Sprott Resource Holdings Inc. 2019 Third Quarter Report

Management's Discussion and Analysis
of Financial Position and Results of Operations

MANAGEMENT'S DISCUSSION AND ANALYSIS

*The following is management's discussion and analysis ("**MD&A**") of the performance, financial condition and future prospects of Sprott Resource Holdings Inc. ("**SRHI**" or the "**Company**"). This document is prepared as at November 8, 2019 (unless otherwise stated) and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2019, including the notes thereon (the "**Financial Statements**"). The Company prepares its Financial Statements in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). The Company's significant accounting policies are set out in Note 2 of the audited consolidated financial statements for the year ended December 31, 2018. All amounts are expressed in United States dollars ("**USD**") unless otherwise indicated. Additional information on the Company and its operations, including a consolidated National Instrument 43-101 Standards of Disclosure for Mineral Projects ("**NI 43-101**") compliant technical report (the "**Technical Report**"), can be accessed at www.sedar.com, and may also be found on the Company's website at www.sprottresource.com.*

Forward-looking statements and information are used throughout this document. See the Forward-Looking Information section at the end of this document highlighting the caution that a reader should place on all forward-looking information.

BUSINESS OVERVIEW

SRHI acquires and grows a portfolio of cash-flowing businesses and businesses expected to cash flow in the natural resource sector. Based in Toronto, Ontario, Canada, SRHI is part of the Sprott Group of Companies (Sprott Inc. ("**Sprott**") and its subsidiaries and affiliates) and seeks to deploy capital to provide our investors with exposure to attractive commodities.

SRHI is managed by a team of resource professionals and its businesses and portfolio investments are concentrated in the mining sector. The Company controls two businesses ("**Strategic Assets**"), one of which is held for sale, and an investment portfolio of minority positions ("**Tactical Assets**"). The Company's portfolio investments are non-controlling positions in commodities or companies that SRHI believes will provide positive returns. SRHI is committed to being a high-value partner to the management teams it backs and the co-investors who invest alongside SRHI.

SRHI completed its transition into a diversified resource holding company on February 1, 2018 (the "**Transition Date**"). On August 13, 2018, the Company completed a share consolidation (the "**Share Consolidation**") as approved by shareholders 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 listed common share purchase warrants were not consolidated and 20 common share purchase warrants are exercised at a price of CAD$6.66 to purchase 1 common share. All information in this MD&A is presented on a post-Share Consolidation basis.

	Business Description	Private/ Public	Proportion of Ownership Interest
Strategic Assets			
Minera Tres Valles SpA ("**MTV**")	Mining and copper cathode production	Private	70.0%
Beretta Farms Inc. ("**Beretta**") - held for sale	Organic protein production and retail	Private	49.98%
Tactical Assets			
Corsa Coal Corp. ("**Corsa Coal**")	Production and sales of metallurgical coal	Public	17.1%
Lac Otelnuk Mining Ltd. ("**Lac Otelnuk**")	Development of iron ore asset	Private	40.0%

The Company's current principal Strategic Asset is its 70% equity interest in MTV, a producing copper mine that was acquired in October 2017. MTV's main asset is the Minera Tres Valles mining complex, located in the Province of Choapa, Chile which includes a fully integrated processing operation and four active mines. Ore is extracted primarily 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 the town of Salamanca, 300 kilometers north of Santiago, Chile. MTV's objective is to carry out mining activities associated with exploiting and processing minerals for which it has a crushing and processing plant with nameplate capacity of 7,000 and 6,000 tonnes per day, respectively. MTV's heap leach pads and solvent-extraction and electrowinning processing ("**SX-EW**") plant (production capacity of 18,500 tonnes per year of copper cathodes) are located approximately 7 kilometers north of Salamanca. The first shipment of copper cathodes from MTV took place in January 2011. The Company has consolidated MTV from the Transition Date and the results of the Company include the results of MTV since the Transition Date.

FINANCIAL AND OPERATIONAL SUMMARY

The Company reported as an Investment Entity under IFRS 10: *Consolidated Financial Statements* ("**Investment Entity Reporting**") for the month ended January 31, 2018. As at February 1, 2018, the Company no longer reported as an Investment Entity and instead consolidated the accounts of MTV and Beretta. Accordingly, in some cases, comparative financial and operating information will only include the results subsequent to January 2018.

The following operating and financial highlights are for the three and nine months ended September 30, 2019 and September 30, 2018.

	Three months ended		Nine months ended	
Financial information (in thousands)	**Sept. 30, 2019**	Sept. 30, 2018	**Sept. 30, 2019**	Sept. 30, 2018
Revenue [1]	**$ 9,650**	$ 6,039	**$ 26,336**	$ 21,812
Gross loss [1]	**$ (4,259)**	$ (1,449)	**$ (8,922)**	$ (1,191)
Net loss from continuing operations	**$ (8,619)**	$ (1,149)	**$ (23,949)**	$ (16,085)
Net loss from discontinued operations [1]	**$ (374)**	$ (496)	**$ (2,428)**	$ (2,419)
Net loss for the period	**$ (8,993)**	$ (1,645)	**$ (26,377)**	$ (18,504)
Adjusted EBITDA from continuing operations [2]	**$ 51**	$ (1,712)	**$ (4,683)**	$ (2,454)
Gain (loss) on portfolio investments	**$ (3,419)**	$ 2,597	**$ (8,578)**	$ (9,972)
Cash provided by (used in) operating activities before working capital changes	**$ 109**	$ (1,665)	**$ (4,497)**	$ (2,161)

[1] *Comparative figures in the nine months ended column are for the period February 1, 2018 to September 30, 2018*

[2] *Adjusted EBITDA is earnings before interest, taxes, depreciation and amortization and further adjusted to remove the Company's loss on portfolio investments and write-down of inventory. It is a non-IFRS performance measure. Refer to Non-IFRS Performance Measures section of the MD&A for discussion.*

	As at	
(in thousands)	**Sept. 30, 2019**	Dec. 31, 2018
Cash and cash equivalents	**$ 10,670**	$ 13,500
Working capital (deficit) [1]	**$ (4,617)**	$ 19,479
Portfolio investments	**$ 7,600**	$ 19,485
Total equity attributable to owners of the Company	**$ 65,277**	$ 85,549
Non-controlling interest	**$ 16,887**	$ 21,582

[1] *Working capital is a non-IFRS performance measure. Refer to Non-IFRS Performance Measures section of the MD&A for discussion.*

The following operating metrics are specific to MTV's operations.

Operating information	Three months ended **Sept. 30, 2019**	Three months ended Sept. 30, 2018	Nine months ended **Sept. 30, 2019**	Eight months ended Sept. 30, 2018
Copper (MTV Operations)				
Total ore mined (thousands of tonnes)	**345**	254	**897**	502
Total waste mined (thousands of tonnes)	**1,442**	552	**4,518**	880
Ore Processed (thousands of tonnes)	**404**	313	**1,069**	670
Grade (% Cu)	**0.73%**	0.74%	**0.66%**	0.73%
Cu Production (tonnes)	**1,646**	1,462	**5,176**	3,785
Cu Production (thousands of pounds)	**3,628**	3,224	**11,412**	8,344
Inventory build ($000s)	**$ 2,787**	3,036	**$ 10,809**	$ 4,984
Cash cost of copper produced [1] (USD per pound)	**$ 2.77**	$ 2.07	**$ 2.61**	$ 2.35
Realized copper price (USD per pound)	**$ 2.51**	$ 2.61	**$ 2.66**	$ 2.96

[1] *Cash cost per pound of copper produced includes 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 Measures section of the MD&A for discussion.*

Key Corporate and Growth Initiatives

On November 2, 2018, the Company announced the results of a NI 43-101 technical report (the "**Technical Report**") by Wood plc detailing the basis for the Company's expansion plans for MTV.

Total material crushed in the third quarter increased to 404 thousand tonnes as a result of increased open pit operations, primarily from Don Gabriel, Cumbre and the Rajo Norte open pit mines. This compares to 313 thousand tonnes in the prior year's quarter and 354 thousand tonnes in the quarter ended June 30, 2019.

Don Gabriel is the largest contributor of ore to MTV and together with other ancillary deposits, ore movement for the first time increased to more than 100,000 tonnes per month. The Rajo Norte and Cumbre open pit mines are two of the ancillary deposits that contribute to copper production as shown in the PEA case of the October 2018 Technical Report and demonstrates the flexibility in MTV's operations.

Ore production from the Papomono underground mine remained stable at approximately 500 tonnes per day, extracting ore from resource blocks adjacent to the Papomono Massive deposit in advance of future block caving efforts. A large component of ore production growth in 2020 will come from the higher-grade Papomono Massive deposit. MTV plans to extract ore using the incline block caving method, which is expected to ultimately increase underground production beyond 2,000 tonnes per day while halving unit-mining costs.

Cost per pound produced increased to $2.77 for the three months ended September 30, 2019 compared to $2.07 for the comparable period of last year. The increase in cost per pound is driven by an increase in the strip ratio as well as the cost and consumption of sulphuric acid. Over the past year, sulphuric acid production in Chile was significantly lower with the major smelters in Chile undergoing retrofit to meet new emission standards. At the end of 2018, MTV entered into a one year contract to ensure delivery from suppliers. MTV understands the smelters are back on line, and spot prices are trending downwards. For the nine months ended September 30, 2019, cost per pound produced increased to $2.61 from $2.35 from the comparable period of last year for the same reasons as discussed above.

