SRHI Inc. (formerly Sprott Resource Holdings Inc.) 2020 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 financial condition, cash flows and future prospects of SRHI Inc. ("**SRHI**" or the "**Company**", formerly Sprott Resource Holdings Inc.). This document is prepared as at November 13, 2020 (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, 2020, including the notes thereon (the "**Financial Statements**"), the Company's audited consolidated financial statements for the year ended December 31, 2019, including the notes thereon and the Company's MD&A for the year ended December 31, 2019. The Company prepares its Financial Statements in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). 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 on the Minera Tres Valles project (the "**Technical Report**"), can be accessed at www.sedar.com, and may also be found on the Company's website at www.srhi.ca.*

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.

CURRENT EVENTS

As the impact of COVID-19 continued to unravel world economies and cast doubt on the visibility of future copper prices, Minera Tres Valles SpA ("**MTV**") commenced reorganization proceedings by filing a Judicial Restructuring Procedure ("**JRP**") in Chile on May 12, 2020 (the "**Process**"). This action, for a period of time, protected MTV from its creditors allowing it sufficient time to complete its refinancing efforts for the construction of its high grade, low cost block caving underground mine.

On August 24, 2020, the Company announced that creditors of MTV approved the Judicial Reorganization Agreement ("**JRA**") in Chile with support from 100% of MTV's senior secured lenders (the "**Lenders**") and 93% of the unsecured creditors. As a result of the JRA, a significant portion of MTV's accounts payable and accrued liabilities were converted to long-term debt (the "**Unsecured Debt**") and additional commitments by both the Lenders and the Company were made subject to the completion of customary documentation (the "**Customary Documentation**").

The Customary Documentation remains outstanding as of the date of this MD&A. The Company had expected the Customary Documentation to be complete prior to the release of the Company's third quarter results, however, due to unforeseen procedural delays, there remains a limited number of supplementary documents yet to be executed in Chile. The Company expects to announce the completion of the Customary Documentation shortly.

Upon the completion of the Customary Documentation, the terms of the Lenders' secured prepayment facility (the "**Facility**") will be amended (the "**Amended Facility**"). The terms of the Unsecured Debt were effective August 24, 2020 while the terms of the Amended Facility will be effective once the Customary Documentation is complete. As a result, the Financial Statements present those obligations under the JRA that were only effective on or before September 30, 2020. Together, the Unsecured Debt, the Amended Facility and the additional capital support from the Company provides a solution that is expected to generate sufficient liquidity and flexibility to finance operations into 2021 and 2022 when mining operations are expected to generate sufficient cash flow.

This additional capital to be provided by both the Company and Lenders, together with the restructuring of the Unsecured Debt, will help support the construction of the Papomono Masivo incline block caving underground mining project. MTV has contracted with Desarrollos Mineros Aura SpA ("**Aura**") for the initial construction and development of this project. Aura expects to complete its mobilization by the end of November.

While under construction for the next 12 months, MTV is expected to restart the Don Gabriel open pit mine ("**Don Gabriel**"), draw down inventory, process ore from third party miners and continue its tolling services. Upon successful completion of the construction project, MTV expects to begin mining the higher grade, lower cost ore from the Papomono Masivo.

A summary of the financial commitments arising from the JRA, both in effect and pending, is as follows:

SRHI Inc. to Provide $10 Million to MTV by June 2021

- Up to $10 million secured second ranking debt to be financed from the Company's cash resources (the "**SRHI New Loan**")
- May be drawn down by MTV over the next 12 months

- Principal and interest subordinated to the Facility and New Senior Debt (defined below)
- Expected payback beginning 2025
- Fulfills (and will reduce, pro-rata) the Company's $10 million corporate guarantee provided under the Facility agreement (the "**Facility Agreement**") entered into between the Lenders, MTV and the Company in December 2019
- No dilution to the Company's 70% equity holding of MTV

Lenders Amend Facility Agreement Terms and Commit to Additional $6 Million

- Immediate release of $7 million of cash, currently restricted by the Lenders pursuant to the Facility Agreement, to support MTV's operations (effective August 24, 2020)
- Extension of the Facility Agreement's maturity by 12 months to December 2024
- Extension of the Facility Agreement's commencement for principal repayments by 12 months to begin March 31, 2022
- Extension by 18 months of the requirement to pay 50% of interest under the Facility Agreement. Full interest payments begin March 31, 2022
- Up to $6 million of new senior debt ("**New Senior Debt**") to have substantially the same security and terms as currently contemplated in the Facility Agreement (with some amendments)
- The New Senior Debt is to be made available to MTV, if needed, after SRHI has fully advanced the SRHI New Loan

Unsecured Creditors Convert Amounts Owed to Unsecured Debt

- Effective August 24, 2020, Unsecured Debt amounting to approximately $17 million converted from accounts payable of MTV to long-term debt ("**Unsecured Term Debt**")
- Effective August 24, 2020, Unsecured Debt amounting to approximately $5 million converted from accounts payable of MTV to subordinated long-term debt ("**Subordinated Debt**") to be repaid only after all amounts due to the Lenders and unsecured creditors are fully repaid
- Principal and interest repayment grace period for Unsecured Term Debt – first payment to begin March 31, 2022
- 50% of Unsecured Term Debt to be repaid in 13 quarterly payments beginning March 31, 2022
- Remaining 50% of Unsecured Term Debt to be repaid on June 30, 2025
- Annual interest rate of Unsecured Term Debt is 5%
- Opportunity for accelerated prepayments
- Subordinated Debt and Unsecured Term Debt totaling approximately $7 million is due to Vecchiola S.A, a related party to the minority Shareholder of MTV.

The Coronavirus (COVID-19) introduction to our global society over the past year is generational with different reactions observed from country to country. COVID-19 implications remain unknown and continue to move at a pace unmatched in recent history with a second wave now impacting many countries worldwide. The world's financial marketplace has seen significant volatility with the copper price sharing similar dynamic movements. What once were significant losses across the world's financial marketplace have turned to near full recoveries in many cases.

The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. Countries have closed borders, travel has plummeted and some health care systems are threatened to be overrun. However, there are a sizable number of countries that have made tremendous progress in containing the spread of COVID-19 while others are now struggling with the complications of a second wave. The Company and its primary operating subsidiary, MTV, have been impacted to varying degrees by this ongoing dynamic but fortunately, the direct impact to operations and the employee base has been limited.

At the end of the first quarter, the Company announced measures in response to MTV's local government's request to temporarily halt or restrict operations for two weeks as a measure to slow the advance of the pandemic. These included significantly reducing the employee base required to maintain minimal operations, including the necessary staff to operate and monitor the leach pad, operate its solvent-extraction and electrowinning processing plant where copper cathodes are produced and conduct preventative maintenance of key equipment. Although these measures continue to be in place currently, it is expected that during November 2020, the construction and development of MTV's Papomono Masivo underground mine will begin and mining operations at Don Gabriel is expected to restart in 2021.

The progression of the pandemic and the success of measures taken to prevent transmission, will influence health and government authorities' future level of restrictions on business activities within Chile. During the nine months ended September 30, 2020, one employee at MTV contracted COVID-19, was properly isolated and returned back to work with no impact to the remaining workforce. The Company continues to protect the safety and health of its employees, contractors and the communities in which it operates. Where appropriate, the

Company has restricted travel, instructed employees to remote work wherever possible, including at corporate offices. The extent of the effect of the COVID-19 pandemic on the Company's future business activities is uncertain.

