Sprott Resource Holdings Inc.

Condensed Interim Consolidated Financial Statements

First Quarter Ended March 31, 2017

(Unaudited - Expressed in Canadian dollars)

Unaudited - Amounts expressed in thousands of Canadian dollars

	Note	**Mar. 31, 2017**	(Audited) Dec. 31, 2016
Assets			
Cash and cash equivalents		$ 50,618	$ 12,196
Trade and other receivables		839	407
Investments owned, at fair value	*4*	88,244	100,669
Total assets		**$ 139,701**	$ 113,272
Liabilities			
Trade and other payables	*12*	$ 2,065	$ 2,487
Total liabilities		2,065	2,487
Equity			
Capital stock	*5b*	324,544	280,902
Warrants	*5b*	3,355	—
Treasury stock	*5d*	(437)	(437)
Contributed surplus		2,407	3,307
Deficit		(192,233)	(172,987)
Total equity attributable to shareholders of the Company		137,636	110,785
Total liabilities and equity		**$ 139,701**	$ 113,272

Commitment *9*

Subsequent Event *14*

Approved by the Board of Directors

(signed) "Terrence Lyons"
Chairman

(signed) "Lenard F. Boggio"
Director

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Sprott Resource Holdings Inc.
Interim Consolidated Statements of Operations
For the three-months ended March 31, 2017 and 2016
Unaudited - Amounts expressed in thousands of Canadian dollars except per share amounts and number of outstanding shares

	Note	Three-Months Ended **Mar. 31, 2017**	Three-Months Ended Mar. 31, 2016
Investment gain (loss)			
Net gain (loss) on investments	*6*	$ (18,190)	$ 6,498
		(18,190)	6,498
Expenses			
General and administrative expenses	7	315	517
Management fees and compensation		635	583
Transaction costs		106	80
Finance expense		—	283
		1,056	1,463
Net income (loss) and comprehensive income (loss) attributable to shareholders		**$ (19,246)**	$ 5,035
Basic and diluted earnings (loss) per share	*8*	**$ (0.05)**	$ 0.02
Weighted average shares outstanding during the period			
Basic	*8*	**413,348,571**	288,743,490
Fully diluted	*8*	**413,348,571**	290,016,306

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Sprott Resource Holdings Inc.
Interim Consolidated Statements of Changes in Equity
For the three-months ended March 31, 2017 and 2016
Unaudited - Amounts expressed in thousands of Canadian dollars

	Capital Stock	Warrants	Treasury Stock	Contributed Surplus	Deficit	Total
Balance - January 1, 2016	$ 280,902	$ —	$ (705)	$ 3,351	$ (176,221)	$ 107,327
Income for the period	—	—	—	—	5,035	5,035
Stock-based compensation	—	—	—	187	—	187
Shares acquired for equity incentive plan	—	—	(75)	—	—	(75)
Shares released on vesting of equity incentive plan	—	—	60	(50)	—	10
Balance - March 31, 2016	$ 280,902	$ —	$ (720)	$ 3,488	$ (171,186)	$ 112,484
Balance - April 1, 2016	$ 280,902	$ —	$ (720)	$ 3,488	$ (171,186)	$ 112,484
Loss for the period	—	—	—	—	(1,551)	(1,551)
Stock-based compensation	—	—	—	295	—	295
Shares acquired for equity incentive plan	—	—	(433)	—	—	(433)
Shares released on vesting of equity incentive plan	—	—	716	(476)	(250)	(10)
Balance - December 31, 2016	$ 280,902	$ —	$ (437)	$ 3,307	$ (172,987)	$ 110,785
Balance - January 1, 2017	$ 280,902	$ —	$ (437)	$ 3,307	$ (172,987)	$ 110,785
Loss for the period	—	—	—	—	(19,246)	(19,246)
Securities issued on acquisition of ADI, net of issue costs	30,341	1,683	—	—	—	32,024
Securities issued on financing of Transaction, net of issue costs	13,726	833	—	—	—	14,559
Warrants issued on termination of Profit Distribution	—	933	—	(933)	—	—
Deferred costs of Offering subsequent to quarter-end	(425)	(94)	—	—	—	(519)
Stock-based compensation	—	—	—	49	—	49
Shares acquired for equity incentive plan	—	—	(16)	—	—	(16)
Shares released on vesting of equity incentive plan	—	—	16	(16)	—	—
Balance - March 31, 2017	**$ 324,544**	**$ 3,355**	**$ (437)**	**$ 2,407**	**$ (192,233)**	**$ 137,636**

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Amounts expressed in thousands of Canadian dollars

	Note	Three-Months Ended Mar. 31, 2017	Three-Months Ended Mar. 31, 2016
Cash flows from operating activities			
Net income (loss) attributable to shareholders		$ (19,246)	$ 5,035
Items not affecting cash			
Net loss (gain) on investments		18,190	(6,498)
Stock-based compensation		49	187
Bargain purchase gain		(70)	—
		(1,077)	(1,276)
Purchase of investments		—	(2,665)
Sale of investments		—	1,151
Changes in non-cash operating working capital			
Trade and other receivables		2	(116)
Trade and other payables		(1,786)	194
Accrued interest on credit facility		—	289
		(1,784)	(1,147)
Cash used in operating activities		(2,861)	(2,423)
Cash flows from financing activities			
Proceeds from credit facility		—	3,500
Repayments of credit facility		—	(1,045)
Acquisition of treasury stock		(16)	(75)
Cash and cash equivalents received on Arrangement	1, 3	26,409	—
Net proceeds from Transaction		14,890	—
Cash provided by financing activities		41,283	2,380
Change in cash and cash equivalents		38,422	(43)
Cash and cash equivalents - Beginning of year		12,196	674
Cash and cash equivalents - End of period		**$ 50,618**	$ 631
Supplemental Cash Flow Information:			
Interest paid on credit facility[1]		$ —	$ 1,045

[1] Amounts are included in the operating activities

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Corporate Information

Sprott Resource Holdings Inc. (formerly Adriana Resources Inc. or "ADI") (together with its subsidiaries, "SRHI" or the "Company") was incorporated under the laws of British Columbia and continued under the *Canada Business Corporations Act* ("CBCA"). The primary purpose of the Company is to invest in the natural resource sector. The Company currently has investments in mining, agriculture and energy production and services and has initiated its transition from a private equity firm to a diversified holding company.