Following our pre-feasibility level estimates for Papomono in the Technical Report, detailed engineering was completed and MTV has selected the underground development contractor. Final approval for the required permits is expected in the fourth quarter of 2019 and once long-term financing is in place, MTV will start the development of access levels and draw points. Initial development is expected to take 10 months. A delay in obtaining long-term financing required the Company to alter its mine plan sequencing but, over time production from Papomono Massive is expected to ramp up to 2,000 tonnes per day, compared to the current production levels of 500 tonnes per day with an increased grade.

In August, the Company and MTV entered into an investment committee approved mandate letter with Anglo American Marketing Limited ("**AAML**") and a fund under the investment management of Kimura Capital LLP ("**Kimura**") (together, the "**Lenders**") to provide a US$45 million secured prepayment facility ("**Facility**") and offtake agreement ("**Offtake**") to be utilized for the expansion of the MTV copper project and to replace the existing $20 million revolving credit facility managed by Kimura and to repay $5 million of debt financing previously provided by the

Company to MTV. In the event that the Facility cannot be secured and close as expected, the Company may have to revise its planned operations and activities for the remainder of 2019 and future periods for MTV.

Mineralized material supplied by ENAMI and local miners has increased in 2019 providing additional ore to the crusher given its current excess capacity. The processing of third party mineralized material has good margins, utilizes excess capacity, requires no capital spend and benefits local community members.

The implementation of chloride leaching ("**Salt Leach**") involves adding rock salt (NaCl) in the agglomeration stage of the crushing plant allowing the mixed sulphide and oxide material to rest on the heap for 15 to 30 days before application of sulphuric acid. The oxidation of sulphide material in the heaps is expected to improve copper recoveries by approximately 8%, reduce acid consumption, and decrease the leach time by approximately 40%. These changes are expected to reduce cash costs and improve MTV's working capital position. The construction of the salt storage and dosing system to commence the Salt Leach was completed in June and MTV began adding salt at low levels near the end of the second quarter, nearly three months ahead of schedule. In mid-October, additional Salt Leach infrastructure was completed and the maximum dosages of salt have now begun. The total cost of the Salt Leach project is in line with the March 2018 pre-feasibility Technical Report estimate of $7.1 million.

Cash Position

Cash and cash equivalents decreased to $10.7 million at September 30, 2019 from $13.5 million at December 31, 2018 as the Company continues to support the operations at MTV that have resulted in an inventory build of $10.8 million and capital expenditures of $10.6 million during the nine months ended September 30, 2019.

In late September 2019, Kimura extended a further $5 million in short-term financing to MTV in anticipation of closing the Facility. MTV's revolving credit facility with Kimura is now $20 million and is expected to be rolled into the Facility upon closing as Kimura will continue as one of two lenders for the Facility.

The net additional debt financing is expected to be $18.5 million to support its planned mine expansion. The majority of this Facility is expected to be long-term in nature.

Capital Expenditures

Capital expenditures for the nine months ended September 30, 2019 amounted to $10.6 million and were primarily pre-stripping waste rock at Don Gabriel in preparation of the next mining phases and costs relating to the Salt Leach project.

Investment Portfolio Divestment

The Company continues to work on its divestment strategies for the non-core assets. During the quarter, the Company completed selling its holdings in both InPlay Oil Corp. ("**InPlay Oil**") and Virgina Energy Resources Inc. ("**Virgina Energy**"). Management expects that further non-core investments or businesses could be divested during the remainder of 2019 but now believes the majority of its remaining non-core investments or businesses will be divested in 2020.

MTV operating performance for the nine months ended September 30, 2019

- Mined a total of 780,339 tonnes of ore at a grade of 0.61% copper from open pit operations
- Mined a total of 116,786 tonnes of ore at a grade of 1.00% copper from Papomono
- Produced 11.4 million pounds of 99.99% pure copper cathodes
- Revenue of $26.3 million generated from (i) the sale of copper cathodes and (ii) tolling charges for mineralized material supplied by ENAMI
- Gross loss for the period was $8.9 million
- Cash cost per pound of copper produced for the period (see Non-IFRS Performance Measures) was $2.61 which is slightly above the upper end of 2019 guidance
- Realized price per pound of copper sold was $2.66 compared to $2.96 for the eight months ended September 30, 2018

- Inventory build was $10.8 million for the period
- Total capital expenditures of $10.6 million focused on capitalized stripping costs, costs associated with the Salt Leach project and Papomono front caving development costs which are separate from the Papomono incline block caving development and expansion
- Total exploration and evaluation expenditures for the period totaled $0.8 million for engineering and drilling

Company financial performance for the nine months ended September 30, 2019

- Cash and cash equivalents of $10.7 million included in working capital deficit of $4.6 million
- Net loss for the period was $26.4 million or $0.77 per share of which $0.70 related to continuing operations and $0.07 related to discontinued operations
- Adjusted EBITDA (see Non-IFRS Measures) from continuing operations for the period was negative $4.7 million which excludes the loss on portfolio investments of $8.6 million and a write-down of inventory of $2.1 million

MTV operating performance for the three months ended September 30, 2019

- Mined a total of 305,968 tonnes of ore at a grade of 0.70% copper from open pit operations
- Mined a total of 39,403 tonnes of ore at a grade of 0.96% copper from Papomono
- Produced 3.6 million pounds of 99.99% pure copper cathodes
- Revenue of $9.7 million generated from (i) the sale of copper cathodes and (ii) tolling charges for mineralized material supplied by ENAMI
- Gross loss for the quarter was $4.3 million
- Cash cost per pound of copper produced for the period (see Non-IFRS Performance Measures) was $2.77
- Realized price per pound of copper sold was $2.51 compared to $2.61 for the three months ended September 30, 2018

Company financial performance for the three months ended September 30, 2019

- Net loss for the quarter was $9.0 million or $0.26 per share
- Adjusted EBITDA (see Non-IFRS Measures) from continuing operations for the quarter was $51 thousand which excludes the loss on portfolio investments of $3.4 million and a write-down of inventory of $1.2 million

OUTLOOK

Outlook

The Company is focused on executing the three expansion projects identified in the Technical Report.

The expansion of Don Gabriel began in the second half of 2018 and has been supported by the Company's working capital and MTV's operational cash flows. This expansion has progressed well with $1.9 million of capital expenditures incurred in 2018 for pre-stripping of phases 2, 3 and 5 (7 mining phases in total). In 2019, a further $4.5 million of expenditures were incurred year-to-date in phases 4, 5, 6 and 7. Starting in the first half of 2018, ore movement at Don Gabriel has more than tripled to over 90,000 tonnes per month.

The Salt Leach project development and construction commenced in mid-2018, following the recommendations outlined in a Preliminary Feasibility Study filed in March 2018. Capital expenditures of approximately $7.1 million were defined for the Salt Leach and this project was implemented ahead of schedule and is in line with the March 2018 pre-feasibility Technical Report estimate utilizing the Company's working capital and MTV's operational cash flows to date. Preliminary results are supportive of the expected increase in recoverable copper, reduced leaching time and reduced acid consumption. Mechanical issues during the third quarter interrupted the initial leach cycle on the first ore under Salt Leach.

As outlined in the Technical Report, the development and construction of Papomono Massive and ancillary deposits provides for $21 million in capital expenditures over 18 months. Although some of this amount has been incurred, the majority of these capital expenditures is to be funded by the Facility. The Facility and Offtake are expected to be in place in the fourth quarter of this year and remains subject to satisfaction of customary conditions and completion of documentation.

Upon MTV completing the aforementioned capital projects, cash flows generated from this expansion should provide MTV the ability to exploit the exploration upside of its significant land package of over 44,334 hectares of mineral rights and more than 100 copper occurrences identified that require more exploration effort.

MTV commenced an exploration drill program in the quarter. Initial results were encouraging in new areas, however deeper drill holes under Papomono Massive failed to explain the geophysical anomalies encountered.

Revised 2019 Guidance

SRHI's updated guidance for copper production, cash cost per pound produced and capital expenditures is set out below together with the original guidance amounts. The revised guidance reflects several factors both positive and negative, that collectively resulted in a reduced forecast for the remainder of 2019.

1. For the first half of 2019, at our Don Gabriel mine, 70% of the material delivered to the crushing plant was not in our reserve mine plan. Balst-hole drill assays determined that the material outside of the reserve mine plan was ore-grade material, and was mined and processed. The benefit of additional material above cut-off grade reduces reserve depletion, and is specific to the outer halo of the Don Gabriel deposit, although negatively impacts the contained copper production due to its lower grade, and reduces precision on forecasting production;
2. Mechanical issues, specifically the tertiary and quaternary crusher downtimes resulted in suboptimal crush size for the application of the Salt Leach extending the recovery curve;
3. Operating costs have increase through the year largely due to increasing input costs for diesel and reagents and elevated consumption of acid in 2019;
4. The delay in securing the Facility negatively impacted the deployment of capital expenditures and advancement of the current mine plan; and,
5. Lower equipment availability by contractors created compounding operational issues.