Since March 23, 2020 when the copper price reached a low of $2.10 per pound, it has rallied considerably to $3.00 per pound on September 30, 2020 and reaching as high as $3.15 in both October and November. The Company remains confident in the long-term outlook for copper, however global economic uncertainty and COVID-19 are expected to provide volatility to copper prices in the coming quarters. Although global financial markets and the copper price have recovered impressively during the past 6 months, the extent and duration of impacts that the pandemic may still have on the copper price, suppliers and employees and on global financial markets is not known at this time, and could be material.

During the three months ended September 30, 2020, MTV and the offtake provider (one of the Lenders) agreed and executed an increase to the fixed price portion originally agreed to in the offtake agreement from 25% to 40%. MTV has currently contracted to sell 40% of its expected copper cathode production at $2.89 per pound from August 2020 to July 2022. This stability of cash inflow for the next 2 years provides a degree of certainty for the business during its construction and production ramp up phases.

BUSINESS OVERVIEW

SRHI is a publicly-listed company currently focused on expanding MTV's copper mining operation in Chile and divesting of its portfolio investments. Based in Toronto, Ontario, Canada, SRHI's business and portfolio investments are concentrated in the mining sector. The Company controls MTV and holds a small portfolio of investments ("**Portfolio Investments**").

On June 23, 2020, the Company agreed to end its management services relationship with Sprott Consulting Limited Partnership ("**SCLP**") and is transitioning to establish a management team independent of SCLP. Please see the section *Management Fee* elsewhere in this MD&A for additional information.

The Company's principal operating business 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 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.

	Business Description	Private/Public	Proportion of Ownership Interest
MTV	Mining and copper cathode production	Private	70.0 %
Portfolio Investments			
Beretta Farms Inc. ("**Beretta**")	Inactive subsidiary undertaking dissolution	Private	50.2 %
Lac Otelnuk Mining Ltd. ("**Lac Otelnuk**")	Development of iron ore asset	Private	40.0 %
Uranium Royalty Corp. ("**URC**")	Holder of uranium interests	Public	n/a

SRHI consolidates the operations and financial results of MTV. Up to and including June 29, 2020, Beretta was accounted for as a business held for sale and its operations and financial results were consolidated. On June 30, 2020, Beretta completed the sale of its business for cash consideration of $3.7 million. Beretta's shareholders approved the dissolution of Beretta and it is intended for Beretta to distribute its net cash over the next twelve months in two tranches beginning in the fourth quarter of 2020. As a result and effective June 30, 2020, Beretta has been reclassified to a Portfolio Investment until it is dissolved and all net assets distributed to its shareholders.

The remaining investments of the Company are accounted for as portfolio investments (financial assets) valued at fair value through profit or loss. Lac Otelnuk is an equity holding position and the investment in URC are warrants exercisable into common stock of URC.

FINANCIAL AND OPERATIONAL SUMMARY

Financial information (in thousands)	Three months ended Sept. 30, 2020	Three months ended Sept. 30, 2019	Nine months ended Sept. 30, 2020	Nine months ended Sept. 30, 2019
Revenue	**$ 5,610**	$ 9,650	**$ 17,700**	$ 26,336
Gross loss	**$ (552)**	$ (4,259)	**$ (9,546)**	$ (8,922)
Net loss from continuing operations	**$ (335)**	$ (8,619)	**$ (21,167)**	$ (23,949)
Net loss from discontinued operations	**$ —**	$ (374)	**$ (2,241)**	$ (2,428)
Net loss for the period	**$ (335)**	$ (8,993)	**$ (23,408)**	$ (26,377)
Adjusted EBITDA from continuing operations [1]	**$ (2,279)**	$ 51	**$ (3,819)**	$ (4,683)
Loss on portfolio investments	**$ —**	$ (3,419)	**$ (1,294)**	$ (8,578)
Impairment of non-current assets	**$ —**	$ —	**$ (7,628)**	$ —
Reversal (write-down) of inventory	**$ 665**	$ (1,194)	**$ (3,441)**	$ (2,059)
Gain on modification of debt	**$ 3,487**	$ —	**$ 3,487**	$ —
Cash used in operating activities before working capital changes	**$ (1,097)**	$ (1,412)	**$ (4,412)**	$ (5,548)

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

(in thousands)	As at Sept. 30, 2020	As at Dec. 31, 2019
Cash and cash equivalents	**$ 15,057**	$ 11,607
Working capital (deficiency) [1, 2]	**$ (23,700)**	$ 4,502
Portfolio investments	**$ 3,421**	$ 6,606
Total equity attributable to owners of the Company	**$ 30,578**	$ 47,309
Non-controlling interest	**$ 977**	$ 9,412

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

[2] *The Customary Documentation was not complete as at September 30, 2020. Should this have been effective September 30, 2020, the Company would have $20.9 million of working capital as a result of reallocating $44.6 million of current liabilities to loans and borrowings.*

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

	Three months ended		Nine months ended	
Operating information	**Sept. 30, 2020**	Sept. 30, 2019	**Sept. 30, 2020**	Sept. 30, 2019
Copper (MTV Operations)				
Total ore mined (thousands of tonnes)	**49**	345	**351**	897
Grade of ore mined (% Cu)	**0.88 %**	0.73 %	**0.86 %**	0.66 %
Total waste mined (thousands of tonnes)	**118**	1,442	**853**	4,518
Ore Processed (thousands of tonnes)	**90**	404	**474**	1,069
Cu Production (tonnes)	**1,077**	1,646	**3,789**	5,176
Cu Production (thousands of pounds)	**2,374**	3,628	**8,353**	11,412
Change in inventory ($000s)	**(11)**	$ 2,787	**(4,421)**	$ 10,809
Cash cost of copper produced [1] (USD per pound)	**$ 2.16**	$ 2.77	**$ 2.68**	$ 2.61
Realized copper price [2] (USD per pound)	**$ 2.82**	$ 2.51	**$ 2.46**	$ 2.66

[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 performance measure. Refer to Non-IFRS Performance Measures section of the MD&A for discussion.*

[2] *Realized copper price is a non-IFRS performance measures. Refer to Non-IFRS Performance Measure section of the MD&A for discussion.*

Key Corporate and Growth Initiatives

Total material crushed in the nine months ended September 30, 2020 was 0.5 million tonnes primarily from operations at the Don Gabriel and Rajo Norte open pit mines. This compares to 1.1 million tonnes during the nine months ended September 30, 2019.

Don Gabriel was historically the largest contributor of ore to MTV and together with other ancillary deposits, ore movement during the last six months in 2019 was more than 100,000 tonnes per month, a first for MTV. The first three months of 2020 were impacted by several external forces including COVID-19, resulting in production levels averaging approximately 54,000 tonnes per month from Don Gabriel. In order to conserve cash and to focus on high recovery and lower cost ore, the open pit operation at Don Gabriel was idled midway through the first quarter of 2020 and remained that way through the third quarter. It is expected that operations at Don Gabriel will restart in the first quarter of 2021.

