Company's current principal operating business is its 70% equity interest in the Chilean producing copper mine Minera Tres Valles ("MTV") that was acquired in October 2017. MTV's main asset is the Tres Valles mining complex, in the Province of Choapa, Chile and includes fully integrated processing operations and two active mines. Mineralized material is extracted from the Don Gabriel open pit mine ("Don Gabriel") and the Papomono underground mine ("Papomono"), both of which are located approximately 10 kilometers north of Salamanca, Chile with the heap leach pads and solvent-extraction and electrowinning processing plant located approximately 7 kilometers north of Salamanca.

The Company's financial reporting changed effective February 1, 2018 resulting in MTV's treatment as a consolidated controlled entity. As a result, certain comparative information, although provided, is not meaningful in the majority of circumstances. Effective January 1, 2018, the Company began reporting in US dollars and has retrospectively applied this presentation in its reported financial results. Readers are cautioned that filed reports of the Company prior to 2018 are presented in Canadian dollars.

"MTV began transitioning to a new mine contractor during the second quarter of 2018 and will lead the planned ramp up in operations moving forward," said Steve Yuzpe, CEO of SRHI. "The progress being made at the site was well demonstrated in July 2018 as MTV crushed over 100,000 tonnes of ore for the first time since 2013."

"Work continued on the remaining technical studies during the quarter and we currently expect to be in a position to release the final technical reports in September 2018," added Mr. Yuzpe.

## Second Quarter Results and Highlights

### *Key corporate initiatives*

- Wood plc (formerly AMEC Foster Wheeler), an independent consulting firm, has commenced a pre-feasibility level underground mining study on the Papomono underground deposit and has also commenced a preliminary economic assessment level study on seven ancillary deposits surrounding the Don Gabriel and Papomono deposits (together, the "Studies")
- The Studies are expected to be completed in September 2018
- The Studies are part of a measured and indicated mineral resource estimate of 18.3 million tonnes at 1.03% CuT containing 417 million pounds of copper
- In July 2018, MTV crushed over 100,000 tonnes of ore for the first time since 2013
- Vecchiola S.A., a related-party to MTV's minority shareholder, was selected as the open pit mining contractor and mobilized early June 2018, operating at a reasonably lower cost than contemplated in the Don Gabriel Manto Feasibility Study, for the first 36 months of operations
- Tiex Inc., the ore haulage contractor for Don Gabriel mobilized and commenced operations August 2018, operating at the same cost as contemplated in the Don Gabriel Manto Feasibility Study

### *MTV operating performance for three months ended June 30, 2018*

- Mined a total of 117 thousand tonnes of ore at a grade of 0.52% copper from Don Gabriel
- Mined a total of 41 thousand tonnes of ore at a grade of 0.90% copper from Papomono

- Revenue for the period of \$9.8 million was generated from the sale of copper and tolling charges for mineralized material supplied by Empresa Nacional de Minería, a Chilean state-owned minerals company
- Cash cost per pound of copper produced<sup>1</sup> for the period was \$2.59
- Realized price per pound of copper sold was \$3.12
- Total exploration and capital expenditures for the period totaled \$1.7 million focused on engineering services for the technical reports and purchases of equipment

#### *Company financial performance for the three months ended June 30, 2018*

- As at June 30, 2018, the Company had cash and cash equivalents of \$20.4 million and working capital<sup>3</sup> of \$38.3 million
- Net loss for the quarter was \$8.2 million or \$0.01 per share, largely as a result of the unrealized loss on portfolio investments of \$6.2 million
- Adjusted EBITDA<sup>2</sup> from continuing operations for the quarter was \$0.3 million which excludes the unrealized loss on portfolio investments

The following operating and financial highlights are for the three months ended June 30, 2018 with comparative information, where appropriate.

<i>Operating information</i>	Three months ended	
	Jun. 30, 2018	Jun. 30, 2017
Copper (MTV Operations)		
Ore Processed (thousands of tonnes)	218	n/a
Grade (% Cu)	0.62	% n/a
Cu Production (tonnes)	1,401	n/a
Cu Production (thousands of pounds)	3,089	n/a
Cash cost of copper produced <sup>1</sup> (USD per lb)	\$ 2.59	n/a
Realized copper price (USD per lb)	\$ 3.12	n/a

<i>Financial information (in thousands)</i>	Three months ended	
	Jun. 30, 2018	Jun. 30, 2017
Revenue	\$ 9,810	n/a
Gross profit	\$ 4	n/a
Net loss from continuing operations	\$ (6,965 )	\$ (17,319 )
Net loss from discontinued operations	\$ (1,187 )	\$ &mdash;
Net loss for the period	\$ (8,152 )	\$ (17,319 )
Adjusted EBITDA from continuing operations <sup>2</sup>	\$ 298	\$ (1,169 )
Loss on portfolio investments	\$ (6,177 )	\$ (16,150 )
Cash used in operating activities before working capital changes	\$ (4,021 )	\$ (1,085 )

<sup>1</sup> Cash cost per pound of copper produced include all costs absorbed into inventory less non-cash items such as depreciation and non-site charges. It is a non-IFRS financial measure. Refer to Non-IFRS Performance Measure section of management's discussion and analysis ("MD&A") for discussion.

<sup>2</sup> Adjusted EBITDA is earnings before interest, taxes, depreciation and amortization and further adjusted to remove the Company's loss on portfolio investments. It is a non-IFRS performance measure. Refer to Non-IFRS Performance Measure section of the MD&A for discussion.

<sup>3</sup> Working capital is the Company's current assets less its current liabilities before the effect of current assets and liabilities held for sale. It is a non-IFRS performance measure. Refer to Non-IFRS Performance Measure section of the MD&A for discussion.

#### Conference Call Details

SRHI will hold a conference call to review its results for the three and six months ended June 30, 2018 on Monday, August 13, 2018 at 4pm 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:7879284. A taped replay of the conference call will be available until Monday, August 20, 2018 by calling (855) 859.2056. The conference call will be webcast at [www.sprottresource.com](http://www.sprottresource.com) and <https://edge.media-server.com/m6/p/8m3u9qo7>

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).

#### 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) expectations regarding cash flow of SRHI's portfolio companies; (ii) ramp up in MTV's operations; and (iii) expectations regarding technical reports.

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) market volatility that would affect the ability to enter or exit investments; (iii) commodity price fluctuations and uncertainties; (iv) risks associated with the portfolio companies' industries; (v) those risks disclosed under the heading "Risk Management" in SRHI's Management's Discussion and Analysis for the three and six months ended June 30, 2018; (vi) those risks described under the heading "Risk Management" in SRHI's Management's Discussion and Analysis for the year ended December 31, 2017; (vii) those risks described under the heading "Risk Management" in SRHI's Management's Discussion and Analysis for the three months ended March 31, 2018 and (viii) those risks incorporated by reference into SRHI's Annual Information Form dated March 29, 2018. 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.

For further information:

Glen Williams  
Director of Communications  
T: (416) 943-4394  
E: [gwilliams@sprott.com](mailto:gwilliams@sprott.com)

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