	Revised Guidance November 2019	**Original Guidance Provided January 2019**
Cu production (tonnes)	7,000 - 7,400	8,250 - 8,750
Cu production (millions of pounds)	15.4 - 16.3	18.2 - 19.3
Cash cost per pound produced [1]	$2.50 - $2.80	$2.20 - $2.50
Capital expenditures ($ millions)	$15 - $17	$25-$30

[1] *See Non-IFRS Performance Measures*

[2] Guidance is based on certain estimates and assumptions, including but not limited to, mineral reserve estimates, grade and continuity of interpreted geological formations and metallurgical performance. Please refer to the technical report prepared by AMEC Foster Wheeler, a Wood company, in respect of the Project filed on December 14, 2018 and the Company’s SEDAR filings for complete risk factors.

In October 2019, unrest in Chile gained international attention and was country-wide. Vandalism and looting were reported throughout the country, including in mining jurisdictions. MTV reported one incident of minor damage that resulted in no harm to its employees and no impact to its operations.

In November, a security guard contracted by MTV was investigating damages to a security gate. The guard was confronted by several individuals not associated with the mine's operations damaging company property. As a result of an altercation, the security guard was severely injured and one of the individuals fatally shot.

On February 11, 2019, the Board of Directors of the Company formed a Special Committee of the Board comprised solely of the Company's four Independent Directors chaired by Terry Lyons, the current Chairman of the Board. The Special Committee continues to review and evaluate potential measures to address the Company's market valuation. This review is comprehensive and is evaluating all measures to maximize shareholder value. The Special Committee has engaged financial and legal advisors to assist in its evaluation.

CORPORATE STRUCTURE

The consolidated accounts of the Company include (i) SRHI's three wholly-owned subsidiaries; Sprott Resource Corp. ("**SRC**"), Adriana Mining Ltd. ("**ADM**"), and Sprott Resource Coal Holding Corp. ("**SRCHC**"); (ii) SRC's wholly-owned subsidiary, SRH Chile SpA ("**SRH Chile**"); (iii) MTV, which owns the Chilean copper producing mine; (iv) Beretta, a Toronto, Canada based vertically integrated food business focused on natural and organic protein-based food production and retail; and (v) the Company's equity incentive plan vehicle, the Trust (defined below).

The subsidiaries of SRHI are listed below. Each of the entities has a December 31 year end.

Entity	Location	Proportion of Ownership Interest	Non-Controlling Interest
SRC	Canada	100%	—
ADM	Canada	100%	—
SRCHC	Canada	100%	—
Beretta	Canada	49.98%	50.02%
2014 Employee Profit Sharing Plan (the "**Trust**")	Canada	—	—
SRH Chile	Chile	100%	—
MTV	Chile	70%	30%

The Company is deemed to control the Trust which provides the Company with its equity incentive plan. The Company is also deemed to control Beretta as the remaining shareholder base of Beretta is widely held.

The Company holds a 49.98% interest in Beretta. Effective the Transition Date, Beretta is referred to as an asset held for sale and/or discontinued operations throughout this MD&A.

OPERATIONAL UPDATE

Nine Months Ended September 30, 2019

The Company consolidated the accounts of MTV beginning on the Transition Date. Accordingly, in some cases, certain financial and operating information only include the results for the months of February 2018 to September 2018.

	Nine months ended	Eight months ended
	Sept. 30, 2019	Sept. 30, 2018
Tonnes mined - underground operations	116,786	135,739
Tonnes mined - open pit operations	780,339	366,167
Total ore mined (tonnes)	897,125	501,906
Waste mined - open pit operations (tonnes)	4,517,718	880,496
MTV mine processed ore (tonnes)	889,348	507,756
Third-party processed ore (tonnes)	118,788	127,088
ENAMI tolling processed ore (tonnes)	60,907	34,822
Total processed ore (tonnes)	1,069,043	669,666
Metallurgical recovery - underground material (%)	80.5%	79.8%
Metallurgical recovery - open pit material (%)	80.2%	80.9%
Underground average ore grade (Cu%)	1.00%	1.04%
Open pit average ore grade (Cu%)	0.61%	0.62%
Copper cathode production (tonnes)	5,176	3,785
Copper cathode sales (tonnes)	4,206	3,211
Toll processed and copper cathodes returned to ENAMI (tonnes)	804	546

Mine production has increased significantly compared to the prior year's comparative period as a new mining contractor began work on site in July 2018. New phases of ore at Don Gabriel have been opened through pre-stripping activity as the expansion at Don Gabriel continues to move forward providing additional ore to the crusher. Assays from the blast hole drilling revealed that a significant portion of material mined from Don Gabriel was outside of the 2019 mine plan and above cut off grade. In the first half of 2019, approximately 70% of the Don Gabriel material was unplanned. Based on historical reconciliation and conservative reserve modeling, it is expected this trend could continue on the edges of the deposit. The unexpected pockets of ore resulted in reduced average grades for 2019 year-to-date compared to SRHI's previous guidance contributing to the Company's revised guidance for the remainder of 2019.

Total ore and waste tonnes mined increased during the period since the new contractor began operating (602 thousand tonnes per month in the nine months ended September 30, 2019 compared to 173 thousand tonnes per month in the eight months ended September 30, 2018). As a result of the higher mining rate, tonnes crushed also increased averaging over 115 thousand tonnes per month in the first nine months of 2019. The increase in tonnes crushed resulted in an increase in production through the year (575 tonnes per month in the nine months ended September 30, 2019 compared to 473 tonnes per month in the eight months ended September 30, 2018).

Three Months Ended September 30, 2019

	Three months ended	
	Sept. 30, 2019	Sept. 30, 2018
Tonnes mined - underground operations	39,403	43,161
Tonnes mined - open pit operations	305,968	210,622
Total ore mined (tonnes)	345,371	253,783
Waste mined - open pit operations (tonnes)	1,441,922	551,930
MTV mine processed ore (tonnes)	346,557	256,128
Third-party processed ore (tonnes)	38,900	40,523
ENAMI tolling processed ore (tonnes)	18,551	16,260
Total processed ore (tonnes)	404,008	312,911
Metallurgical recovery - underground material (%)	80.1%	81.5%
Metallurgical recovery - open pit material (%)	78.7%	81.2%
Underground average ore grade (Cu%)	0.96%	1.10%
Open pit average ore grade (Cu%)	0.70%	0.67%
Copper cathode production (tonnes)	1,646	1,462
Copper cathode sales (tonnes)	1,653	1,004
Toll processed and copper cathodes returned to ENAMI (tonnes)	106	206

Mine production has increased steadily during the quarter as the mining contractor continues expanding operations. The increase in waste mined continues to move forward with the expansion at Don Gabriel providing additional ore to the crusher. The Company continues to find additional ore above cut-off grade on the margins of the Don Gabriel ore body. The incremental ore mined provided additional material to the crusher which had excess capacity. However, the additional ore above cut-off grade resulted in reduced average grades compared to SRHI's previous guidance contributing to the Company's revised guidance for the remainder of 2019.

Total ore and waste tonnes mined increased since the new contractor began operating (1,787 thousand tonnes in the three months ended September 30, 2019 compared to 806 thousand tonnes in the three months ended September 30, 2018). As a result of the higher mining rate, tonnes crushed for the three months ended September 30, 2019 averaged over 130 thousand tonnes per month and waste mined averaged around 500 thousand tonnes per month. Copper cathode production is driven by the crusher throughput grade mined, crush size and metallurgy of the ore.

During the quarter, MTV completed additional Salt Leach infrastructure that allowed for an increased dosage of salt to its sulfide ore. Although a positive event, MTV also encountered mechanical issues during its most recent quarter that negatively affected both the processing and recovery time of copper. In separate instances, both the tertiary and quaternary crushers were off-line resulting in periods of downtime and suboptimal crush size for the Salt Leach process that have now been addressed to significantly reduce the likelihood of recurrence. These third quarter events also contributed to the Company's revised guidance for the remainder of 2019.

	Three months ended			
	Dec. 31, 2018	**Mar. 31, 2019**	**Jun. 30, 2019**	**Sept. 30, 2019**
Total ore mined (tonnes)	234,626	263,992	287,762	345,371
Waste mined - open pit mine (tonnes)	816,020	1,499,129	1,576,667	1,441,922
Copper cathode production (tonnes)	1,596	1,793	1,737	1,646

LIQUIDITY AND CAPITAL RESOURCES

Cash

At September 30, 2019, the Company held cash and cash equivalents of $10.7 million. Cash and cash equivalents are primarily comprised of cash in deposit accounts held with reputable financial institutions and are invested in highly liquid short-term investments with maturities of three months or less, in accordance with the Company's cash investment policy. The funds are not exposed to liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

Cash and cash equivalents decreased by $2.8 million in the nine months ended September 30, 2019 primarily as a result of cash and cash equivalents used in operating activities of $3.4 million, capital expenditures of $10.8 million, partially offset by the receipt of $8.0 from the sale of portfolio investments and proceeds from loans and borrowings of $5.9 million.