For similar reasons, ore production from the Papomono underground mine was curtailed at the end of the first quarter of 2020 and remained idle for the six months ended September 30, 2020, extracting minimal ore as a part of care and maintenance. A large component of ore production growth remains part of the long-term mine plan now expected in 2021 (instead of 2020) which will come from the higher-grade Papomono Masivo deposit. MTV plans to begin construction and development of the incline block caving of Papomono Masivo before the end of this year, and following a 12 month construction phase, is expected to ultimately generate underground production in excess of 2,000 tonnes per day while halving unit-mining costs.

Production in the third quarter of 2020 was the lowest this year due to the mine idling described above. With the approval of the JRA and pending completion of the Customary Documentation, MTV is finalizing its mine sequencing for 2021 that is likely to include the restart of Don Gabriel while Papomono Masivo is under construction and development. For the remainder of 2020, MTV will continue to produce copper cathodes from its existing inventory, its tolling business and the processing of third-party ore.

Cash cost per pound (see *Non-IFRS Performance Measures* elsewhere in this MD&A) produced increased to $2.68 for the nine months ended September 30, 2020 compared to $2.61 for the nine months ended September 30, 2019. The increase in cost per pound is largely driven by the write-down in inventory of $3.4 million.

Cash cost per pound (see *Non-IFRS Performance Measures* elsewhere in this MD&A) produced was $2.16 for the three months ended September 30, 2020 compared to $2.77 for the three months ended September 30, 2019. The decrease reflects the cost savings created by the change in mine sequencing and modifications made to the operations.

Following the pre-feasibility level estimates for Papomono in the Technical Report, detailed engineering has been completed. Initial construction of the block caving mine is expected to take 12 months and be completed in the fourth quarter of 2021.

Mineralized material supplied by Empresa Nacional de Minería ("**ENAMI**") and local miners has increased during the third quarter as copper prices have increased. The processing of third party high grade ore 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 cure on the heap for at least 30 days before commencing leaching. The accelerated oxidation of sulphide material by the addition of salt to the heaps is expected to improve copper recoveries by approximately 8%, reduce acid consumption, and decrease the leach time by approximately 40%. Unfortunately, the drought conditions experienced in Chile had a negative effect on MTV's leaching operations near the end of 2019 and continued into the first half of 2020 with the operation not having enough solution available to irrigate all the ore being placed on the leach pads. Chile entered the rainy season in the second quarter that provided adequate amounts of water to comfortably sustain and expand operations, if necessary. The early rains received from the start of this rainy season have helped MTV and the surrounding areas that were in desperate need for water. The higher levels of water will be required to support a ramp up of tonnes added to the Salt Leach and during the third quarter, MTV did not experience any water supply issues. Beginning in September 2020, MTV began increasing the addition of salt with the goal of reaching design parameters by early 2021. However, should drought conditions or water supply challenges reappear in the foreseeable future, further adjustments to the operations at MTV may be required.

Cash Position

Cash and cash equivalents increased to $15.1 million at September 30, 2020 from $11.6 million at December 31, 2019 as the Company realized proceeds on the disposition of two Portfolio Investments, recorded the release of restricted cash of $7.0 million and MTV utilized its opening cash balance to support the project's operations including capital expenditures of $1.1 million during the nine months ended September 30, 2020. The Lenders have released the $7 million of restricted cash to support the operations of MTV. The majority of cash resided at the Company level and amounted to $10.9 million at September 30, 2020.

Capital Expenditures

Capital expenditures for the nine months ended September 30, 2020 amounted to $1.1 million and consisted of pre-stripping waste rock at Don Gabriel, mining equipment and final costs relating to the Salt Leach project.

Investment Portfolio Divestment

The Company continues to work on its divestment strategies for its Investment Portfolio. During the nine months ended September 30, 2020, the Company disposed of all its shares of Corsa Coal Corp. ("**Corsa Coal**") and URC for gross proceeds of $2.8 million. On June 30, 2020, Beretta completed the sale of its business for cash consideration of $3.7 million. Beretta's shareholders have approved the dissolution of Beretta and it is intended for Beretta to distribute its net cash over the next twelve months in two tranches beginning in the fourth quarter of 2020. There was no disposition of Portfolio Investments during the three months ended September 30, 2020.

Management expects that the remainder of the Investment Portfolio will be divested in the first half of 2021.

MTV operating performance for the nine months ended September 30, 2020

- Mined a total of 322,539 tonnes of ore at a grade of 0.85% copper from open pit operations
- Mined a total of 28,312 tonnes of ore at a grade of 0.90% copper from Papomono
- Produced 8.4 million pounds of 99.99% pure copper cathodes
- Revenue of $17.7 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 $9.5 million
- Cash cost per pound of copper produced for the period (see Non-IFRS Performance Measures) was $2.68
- Realized price per pound of copper sold was $2.46 compared to $2.66 for the nine months ended September 30, 2019

Company financial performance for the nine months ended September 30, 2020

- Net loss for the period was $23.4 million or $0.70 per share
- Adjusted EBITDA (see Non-IFRS Measures) from continuing operations for the period was negative $3.8 million which excludes a write-down of inventory of $3.4 million, loss on portfolio investments of $1.3 million, gain on modification of debt of $3.5 million and an impairment charge of $7.6 million

MTV operating performance for the three months ended September 30, 2020

- Mined a total of 48,305 tonnes of ore at a grade of 0.87% copper from open pit operations
- Mined a total of 1,059 tonnes of ore at a grade of 1.48% copper from Papomono
- Produced 2.4 million pounds of 99.99% pure copper cathodes
- Revenue of $5.6 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 $0.6 million
- Cash cost per pound of copper produced for the quarter (see Non-IFRS Performance Measures) was $2.16
- Realized price per pound of copper sold was $2.82 compared to $2.42 for the three months ended June 30, 2020 and $2.51 for the three months ended September 30, 2019

Company financial performance for the three months ended September 30, 2020

- Net loss for the quarter was $0.3 million or $0.01 per share
- Adjusted EBITDA (see Non-IFRS Measures) from continuing operations for the quarter was negative $2.3 million which excludes a gain on modification of debt of $3.5 million and a reversal of a write-down of inventory of $0.7 million.

OUTLOOK

Outlook

Emergence by MTV from Creditor Protection

On August 24, 2020, the Company announced that creditors of MTV approved the JRA in Chile with support from 100% of the Lenders and 93% of the unsecured creditors. The completion of the Customary Documentation is pending and once fully executed, will allow for additional capital committed under the JRA to be available to MTV for the construction and development of the Papomono Masivo incline block caving underground mining project.

Coronavirus (COVID-19)

At the onset of the COVID-19 outbreak, the virus created near-term copper price uncertainty and volatility, and significant losses across the world's financial marketplace and social dislocation. Shortly thereafter, the copper price rebounded favorably and the world's financial markets recovered most, if not all, their prior losses. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak and the onset of a second wave. The effect of the COVID-19 pandemic on the Company’s business activities remains uncertain, the extent of which cannot be accurately predicted at this time.

Social Unrest

In October 2019, social unrest in Chile erupted throughout the country. Deaths, vandalism and looting were reported in Santiago and other regions of the country. As of September 30, 2020, the social unrest had retreated as COVID-19 became the focus of the country but its impacts on Chile's economy continue. The short-term finance market in Chile has been severely affected by this continuing event. This geopolitical uncertainty and the current global economic uncertainties has reduced the attractiveness of Chile as an investment destination for capital providers resulting in a marked decrease in available short-term working capital finance solutions for MTV and its suppliers.