On February 9, 2017, Sprott Resource Corp. ("SRC"), at the time a publicly listed private equity company which invested in the natural resource sector, completed a Plan of Arrangement (the "Arrangement" - see Note 3) with ADI, a publicly listed company whose principal holdings were cash and its 40% investment in a joint venture company, Lac Otelnuk Mining Ltd. ("LOM"), an entity established to continue the exploration of the Lac Otelnuk iron ore property in Nunavik, Quebec. Under the Arrangement, all existing SRC common shares were exchanged into ADI common shares at a ratio of 1:3. SRC became a wholly-owned subsidiary of ADI, which was renamed "Sprott Resource Holdings Inc."

SRHI invests in the natural resource sector primarily through Sprott Resource Partnership ("SRP"), a partnership formed pursuant to an amended and restated partnership agreement (the "Partnership Agreement") between SRC and Sprott Resource Consulting Limited Partnership (the "Managing Partner"), an affiliate of Sprott Consulting Limited Partnership ("SCLP") which is directly and indirectly wholly-owned by Sprott Inc. ("Sprott"). The majority of the current holdings of SRHI are held in SRP. The only assets not held in SRP are its investment in LOM and those assets necessary to administer the (i) public company and (ii) equity incentive plan of the Company (see Note 5d).

The Company, through SRC, holds all voting SRP units, entitling the Company to control the strategic, operating, financing and investing activities of SRP. The Managing Partner holds all non-voting SRP units and, within the terms and conditions established by the Company, manages SRP's investment activities and assets, and administers the day-to-day operations of SRP. The Managing Partner may be removed as the managing partner of SRP by way of a Special Resolution (as defined in the Partnership Agreement) approved by no less than two thirds of the votes cast by the holders of the voting partnership units who vote on the resolution.

The Company is listed on the Toronto Stock Exchange ("TSX").

The Company's head office is located at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2600, Toronto, Ontario, Canada, M5J 2J1.

These Financial Statements (as defined below) were approved for issue by the Board of Directors (the "Board") on May 2, 2017.

2. Accounting Policies

The following is a summary of the significant accounting policies applied in the preparation of these unaudited condensed interim consolidated financial statements ("Financial Statements").

a. Basis of Preparation

These Financial Statements are prepared on a going concern basis in accordance with IAS 34, *Interim Financial Reporting*. Consequently, they should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Arrangement with ADI is considered a business combination under IFRS with SRC being the acquirer for accounting purposes (Note 3). As such, the comparative information in these Financial Statements is the SRC comparative information, with the results of operations of ADI consolidated from February 9, 2017 (the "Acquisition Date").

Due to rounding, numbers presented may not add up precisely to totals provided.

b. Consolidation

The Financial Statements of the Company include 100% of the accounts of SRHI, SRC, SRP, ADI Mining Ltd. ("ADM") and the Sprott Resource Corp. 2014 Employee Profit Sharing Plan (the "Trust"). All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In many, but not all instances, control will exist when the Company owns more than one half of the voting rights of a corporation, partnership or trust. The Company does not control any entities for which it owns less than one half of the voting rights of an entity, other than the Trust, which the Company is deemed to control.

As an investment entity, the Company accounts for its subsidiaries at fair value through profit or loss ("FVTPL") in accordance with IFRS 9, with the exception of SRC, SRP and ADM that provides services related to the Company's investment activities and the Trust, which provides the Company with its equity incentive plan. Subsidiaries providing such services are fully consolidated from the date on which control is obtained, and no longer consolidated from the date on which control ceases. Accounting policies of SRC, SRP, ADM and the Trust have been conformed where necessary to ensure consistency with the policies adopted by the Company.

c. Business Combinations

A business combination is defined as an acquisition of assets and liabilities that constitute a business. A business is an integrated set of activities and assets that consist of inputs, including non-current assets, and processes, including operational processes, that when applied to those inputs have the ability to create outputs that provide a return to the Company and its shareholders. A business also includes those assets and liabilities that do not necessarily have all the inputs and processes required to produce outputs, but can be integrated with the inputs and processes of the Company to create outputs.

Business combinations are accounted for using the acquisition method whereby identifiable assets acquired and liabilities assumed, including contingent liabilities, are recorded at their fair values at the acquisition date. The acquisition date is the date at which the Company obtains control over the acquiree, which is generally the date that consideration is transferred and the Company acquires the assets and assumes the liabilities of the acquiree. The Company considers all relevant facts and circumstances in determining the acquisition date.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values of the assets at the acquisition date transferred by the Company, the liabilities, including contingent consideration, incurred and payable by the Company to former owners of the acquiree and the equity interests issued by the Company. The measurement date for equity interests issued by the Company is the acquisition date. Acquisition related costs are expensed as incurred.

d. Investment in Associates and Joint Ventures

Associates and Joint Ventures are entities over which the Company has significant influence or joint control, but not control. As permitted by IAS 28, *Investment in Associates and Joint Ventures*, the Company has elected to carry all such investments at FVTPL in accordance with IFRS 9.

e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less.

f. Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Investments in equity instruments, derivatives and debt instruments that do not meet the criteria for amortized cost (see below) are classified as FVTPL. Financial assets classified as FVTPL are carried at fair value on the consolidated statements of financial position with realized and unrealized gains and losses recorded in the consolidated statements of operations and as an operating activity in the consolidated statements of cash flows.

A debt instrument is measured at amortized cost if (i) the objective of the Company's business model is to hold the instrument in order to collect contractual cash flows and (ii) the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Alternatively, debt instruments that meet the criteria for amortized cost may be designated as at FVTPL on initial recognition if doing so eliminates or significantly reduces an accounting mismatch. Investments in equity instruments that are not held for trading may be irrevocably designated at fair value through other comprehensive income ("FVTOCI") on initial recognition. The Company has not designated any of its equity instruments at FVTOCI.