Working Capital

At September 30, 2019, the Company had a working capital deficit of $4.6 million. Included in the working capital deficit is cash of $10.7 million, trade and other receivables of $2.7 million, inventories of $31.4 million and the publicly traded portfolio of investments of $7.6 million. Liabilities included in working capital include accounts payable and accrued liabilities of $33.4 million, deferred revenue of $3.6 million and the current portion of MTV's loans and borrowings of $21.0 million.

The Company has entered into a mandate letter for a new Facility and Offtake in August 2019 which is expected to close in the fourth quarter of 2019. The Company's intent is to continue its expansion of mine operations and processing capacity at MTV which will require additional capital as announced in August. With this anticipated long-term debt capital, it is expected that the current portion of loans and borrowings of $20.0 million will be converted to long-term debt improving the Company's working capital. With the estimated future cash flows from expanded mine operations and existing and projected improvements in working capital, the Company should have the adequate ability to service its ongoing obligations and cover anticipated development, exploration and corporate costs associated with its existing operations for the next 12 months.

Commodity price variability will impact the Company as it undertakes to expand the mining operations at Papomono and Don Gabriel and increase throughput of the plant from its current sub-optimal utilization. The commodity price and exchange rate environment is volatile and accordingly will have an impact on the Company's cash flows.

Capital Resources

The Company’s primary sources of capital resources are comprised of cash and cash equivalents, divestment of its portfolio investments and its loans and borrowings. In order to facilitate the management of its capital requirements, the Company prepares annual operating budgets that are approved by the Board of Directors. The Company continuously monitors its capital structure and, based on changes in operations and economic conditions, may adjust such structure by issuing new common shares or new debt as necessary. As noted above, the Company intends to expand mine operations at MTV that will require the Company to successfully obtain additional loans and borrowings. While the Company has been successful in securing financing to date, there are no guarantees that it will be able to secure such financing in the future on terms acceptable to the Company, if at all. In the event that the new Facility and Offtake do not close as anticipated and the Company or MTV cannot secure additional loans and borrowings to expand mine operations at MTV, the Company may have to revise its planned operations and activities for the remainder of 2019 and future periods for MTV.

The Company continues to review its near-term operating plans and take steps to reduce costs and maximize cash flow from operations, while growing copper cathode production.

Certain loan agreements contain operating and financial covenants that could restrict the ability of MTV to, among other things, incur additional indebtedness needed to fund its operations, pay dividends or make other distributions, make investments, create liens, sell or transfer assets or enter into transactions with affiliates. In July 2018, the Company agreed to guarantee (replacing the previous majority shareholder) the line of credit provided to MTV from an investment fund in the amount of $15 million on the same terms as the prior guarantor, which includes:

- All copper cathode stock, both in its finished state, as ore and any product still undergoing processing;
- The naming of investment fund as the beneficiary of insurance proceeds from any theft of copper cathodes;
- The naming of investment fund as the main beneficiary of risk for the transport of copper cathodes; and,
- First priority interest over certain assets including plant and machinery.

The guarantee together with the line of credit were expanded to $20 million in late September 2019 and further extended until November 30, 2019. There are no other restrictions or externally imposed capital requirements of the Company.

MTV entered into certain commitments as at September 30, 2019 to (i) purchase property, plant and equipment amounting to $2.8 million and (ii) mining operating supplies amounting to $3.7 million.

OPERATING SEGMENTS

The Company has two reportable segments. MTV is the Company's principal operating business. Corporate includes the Canadian corporate office which holds portfolio investments in the mining sector as well as an asset held for sale that reflects a 49.98% interest in Beretta.

Significant information relating to reportable operating segments is summarized below:

As at September 30, 2019	**MTV**	**Corporate**	**Total**
Assets	$ 125,527	$ 13,627	**$ 139,154**
Assets classified as held for sale	—	13,823	**13,823**
Total assets	$ 125,527	$ 27,450	**$ 152,977**
Liabilities	$ 65,165	$ 768	**$ 65,933**
Liabilities classified as held for sale	—	4,880	**4,880**
Total liabilities	$ 65,165	$ 5,648	**$ 70,813**

As at December 31, 2018	**MTV**	**Corporate**	**Total**
Assets	$ 103,007	$ 37,434	**$ 140,441**
Assets classified as held for sale	—	14,013	**14,013**
Total assets	$ 103,007	$ 51,447	**$ 154,454**
Liabilities	$ 43,100	$ 1,259	**$ 44,359**
Liabilities classified as held for sale	—	2,964	**2,964**
Total liabilities	$ 43,100	$ 4,223	**$ 47,323**

Nine Months Ended September 30, 2019	**MTV**	**Corporate**	**Total**
Revenue	$ 26,336	$ —	**$ 26,336**
Cost of sales	(35,258)	—	**(35,258)**
Gross loss	(8,922)	—	**(8,922)**
Expenses			
General and administrative expenses	1,794	3,260	**5,054**
Loss on portfolio investments	—	8,578	**8,578**
Finance expenses, net	2,542	—	**2,542**
Other income	(1,073)	(74)	**(1,147)**
Net loss from continuing operations	(12,185)	(11,764)	**(23,949)**
Net loss from discontinued operations	—	(2,428)	**(2,428)**
Net loss for the period	$ (12,185)	$ (14,192)	**$ (26,377)**

Nine Months Ended September 30, 2018		MTV[1]	Corporate	Total
Revenue	$	21,812 $	— $	**21,812**
Cost of sales		(23,003)	—	**(23,003)**
Gross loss		(1,191)	—	**(1,191)**
Expenses				
General and administrative expenses		1,602	3,193	**4,795**
Loss on portfolio investments		—	9,972	**9,972**
Finance expenses, net		1,650	—	**1,650**
Other income		(920)	(603)	**(1,523)**
Net loss from continuing operations		(3,523)	(12,562)	**(16,085)**
Net loss from discontinued operations		—	(2,419)	**(2,419)**
Net loss for the period	$	(3,523) $	(14,981) **$**	**(18,504)**

[1] MTV was deemed to be acquired on the Transition Date and as a result, the operations of MTV are for the eight months ended September 30, 2018.

Three Months Ended September 30, 2019		MTV	Corporate	Total
Revenue	$	9,650	**$**	**9,650**
Cost of sales		(13,909)		**(13,909)**
Gross loss		(4,259)	—	**(4,259)**
Expenses				
General and administrative expenses		549	1,024	**1,573**
Loss on portfolio investments		—	3,419	**3,419**
Finance expenses, net		1,081	—	**1,081**
Other income		(1,689)	(24)	**(1,713)**
Net loss from continuing operations		(4,200)	(4,419)	**(8,619)**
Net loss from discontinued operations		—	(374)	**(374)**
Net loss for the period	$	(4,200) $	(4,793) **$**	**(8,993)**

Three Months Ended September 30, 2018		MTV	Corporate	Total
Revenue	$	6,039 $	— $	**6,039**
Cost of sales		(7,488)	—	**(7,488)**
Gross loss		(1,449)	—	**(1,449)**
Expenses				
General and administrative expenses		709	919	**1,628**
Gain on portfolio investments		—	(2,597)	**(2,597)**
Finance expenses, net		954	—	**954**
Other loss (income)		24	(309)	**(285)**
Net income (loss) from continuing operations		(3,136)	1,987	**(1,149)**
Net loss from discontinued operations		—	(496)	**(496)**
Net income (loss) for the period	$	(3,136) $	1,491 $	**(1,645)**

Effective the Transition Date, the Company reported Beretta as held for sale and consolidates MTV. Prior to the Transition Date, both Beretta and MTV were portfolio investments reported at FVTPL under Investment Entity Reporting.

Effective the Transition Date, Beretta was reclassified as held for sale and all assets and liabilities of Beretta are presented separately in the Consolidated Statements of Financial Position as current assets and current liabilities respectively. See Note 7 in the Financial Statements.

For the nine months ended September 30, 2019, 94% of the revenues ($24.6 million) was from one customer based in Switzerland. For the period February 1, 2018 to September 30, 2018, 96% of the revenues ($21.8 million) was from one customer based in Switzerland. As at September 30, 2019, there was $nil (December 31, 2018: $0.4 million) outstanding in trade and other receivables.

FINANCIAL UPDATE

Nine Months Ended September 30, 2019

The Company reported as an Investment Entity for the month ended January 31, 2018. For the nine months ended September 30, 2019 and eight months ended September 30, 2018, the Company did not report as an Investment Entity and instead consolidated the accounts of MTV and Beretta which were both previously reported at fair value with changes in fair value reported in the Consolidated Statements of Operations and Comprehensive Loss as *Loss on portfolio investments*. Accordingly, in some cases, certain financial and operating information only include the results for the months of February 2018 to September 2018.

Gross loss

(in thousands)	**Nine months ended Sept. 30, 2019**	Eight months ended Sept. 30, 2018
Revenue	**$ 26,336**	$ 21,812
Cost of sales	**(35,258)**	(23,003)
Gross loss	**$ (8,922)**	$ (1,191)

Revenue

During the nine months ended September 30, 2019, the Company recognized revenues of $26.3 million (eight months ended September 30, 2018: $21.8 million) which included revenue from the sale of 5,176 tonnes of copper cathodes for $24.6 million (eight months ended September 30, 2018: $21.0 million for 3,785 tonnes) and revenues from tolling services of $1.7 million (eight months ended September 30, 2018: $0.8 million). Revenues were based on an average realized copper price of $2.66 per pound (eight months ended September 30, 2018: $2.96 per pound).