Chile's Drought

Chile entered the rainy season in the second quarter that provided adequate amounts of water to comfortably sustain and expand operations, if necessary. During the first quarter, the province of Coquimbo, where the mine is located, was suffering from the most severe drought in 60 years, which affected water access to the heaps and impacted copper production. During the peak of the drought, the flow of water from various sources including the Choapa River, was not sufficient to fulfill MTV's water rights necessitating production curtailment.

At the beginning of the second quarter, MTV was able to secure water sources that currently yield the required water flows to maintain its revised planned operations. The early rains received from the start of this rainy season have also helped MTV and the surrounding areas that were in desperate need for water. There is currently no water supply issues affecting MTV's mining operations. However, should drought conditions or water supply challenges reappear in the foreseeable future, further adjustments to the operations at MTV may be required.

2021 Mine Plan

The Company expects to finalize its 2021 mine plan in the coming months, As mentioned elsewhere, a significant part of the plan is the development and construction of the Papomono Masivo incline block caving beginning in late 2020 with an expected completion in the fourth quarter of 2021. This is an important project given the high grade ore and low per tonne cost once in production.

Expansion Projects

The Company has plans to complete the remaining two expansion projects identified in the Technical Report: the Don Gabriel expansion and the development and construction of the Papomono Masivo incline block caving as a result of the successful outcome of the Process.

The expansion of Don Gabriel began in the second half of 2018 and was supported by the Company's working capital and MTV's operational cash flows. In the first quarter of 2020, the expansion at Don Gabriel was halted due to the low copper price and working capital issues. The expansion remains part of the longer life of mine plan.

As outlined in the Technical Report, the development and construction of Papomono Masivo and ancillary deposits require $21 million in capital expenditures over 18 months. Although some of this amount has been incurred, the majority of these capital expenditures will be completed during 2021. This would provide for increased production at the higher-grade Papomono Masivo underground project to commence in 2021.

The Salt Leach project development and construction commenced in mid-2018 and was completed in December 2019 with no interruption to the SX-EW plant operations. In the first quarter of 2020, the build up of salt concentration in the leach pad was delayed due to working capital issues and availability of supplies. Beginning in September 2020, MTV began increasing the addition of salt with the goal of reaching design pararmeters by early 2021.

Upon MTV completing the remaining capital projects, cash flows generated from this expansion are anticipated to 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.

CORPORATE STRUCTURE

The consolidated accounts of the Company include (i) SRHI's two wholly-owned subsidiaries; SRHI Resource Corp. ("**SRC**", formerly Sprott Resource Corp.) and Adriana Mining Ltd. ("**ADM**"); (ii) SRC's wholly-owned subsidiary, SRH Chile SpA ("**SRH Chile**"); (iii) MTV, which owns the Chilean copper producing mine; and (iv) the Company's equity incentive plan vehicle, the Trust (defined below).

On June 23, 2020, Sprott Resource Holdings Inc. and its wholly-owned inactive subsidiary Sprott Resource Coal Holding Corp. amalgamated and continued as SRHI Inc.

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%	—
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.

Up to and including June 29, 2020, Beretta was accounted for as a business held for sale. On June 30, 2020, Beretta completed the sale of its business for cash consideration of $3.7 million. Beretta's shareholders have approved the dissolution of Beretta and it is intended for

Beretta to distribute its net cash over the next twelve months in two tranches beginning in the fourth quarter of 2020. As a result and effective June 30, 2020, Beretta has been reclassified to a Portfolio Investment until it is dissolved and all net assets distributed to its shareholders.

Prior to June 30, 2020, 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, 2020

	Nine months ended	
	Sept. 30, 2020	Sept. 30, 2019
Tonnes mined - underground operations	**28,312**	116,786
Tonnes mined - open pit operations	**322,539**	780,339
Total ore mined (tonnes)	**350,851**	897,125
Waste mined - open pit operations (tonnes)	**852,768**	4,517,718
MTV mine processed ore (tonnes)	**357,372**	889,348
Third-party processed ore (tonnes)	**81,222**	118,788
ENAMI tolling processed ore (tonnes)	**35,903**	60,907
Total processed ore (tonnes)	**474,497**	1,069,043
Metallurgical recovery - underground material (%)	**70.2 %**	80.5 %
Metallurgical recovery - open pit material (%)	**74.1 %**	80.2 %
Underground average ore grade (Cu%)	**0.90 %**	1.00 %
Open pit average ore grade (Cu%)	**0.85 %**	0.61 %
Copper cathode production (tonnes)	**3,789**	5,176
Copper cathode sales (tonnes)	**3,068**	4,206
Toll processed and copper cathodes returned to ENAMI (tonnes)	**877**	804

During the nine months ended September 30, 2020, a combination of circumstances, primarily driven by COVID-19 including current volatile market conditions and working capital issues contributed to a change in mining operations strategy. In an effort to reduce operational costs, certain measures were taken at the end of March 2020 including reductions in headcount, idling two mining operations and operating only the smaller Rajo Norte open pit, modifying plant shift schedules and purchasing high grade third party ore. By the end of the second quarter, copper prices had recovered that provided additional cash flows to the modified care and maintenance operation.

Total ore and waste tonnes mined decreased compared to the same period in the prior year (1.2 million tonnes in the nine months ended September 30, 2020 compared to 5.4 million tonnes in the nine months ended September 30, 2019). This is largely due to a significant decrease in tonnes of waste moved in the first three quarters of 2020 (0.9 million tonnes compared to 4.5 million tonnes for the nine months ended September 30, 2019). Early in the year, the contractor for Don Gabriel demobilized and the majority of waste movement was halted with limited waste removal taken on internally by MTV. In addition, due to changes in mine sequencing, the expansion at Don Gabriel and Papomono underground were both temporarily put on hold in order to focus on (i) more economic ore in a lower copper price environment and (ii) the period in which MTV was restructuring its debts during the Process.

Three Months Ended September 30, 2020

	Three months ended	
	Sept. 30, 2020	Sept. 30, 2019
Tonnes mined - underground operations	**1,059**	39,403
Tonnes mined - open pit operations	**48,305**	305,968
Total ore mined (tonnes)	**49,364**	345,371
Waste mined - open pit operations (tonnes)	**117,860**	1,441,922
MTV mine processed ore (tonnes)	**48,314**	346,557
Third-party processed ore (tonnes)	**31,533**	38,900
ENAMI tolling processed ore (tonnes)	**9,688**	18,551
Total processed ore (tonnes)	**89,535**	404,008
Metallurgical recovery - underground material (%)	**69.8 %**	80.1 %
Metallurgical recovery - open pit material (%)	**77.6 %**	78.7 %
Underground average ore grade (Cu%)	**1.48 %**	0.96 %
Open pit average ore grade (Cu%)	**0.87 %**	0.70 %
Copper cathode production (tonnes)	**1,077**	1,646
Copper cathode sales (tonnes)	**858**	1,653
Toll processed and copper cathodes returned to ENAMI (tonnes)	**258**	106

In late March 2020, officials of Salamanca formally requested MTV to temporarily halt or restrict operations as a measure to slow the advance of the pandemic and on March 23, 2020, the Company announced measures that were immediately implemented at MTV. These measures are continuing.