The Company recognizes purchases and sales of financial assets on the trade date, which is the date on which it commits to purchase or sell the asset. Transaction costs related to financial assets classified or designated as at FVTPL are expensed as incurred. A financial asset is derecognized when the rights to receive cash flows from the investment have expired or have been transferred and when the Company has transferred substantially the risks and rewards of ownership of the asset.

Financial assets and liabilities measured at amortized cost, including the Company's cash and cash equivalents, trade and other receivables and trade and other payables are recognized initially at the amount expected to be received or paid less, when material, a discount to reduce them to fair value. Subsequently, they are measured at amortized cost using the effective interest rate method less a provision for impairment, if any. Due to their short-term nature and low credit risk, the fair values of these financial assets and liabilities approximate their carrying amounts.

g. Net Gain (Loss) on Investments

Realized and unrealized gains and losses arising on the disposition and remeasurement of investments at fair value, including foreign exchange gains and losses, are included in net gain (loss) on investments in the Consolidated Statements of Operations.

h. Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss.

For financial assets carried at amortized cost, the loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

i. Foreign Currency Translation

These Financial Statements are presented in Canadian dollars, which is also the Company's functional currency. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates that transactions occur. Assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rates prevailing at the measurement date. Foreign exchange gains and losses related to cash and cash equivalents are included in general and administrative expenses in the Consolidated Statements of Operations and those related to the Company's investments are included in net gain (loss) on investments.

j. Management Fees and Compensation

SCLP provides management services to the Company, which entitle it to management fees of 0.50% of the Quarterly Net Asset Value (as defined in the MSA, see Note 9) of SRHI, less the total compensation paid to management by SRHI for such fiscal quarter. The fee is accrued each quarter.

k. Employee and Director Benefits

Stock-based compensation

The Company uses the fair value method to account for equity settled share-based payments with employees and directors. Compensation expense is determined using the Black-Scholes option valuation model for stock options. Compensation expense for deferred stock units ("DSU") is determined based on the value of the Company's common shares at the time of grant. Compensation expense for the Company's Trust is determined based on the value of the Company's common shares on the grant date (see Note 5d). The amount of compensation expense is recognized over the vesting period with a corresponding increase to contributed surplus other than for the Company's DSUs where the corresponding increase or decrease is to liabilities. Stock options and common shares held by the Trust vest in installments which require a graded vesting methodology to account for these share-based awards. On the exercise of stock options for shares, the contributed surplus previously recorded with respect to the exercised options and the consideration paid is credited to capital stock. On the vesting of common shares in the Trust, the contributed surplus previously recorded is credited to treasury stock. On the exercise of DSUs, the liability previously recorded is credited to cash.

l. Income Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Consolidated Statements of Financial Position date.

Deferred income tax assets and liabilities are provided on all temporary differences at the consolidated statements of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are recognized for all taxable temporary differences except:

- When the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, the timing of the reversal of the temporary difference can be controlled, it is probable that the temporary difference will not reverse in the foreseeable future and, for deferred income tax assets, taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred income tax assets is reviewed at each Consolidated Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted at the Consolidated Statements of Financial Position date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

m. Capital Stock

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from capital stock.

n. Warrants

Warrants are classified as equity. Incremental costs directly attributable to the issuance of warrants are recognized as a deduction from warrants. The Company engages in equity financing transactions to obtain the funds necessary to invest in the natural resource sector and for general working capital purposes. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the share purchase warrants are exercisable into additional common shares prior to expiry at a price stipulated by the equity financing agreement. Share purchase warrants that are part of units are measured at fair value on the date of issue using the Black-Scholes option pricing model and included in equity with the common shares that were concurrently issued.

o. Treasury Stock

Treasury shares are classified as equity. Treasury shares arise when the Trust purchases shares on the open market for the purpose of the equity incentive plan.

p. Earnings (Loss) per Share

Earnings (loss) per share are presented for basic and diluted earnings. Basic per share information is computed by dividing the net income or loss of the Company by the weighted average number of common shares outstanding during the period. The weighted average number of shares for fully diluted earnings per share information is calculated using the treasury stock method whereby it is assumed that (i) proceeds obtained upon exercise of options and warrants would be used to purchase common shares at the average market price during the period and (ii) all unvested treasury shares are deemed to have vested. Under the treasury stock method, options and warrants have a dilutive effect only when the average market price of the common shares during the period exceeds the exercise price of the options and warrants (they are "in-the-money"). Exercise of in-the-money options and warrants is assumed at the beginning of the period or date of issuance, if later. Unvested treasury shares are assumed to have vested at the beginning of the period or date of issuance, if later. Should the Company have a loss for the period, options, warrants and unvested treasury shares would be anti-dilutive and therefore would have no effect on the determination of diluted loss per share.

q. Critical Accounting Estimates and Judgments

Estimates by management represent an integral component of the Financial Statements prepared in conformity with IFRS. The estimates made in the Financial Statements reflect management's judgments based on past experiences, present conditions and expectations of future events. Where estimates were made, the reported amounts for assets, liabilities, revenues and expenses may differ from the amounts that would otherwise be reflected if the ultimate outcome of all uncertainties and future events were known at the time the Financial Statements were prepared.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year are the fair value of unlisted instruments. The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. Private equity investments for which market quotations are not readily available are valued at their fair value outlined in Note 11.

Fair value of investments

The Company's investments are recorded in the Consolidated Statements of Financial Position at fair value. Management uses their judgment to select a variety of methods and make assumptions that are not always supported by quantifiable market prices or rates. Judgment is required in order to determine the appropriate valuation methodology under this standard and subsequently in determining the inputs into the valuation model used. These judgments include assessing the future earnings potential of investee companies, appropriate earnings multiples to apply, adjustments to comparable multiples, liquidity and net assets. In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that the Company believes will materially affect the methodology or assumptions utilized in making these estimates in these Financial Statements. Accordingly, actual values realized in future market transactions may differ from the estimates presented in these Financial Statements and the differences may be material. The use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair values of various assets and liabilities. The fair values of financial instruments with quoted bid and ask prices are based on the price within the bid-ask spread that are most representative of fair value and may include closing prices in exchange markets.

