

# Sprott Resource Holdings Inc. Provides Update on Strategic Review by Independent Board Members

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TORONTO, Feb. 18, 2020 - [Sprott Resource Holdings Inc.](#) ("SRHI" or the "Company") (TSX: SRHI) provides an update on the strategic review by the Special Committee of the Board of Directors (the "Board").

On February 11, 2019, the Company announced that in consultation with its significant shareholders including Sprott Inc., the Board formed a Special Committee of the Board comprised of four Independent Directors and chaired by Terry Lyons, the Chairman of the Board. The Special Committee reviewed and evaluated potential measures to address the Company's market valuation, with the aim of maximizing shareholder value. The Special Committee engaged financial and legal advisors to assist in its evaluation.

During the period of strategic review, the Special Committee oversaw a change in the Chief Executive Officer and divested holdings in non-core assets of [Virginia Energy Resources Inc.](#) and InPlay Oil Corp. For an extended period, it was also restricted from seeking potential partners for the Minera Tres Valles ("MTV") asset as the Company negotiated and completed the \$45 million prepaid facility (the "Facility") with the lenders to MTV.

The Special Committee has been dissolved but its strategic review continues at the Board level. The conclusion of the Special Committee was to complete a transition to focus the Company's investment thesis as a pure-play copper-mining company, to continue to pursue alternatives to divesting its portfolio of investments in order to further support MTV and to continue to look for strategic alternatives for the Company.

SRHI continues to hold an investment in [Corsa Coal Corp.](#) (CSO:TSXV) valued at \$4.1 million as at February 13, 2020. Alternatives for this block are being considered. In addition, SRHI has investments in Beretta Farms Inc. ("Beretta") and Lac Oteluk Mining Ltd. ("Lac Oteluk"). SRHI continues to look for opportunities to monetize its investment in Beretta and in conjunction with our partner BaoWu Steel, SRHI is taking steps to unwind the Lac Oteluk joint venture and return capital to the partners, of which a wholly-owned subsidiary of SRHI is a 40% partner.

As part of its mandate, the Special Committee reviewed certain strategic alternatives relating to the Company's interest in MTV, but ultimately it was determined that the ongoing efforts to optimize operations and better capitalize MTV provided the best potential to maximize shareholder value. Following the execution of the Facility, the Board is investigating strategic alternatives for MTV. There is no guarantee that the Company will reach resolution on the strategic alternatives for MTV.

With the continued support of Sprott Inc., the Company has reached an agreement to amend the Management Services Agreement ("MSA") with Sprott Consulting Limited Partnership ("SCLP", a 100% owned entity of Sprott Inc.) whereby SCLP will continue to provide management services, eliminating the management fee and reducing the termination notice period as described in the MSA to three months; in return the Company will bear some of the direct costs of SCLP-provided management representing a significant cost savings to the Company.

About Sprott Resource Holdings Inc.

SRHI is a publicly-listed diversified resource holding company focused on the natural resource industry. SRHI is currently focused on expanding its cash-flowing copper mining operation in Chile and divesting of its

legacy investments. 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).

#### 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, including statements pertaining to: the outcome of SRHI's strategic review including in respect of its investments in Beretta and Lac Otelnuk and success in SRHI's strategic alternatives for MTV.

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 (including water) and services and the prices for power, acid 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; 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: possible variations in grade or recovery rates; copper price fluctuations and uncertainties; delays in obtaining governmental approvals or financing; 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; performance of the counterparties; risks associated with investments in emerging markets; general economic, market and business conditions; market volatility that would affect the ability to enter or exit investments; failure to secure financing in the future on terms acceptable to the Company, if at all; commodity price fluctuations and uncertainties; the financial situation of MTV deteriorates; the inability of SRHI to deal with its investments in Beretta and Lac Otelnuk as expected; and a lack of success in SRHI's strategic alternatives for MTV; 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, 2019; and those risks disclosed under the heading "Risk Factors" or incorporated by reference into SRHI's Annual Information Form dated March 6, 2019. 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.

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