During the three months ended September 30, 2020, the mining operation continued to run in a modified capacity experiencing certain operating challenges resulting from equipment shortages and working capital issues reflecting the impact of decisions taken earlier in the year as well as by rain and snow from the early weeks of July's winter weather. Two open pit mines remained idle and only the smaller Rajo Norte open pit continued to run. Supplemental ore was also contributed by third parties and ENAMI. The higher grades and faster leaching of the oxide ores provided by these sources are a better contribution based on the reduced production profile. There was limited activity at the Papomono underground site as it was principally in care and maintenance.

Total ore and waste tonnes mined decreased compared to the same quarter in the prior year (167 thousand tonnes in the three months ended September 30, 2020 compared to 1.8 million tonnes in the three months ended September 30, 2019). This is largely due to a significant decrease in tonnes of waste moved in the third quarter of 2020 (118 thousand tonnes compared to 1.4 million tonnes for the three months ended September 30, 2019), a decrease of 92%. During the first quarter of 2020, the contractor for Don Gabriel demobilized and the mine was put on care and maintenance. Ore mined decreased compared to the same quarter in the prior year (49 thousand tonnes in the three months ended September 30, 2020 compared to 345 thousand tonnes in the three months ended September 30, 2019). This was driven by the idling of the Don Gabriel and Papomono mines and focusing on more economic oxide ore from Rajo Norte, third party and ENAMI ores which have a shorter leaching cycle and helps produce higher production during this time. Production for the three months ended September 30, 2020 of 1,077 tonnes of copper cathodes was lower than the three months ended September 30, 2019 of 1,646 tonnes. The impact on copper production was largely driven by:

- a modified, reduced mine plan
- reduced ore processing and sub-optimal reagents in the heap leach
- downtime to the mining operation during the quarter due to inclement weather
- periodic shortages of equipment, critical materials and supplies such as explosives, fuel and sulfuric acid affected both mine and plant production

	Three months ended			
	Dec. 31, 2019	Mar. 31, 2020	Jun. 30, 2020	Sept. 30, 2020
Total ore mined (tonnes)	313,196	248,816	52,671	49,364
Waste mined - open pit mine (tonnes)	1,678,096	638,266	96,642	117,860
Copper cathode production (tonnes)	1,879	1,484	1,228	1,077

LIQUIDITY AND CAPITAL RESOURCES

Cash

At September 30, 2020, the Company held cash and cash equivalents of $15.1 million. Cash and cash equivalents are primarily comprised of cash in deposit accounts held with reputable financial institutions. 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 increased by $3.5 million in the nine months ended September 30, 2020 primarily as a result of proceeds from the sale of Portfolio Investments of $2.8 million, release of restricted cash of $7.0 million offset by cash and cash equivalents used in operating activities of $2.4 million, capital expenditures of $1.1 million and interest paid of $1.6 million.

As a condition of the Facility, the Company has provided the Lenders with a $10 million guarantee that represents the Company's only obligation to MTV. It is expected that the Customary Documentation will be completed shortly. The Company had expected the Customary Documentation to be complete prior to the release of the Company's third quarter results, however, due to unforeseen procedural delays, there remains a limited number of supplementary documents yet to be executed in Chile. Once completed, all commitments under the JRA will become effective together with the obligation of SRHI to fund MTV with up to $10 million of capital over the next 12 months, thereby fulfilling its corporate guarantee under the Facility. This amount is not included in the consolidated financial statements.

Working Capital

At September 30, 2020, the Company had a consolidated working capital deficiency of $23.7 million primarily as a result of the entire balance of the Facility presented as current liabilities. Included in this working capital deficiency is cash of $15.1 million, trade and other receivables of $1.6 million, current inventories of $8.3 million, other current assets of $1.7 million, and Portfolio Investments of $3.4 million. Liabilities included in the working capital deficiency include accounts payable and accrued liabilities of $8.6 million and MTV's loans and borrowings of $45.2 million which includes $44.6 million related to the Facility. The successful emergence from creditor protection by MTV through the execution of the JRA provided for a two-step recapitalization of MTV's balance sheet. As a result, the Unsecured Debt was created and the Amended Facility is subject to the completion of the Customary Documentation.The terms of the Unsecured Debt were effective August 24, 2020, while the terms of the Amended Facility are subject to certain covenants of the JRA that are expected to be satisfied subsequent to September 30, 2020 through the execution of the Customary Documentation. As a result, the Facility remained as a current liability as at September 30, 2020 and as part of the calculation of the working capital deficiency. Excluding the MTV Segment, the Company had working capital of $14.1 million.

The re-categorization of a large portion of the Facility balance to long-term debt is expected in the last quarter of 2020. Should all of the obligations under the JRA have been satisfied as at September 30, 2020, the working capital of the Company would have been $20.9 million.

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 remaining Portfolio Investments and its loans and borrowings. During the second quarter, the Company disposed of all its shares of Corsa Coal and URC for gross proceeds of $2.8 million. In addition, on June 30, 2020, Beretta completed the sale of its business for cash consideration of $3.7 million. The amount expected to be received from Beretta by SRHI of $1.1 million is included as a Portfolio Investment.

The Company continues to make progress in divesting its remaining Portfolio Investments.

In order to facilitate the management of its capital requirements, the Company prepares annual operating budgets that are approved by the Board. Due to the circumstances at the onset of 2020 and uncertainty due to COVID-19, the Company did not finalize a budget for 2020. 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.

The Company may seek additional capital at the Company or MTV level to complete development of its mineral properties and general working capital purposes. MTV currently operates in a high-cost environment. Such financing, if sought, 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 actual capital expenditures. There can be no assurance that capital will be available to the Company or 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 and MTV are exposed to liquidity risk.

The Company continues to review its near-term operating plans and take steps to reduce costs and maximize cash flow from operations.

Certain loan agreements contain operating and financial covenants that 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.

As a result of the initiation of the Process in May 2020, the capital resources of the Company and MTV could be negatively or positively impacted depending on the ability of the Company to complete the Customary Documentation. Should the Customary Documentation be completed as anticipated, the capital available as a result should provide sufficient financial flexibility for MTV to execute on its intended plans to expand its operations that is expected to produce sustainable positive cash flows that is also beneficial to the Company. Conversely, should the Customary Documentation not be completed, this could result in the Company's $10 million corporate guarantee to be called and the potential for a full loss of the Company's equity investment in MTV.

There is currently an ongoing event of default under the Facility agreement. The Lenders have informed MTV and the Company that it has chosen not to exercise its rights and remedies under the Facility at this time as a consequence of this event of default, but may choose to do so at any time in the future without any further written notice. As a result, the entire Facility amount is considered a current liability. However, upon completion of the Customary Documentation, the ongoing event of default will no longer exist.

