

Sprott Resource Holdings Inc. Announces 2018 Third Quarter Results and Reiterates Positive Results from Technical Studies on MTV Copper Project

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TORONTO, Nov. 08, 2018 - [Sprott Resource Holdings Inc.](#) ("SRHI" or the "Company") (TSX: SRHI) today announced its financial results for the three and nine months ended September 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 Minera 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.

"In 2018, the primary focus of SRHI has been advancing the development of our core holding, MTV," said Steve Yuzpe, CEO of SRHI. "Earlier this month, we announced the results of the Technical Studies for the producing MTV copper project and we are very pleased with the results which validate our initial due diligence and investment thesis."

"The Technical Studies confirm that MTV should almost triple current levels of production, achieving a run rate of approximately 18,000 tonnes per annum of copper cathodes," added Mr. Yuzpe. "Based on a long-term copper price of US\$2.75 per pound, the preliminary economic assessment which looked at the total available mineral resources on the project indicates that MTV could generate US\$34 million in project cash flow in 2020 peaking at US\$45 million in 2022."

"We continue to believe in the long-term fundamentals for copper and Chile as a premier mining jurisdiction," said Rick Rule, CIO of SRHI. "MTV is a core asset for SRHI and we are focused on building this platform."

Third Quarter Highlights

Key corporate initiatives

- On November 2, 2018 the Company announced that AMEC Foster Wheeler, a Wood company ("Wood"), an independent consulting firm, completed technical studies ("Technical Studies") on MTV which will be reported in a consolidated National Instrument 43-101 *Standards of Disclosure for Mineral Projects* ("NI 43-101") compliant technical report (the "Technical Report") expected to be released before the end of November. The Technical Studies completed over the past 10 months include a:
 - Mineral Resource and Mineral Reserve estimate for the Don Gabriel and Papomono deposits;
 - Preliminary Feasibility Study ("PFS") for the implementation of chloride leaching ("Salt Leach");
 - Feasibility Study ("FS") for the expansion of the Don Gabriel Manto open pit;
 - PFS for the underground exploitation of the Papomono Masivo zone; and,
 - Preliminary Economic Assessment ("PEA") on a subset of MTV's mineral resources.

Technical Studies Highlights

Low Capital Cost to Triple Production with Short Payback Period

- Low project capital requirement of US\$15 million for the base case mine plan (the "Base Case") and US\$21 million for the PEA (the "PEA Case") to ramp-up operation to approximately 18,000 tonnes per annum of copper cathodes within 24 months
- Low capital intensity
- Short payback of 2.0 years for the Base Case and 1.2 years for the PEA Case

Positive project economics demonstrated by economic analysis confirms SRH's investment thesis

- Base Case pre-tax and after-tax net present value ("NPV") discounted at 8% per annum of US\$87 million and an internal rate of return ("IRR") of 93% based on a long-term flat copper price of US\$2.75 per pound
- PEA Case pre-tax and after-tax NPV discounted at 8% per annum of US\$129 million and an IRR of 131% based on a long-term flat copper price of US\$2.75 per pound
- Average annual copper cathode production estimates (2019 - 2025) of 24 million pounds per annum for the Base Case and 34 million pounds per annum for the PEA Case
- 6.5 year life of mine ("LOM") for the Base Case and 7.5 year LOM for the PEA Case with opportunity to extend through exploration on 44,000 hectares of land
- Attractive LOM operating cash costs¹ estimate of US\$1.66 per pound of finished copper for the Base Case and US\$1.65 per pound of finished copper for the PEA Case
- Base Case demonstrates potential to generate cash flow of US\$23 million in 2020 with peak cash flow reaching US\$45 million in 2022
- PEA Case demonstrates potential to generate cash flow of US\$34 million in 2020 with peak cash flow reaching US\$45 million in 2022
- Completion of Technical Studies and related Technical Report is key to advancing currently ongoing project financing discussions

