

May 9, 2018

Dear Shareholders,

During the first quarter of 2018, Sprott Resource Holdings Inc. ("SRHI") continued the development of our most significant holding, the Minera Tres Valles ("MTV") copper mine in Chile. In March, we received the first technical reports, which confirmed our estimates regarding the potential of the asset. These reports detail the open pit expansion and conversion of the processing plant to chloride leach in order to increase recoveries. Additional technical reports outlining the expansion of underground production are expected to be completed in the third quarter of 2018, at which point we will provide a detailed assessment of our economic expectations for the project.

We are very pleased with the progress the MTV management team has made on their mine plan as they begin to increase production from the open pit and plan to eventually triple production from the open pit at a lower cost. MTV's board of directors selected Vecchiola S.A. as the mining contractor and we view this as a positive development for shareholders as the new contractor owns a minority stake in MTV, which provides additional incentive for them to deliver strong and reliable service. As the MTV management team transitions to the new mining contractor at the end of the second quarter of this year, we expect some production disruptions that will be evident in our quarterly results and metrics, with a higher cost of production in the second and third quarters of 2018. However, these disruptions will be temporary as the change in contractors is expected to meaningfully reduce the operating costs of MTV going forward.

SRHI and MTV management are currently working with potential lenders to put financing in place to accommodate the open pit expansion requirements, the conversion of the processing plant to chloride leach and the expected underground development costs. We will continue to provide you with regular updates on this process, as appropriate.

As we have previously stated, our investment portfolio is now concentrated in a few material holdings in the mining and energy sectors, where we believe there is the greatest potential to create meaningful shareholder value. Like many commodity companies, strong and stable prices like we are experiencing now in copper, metallurgical coal and light oil support growth in our businesses. In addition, and generally speaking, investor interest in the sector is finally beginning to rise. Recent copper price forecasts indicate that demand will not be met by planned mine expansions and new projects at current prices, as a decline from the existing big producing mines is expected and copper cathode production is expected to fall leading to further strength in the copper price.

But beyond rising prices, in order for SRHI to be successful, we as a management team need to effectively execute on our strategy for the business. As shareholders, we believe there are key metrics that you should look at in order to evaluate our performance:

1. *Generating operational cash flow and production ramp up at MTV*

At MTV we are expanding production at our very promising copper company. We will provide more detailed metrics in the coming quarters, however, the key milestones that investors should monitor include:

- a. The underground technical report and consolidating reports expected in Q3 2018
- b. Growth of open pit mine production in Q4 2018 with copper production reaching scale in 2019
- c. SRHI and MTV management's ability to effectively manage the cost of production
- d. SRHI and MTV management's ability to generate or cash flow from operations in 2019 as the open pit and underground mine reach full production
- e. The health and safety record at the mine
- f. MTV's ability to meet environmental, social and governance standards

2. *Monetization of legacy assets*

SRHI has committed to monetizing legacy assets when appropriate and our progress towards this objective is another way to measure management's performance in 2018.

3. Liquidity

SRHI had \$26 million in cash at quarter end to deploy into accretive new investment opportunities. Our ability to use this capital to create shareholder value is critical to the success of the company.

We are very pleased with the current composition of the SRHI portfolio and believe that there are exciting opportunities in each of the commodity sectors in which we have invested. As a team we are committed to executing our plan to create value for our shareholders and we believe we will be successful if we execute on the objectives listed above.

Finally, in terms of our financial disclosure, this is a year of transition for SRHI as we integrate our MTV investment and begin presenting our financial results as a diversified resource holding company. As a result, you will notice changes throughout our quarterly materials, including the fact that we are now reporting our financial results in US dollars. As always, we will continue to communicate regularly with our shareholders in a manner which allows you to evaluate our performance on an ongoing basis.

On behalf of our Board of Directors and employees, I thank you for your continued support.

Sincerely,

(signed) "Steve Yuzpe"

President and Chief Executive Officer