MTV Going Concern

MTV has incurred significant operating losses and negative cash flows from operations in recent years, and has a working capital deficiency. Whether and when MTV can attain profitability and positive cash flows has recently been challenged as a result of Chile's social unrest and COVID-19 impacts. On March 18, 2020, Chile declared a state of catastrophe over the COVID-19 outbreak that restricts freedom of movement within the country. On March 21, 2020, officials of Salamanca formally requested MTV to temporarily halt or restrict operations as a measure to slow the advance of the pandemic and on March 23, 2020, the Company announced measures that were immediately implemented at MTV. These measures are continuing. Salamanca and its surrounding areas supply over 70% of the MTV mine site's workforce. The extent of the effect of the COVID-19 pandemic on the Company's business activities is uncertain. In addition, in May 2020, MTV entered the Process.

MTV has a working capital deficiency of $37.8 million and negative equity. It has long-term leases of $0.6 million, Unsecured Debt of $18.3 million and subordinated debt payable to the Company of $20.5 million including capitalized interest. MTV does not expect to have sufficient liquidity to fund its operations over the next twelve months. The working capital deficiency significantly limits MTV's ability to fund capital expenditures and operations. During the three months ended June 30, 2020, MTV commenced reorganization proceedings by filing a JRP in Chile to seek protection from creditors that is expected to give MTV sufficient time to complete its refinancing efforts to allow for the completion of the construction of its underground mine. This is similar to filing for creditor protection under the *Companies' Creditors Arrangement Act* in Canada. Under the Facility agreement, this is an event of default. The Lenders have informed MTV and the Company that it has chosen not to exercise its rights and remedies under the Facility at this time as a consequence of this event of default, but may choose to do so at any time in the future without any further written notice.

As the Customary Documentation was not complete as of the date hereof, certain uncertainties remain and cast doubt upon MTV's ability to continue as a going concern.

However, on August 24, 2020, the Company announced that creditors of MTV approved the JRA in Chile with support from 100% of MTV's Lenders and 93% of the unsecured creditors. This support provides a solution that is expected to generate sufficient liquidity and flexibility to finance operations into 2021 and 2022 when mining operations are expected to generate sufficient cash flow. The JRA, together with the pending completion of the Customary Documentation, will finalize the restructuring of MTV's debt. Should the Customary Documentation have been completed by September 30, 2020, the Company's pro-forma working capital would be $20.9 million and the ongoing event of default would no longer exist. The Company expects to announce the completion of the Customary Documentation shortly.

The Company may need to raise capital in order to support MTV's operations in the future. Raising capital may be adversely impacted by: a lack of normally available financing, current volatile market conditions, extended and unforeseen issues resulting from the current COVID-19 pandemic, uncertain water supply conditions in Chile and ongoing geopolitical issues in Chile. To address its financing requirements, the Company may seek financing through joint venture agreements, debt and equity financings, asset sales, rights offerings to existing shareholders or restructuring MTV's debt and payment terms with critical suppliers. The outcome of these matters cannot be predicted at this time.

OPERATING SEGMENTS

The Company has two reportable segments. MTV is the Company's principal operating business. Corporate includes the Canadian corporate office that holds its Portfolio Investments.

Significant information relating to reportable operating segments is summarized below:

As at September 30, 2020	**MTV**	**Corporate**	**Total**
Total assets	$ 96,930	$ 14,380	**$ 111,310**
Total liabilities	$ 79,472	$ 283	**$ 79,755**

As at December 31, 2019	**MTV**	**Corporate**	**Total**
Assets	$ 115,766	$ 17,482	**$ 133,248**
Assets classified as held for sale	—	9,908	**9,908**
Total assets	$ 115,766	$ 27,390	**$ 143,156**
Liabilities	$ 80,164	$ 985	**$ 81,149**
Liabilities classified as held for sale	—	5,286	**5,286**
Total liabilities	$ 80,164	$ 6,271	**$ 86,435**

Nine Months Ended September 30, 2020	MTV	Corporate	Total
Revenue	$ 17,700	$ —	$ **17,700**
Cost of sales	(27,246)	—	**(27,246)**
Gross loss	(9,546)	—	**(9,546)**
Expenses			
General and administrative expenses	1,677	1,566	**3,243**
Loss on portfolio investments	—	1,294	**1,294**
Finance expenses	4,484	—	**4,484**
Other income	(4,710)	(318)	**(5,028)**
Impairment of non-current assets	7,628	—	**7,628**
Net loss from continuing operations	(18,625)	(2,542)	**(21,167)**
Net loss from discontinued operations	—	(2,241)	**(2,241)**
Net loss for the period	$ (18,625)	$ (4,783)	$ **(23,408)**

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)**

Three Months Ended September 30, 2020		MTV		Corporate		Total
Revenue	$	5,610	$	—	$	**5,610**
Cost of sales		(6,162)		—		**(6,162)**
Gross loss		(552)		—		**(552)**
Expenses						
General and administrative expenses		259		586		**845**
Finance expenses		1,223		—		**1,223**
Other loss (income)		(2,475)		190		**(2,285)**
Net loss from continuing operations		441		(776)		**(335)**
Net loss for the period	$	441	$	(776)	$	**(335)**

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 loss (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)**

For the nine months ended September 30, 2020, 89% of the revenues ($15.8 million) was from one customer. For the nine months ended September 30, 2019, 94% of the revenues ($24.6 million) was from one customer.

As at September 30, 2020, there was $0.3 million (December 31, 2019: $0.5 million) outstanding in trade and other receivables.

FINANCIAL UPDATE

Nine Months Ended September 30, 2020

Gross loss

(in thousands)		Nine months ended Sept. 30, 2020		Nine months ended Sept. 30, 2019
Revenue	**$**	**17,700**	$	26,336
Cost of sales		**(27,246)**		(35,258)
Gross loss	**$**	**(9,546)**	$	(8,922)

Revenue

During the nine months ended September 30, 2020, the Company recognized revenues of $17.7 million (nine months ended September 30, 2019: $26.3 million) which included revenue from the sale of 3,068 tonnes of copper cathodes for $16.6 million (nine months ended September 30, 2019: $24.6 million for 4,206 tonnes) and revenues from tolling services of $1.1 million (nine months ended September 30, 2019: $1.7 million). Revenues were based on an average realized copper price of $2.46 per pound (nine months ended September 30, 2019: $2.66 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. For the nine months ended September 30, 2020, the Company recorded a write-down of inventory of $5.0 million and a reversal of a previous write-down of current inventory of $1.6 million at MTV primarily related to (i) changes in the expected costs to completion of copper pounds in work-in-process inventory and (ii) changes in the expected copper price.

General and administrative expenses

		Nine months ended Sept. 30, 2020		Nine months ended Sept. 30, 2019
General and administrative expenses	**$**	**3,243**	$	5,054

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 for the nine months ended September 30, 2020 compared with the nine months ended September 30, 2019 decreased as a result of the elimination of the Management Service Fee payable (see the section *Management Fee* elsewhere in this MD&A) and decreased directors' compensation.

Loss on portfolio investments

		Nine months ended Sept. 30, 2020		Nine months ended Sept. 30, 2019
Loss on portfolio investments	**$**	**1,294**	$	8,578

During the nine months ended September 30, 2020, the Company disposed of its shares in URC and Corsa Coal for gross proceeds of $2.8 million resulting in a realized loss on portfolio investments of $27.3 million from the moment of acquisition of the investments. During the nine months ended September 30, 2019, the Company disposed of its investments in InPlay Oil Corp. ("**InPlay Oil**") and Virgina Energy Resources Inc. ("**Virginia Energy**") for gross proceeds of $3.8 million.