The fair value of the other financial instruments is determined using the valuation techniques described in Note 11.

The Company classifies the fair value of its financial instruments according to the following hierarchy, which is based on the nature of the observable inputs used to value the instrument:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 – inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs that are unobservable for the asset and liability.

Determination of investment entity status

The most significant judgment made in preparing the Financial Statements is the determination that the Company is an investment entity. In accordance with IFRS 10, an investment entity is an entity that: "obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis." In determining its status as an investment entity, the most significant judgments made include the determination by the Company that its investment-related activities with subsidiaries, other than SRC, SRP and ADM, do not represent a separate substantial business activity and that fair value is the primary measurement attribute used to monitor and evaluate substantially all of its investments.

Stock-based compensation

Equity compensation through the Trust can only be granted to employees and directors when the Company is permitted to purchase its own shares through the TSX. From time-to-time, equity compensation is approved during a period of blackout which requires management to estimate the number of shares that will ultimately be granted as equity compensation.

Warrants

The Company engages in equity financing transactions which may involve issuance of equity units which are comprised of common shares and warrants. Share purchase warrants that are part of units are measured at fair value on the date of issue using the Black-Scholes option pricing model which requires management to make certain estimates in fair valuing the warrants.

Business combinations

Determination of whether a set of assets acquired and liabilities assumed constitute the acquisition of a business or asset may require the Company to make certain judgements as to whether or not the assets acquired and liabilities assumed include the inputs, processes and outputs necessary to constitute a business as defined in IFRS 3 – *Business Combinations*. Based on an assessment of the relevant facts and circumstances, the Company concluded that the acquisition of ADI on February 9, 2017 met the criteria for accounting as a business combination.

The allocation of the purchase price of acquisitions requires estimates as to the fair market value of acquired assets and liabilities. The information necessary to measure the fair values as at the acquisition date of assets acquired and liabilities assumed requires management to make certain judgments and estimates about future events, including but not limited to estimates of mineral reserves and mineral resources and exploration potential of the assets acquired, future operating costs and capital expenditures, discount rates to determine fair value of assets acquired and future metal prices and long term foreign exchange rates.

Changes to the preliminary measurements of assets and liabilities acquired may be retrospectively adjusted when new information is obtained until the final measurements are determined within one year of the Acquisition Date.

3. Business Combination

The acquisition of ADI was completed on February 9, 2017. Pursuant to the Arrangement, SRC shareholders received 3.0 ADI shares for each SRC share outstanding at the Acquisition Date. On February 8, 2017, and as a condition of the Arrangement, ADI shareholders received one-quarter of a warrant in respect of each ADI share held, with each whole warrant (each, a "Warrant") having a five-year term and a strike price of $0.333 per share.

On closing of the Arrangement and Transaction (see Note 5b), the Company had 510,488,999 common shares issued and outstanding with approximately 57% of the common shares being held by former shareholders of SRC, 31% by former shareholders of ADI, 8% by Sprott Inc. ("Sprott") and 4% by a fund managed by a subsidiary of Sprott together with Term Oil Inc.

As part of the Arrangement, ADI shareholders approved a name change of ADI to "Sprott Resource Holdings Inc." together with the TSX approving the graduation of ADI from the Toronto Venture Exchange to the TSX.

The Company has determined that the acquisition of ADI was a business combination in accordance with IFRS 3, *Business Combinations*, and as such has accounted for it in accordance with this standard using the acquisition method with SRC as the acquirer. Although legally the previous ADI acquired 100% of the common shares of SRC and the previous ADI legal entity remains the top public entity in the corporate structure, SRC was determined to be the accounting acquirer, through completion of a reverse acquisition, as its shareholders retain majority control post-Arrangement, the composition of the Board reflects a majority of pre-Arrangement SRC Board members, and SRC has retained key management functions of the combined business. The Company incurred transaction costs of $1.7 million related to the Arrangement, with $1.6 million expensed in the year ended December 31, 2016 and $0.1 million expensed in 2017 in accordance with IFRS 3, *Business Combinations*. The Company also incurred $0.1 million of share issue costs which were netted against share capital and warrants.

In the accounting for the reverse acquisition, the consideration is determined by reference to the fair value of the number of shares the legal subsidiary, being SRC, would have issued to the legal parent entity, being the Company, to obtain the same ownership interest in the combined entity. As a result, the capital stock consideration is measured at the value of 52,518,079 shares that would have been issued by SRC. Similarly, the consideration in respect of the Warrants is determined by reference to the fair value of the number of Warrants the legal subsidiary, being SRC, would have issued to the legal parent entity, being the Company, to obtain the same ownership interest in the combined entity. As a result, the Warrant consideration is measured at the value of 13,129,520 Warrants that would have been issued by SRC.

The following table summarizes the fair value of the consideration paid and the preliminary estimates of the fair values of identified assets acquired and liabilities assumed from ADI. Final valuations of assets and liabilities are not yet complete due to the timing of the acquisition. The Company expects to finalize the determination of the fair values of the assets and liabilities acquired within 12 months of the Acquisition Date, which could result in material differences from the preliminary values presented in these Financial Statements.

Consideration		
Issuance of SRC common shares	$	30,460
Issuance of Warrants		1,690
Total consideration	**$**	**32,150**
Preliminary fair value of assets acquired:		
Cash and cash equivalents	$	26,409
Other current assets		443
Investment in LOM		5,755
		32,607
Preliminary fair value of liabilities acquired:		
Accounts payable and accrued liabilities		387
Net assets acquired	**$**	**32,220**
Bargain purchase gain	**$**	**70**

The reverse takeover resulted in a bargain purchase gain of $70 thousand which is included as a reduction of General and Administrative Expenses on the Consolidated Statements of Operations. These Financial Statements include nominal revenue and losses related to ADI from the Acquisition Date to March 31, 2017. Had the acquisition of ADI taken place on January 1, 2017, the total pro forma consolidated revenue and earnings for the Company would not be materially different for the three-months ended March 31, 2017.