Cost of sales

Cost of sales represent direct mining and plant costs (which include operating, non-capitalized waste stripping costs, maintenance and repair costs, mine site general and administrative costs, operating supplies and external services), employee compensation and benefits, depreciation and transportation costs. Cost of sales include elevated input costs for diesel, reagents and electricity which increased in the nine months ended September 30, 2019 compared to the eight months ended September 30, 2018. As at September 30, 2019, it was determined that the book value of inventory exceeded its net realizable value and a write-down of $2.1 million was recognized. The write-down of inventory stems primarily from a combination of (i) higher input costs (ii) increased depreciation resulting from operating in higher strip-ratio phases, and (iii) a decrease in the market price of copper. Cost of sales for the nine months ended September 30, 2019 also include an increase in depreciation and direct mining costs compared to the eight months ended September 30, 2018 as a result of the expanded and growing operations at the mine sites.

Gross profit (loss)

The Company reported a gross loss of $8.9 million for the nine months ended September 30, 2019 compared to a gross loss of $1.2 million for the eight months ended September 30, 2018. For the nine months ended September 30, 2019, the Company continued to be in an expansion phase of operations with a high cost environment and, coupled with a decreasing copper price environment, resulted in a gross loss for the period. During the expansion of mining operations at MTV, significant costs are incurred up front to mine, move and process ore. Depending on the metallurgy of the ore, the time from mining the ore to the production of copper cathodes can take up to one year to reach expected recovery of approximately 80%. With the Salt Leach now implemented, this one year period is expected to decrease by almost 50%. The Company has invested significant working capital in the past year to expand its operations, including a significant build in inventory, that is expected to slowly and steadily increase copper cathode production in the future. With the mining operation continuing to expand and currently operating at less than 50% capacity, the Company's gross profit is expected to improve as the operation is brought to full capacity in early 2021 and the expected copper price recovers.

General and administrative expenses

		Nine months ended	
		Sept. 30, 2019	Sept. 30, 2018
General and administrative expenses	**$**	**5,054**	$ 4,795

General and administrative expenses ("**G&A**") include salaries and contracted services, management fees, public company reporting costs and other office expenses.

The Company's G&A increased for the nine months ended September 30, 2019 compared with the nine months ended September 30, 2018 as a result of the inclusion of MTV's results effective the Transition Date. Previous to the Transition Date and for the eight months ended September 30, 2018, certain components of G&A were solely those related to the Corporate Segment. See the section *Operating Segments* elsewhere in this MD&A.

Loss on portfolio investments

		Nine months ended	
		Sept. 30, 2019	Sept. 30, 2018
Loss on portfolio investments	**$**	**8,578**	$ 9,972

During the nine months ended September 30, 2019, the Company disposed of its investments in InPlay Oil and Virgina Energy for gross proceeds of $3.8 million. There were no dispositions of portfolio investments during the nine months ended September 30, 2018.

For the nine months ended September 30, 2019, the net change in unrealized loss on portfolio investments together with the realized loss on the sale of InPlay Oil and Virgina Energy was $8.6 million. Decreases in the value of the Company's investments in Lac Otelnuk and Corsa Coal reflect the majority of the Loss on portfolio investments.

For the nine months ended September 30, 2018, the Loss on portfolio investments was $10.0 million and was predominantly due to the unrealized loss in value of the Company's investment in Corsa Coal.

Finance expenses, net

		Nine months ended	
		Sept. 30, 2019	Sept. 30, 2018
Finance expenses, net	**$**	**2,542**	$ 1,650

Finance expenses, net, primarily consists of interest on loans and the interest accretion on the decommissioning liability. The increase in finance expense is largely due to the higher average outstanding balance on the revolving credit facility for the nine months ended September 30, 2019 ($15.2 million) compared to the eight months ended September 30, 2018 ($10.0 million).

Three Months Ended September 30, 2019

Gross loss

(in thousands)	Three months ended	
	Sept. 30, 2019	Sept. 30, 2018
Revenue	**$ 9,650**	$ 6,039
Cost of sales	**(13,909)**	(7,488)
Gross loss	**$ (4,259)**	$ (1,449)

Revenue

During the three months ended September 30, 2019, the Company recognized revenues of $9.7 million (three months ended September 30, 2018: $6.0 million) which included revenue from the sale of 1,646 tonnes of copper cathodes for $9.1 million (three months ended September 30, 2018: $5.8 million for 1,462 tonnes) and revenues from tolling services of $0.5 million (three months ended September 30, 2018: $0.3 million). Revenues were based on an average realized copper price of $2.51 per pound (three months ended September 30, 2018: $2.61 per pound).

Cost of sales

Cost of sales represent direct mining and plant costs (which include operating, non-capitalized waste stripping costs, maintenance and repair costs, mine site general and administrative costs, operating supplies and external services), employee compensation and benefits, depreciation and transportation costs. As at September 30, 2019, it was determined that the book value of inventory exceeded its net realizable value and a write-down of $1.2 million was recognized. The write-down of inventory stems primarily from a combination of (i) higher input costs (ii) increased depreciation resulting from operating in higher strip-ratio phases, and (iii) a decrease in the market price of copper. Cost of sales include elevated input costs for diesel, reagents and electricity which increased in the three months ended September 30, 2019 compared to the three months ended September 30, 2018 as a result of the expanding and growing operations at the mine sites.

Gross loss

The Company reported a gross loss of $4.3 million for the three months ended September 30, 2019 compared to a gross loss of $1.4 million for the three months ended September 30, 2018. For the three months ended September 30, 2019, the Company continued to be in an expansion phase of operations with a high cost environment and, coupled with a decreasing copper price environment, resulted in a gross loss for the period. During the expansion of mining operations at MTV, significant costs are incurred up front to mine, move and process ore. Depending on the metallurgy of the ore, the time from mining the ore to the production of copper cathodes can take up to one year to reach expected recovery of approximately 80%. With the Salt Leach now implemented, this one year period is expected to decrease by almost 50%. The Company has invested significant working capital in the past year to expand its operations, including a significant build in inventory, that is expected to slowly and steadily increase copper cathode production in the future. With the mining operation continuing to expand and currently operating at less than 50% capacity, the Company's gross profit is expected to improve as the operation is brought to full capacity in early 2021 and the expected copper price recovers.

General and administrative expenses

	Three months ended	
	Sept. 30, 2019	Sept. 30, 2018
Salaries and contracted services	$ 359	$ 346
Management fees	496	567
Public company reporting costs	298	217
Other office expenses	420	498
General and administrative expenses	**$ 1,573**	$ 1,628

G&A include salaries and contracted services, management fees, public company reporting costs and other office expenses.

The Company's G&A decreased for the three months ended September 30, 2019 compared with the three months ended September 30, 2018 as a result of costs related to the Special Committee of the Board of Directors fully offset by a decrease in Management fees and other office expenses.

Loss (gain) on portfolio investments

	Three months ended	
	Sept. 30, 2019	Sept. 30, 2018
Loss (gain) on portfolio investments	**$ 3,419**	**$ (2,597)**

During the three months ended September 30, 2019, the Company completed the sale of its investments in InPlay Oil and Virginia Energy for gross proceeds of $3.4 million. There were no dispositions of portfolio investments during the three months ended September 30, 2018.

For the three months ended September 30, 2019, the net change in unrealized loss on portfolio investments together with the realized loss on the sale of InPlay Oil and Virgina Energy was $3.4 million. The decrease in the value of the Company's investment in Corsa Coal reflects the majority of the Loss on portfolio investments.

For the three months ended September 30, 2018, the change in unrealized gain on portfolio investments was $2.6 million and was predominantly due to the increased value of the Company's public investment in Corsa Coal, partially offset by the decreased value in InPlay Oil.

Finance expenses, net

	Three months ended	
	Sept. 30, 2019	Sept. 30, 2018
Finance expenses, net	$ 1,081	$ 954

Finance expenses, net, primarily consists of interest on loans and the interest accretion on the decommissioning liability. The increase in finance expense is largely due to the higher average outstanding balance on the revolving credit facility for the three months ended September 30, 2019 ($15.1 million) compared to the three months ended September 30, 2018 ($11.4 million).

PORTFOLIO INVESTMENTS

The Company reported as an Investment Entity for the month ended January 31, 2018. For the eight months ended September 30, 2018, the Company did not report as an Investment Entity and instead consolidated the accounts of MTV and Beretta which were both previously reported at fair value with changes in fair value reported in the Consolidated Statements of Operations and Comprehensive Loss as *Loss (gain) on portfolio investments*.

Closing portfolio investments

(in thousands)	Sector	Public/Private	As at **Sept. 30, 2019**	As at Dec. 31, 2018
Tactical Assets				
Corsa Coal	Mining	Public	**$ 5,336**	$ 8,693
InPlay Oil	Energy production and services	Public	**—**	5,098
Virginia Energy	Mining	Public	**—**	1,108
Lac Otelnuk	Mining	Private	**2,264**	4,586
			$ 7,600	$ 19,485

InPlay Oil trades on the Toronto Stock Exchange ("**TSX**") and Corsa Coal and Virginia Energy trade on the TSX Venture Exchange. Given their public company status, significant amounts of information on each of these public portfolio investments is available as a result of their respective required continuous disclosure obligations. Readers are encouraged to obtain this information in order to best assess the financial position, results of operations, future prospects and risks associated with each of these portfolio investments of the Company. Additional information relating to these portfolio investments is available through their respective SEDAR filings and websites but such additional information is not incorporated by reference herein.