The Technical Studies comprise a Base Case based on the exploitable mineral reserves from Don Gabriel and the Papomono deposits. These studies were completed at a FS level for Don Gabriel and a PFS level for Papomono and the Salt Leach project. Wood has also completed a PEA Case for the exploitation of the Don Gabriel and Papomono deposits and eight additional mining zones within the Don Gabriel and Papomono deposits which will utilize different mining methods such as sub-level caving and sub-level stoping. These additional eight mining zones will require additional drilling and engineering work to increase the confidence level and provide geotechnical information for mine planning. The PEA Case illustrates the property-wide production potential for MTV.

The PEA Case is preliminary in nature and is partly based on 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 based on these mineral resources will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

ENAMI and Third Party Material Treatment

As part of MTV's toll processing strategy, MTV purchases mineralized material from third-party miners that operate near and on the MTV property and toll treat mineralized material from Empresa Nacional de Minería ("ENAMI"), the Chilean state owned enterprise supporting small and artisanal miners under the provisions of a long-term contract. This strategy is expected to continue going forward.

The mineralized material from ENAMI and the small scale third-party miners has not been subject to any technical study, and is therefore not included in the Base Case or the PEA Case mine plan and economic analysis contained in the Technical Studies, apart from the toll treatment revenue which serves to reduce the processing and general and administrative unit cost. Since SRH's acquisition in October 2017, MTV has purchased an average of 16,500 tonnes per month at a grade of 1.13% copper. Since SRH's acquisition in October 2017, ENAMI has delivered an average of 4,300 tonnes per month of copper at a grade of 2.30%.

Additional information about the Technical Studies can be found in the Company's press release dated

November 2, 2018 which is available on SEDAR and the Company's website.

Economic Analysis Highlights

	Base Case
Pre-tax Net Present Value (NPV) (8%) (in US millions)	\$829
After-tax Net Present Value (NPV) (8%) (in US millions)	\$829
Pre-tax Internal Rate of Return (IRR)	31%
After-tax Internal Rate of Return (IRR)	31%
Payback (years)	2.0
Average Annual Copper Cathode Production (2019-2025) (in millions of pounds)	34
Total Copper Cathode Production (LOM) (in millions of pounds)	250
2020 Cash Flow (in US millions)	\$23
Life of Mine	7.5 years
Operating Cash Cost (per pound of finished copper)	\$1.66
Upfront Capital Cost (in US millions)	\$25
LOM Capital Cost (in US millions)	\$52

Notes:

1. Base Case includes only the Don Gabriel, Papomono and ENAMI tolling revenues. The PEA Case includes the Don Gabriel, Papomono, 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 mineral 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 per pound.
5. Includes revenue from long-term tolling contract with ENAMI of minimum of 15,000 tonnes per month and a tolling rate of US\$27.50 per tonne 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.
9. Average copper recovery is estimated at about 87% for Don Gabriel and Don Gabriel Vetas. The copper recovery for the various Papomono deposits range from 85% for the Epitermal to 90% for Papomono Masivo.
10. It is assumed that Don Gabriel, Papomono Norte and a portion of Papomono Cumbre will be mined by open pit methods by a mining contractor. Estimated contract mining costs are \$2.35 and \$2.15 per tonne for mineralization and waste respectively. The plant feed haulage cost is estimated at \$2.21 per tonne for Don Gabriel and \$1.76 per tonne for Papomono and is based on a contractor quote.
11. Independent Mining Consultants, Inc. does not believe that there are significant risks to the mineral resource estimates based on environmental, permitting, legal, title, taxation, socio-economic, marketing, or political factors other than discussed in the described Technical Report.
12. Further information, including key assumptions, parameters and methods used to estimate mineral reserves and mineral resources will be described in the Technical Report to be published within 45 days of the November 2, 2018 press release announcing the Technical Studies.
13. Mineral resources on which the PEA Case is based are inclusive of mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resources for proposed open pit deposits are constrained within an economic pit shell. For further details of the Base Case and PEA Case and results of the Technical Studies, see SRHI's press release dated November 2, 2018.