4. Investments

The Company has a portfolio of investments in securities of public and private companies. The following is a summary of the Company's investments and their fair values:

	As at			
(in thousands)		**Mar. 31, 2017**		Dec. 31, 2016
Mining	$	39,378	$	51,040
Agriculture		29,647		30,268
Energy production and services		19,219		19,361
Total investments owned, at fair value	**$**	**88,244**	$	100,669

The Company's investments are solely comprised of equity holdings as at March 31, 2017 and December 31, 2016**.**

Unaudited - Tabular amounts expressed in thousands of Canadian dollars except per share amounts which are in Canadian dollars

For the three-months ended March 31, 2017, the Company disposed of one investment for gross proceeds of approximately $23 thousand (three-months ended March 31, 2016: disposed of one investments for gross proceeds of approximately $1.2 million).

As an investment entity, the Company accounts for all of its investments at FVTPL, including investments in subsidiaries (other than those which provide services related to the Company's investing activities) and associates. Further information about the Company's associate and subsidiary is as follows:

Name	Type	Principal place of business	Country of Incorporation	Ownership Interest %	Voting Rights %
LOM	Iron ore exploration company	Canada	Canada	40.00%	40.00%
One Earth Farms Corp. ("OEF")	A vertically integrated healthy food company	Canada	Canada	49.98%	49.98%

5. Equity

a) Authorized

Unlimited common shares with no par value.

The holders of the common shares are entitled to one vote per share and are entitled to dividends, when and if declared by the Board of the Company, and to the distribution of the residual assets of the Company in the event of the liquidation, dissolution or winding-up of the Company.

b) Issued and outstanding

	Common shares (#)	Amount
Balance - December 31, 2015 and December 31, 2016 [1]	157,554,238	$ 280,902
Shares issued on Arrangement, net of issue costs	290,016,306	30,341
Shares issued on Transaction, net of issue costs	62,918,455	13,726
Deferred costs of Offering subsequent to quarter-end	—	(425)
Balance - March 31, 2017	**510,488,999**	**$ 324,544**

[1] Number of common shares is reflected post-Arrangement ratio of 3.0 ADI shares for each SRC share

On February 9, 2017, the Arrangement closed (see Note 3) resulting in the issuance of 290.0 million common shares and 39.4 million Warrants. Each Warrant is exercisable until February 9, 2022 at an exercise price of $0.333 per common share.

The fair value of the Warrants was determined to be $1.7 million using the following assumptions:

Share price	$0.19
Risk-free rate	0.95%
Expected dividend yield	—%
Expected volatility	42.8%
Warrant life in years	5

The Company incurred $0.1 million in costs directly attributable to the issuance of the common shares and Warrants which was allocated between the fair values of the common shares and Warrants.

On February 9, 2017, (i) Sprott invested $10 million in ADI common shares at a price of $0.233 per share and (ii) a fund managed by a subsidiary of Sprott, together with Term Oil Inc. (a corporation controlled by A.R. (Rick) Rule IV), invested a total of $5 million in units of ADI (each unit comprised of one ADI common share and one Warrant) at a price of $0.25 per unit ("Unit") (together, the "Transaction"). The Transaction resulted in the issuance of 62.9 million common shares and 20.0 million Warrants. Each Warrant is exercisable until February 9, 2022 at an exercise price of $0.333 per common share.

Unaudited - Tabular amounts expressed in thousands of Canadian dollars except per share amounts which are in Canadian dollars

The fair value of the Warrants was determined to be $0.8 million using the following assumptions:

Share price	$0.19
Risk-free rate	0.95%
Expected dividend yield	—%
Expected volatility	42.8%
Warrant life in years	5

The Company incurred $0.4 million in costs directly attributable to the issuance of the common shares and Warrants which was allocated between the fair values of the common shares and Warrants.

On April 20, 2017, the Company closed its previously announced "best efforts" marketed offering (the "Offering") incurring estimated costs directly attributable to the issuance of the common shares of $425 thousand and warrants of $94 thousand (See Note 14).

On February 9, 2017, the Managing Partner received 21,750,000 Warrants as a long-term incentive to replace the profit distribution program that was in place at SRP and which was terminated upon completion of the Arrangement.

The fair value of the Warrants was determined to be $0.9 million using the following assumptions:

Share price	$0.19
Risk-free rate	0.95%
Expected dividend yield	—%
Expected volatility	42.8%
Warrant life in years	5

Common share purchase warrants outstanding are as follows:

	Warrants (#)		Amount
Balance - January 1, 2016 and January 1, 2017	—	$	—
Warrants issued on Arrangement, net of issue costs	39,388,560		1,683
Warrants issued on Transaction, net of issue costs	20,000,000		833
Warrants issued on termination of Profit Distribution	21,750,000		933
Deferred costs of Offering subsequent to quarter-end	—		(94)
Balance - March 31, 2017	**81,138,560**	**$**	**3,355**

All common share purchase warrants have an exercise price of $0.333 per common share and expire on February 9, 2022.

c) Stock options

The number of common shares available under the Company's stock option plan shall not exceed 10% of the issued and outstanding common shares of the Company as at the date of such grant (the "Option Plan"). The Company may grant options to directors, officers, employees or consultants of the Company. The exercise price per share is determined by the Company at the time the option is granted but, in any event, shall not be less than the closing price of the shares on the TSX on the trading day immediately preceding the date of the grant of the option, unless the grant of the option occurs during a blackout period, in which case the exercise price per share shall not be less than the closing price of the shares on the TSX on the second trading day immediately following the expiry of the blackout period. Options granted pursuant to the Option Plan have a ten year term and shall vest and become exercisable by an optionee in three tranches: one third of the number of options vesting each of six, twelve and eighteen months following the date of grants.