SUMMARY OF QUARTERLY RESULTS

The following table contains selected quarterly financial information derived from the Company's financial statements and should be read in conjunction with the consolidated condensed quarterly financial statements reported under IFRS applicable to interim financial reporting.

	2019			**2018**				**2017**
(in thousands, except per share amounts)	**Sept**	**Jun**	Mar	Dec	Sept	Jun	Mar	Dec
Revenue	**$ 9,650**	$ 8,078	$ 8,608	$ 10,888	$ 6,039	$ 9,810	$ 5,963	n/a
Gross profit (loss)	**$ (4,259)**	$ (3,103)	$ (1,560)	$ (438)	$ (1,449)	$ 4	$ 254	n/a
Gain (loss) on portfolio investments	**$ (3,419)**	$ (6,821)	$ 1,662	$ (12,631)	$ 2,597	$ (6,177)	$ (6,392)	$ 9,694
Net income (loss) from continuing operations	**$ (8,619)**	$ (12,708)	$ (2,622)	$ (13,631)	$ (1,149)	$ (6,965)	$ (7,971)	$ 8,443
Net income (loss)	**$ (8,993)**	$ (13,245)	$ (4,139)	$ (14,148)	$ (1,645)	$ (8,152)	$ (8,707)	$ 8,443
Other comprehensive income (loss)	**$ (326)**	$ 544	$ 1,029	$ (2,935)	$ 1,098	$ (1,324)	$ (2,069)	$ (456)
Basic and diluted earnings (loss) per share from continuing operations	**$ (0.25)**	$ (0.37)	$ (0.08)	$ (0.40)	$ (0.03)	$ (0.21)	$ (0.23)	$ 0.25
Basic and diluted earnings (loss) per share from net income (loss)	**$ (0.26)**	$ (0.39)	$ (0.12)	$ (0.43)	$ (0.05)	$ (0.24)	$ (0.26)	$ 0.25

The Company is not impacted materially by seasonality.

FINANCING ACTIVITIES BY THE COMPANY

It has been the Company's policy to preserve a financially strong company that has the capital available to support the growth of existing businesses and make new investments. In certain circumstances, the Company will provide loans or guarantees to its operating businesses in which it has significant ownership to further their respective business plans.

BUSINESS COMBINATIONS

a. MTV Deemed Acquisition

Effective the Transition Date, MTV was deemed to be acquired by the Company and was treated as a business combination in accordance with IFRS 3, *Business Combinations*. As such, the Company accounted for MTV in accordance with this standard using the acquisition method with SRHI as the acquirer.

b. Beretta Deemed Acquisition

Effective the Transition Date, Beretta was accounted for as a business acquisition in accordance with IFRS 3, *Business Combinations*. The assets and liabilities of Beretta acquired by the Company are presented as assets and liabilities held for sale and subsequent results of operations as discontinued operations.

EQUITY DATA

Authorized capital:
Common shares, no par value, unlimited shares.

Issued and outstanding:
The Company had 34,082,992 common shares issued and outstanding as at September 30, 2019 and on the date hereof.

Outstanding warrants:
The Company had 201,138,560 common share purchase warrants outstanding as at September 30, 2019 and on the date hereof. All common share purchase warrants have an exchange ratio of 20 warrants for 1 common share and expire on February 9, 2022.

Outstanding stock options:
The number of stock options vested and outstanding as at September 30, 2019 and on the date hereof was 150 thousand (December 31, 2018: 175 thousand) at a weighted average exercise price of CAD$3.80 (December 31, 2018: CAD$3.74). All stock options expire on November 17, 2020.

COMMITMENTS

SRHI Management Services Agreement

Effective February 1, 2018, the management service agreement between SRHI and SCLP entered into on February 9, 2017 was cancelled ("**Cancelled MSA**") and a new management service agreement was entered into effective February 1, 2018 between SRHI and SCLP (the "**MSA**"). The terms of the MSA are substantially the same as the Cancelled MSA with further detail of the MSA provided in the *Management Fee* section located elsewhere in this MD&A.

Contractual obligations of the Company as at September 30, 2019 are as follows:

	1 year	1 - 3 years	More than 3 years	Total
Accounts payable and accrued liabilities	$ 33,364	$ —	$ —	**$ 33,364**
Revolving credit facility	20,000	—	—	**20,000**
Leases	1,094	906	—	**2,000**
Other non-current liabilities	1,462	1,821	180	**3,463**
Reclamation and other closure provisions	—	—	5,179	**5,179**
As at September 30, 2019	**$ 55,920**	**$ 2,727**	**$ 5,359**	**$ 64,006**

The Company entered into certain commitments as at September 30, 2019 to (i) purchase property, plant and equipment amounting to $2.8 million and (ii) mining operating supplies amounting to $3.7 million.

TRANSACTIONS WITH RELATED PARTIES

The Company entered into the following transactions with related parties during the nine months ended September 30, 2019.

(i) *Management Fees*

Management fees and employment compensation pursuant to the Management Services Agreement for the three and nine months ended September 30, 2019 were $0.5 million and $1.6 million respectively (three and nine months ended September 30, 2018: $0.6 million and $1.8 million respectively). 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 some directors and officers in common. As at September 30, 2019, there was $0.4 million (December 31, 2018: $0.9 million) payable to SCLP for management fees calculated pursuant to the MSA.

(ii) Key Management Compensation

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

	Three months ended		**Nine months ended**	
	Sept. 30, 2019	Sept. 30, 2018	**Sept. 30, 2019**	Sept. 30, 2018
Compensation paid by and on behalf of SRHI for executive management services provided to the Company (including stock-based compensation)	**$ 68**	$ 148	**$ 285**	$ 573
Directors fees and stock-based compensation	**192**	113	**472**	352
	$ 260	$ 261	**$ 757**	$ 925

(iii) *Mine Contracting Services*

MTV utilizes contractors for several mining services.

Inversiones Genova S.A.

For the nine months ended September 30, 2019, $1.9 million (eight months ended September 30, 2018: $2.1 million) was paid to Inversiones Genova S.A. for services provided to the Company. For the three months ended September 30, 2019, $0.7 million (three months ended September 30, 2018: $0.6 million) was paid to Inversiones Genova S.A. for services provided to the Company.

As at September 30, 2019, a balance of $1.0 million (December 31, 2018: $0.2 million) payable to Inversiones Genova S.A. remained outstanding. Inversiones Genova S.A. is affiliated with the minority shareholder of MTV.

Vecchiola S.A.

For the three and nine months ended September 30, 2019, $1.9 million and $4.8 million respectively, was paid to Vecchiola S.A. (three and eight months ended September 30, 2018: $51 thousand and $64 thousand respectively), a mining contractor.

As at September 30, 2019, a balance of $7.1 million (December 31, 2018: $0.9 million) payable to Vecchiola S.A. remained outstanding. Vecchiola S.A. is affiliated with the minority shareholder of MTV.

(iii) *MTV Management Loan*

On November 12, 2018, certain senior managers of MTV entered into a loan agreement with MTV whereby a loan facility of $0.6 million was granted to MTV. The unsecured loan has an interest rate of 12% per annum payable on the outstanding principal and repayment of interest and principal was due June 30, 2019. It has been agreed that these loans will be extended until November 30, 2019.

On January 9, 2019, certain senior managers of MTV entered into a loan agreement with MTV whereby a loan facility of $0.4 million was granted to MTV. The unsecured loan has a minimum interest rate of 12% per annum payable on the outstanding principal and repayment of interest and principal is due November 30, 2019.

As at September 30, 2019, $1.0 million of principal and interest was outstanding (December 31, 2018: $0.6 million).

NON-IFRS PERFORMANCE MEASURES

This document includes certain non-IFRS performance measures that do not have a standardized meaning prescribed by IFRS. These measures may differ from those used by, and may not be comparable to such measures as reported by, other issuers. The Company believes that these measures are commonly used by certain investors, in conjunction with conventional IFRS measures, to enhance their understanding of the Company's performance. These measures have been derived from the Financial Statements and applied on a consistent basis. The following tables below provide a reconciliation of these non-IFRS measures to the most directly comparable IFRS measure.

The following non-IFRS performance measures are for the three and nine months ended September 30, 2019, with comparative information, where appropriate. In some cases, information is provided for the eight months ended September 30, 2018 reflecting the information of MTV since its deemed acquisition on the Transition Date.

C1 Cash costs per pound produced

C1 Cash costs of production include all costs absorbed into inventory less non-cash items such as depreciation and non-site charges such as trucking charges capitalized to inventory. Site cash costs per pound produced are calculated by dividing the aggregate of the applicable costs by copper pounds produced. These measures are calculated on a consistent basis for the periods presented.