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

<i>Operating information</i>	Three months ended	
	Sept. 30, 2018	Sept. 30, 2017
Copper (MTV Operations)		
Total ore mined (thousands of tonnes)	254	n/a
Total waste mined (thousands of tonnes)	552	n/a
Ore Processed (thousands of tonnes)	313	n/a
Grade (% Cu)	0.74	% n/a
Cu Production (tonnes)	1,462	n/a
Cu Production (thousands of pounds)	3,224	n/a
Cash cost of copper produced ¹ (US per lb) \$	2.07	n/a
Realized copper price (US per pound) \$	2.61	n/a

<i>Financial information (in thousands)</i>	Three months ended	
	Sept. 30, 2018	Sept. 30, 2017
Revenue	\$ 6,039	n/a
Gross profit (loss)	\$ (1,449)	n/a
Net loss from continuing operations	\$ (1,149)	\$ (8,424)
Net loss from discontinued operations	\$ (496)	\$ —
Net loss for the period	\$ (1,645)	\$ (8,424)
Adjusted EBITDA from continuing operations ²	\$ (1,712)	\$ (2,011)
Gain (loss) on portfolio investments	\$ 2,597	\$ (6,413)
Cash used in operating activities before working capital changes	\$ (1,665)	\$ 143

¹ 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.

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

³ 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.

- On July 9, 2018, the Company provided a short-term financing of US\$7.2 million, as part of a US\$17.5 million senior secured credit facility (the "Facility") to a private royalty company to support their business plan. The Facility matures on December 31, 2018 with the full amount due on maturity. After prepayments during the quarter, there was US\$4.4 million due to the Company as at September 30, 2018.
- On August 13, 2018, the Company completed a consolidation (the "Share Consolidation") of its share capital on the basis of twenty (20) existing common shares for one (1) new common share. As a result of the Share Consolidation, the 681,680,846 common shares issued and outstanding as at that date were consolidated to 34,082,992 common shares. The Share Consolidation was previously approved by the shareholders at a meeting held on May 10, 2018.
- As at September 30, 2018, the Company had cash and cash equivalents of US\$16.0 million and working capital³ of US\$37.0 million
- Net loss for the quarter was US\$1.6 million or US\$0.05 per share
- 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.

Conference Call Details

SRHI will hold a conference call to review its results for the three and nine months ended September 30, 2018 on Monday, November 12, 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:8574705. A taped replay of the conference call will be available until Monday, November 19, 2018 by calling (855) 859.2056. The conference call will be webcast at www.sprottresource.com and <https://edge.media-server.com/m6/p/2qn8n6tt>.

Qualified Persons

Unless otherwise noted or indicated, scientific and technical content contained in this press release related to MTV 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. The Technical Report will be filed by SRHI on SEDAR within 45 days of the November 2, 2018 press release announcing the results of the Technical Studies in accordance with the requirements of National Instrument 43-101. Readers are encouraged to read the Technical Report in its entirety.

The current technical report in respect of MTV filed on March 29, 2018 can be found at the Company's profile on SEDAR and www.sedar.com.

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.

Non-GAAP Financial Measures

"Cash costs", "Adjusted EBITDA" and "Working Capital" are non-GAAP financial performance measures. Further details on non-GAAP 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: expected cash flows; long-term fundamentals for copper; 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 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, 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) commodity price fluctuations and uncertainties; (x) those risks disclosed under the heading "Risk Management" in SRHI's Management's Discussion and Analysis for the three and nine months ended September 30, 2018; (xi) those risks described under the heading "Risk Management" in SRHI's Management's Discussion and Analysis for the year ended December 31, 2017; (xii) 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 (xiii) those risks incorporated by reference into SRHI's Annual Information Form dated March 29, 2018. 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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