For the nine months ended September 30, 2020, the change in unrealized gains on portfolio investments was $26.0 million and is predominantly due to the reversal of previously recorded unrealized losses triggered by the dispositions of Corsa Coal and URC.

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.

Finance expenses

	Nine months ended	
	Sept. 30, 2020	Sept. 30, 2019
Finance expenses	**$ 4,484**	$ 2,542

Finance expenses primarily consist 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 Facility for the nine months ended September 30, 2020 ($43.5 million) compared to the nine months ended September 30, 2019 ($15.2 million).

Other income

	Nine months ended	
	Sept. 30, 2020	Sept. 30, 2019
Gain on modification of debt	**$ 3,487**	$ —
Interest and other income	**327**	273
Foreign currency translation gain	**1,214**	874
Other income	**$ 5,028**	$ 1,147

Gain on modification of debt

The conversion of the accounts payable of MTV to Unsecured Debt was accounted for as debt modification and a non-cash gain of $3.5 million was recorded. The amount was determined by calculating the difference between the carrying value of the accounts payable and accrued liabilities subject to the JRA on August 24, 2020, and the net present value of the future cash outlfows associated with the Unsecured Debt using the new contracted payment terms under the JRA discounted at 13%.

Foreign currency translation gain

During the nine months ended September 30, 2020, the foreign currency gain was generated by the strengthening of the US dollar of approximately 5% compared to the Chilean peso and 3% compared to the Canadian dollar. During nine months ended September 30, 2019, the foreign currency loss was generated by the strengthening of the US dollar of approximately 4% compared to the Chilean peso offset by weakening of US dollar of approximately 3% compared to the Canadian dollar.

Impairment of non-current assets

During the nine months ended September 30, 2020, the Company recognized an impairment charge of mineral properties, plant and equipment of $7.6 million. There was no impairment charge recorded in the nine months ended September 30, 2019. See the section *Impairment of MTV CGU* elsewhere in this MD&A.

Three Months Ended September 30, 2020

Gross loss

(in thousands)	Three months ended Sept. 30, 2020	Three months ended Sept. 30, 2019
Revenue	**$ 5,610**	$ 9,650
Cost of sales	**(6,162)**	(13,909)
Gross loss	**$ (552)**	$ (4,259)

Revenue

During the three months ended September 30, 2020, the Company recognized revenues of $5.6 million (three months ended September 30, 2019: $9.7 million) which included revenue from the sale of 858 tonnes of copper cathodes for $5.3 million (three months ended September 30, 2019: $9.1 million for 1,653 tonnes) and revenues from tolling services of $0.3 million (three months ended September 30, 2019: $0.5 million). Revenues were based on an average realized copper price of $2.82 per pound (three months ended September 30, 2019: $2.51 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. There was a reversal of a previous write-down of current inventory of $0.7 million during three months ended September 30, 2020 reflecting both the fixed price portion of future sales under the offtake agreement and the higher current and expected short-term copper price.

General and administrative expenses

	Three months ended Sept. 30, 2020	Three months ended Sept. 30, 2019
General and administrative expenses	**$ 845**	$ 1,573

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

The Company's G&A for the three months ended September 30, 2020 compared with the three months ended September 30, 2019 decreased as a result of the elimination of the Management Service Fee payable for the quarter (see the section *Management Fee* elsewhere in this MD&A) and decreased directors' compensation.

Loss on portfolio investments

	Three months ended Sept. 30, 2020	Three months ended Sept. 30, 2019
Loss on portfolio investments	**$ —**	$ 3,419

There were no dispositions of portfolio investments during the three months ended September 30, 2020. 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.

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.

Finance expenses

		Three months ended		
		Sept. 30, 2020		Sept. 30, 2019
Finance expenses	**$**	**1,223**	$	1,081

Finance expenses primarily consist 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 Facility for the three months ended September 30, 2020 ($44.7 million) compared to the three months ended September 30, 2019 ($15.1 million).

Other income, net

		Three months ended		
		Sept. 30, 2020		Sept. 30, 2019
Gain on modification of debt	**$**	**3,487**	$	—
Other income		**21**		115
Foreign currency translation gain (loss)		**(1,223)**		1,598
Other income, net	**$**	**2,285**	$	1,713

Gain on modification of debt

The conversion of the accounts payable of MTV to Unsecured Debt was accounted for as debt modification and a non-cash gain of $3.5 million was recorded.

Foreign currency translation gain (loss)

During the three months ended September 30, 2020, the foreign currency loss was generated by the weakening of the US dollar of approximately 4% compared to the Chilean peso and 2% compared to the Canadian dollar. During three months ended September 30, 2019, the foreign currency gain was generated by the strengthening of the US dollar over the period of approximately 7% compared to the Chilean peso and 2% compared the Canadian dollar.

Impairment of non-current assets

There was no impairment charge during the three months ended September 30, 2020 and 2019.

IMPAIRMENT OF MTV CASH GENERATING UNIT ("CGU")

There was no impairment or reversal of a previously recognized impairment of the MTV CGU as at September 30, 2020.

As a result of the impairment identified as at March 31, 2020, management engaged an independent third-party to prepare an impairment test analysis that concluded that the recoverable amount of the MTV CGU was lower than its carrying value. From this analysis, management recorded an impairment charge of $7.6 million as a reduction in the carrying value of MTV's assets to the consolidated statements of operations and comprehensive loss for the nine months ended September 30, 2020.

PORTFOLIO INVESTMENTS

Closing portfolio investments

(in thousands)	Sector	Public/Private	As at Sept. 30, 2020	As at Dec. 31, 2019
Corsa Coal	Mining	Public	**$ —**	$ 4,065
Beretta	Agriculture	Private	**1,125**	n/a
Lac Otelnuk	*Mining*	Private	**2,248**	2,308
URC	*Mining*	Public	**48**	233
			$ 3,421	$ 6,606

During 2019, the Company was provided units (1 common share plus 1 non-trading warrant equals 1 unit) of URC as a condition of the loan investment it made in 2018 to a private royalty company. Upon the private royalty company going public, the Company was entitled to a fixed number of its units.

During the nine months ended September 30, 2020, the Company sold its shares in Corsa Coal and URC for gross proceeds of $2.8 million resulting in a realized loss on these investments of $27.3 million from the moment of acquisition of the investments that is included in *Loss on portfolio investments* in the Condensed Interim Consolidated Statements of Operations and Comprehensive Loss. The realized loss was largely offset by a change in unrealized gains on portfolio investments of $26.0 million and was predominantly due to the reversal of previously recorded unrealized losses triggered by the dispositions of Corsa Coal and URC.

In addition, on June 30, 2020, Beretta completed the sale of its business for cash consideration of $3.7 million. Beretta's shareholders have approved the dissolution of Beretta and it is intended for Beretta to distribute its net cash over the next twelve months in two tranches beginning in the fourth quarter of 2020. The amount expected to be received by SRHI of $1.1 million is included as a Portfolio Investment.

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.