Unaudited - Tabular amounts expressed in thousands of Canadian dollars except per share amounts which are in Canadian dollars

On February 9, 2017, the stock option plan of SRC was cancelled as a result of the Arrangement (see Note 3). The Option Plan of the Company remains in place.

The number of stock options outstanding as at March 31, 2017 is 4.9 million (December 31, 2016: 5.3 million) at a weighted average exercise price of $0.25 (December 31, 2016: $0.30). The exercise price ranges from $0.17 per common share to $0.68 per common share with expiry dates from June 2017 to November 2020. The continuity of stock options is as follows:

	Stock options (#)		Weighted average exercise price
Balance - December 31, 2016	5,250,000	$	0.30
Forfeited	(350,000)		1.04
Balance - March 31, 2017	**4,900,000**	**$**	**0.25**

The following table summarizes the options outstanding as at March 31, 2017:

Year of Expiry	Number of options outstanding		Weighted average exercise price	Weighted average remaining contractual life (years)	Number of exercisable options outstanding		Weighted average exercise price
2017	600,000	$	0.68	0.22	600,000	$	0.68
2018	650,000		0.22	1.12	650,000		0.22
2019	650,000		0.17	2.12	650,000		0.17
2020	3,000,000		0.19	3.64	3,000,000		0.19
	4,900,000	$	0.25	2.69	4,900,000	$	0.25

d) Treasury stock

On May 21, 2014, SRC adopted an equity incentive plan for its employees and directors which was assigned to the Company effective the date of the Arrangement. The Trust has been established and the Company funds the Trust with cash, which is used by the trustee to purchase common shares of the Company on the open market and held in the Trust by the trustee until the awards vest and are allocated to eligible members. Vesting of the awards are at the discretion of the Board.

The Trust purchased 84 thousand common shares for the three-months ended March 31, 2017 (for the year ended December 31, 2016: 2,693 thousand). During the three-months ended March 31, 2017, 84 thousand common shares were released on vesting from the equity incentive plan.

	Common shares (#)		Amount
Unvested common shares held by the Trust, December 31, 2016 [1]	1,602,261	$	437
Acquired for equity incentive plan	84,052		16
Released on vesting of equity incentive plan	(84,052)		(16)
Unvested common shares held by the Trust, March 31, 2017	**1,602,261**	**$**	**437**

[1] Number of common shares is reflected post-Arrangement ratio of 3.0 ADI shares for each SRC share

For the three-months ended March 31, 2017, the Company recorded stock-based compensation expense of $49 thousand (three-months ended March 31, 2016: $187 thousand), of which $20 thousand (three-months ended March 31, 2016: $112 thousand) has been recorded in management fees and compensation and $29 thousand (three-months ended March 31, 2016: $75 thousand) has been recorded in general and administrative expense with a corresponding increase to contributed surplus during the year.

	Three-months ended	
(in thousands)	**Mar. 31, 2017**	Mar. 31, 2016
Stock option plan	$ —	$ —
Trust	49	187
	$ 49	$ 187

6. Net Gain (Loss) on Investments

	Three-months ended	
(in thousands)	**Mar. 31, 2017**	Mar. 31, 2016
Net realized loss on investments	$ (10)	$ (13,775)
Reversal of previously recorded unrealized loss on investments[1]	10	13,775
Change in unrealized gain (loss) on investments	(18,043)	10,208
Change in unrealized foreign exchange loss on investments	(147)	(3,710)
Net gain (loss) on investments	**$ (18,190)**	$ 6,498

[1] Amounts resulting from accounting reversals of investments sold in the period

7. General and Administrative Expenses

	Three-months ended	
(in thousands)	**Mar. 31, 2017**	Mar. 31, 2016
Professional fees	$ 66	$ 74
Public company reporting costs	267	267
Bargain purchase gain	(70)	—
Office expenses	52	176
	$ 315	$ 517

Included in public company reporting costs are $43 thousand of Director stock-based compensation for the three-months ended March 31, 2017 (three-months ended March 31, 2016: $78 thousand).

8. Earnings (Loss) per Share

Earnings (loss) per share is calculated by dividing the net income (loss) of the Company by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive shares. The potentially dilutive shares of the Company relate to warrants, stock options and treasury stock. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the exercise prices of outstanding stock options and warrants. The number of shares calculated as described in the preceding sentence is compared with the number of shares that would have been issued assuming the exercise of the stock options and warrants. All unvested treasury shares are deemed to have vested at the beginning of the period or date of issuance, if later.

	Three-months ended	
(in thousands except per share amounts)	**Mar. 31, 2017**	Mar. 31, 2016
Net income (loss) and comprehensive income (loss) attributable to shareholders	$ (19,246)	$ 5,035
Weighted average number of shares - basic	413,349	288,743
Weighted average number of shares - fully diluted	413,349	290,016
Basic and fully diluted income (loss) per share	$ (0.05)	$ 0.02

9. Commitment

Management Services Agreement ("MSA")

The Company invests and operates in the natural resource sector through SRP and ADM. Substantially all of the investment holdings of SRHI are held by SRP. The only assets not held in SRP are its investment in LOM (held by ADM) and those assets necessary to administer the (i) public company and (ii) equity incentive plan of the Company (see Note 5d). SRHI through SRC owns nearly all of SRP (approximately 99.99%), other than the managing partnership interest owned by the Managing Partner (approximately 0.01%).

The Managing Partner has the power and authority to transact the business of SRP and to deal with and in SRP's assets for the use and benefit of SRP, except as limited by any direction of the Board, and subject to certain limits on authority established from time to time by the Board.

The Managing Partner holds all non-voting partnership units and, within the terms and conditions established by the Company, will manage SRP's investment activities and assets, and administer the day-to-day operations of SRP. The Managing Partner of SRP may be removed by way of a Special Resolution (as defined in the Partnership Agreement) approved by no less than two thirds of the votes cast by the holders of the voting partnership units who vote on the resolution. SRC holds all of the voting partnership units of SRP.

In connection with the Arrangement (as defined in Note 1), an MSA was entered into between SRHI and SCLP replacing the old MSA (the "Old MSA") between SRC and SCLP.