	Three months ended		Nine months ended	Eight months ended
	Sept. 30, 2019	Sept. 30, 2018	**Sept. 30, 2019**	Sept. 30, 2018
Cost of Sales	$ 13,909	$ 7,488	$ 35,258	$ 23,003
Depreciation	(2,976)	(1,080)	(6,087)	(1,993)
Net change in inventory [(1)]	(768)	1,238	954	133
Transportation costs	(117)	(958)	(390)	(1,520)
C1 Cash costs of production	**10,048**	**6,688**	**29,735**	**19,623**
Pounds of copper produced (thousands)	3,628	3,224	11,412	8,346
Cash cost of copper produced (USD per pound)	**$ 2.77**	**$ 2.07**	**$ 2.61**	**$ 2.35**

[(1)] includes inventory write-down of $1.2 million and $2.1 million for the three and nine months ended September 30, 2019, respectively.

Realized copper price

Realized copper price is calculated as total revenue from sale of copper cathodes divided by pounds of copper cathodes sold.

	Three months ended		Nine months ended	Eight months ended
	Sept. 30, 2019	Sept. 30, 2018	**Sept. 30, 2019**	Sept. 30, 2018
Average realized copper price for the period ($ per pound)	**$ 2.51**	**$ 2.61**	**$ 2.66**	**$ 2.96**

Working Capital

Working capital is determined based on current assets and current liabilities as reported in the Financial Statements. The Company uses working capital as a measure of the Company's short-term financial health and operating efficiency. The following table provides a calculation of working capital based on amounts presented in the Financial Statements as at September 30, 2019 and December 31, 2018.

	As at	
	Sept. 30, 2019	Dec. 31, 2018
Cash and cash equivalents	**$ 10,670**	$ 13,500
Trade and other receivables	**2,680**	7,073
Inventories	**31,380**	20,571
Other current assets	**1,096**	729
Portfolio investments	**7,600**	14,899
Current assets before assets held for sale	**53,426**	56,772
Current liabilities before liabilities held for sale	**58,043**	37,293
Working capital (deficit)	**$ (4,617)**	$ 19,479

EBITDA and Adjusted EBITDA

EBITDA represents earnings before interest, income taxes and depreciation. Adjusted EBITDA includes further adjustments for non-recurring items and items not indicative to the operating performance of the Company. The Company believes adjusted EBITDA is a more appropriate supplemental measure of debt service capacity and performance of its operations. Adjusted EBITDA is calculated by removing the write-down of inventory and gain or loss on portfolio investments.

	Three months ended		Nine months ended	
	Sept. 30, 2019	Sept. 30, 2018	**Sept. 30, 2019**	Sept. 30, 2018
Net loss from continuing operations	**$ (8,619)**	$ (1,149)	**$ (23,949)**	$ (16,085)
Add:				
Finance expense	**1,081**	954	**2,542**	1,666
Depreciation	**2,976**	1,080	**6,087**	1,993
EBITDA from continuing operations	**(4,562)**	885	**(15,320)**	(12,426)
Write-down of inventory	**1,194**	—	**2,059**	—
Loss (gain) on portfolio investments	**3,419**	(2,597)	**8,578**	9,972
Adjusted EBITDA from continuing operations	**$ 51**	$ (1,712)	**$ (4,683)**	$ (2,454)

MANAGEMENT FEE

Effective February 1, 2018, an MSA was entered into between SRHI and SCLP replacing the previous MSA. The MSA was amended to reflect the change in financial reporting of SRHI as a result of its completed transition to a diversified holding company. All terms of the MSA are consistent with the previous MSA with certain terminology updated to continue the calculation of the management fees payable to SCLP to be based on the fair value of the Company's net assets.

Under the MSA, SCLP manages or, subject to certain restrictions, engages others to manage, all of the undertaking, affairs and assets of SRHI and provides all necessary or advisable administrative services and facilities.

In consideration for the management and administrative services provided by SCLP to SRHI under the MSA, SRHI will pay to SCLP, in respect of each fiscal quarter, a management services fee equal to 0.5% of the Quarterly NAV of SRHI (as defined in the MSA) for such fiscal quarter, less the total remuneration paid directly by SRHI to all persons nominated by SCLP as employees, officers or directors of SRHI who provide investment management services to SRHI, but excluding any expenses recorded as a result of the granting of stock options under SRHI's stock option plan for such fiscal quarter (the "**Management Services Fee**"). To the extent the Quarterly NAV of SRHI for a fiscal quarter is in excess of CAD$1 billion, the Management Services Fee payable in respect of such excess amount will be reduced to 0.375%.

If and to the extent that SCLP is requested in writing by the directors of SRHI to render services to SRHI other than those required to be rendered pursuant to the MSA, such additional services and activities will be compensated for separately and will be on such terms that are generally no less favourable to SRHI than those available from arm's length parties (within the meaning of the Tax Act) for comparable services. In addition to the Management Services Fee payable to SCLP pursuant to the MSA, SRHI will be responsible for paying all fees and expenses incurred in connection with the operation and administration of its business.

The Adjusted Annual Operating Expenses (as defined in the MSA) shall not exceed 3% of the Annual NAV of SRHI (as defined in the MSA) in respect of fiscal years commencing with SRHI's fiscal year ended December 31, 2018 and thereafter (the "**Maximum Adjusted Annual Operating Expenses**"). Where such Adjusted Annual Operating Expenses exceed the Maximum Adjusted Annual Operating Expenses (unless otherwise consented to by the Board), the Management Services Fee payable by SRHI to SCLP in respect of the last quarterly payment to be made in respect of such fiscal year shall be reduced to ensure the Adjusted Annual Operating Expenses are equal (or, in any case, do not exceed) the applicable Maximum Adjusted Annual Operating Expenses. For the period from January 1, 2019 to September 30, 2019, the Company's annualized Adjusted Annual Operating expense was greater than 3%.

SCLP shall, and shall ensure that its nominees shall, exercise the powers granted and discharge its, and their, duties under the MSA honestly, in good faith and in the best interests of SRHI and, in connection therewith, shall exercise the degree of care, diligence and skill that a reasonably prudent manager, or Person, would exercise in comparable circumstances.

The MSA will continue in full force and effect until it is terminated by either SRHI or SCLP giving at least one year prior written notice (or such shorter period as the parties may mutually agree upon) to the other party of such termination. If the MSA is terminated by SRHI, other than for the reasons set out in the paragraph immediately below, SRHI shall pay to SCLP within 5 business days of such termination, a termination payment equal to 1% of the NAV of SRHI (as defined in the MSA).

SRHI may terminate the MSA at any time if SCLP breaches any of its material obligations under the MSA and such breach has not been cured within 30 days following notice thereof from SRHI. Notwithstanding the foregoing, the MSA will terminate immediately where a winding-up, liquidation, dissolution, bankruptcy, sale of substantially all assets, sale of business or insolvency proceeding has been commenced or is being contemplated by SCLP, and will be terminated upon the completion of any such proceeding by SRHI. In addition, in the event that a Person or group of Persons, acting jointly or in concert, acquires control over at least 50% of the voting securities of SRHI (a "**Change of Control**"), SCLP may elect, in its sole discretion, to terminate the MSA by giving SRHI written notice of such termination within 90 days after the Change of Control. In the event that SCLP terminates the MSA upon a Change of Control, SRHI will (a) call a meeting of its shareholders to approve the change of SRHI's name to remove any reference to "Sprott", and (b) pay to SCLP within five business days of such termination, a termination fee equal to 3% of the NAV of SRHI, plus (if and to the extent applicable) an amount equal to 20% of the amount by which the market capitalization of SRHI exceeds the NAV of SRHI, all determined as at the termination date. Any change of SCLP (other than by assignment to its successor or affiliate) will require SRHI's approval. SRHI may, in its sole discretion, terminate and replace SCLP where it deems it to be in the best interests of SRHI.

SRHI acknowledges and agrees under the MSA that SCLP, for and on behalf of Sprott, reserves all right, title and interest in or to the name or designation, or reference to "Sprott" in the name or designation of any of SRHI's affiliates or, if applicable, SRHI. Upon termination of the MSA, SRHI will forthwith upon written request of SCLP call a meeting of its shareholders to approve an amendment of its articles to change the name of SRHI or any of its affiliates to one which does not include the word "Sprott" or any words similar thereto, and to cause to be executed and delivered all instruments necessary to evidence such change of name.

For the purposes of calculating management fees for the nine months ended September 30, 2019, the reported NAV at June 30, 2019 of CAD120.3 million was used together with the NAV calculated at September 30, 2019 of CAD$114.4 million. Management fees are calculated quarterly based on the average NAV of the current quarter and the prior quarter.

The valuation of private companies is inherently difficult. The Company has the expertise to determine the fair value of its private investments yet acknowledges the value in sourcing outside expertise. As a result, the Company has adopted a valuation policy that includes engaging independent external valuators to perform an assessment of fair value of each material private investment on at least an annual basis 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.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's Chief Executive Officer ("**CEO**") and the Chief Financial Officer ("**CFO**") have designed or caused to be designed under management's supervision, disclosure controls and procedures that provide reasonable assurance that (i) material information relating to the Company is made known to management by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in its annual and interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. In conducting this evaluation, management has considered, among other things, the corporate charter and policies of the Company, including the Company's disclosure policy.