10. Related Party Transactions

a) Purchases of Services

The Company entered into the following transactions with related parties during the three-months ended March 31, 2017 and three-months ended March 31, 2016:

Management fees and employment compensation pursuant to the Old MSA and MSA for the three-months ended March 31, 2017 were $0.6 million (three-months ended March 31, 2016: $0.6 million). The employment compensation portion was paid directly to employees and consultants of SRHI provided by SCLP and the remainder was paid and payable to SCLP, an entity with directors and officers in common. As at March 31, 2017, there was $0.6 million (December 31, 2016: $0.2 million) payable to SCLP for management fees calculated pursuant to the MSA.

Transactions with related parties are recorded at the price agreed between the parties. Transactions in the normal course of business are measured at the monetary amount, which is the amount of consideration established, agreed to and paid by the related parties based on standard commercial terms.

b) Key Management Compensation

Compensation for services paid or payable to executive officers and independent directors of the Company is shown below:

	Three-months ended	
(in thousands)	**Mar. 31, 2017**	Mar. 31, 2016
Compensation paid by and on behalf of SRHI for executive management services provided to the Company (including stock-based compensation)	$ 236	$ 163
Directors fees	85	90
Directors stock-based compensation	43	78
	$ 364	$ 331

11. Fair Value Estimation

All of the Company's investments are carried at fair value. SRHI includes investments in private companies in Level 3 of the fair value hierarchy (see Note 2) because they trade infrequently and have limited observable inputs. The Company's exchange-traded investments that are quoted in active markets are measured at fair value using closing prices.

The Company has provided fair market disclosure for its portfolio of investments by three industry groups. The mining industry group consists of three mining companies, one of which is in the exploration stage, one that is in the producing stage and another that is in care and maintenance. The agriculture industry group consists of two agriculture-related companies. One company is based in Uruguay and the other in Canada with both operations and risks linked to agricultural commodities. The energy production and services industry group consists of (i) one oil and gas exploration and production (“E&P”) investment and (ii) one technology company for the benefit of oil and gas E&P companies. The companies in each of the three industry groups share similar risk profiles and have therefore been grouped together.

The following table presents the classification within the levels of the fair value hierarchy.

As at March 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments - mining	$ 33,623	$ —	$ 5,755	$ 39,378
Investments - agriculture	—	—	29,647	29,647
Investments - energy production and services	13,980	—	5,239	19,219
	$ 47,603	$ —	$ 40,641	**$ 88,244**

As at December 31, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments - mining	$ 51,040	$ —	$ —	$ 51,040
Investments - agriculture	—	—	30,268	30,268
Investments - energy production and services	14,122	—	5,239	19,361
	$ 65,162	$ —	$ 35,507	**$ 100,669**

The Company's policy is to recognize transfers to and from fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There have been no transfers between levels during the three-months ended March 31, 2017.

Unaudited - Tabular amounts expressed in thousands of Canadian dollars except per share amounts which are in Canadian dollars

The following presents the movement in Level 3 instruments for the three-months ended March 31, 2017 and for the year-ended December 31, 2016:

		Mar. 31, 2017		Dec. 31, 2016
Opening balance	$	35,506	$	71,084
Investments acquired on acquisition of ADI		5,755		—
Transfer of investment to Level 1		—		(8,602)
Unrealized losses in the year		(621)		(26,976)
Ending balance	**$**	**40,641**	$	35,506

Valuation Methodologies

The Company's management team is responsible for determining fair value measurements included in the Financial Statements, including Level 3 measurements. The valuation processes and results are reviewed and approved by the Chief Executive Officer and Chief Financial Officer at least once every quarter, in line with the Company's quarterly reporting dates.

The Company determines the fair values of its investments categorized in Level 3 using adjusted book value, earnings and revenue multiple methodologies, reference to recent transaction prices, public company comparables or a combination thereof. At least annually, each investment classified as a Level 3 investment is valued by an independent third-party professionally accredited valuator unless (i) there is sufficient external evidence, such as a recent third-party transaction, that would provide meaningful and supportable evidence to conclude on fair value or (ii) it is both uneconomical to perform and the range of fair values for the investment would not result in a material difference from any value within the range. The Company staggers the third-party valuation process over four quarters such that each Level 3 investment is independently valued within a 12-month period (unless determined otherwise as previously discussed).

Where a recent investment has been made, either by the Company or by a third party in one of SRHI's investments, after considering the background of the underlying investment, this price will generally be used as the estimate of fair value, subject to consideration of changes in market conditions and company specific factors. Other methodologies may be used at any time if they are believed to provide a more accurate assessment of the fair value of the investment. The indicators that the price of a recent investment may no longer be appropriate include (but are not necessarily limited to) factors such as:

- significant under/over achievement of budgeted earnings;
- concerns with respect to debt covenants or refinancing;
- significant movements in the market sector of the investment;
- lack of significant third party investment;
- regulatory changes in the industry; and,
- the passage of time.

If active business operations in an SRHI investment have not yet generated meaningful positive cash flows, after considering the background of the underlying investment, an adjusted book value approach is typically utilized adjusting the reported book value of those assets and liabilities required in operations to their respective fair values, subject to consideration of changes in market conditions and company specific factors.

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Quantitative information about fair value measurements as at March 31, 2017 using significant unobservable inputs (Level 3) is as follows:

Description	Valuation technique(s)	Significant unobservable input(s)	Range of significant unobservable inputs
Investments - mining			
LOM	Adjusted net assets	Expected rate of return applied to mineral properties	6% - 12%
Investments - energy production and services			
RII	Recent transaction price	Discount rate applied to recent capital raise	40% - 60% discount
Investments - agriculture			
Union Agriculture	Adjusted net assets	Marketability of shares	45% - 55% discount
OEF	Adjusted net assets	Biological asset fair value	Midpoint of third-party Canadian index for commodity beef[1]

[1] *Biological assets at OEF are predominantly organic and natural cattle for which a third party Canadian index is not available.*

Financial assets and liabilities that are not measured at fair value in the Consolidated Statements of Financial Position are represented by cash and cash equivalents, trade and other receivables and trade and other payables. Due to their short-term nature and low credit risk, the fair values of these financial assets and liabilities approximate their carrying amounts.

The Company's Level 3 investments consist of investments in the (i) energy production and services, (ii) mining sectors and (iii) agriculture sectors. The sensitivity of these investments' fair values is highly correlated to numerous unobservable inputs, the interrelationships of which are difficult to determine.

12. Financial Risk Management

The Company's activities expose it to certain financial risks during or at the end of the reporting period as described below.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, and the Company's investments expose it to this risk. Market risk includes interest rate risk, foreign currency risk and other price risk such as commodity price risk. The sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated - for example, changes in interest rates and changes in foreign currency rates.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to minimal interest rate risk from its interest bearing financial instruments as they typically have short-term maturities.

Through the equity portion of some of its investments, the Company is also indirectly exposed to interest rate risk.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has exposure to foreign currency risk due to the effects of changes in foreign exchange rates related to certain U.S. denominated investments and cash and cash equivalents. The Company is also indirectly exposed to foreign exchange risk due to the effects of changes in foreign exchange rates related to the underlying operations of some of its underlying investments. These risks are monitored and evaluated for their effects on cash flows and the benefits of hedging strategies are continuously reviewed.

As at March 31, 2017, approximately $16.3 million or 11.7% (December 31, 2016: $22.1 million or 19.6%) of total assets were invested in proprietary investments priced in USD. As at March 31, 2017, had the exchange rate between the USD and the Canadian dollar increased or decreased by 5%, with all other variables held constant, the increase or decrease, respectively, in net loss for the three-months ended March 31, 2017 would have amounted to approximately $0.8 million (for the year-ended December 31, 2016: $0.8 million).

Price Risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk) whether those changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting all similar financial instruments traded in the market. The Company is subject to price risk through its public equity investments. The Company's private market investments are also subject to price risk as they are impacted by many general and specific market variables.

A 10% increase/decrease in the value of all public equity and private market investments would result in an approximate increase/decrease in the value of public and private market exposure and an unrealized gain/loss in the amount of $8.8 million.

Commodity Price Risk

Commodity price risk is the risk that the fair values or cash flows associated with the Company's investments will vary due to changes in the prices of a particular commodity, e.g. oil, natural gas liquids, natural gas, agricultural crops or livestock. The Company's investee companies may engage in various programs to mitigate exposure to commodity price risk.

The Company is exposed to commodity price risk in respect of several of its investments since their revenues are dependent on the market price of metallurgical and thermal coal, iron ore, petroleum, natural gas or agricultural products. The price of these commodities is volatile and subject to fluctuations that may have a significant effect on the ability of the investee companies to meet their obligations, capital spending targets or commitments, and expected operational results which in turn impacts their fair values as recorded by the Company.

Credit Risk

Credit risk is the risk that a third party will fail to meet its contractual obligations, which could result in the Company incurring a loss. Trade and other receivables are subject to credit risk exposure and the carrying values reflect management's assessment of the associated maximum exposure to such credit risk.

The Company has no significant concentrations of credit risk and its exposure to credit risk arises through the Company's cash held primarily through large Canadian financial institutions with credit ratings of AA or higher.

Credit risk is also managed by dealing with counterparties that the Company believes to be creditworthy and by actively monitoring credit exposure and the financial health of the counterparties.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by maintaining sufficient cash and cash equivalents balances to enable settlement of transactions on the due date. Periodic cash flow forecasts are performed to ensure the Company has sufficient cash to meet operational costs.

The Company invests in securities of public and private companies. In some cases, the Company may be restricted by contract or by applicable securities laws from selling such securities for a period of time. The inability to sell such securities may impair the Company's ability to exit these investments when the Company considers it appropriate.

The following are contractual maturities of financial liabilities as at March 31, 2017:

(in thousands)	Carrying Amount	Contractual Amount	Less than one year	One to two years	Greater than two years
Financial liabilities					
Trade and other payables	$ 2,065	$ 2,065	$ 2,065	$ —	$ —

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Concentration Risk

Concentration risk is the risk that any single or group of exposures will have the potential to produce losses large enough to threaten the ability of an entity to continue operating as a going concern. The Company's investment portfolio is concentrated in the following segments as at:

	Mar. 31, 2017	Dec. 31, 2016
Mining	28.6%	46.1%
Agriculture	21.5%	27.3%
Energy production and services	14.0%	17.5%
Cash, trade and other receivables less total liabilities	35.9%	9.2%
Total equity attributable to shareholders of the Company	**100%**	100%

One mining investment represents approximately 83% of the Mining segment above and approximately 24% of total equity attributable to shareholders of the Company.

13. Capital Management

The capital the Company manages is the equity on the Consolidated Statements of Financial Position. The objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust capital structure, the Company may attempt to issue new shares, repurchase for cancellation outstanding shares, acquire or dispose of assets, incur short-term or long-term debt or adjust the amount of cash and cash equivalents and investments.

14. Subsequent Event

Equity Financing

On April 20, 2017, the Company announced it closed its previously announced "best efforts" marketed Offering of units (the "Offered Units") made pursuant to an agency agreement dated April 3, 2017 between the Company and a syndicate of agents led by Sprott Capital Partners, a division of Sprott Private Wealth LP, and including Haywood Securities Inc.

Pursuant to the Offering, the Company sold 120,000,000 Offered Units at a price of $0.25 per Offered Unit for gross proceeds of $30 million. Each Offered Unit consists of one common share in the capital of SRHI (a “Common Share”) and one Common Share purchase warrant in the capital of SRHI (a “Warrant”). Each Warrant will expire on February 9, 2022 and has a strike price of $0.333 per Common Share.

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Stock Information

Sprott Resource Holdings Inc. common shares are traded on the Toronto Stock Exchange under the symbol "SRHI"

Sprott Resource Holdings Inc. warrants are traded on the Toronto Stock Exchange under the symbol "SRHI.WT"

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