The Company's CEO and CFO have also designed internal controls over financial reporting which are designed, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company has engaged an independent advisory and accounting firm to assist management in conducting the evaluation and suggest best practices when they are not being applied and also to test the key controls within the material financial cycles. This evaluation is done under the supervision of, and with the participation of the CEO and CFO.

The officers of the Company do not expect that the disclosure controls and procedures of internal controls over financial reporting will prevent all errors and fraud, based on their evaluation. The CEO and CFO have concluded that the Company's disclosure controls and procedures and internal controls over financial reporting are effectively designed for the three months ended September 30, 2019. There were no significant changes in the Company's internal controls over financial reporting that occurred during the three months ended September 30, 2019, that have materially affected, or are reasonably likely to have materially affected, the Company's internal controls over financial reporting. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

SCIENTIFIC AND TECHNICAL INFORMATION

Unless otherwise noted or indicated, scientific and technical content contained in this MD&A related to MTV is based on information prepared 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 was filed by SRHI on SEDAR on December 14, 2018 at www.sedar.com. Readers are encouraged to read the Technical Report in its entirety.

RISK MANAGEMENT

The Company thoroughly examines the various financial instruments and risks to which it is exposed, most of which are beyond the control of the Company, and assesses the impact and likelihood of those risks. These risks may include market risk, interest rate risk, foreign currency risk, commodity price risk, price risk, credit risk and liquidity risk. Where material, these risks are reviewed and monitored by experienced managers, advisors and consultants, by maintaining adequate liquidity, and by cost control initiatives.

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 portfolio investments when the Company considers it appropriate.

The Company is seeking debt financing at the MTV level to complete development of its mineral properties and general working capital purposes. Such financing, if successful, will depend on a number of unpredictable factors, which are often beyond the control of the Company and MTV. These would include the realized price of the actual copper produced from MTV's operating mines, and expected capital expenditures. There can be no assurance that financing will be available to MTV in the amount required at any particular time or for any particular period, or, if available, that such financing can be obtained on satisfactory terms.

The Company may also seek financing for other capital projects, investments or general working capital purposes. Such financing, if required, will depend on a number of unpredictable factors, which are often beyond the control of the Company. There can be no assurance that financing will be available to the Company in the amount required at any particular time or for any particular period, or, if available, that such financing can be obtained on satisfactory terms. The Company is exposed to liquidity risk.

For a discussion of additional risks applicable to the Company and its business and operations, including risks related to the Company’s foreign operations, see “Risk Factors” in the Company’s Annual Information Form for the year ended December 31, 2018 and dated March 6, 2019 (the “**AIF**”).

OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2019, the Company had no off-balance sheet arrangements.

ADOPTION OF ACCOUNTING STANDARDS

As at January 1, 2019, the Company adopted IFRS 16 *Leases*.

The Company has adopted IFRS 16 following the modified retrospective basis approach from January 1, 2019 and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The adjustments arising from the new leasing standard are therefore recognized in the opening balance sheet on January 1, 2019.

Adjustments recognized on adoption of IFRS 16

On adoption of IFRS 16, the group recognized lease liabilities in relation to leases which had previously been classified as operating leases under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the operating lease commitments on January 1, 2019 was between 3.5% and 3.8% depending on the length of the lease.

The following table reconciles the Company's operating lease obligation as at December 31, 2018 as previously disclosed in the Company's consolidated financial statements, to the new obligation recognized on adoption of IFRS 16 of January 1, 2019.

Operating lease commitments disclosed as at December 31, 2018	$	723
Add: Embedded leases		1,195
Less: Discount		(133)
Discounted operating lease commitments using the lessee's incremental borrowing rate as at January 1, 2019	$	1,785
Add: finance lease liabilities recognized as at December 31, 2018		675
Lease liability recognised as at January 1, 2019	**$**	**2,460**

Lease liabilities included in current portion of loans and borrowings	$	925
Non-current lease liabilities included in non-current portion of loans and borrowings		1,535
Lease liability recognised as at January 1, 2019	**$**	**2,460**

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet as at December 31, 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognized right-of-use assets relate to the following types of assets:

		As at Jan 1, 2019
Machinery and equipment	$	1,384
Building and mining facilities		401
Right-of-use asset recognized as at January 1, 2019	**$**	**1,785**

The impact of adopting the policy only impacted the MTV segment and had no material effect on earnings per share. The group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

The Company has applied the following practical expedients permitted by IFRS 16:

- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company’s leasing activities and how these are accounted

Until the 2018 financial year, assets financed by leasing agreements that give rights approximating ownership (finance leases) are capitalized at fair value. The capital elements of future obligations under finance leases are included as liabilities in the Consolidated Statements of Financial Position and the interest element is charged to the Consolidated Statements of Operations and Comprehensive Loss. Annual payments under other lease arrangements, known as operating leases, are charged to the Consolidated Statements of Operations and Comprehensive Loss on a straight-line basis.

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. For these leases, the Company recognizes the lease payments as an expense in net earnings on a straight-line basis over the term of the lease.

From January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet as at December 31, 2018. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of January 1, 2019. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Lease payments included in the measurement of the lease liability are comprised of:

- fixed payments, including in-substance fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- exercise prices of purchase options if we are reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

ADVISORY

Forward-Looking Information

Certain statements in this MD&A, and in particular the "Highlights", "Outlook" and "Liquidity and Capital Resources" sections, contain forward-looking information (collectively referred to herein as the "**Forward-Looking Statements**") within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify Forward-Looking Statements. In particular, but without limiting the forgoing, this MD&A contains Forward-Looking Statements pertaining to: (i) SRHI's portfolio investments are business expected to cash flow; (ii) SRHI's belief that its portfolio investments are non-controlling positions in commodities or companies that will provide positive returns; (iii) expectations regarding the review conducted by the Special Committee; (iv) expectations regarding the costs, timing and benefits of the Salt Leach; (v) key corporate and growth initiatives; (vi) the Company's 2019 guidance for MTV, including copper production, cash cost per pound produced and capital expenditures; (vii) expectations regarding MTV production; (viii) expectations regarding the MTV mine expansion and processing capacity, including the anticipated expansion methods, costs, timing and the benefits derived from the expansion; (ix) expectations and requirements for additional capital, including the ability to secure long-term debt and offtake financing for MTV with the Lenders and the amount and timing upon which such debt will be secured on the terms and conditions set forth in this MD&A; (x) expectations regarding monetization of legacy assets; (xi) expectations detailed in the "Liquidity and Capital Resources" section, including that the conversion of the current portion of loans and borrowings into long-term debt improving the Company's working capital; estimated future cash flows and the sources thereof; that the Company will have the adequate ability to service its ongoing obligations and cover anticipated development, exploration and corporate costs associated with its existing operations for the next 12 months; capital requirements, including securing long-term debt for MTV during the fourth quarter of 2019; the expected impact of commodity prices and exchange rates; and near-term operating plans; (xii) the economic and study parameters of MTV; (xiii) mineral resource and mineral reserve estimates; (xiv) the cost and timing of development of MTV; (xv) the proposed mine plan and mining methods; (xvi) dilution and extraction recoveries; (xvii) processing method and rates and production rates; (xviii) projected metallurgical recovery rates; (xix) additional infrastructure requirements or infrastructure modifications; (xx) capital, operating and sustaining cost estimates; (xxi) the projected life of mine and other expected attributes of MTV; (xxii) the NPV and IRR and payback period of capital; (xxiii) future metal prices; (xxiv) changes to MTV's configuration that may be requested as a result of stakeholder or government input; (xxv) government regulations and permitting timelines; (xxvi) estimates of reclamation obligations and expectations regarding future obligations for mine closure activities; (xxvii) environmental risks; (xxviii) future purchasing of mineralized material; (xxix) continued purchasing of mineralized material from a large number of small-scale third-party miners and toll milling mineralized material from ENAMI; (xxx) expectations regarding the copper market, including supply, demand, pricing and value drivers; (xxxi) expectations regarding imposed tariffs on economic growth; (xxxii) continued unrest in Chile; and (xxxiii) 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: (i) there being no significant disruptions affecting the development and operation of MTV; (ii) 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; (iii) labour and materials costs being approximately consistent with assumptions in the Technical Studies; (iv) fixed operating costs being approximately consistent with assumptions in the Technical Studies;(v) permitting and arrangements with stakeholders being consistent with current expectations as outlined in the Technical Studies; (vi) certain tax rates, including the allocation of certain tax attributes, being applicable to MTV; (vii) the availability of financing for MTV's planned development activities; (viii) 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; (ix) natural resource markets and the price of various natural resources, including copper, oil and coal, in the future; (x) the continued availability of quality management; (xi) the effects of regulation and tax laws of governmental agencies will not materially change; (xii) commodity prices variability; (xiii) critical accounting estimates; and (xiv) 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) commodity price fluctuations and uncertainties, including for copper; (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 in general; (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) failure to secure financing in the future on terms acceptable to the Company, if at all; (x) commodity price fluctuations and uncertainties; (xi) those risks disclosed herein under the heading "Risk Management"; and (xii) 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.

Cautionary Note to United States Investors Concerning Estimates of measured, indicated and inferred mineral resources

This MD&A 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.

ADDITIONAL INFORMATION

Additional information related to the Company is available for viewing on SEDAR at www.SEDAR.com and on the Company's website at www.sprottresource.com.