(in thousands, except per share amounts)	2020 Sept	2020 Jun	2020 Mar	2019 Dec	2019 Sept	2019 Jun	2019 Mar	2018 Dec
Revenue	**$ 5,610**	$ 4,943	$ 7,147	$ 9,352	$ 9,650	$ 8,078	$ 8,608	$ 10,888
Gross loss	**$ (552)**	$ (2,012)	$ (6,982)	$ (4,454)	$ (4,259)	$ (3,103)	$ (1,560)	$ (438)
Gain (loss) on portfolio investments	**$ —**	$ 1,038	$ (2,332)	$ (1,358)	$ (3,419)	$ (6,821)	$ 1,662	$ (12,631)
Net loss from continuing operations	**$ (335)**	$ (5,256)	$ (15,576)	$ (21,398)	$ (8,619)	$ (12,708)	$ (2,622)	$ (13,631)
Net loss	**$ (335)**	$ (5,256)	$ (17,817)	$ (25,825)	$ (8,993)	$ (13,245)	$ (4,139)	$ (14,148)
Other comprehensive income (loss)	**$ 405**	$ 116	$ (1,762)	$ 318	$ (326)	$ 544	$ 1,029	$ (2,935)
Basic and diluted loss per share from continuing operations	**$ (0.01)**	$ (0.16)	$ (0.46)	$ (0.63)	$ (0.25)	$ (0.37)	$ (0.08)	$ (0.40)
Basic and diluted loss per share from net loss	**$ (0.01)**	$ (0.16)	$ (0.53)	$ (0.76)	$ (0.26)	$ (0.39)	$ (0.12)	$ (0.43)

The Company is not impacted materially by seasonality.

FINANCING ACTIVITIES BY THE COMPANY

It has been the Company's policy to have 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.

See the sections *Liquidity and Capital Resources* and *Commitments* and *Off-Balance Sheet Arrangements* elsewhere in this MD&A for additional details.

EQUITY DATA

Authorized capital:

Common shares, no par value, unlimited shares.

Issued and outstanding:

The Company had 34,083,005 common shares issued and outstanding as at September 30, 2020 and on the date hereof.

Outstanding warrants:

The Company had 201,138,300 common share purchase warrants outstanding as at September 30, 2020 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 with an equivalent exercise price of CAD$6.66 per common share. During the three months ended September 30, 2020, 260 common share purchase warrants were exercised.

Outstanding stock options:

The number of stock options vested and outstanding as at September 30, 2020 was 2.6 million (December 31, 2019: 150 thousand) at an exercise price of CAD$0.51 (December 31, 2019: CAD$3.80). The number of stock options vested as at September 30, 2020 was 1.4 million (December 31, 2019: 150 thousand).

On August 12, 2020, Company granted an aggregate of 2.4 million stock options to directors in accordance with the Company's current stock option plan. Each stock option is exercisable into one common share of the Company at a price equal to CAD$0.30 and has a term of ten years. During the nine months ended September 30, 2020, the total fair value of stock options vested was $133 thousand with a weighted average grant-date fair value of CAD$0.13 per stock option. The fair value of the stock options as at the date of granted is calculated in accordance with the Black-Scholes option pricing model using the following average inputs:

Risk-free interest rate	0.41%
Forfeiture rate	—%
Vesting period	1.0 year
Expected dividend yield	—%
Expected share price volatility	40%
Expected life	10 years

The options vest 50% on the date of grant and 50% on the first anniversary of the date of grant.

COMMITMENTS

*Management Services Agreement ("**MSA**")*

An MSA was entered into, effective February 8, 2017, between SRHI and SCLP, an entity which is directly and indirectly wholly-owned by Sprott Inc., replacing the old MSA (the "**Old MSA**") between SRC and SCLP. The MSA was amended on February 1, 2018 to reflect the

Company's transition to a diversified holding company and further amended effective March 2, 2020 to reflect the reduction to the management fee and notice period. On June 23, 2020, the MSA was terminated. See the section *Management Fee* elsewhere in this MD&A.

The Company entered into a Transitional Support Agreement ("**TSA**") dated May 12, 2020 (and to expire no later than December 31, 2020) with SCLP to aid the Company in its transition to establish a management team independent of SCLP.

Under the MSA, management for SRHI were provided and had the power and authority to transact the business of SRHI and to deal with and in SRHI's assets for the use and benefit of SRHI, except as limited by any direction of the Board, and subject to certain limits on authority established from time to time by the Board.

Within the terms and conditions established by the Company, the management provided under the MSA managed SRHI's investment activities and assets, and administered the day-to-day operations of SRHI.

Contractual obligations of the Company as at September 30, 2020 are as follows:

	1 year	1 - 3 years	More than 3 years	Total
Accounts payable and accrued liabilities	$ 8,628	$ —	$ —	$ 8,628
Facility	45,000	—	—	45,000
Unsecured Debt	—	4,462	17,330	21,792
Leases	797	893	—	1,690
Other non-current liabilities	1,424	1,263	577	3,264
Reclamation and other closure provisions	—	—	4,922	4,922
As at September 30, 2020	**$ 55,849**	**$ 6,618**	**$ 22,829**	**$ 85,296**

As of September 30, 2020, commitments to purchase (i) property, plant and equipment amounted to $0.2 million and (ii) mining operating supplies amounted to $1.1 million.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments by management represent an integral component of the Financial Statements prepared in conformity with IFRS. The estimates made in the Financial Statements reflect management's judgments based on past experiences, present conditions and expectations of future events. Where estimates were made, the reported amounts for assets, liabilities, revenues and expenses may differ from the amounts that would otherwise be reflected if the ultimate outcome of all uncertainties and future events were known at the time the Financial Statements were prepared. Other than explained below, please refer to Note 3 of the Financial Statements for details on critical accounting estimates.

Areas where critical accounting estimates have the most significant effect on the amounts recognized in the Financial Statements include:

a. COVID-19 Uncertainty

Beginning in the quarter ended March 31, 2020, the Company made efforts to safeguard the health of its employees, while continuing to operate safely and responsibly maintain employment and economic activity. These measures combined with copper price fluctuations resulting from COVID-19 have affected the Company's financial results. For the nine months ended September 30, 2020, MTV recorded a write-down of inventory of $5.0 million and also a reversal of a write-down in current inventory of $1.6 million with additional write-downs of inventory or reversals of previous write-downs taken that may occur over the balance of 2020 and thereafter as copper prices fluctuate. The Company recorded a mineral properties, plant and equipment impairment in the first quarter of $7.6 million related to the MTV CGU but no additional impairment or reversal of a previously recorded impairment was recognized during the six months ended September 30, 2020. There is heightened potential for further impairment or reversal of these over the balance of 2020 and thereafter. In the current environment, assumptions about future copper prices, exchange rates, interest rates and market transactions are subject to greater variability than normal, which could in the future significantly affect the valuation of the Company's assets. As an understanding of the longer-term impacts of COVID-19 on commodity, credit and equity markets develops, there is heightened potential for changes in these views over the balance of 2020.

There has been no significant disruption to production or copper cathode shipments. Operations were modified at MTV during the second quarter of 2020 to take into account the economic uncertainty through various initiatives to create a lower operating cost environment, maximize production from modified mine plans and minimize the risks to employees, communities and other stakeholders.

b. Work-in-process inventory/ Production costs

The Company's management makes estimates of the amount and the expected timing of recovery of recoverable pounds in work-in-process inventory, which is used in the determination of the cost of sales during the period. Changes in these estimates can result in a change in the carrying amount of inventories and cost of sales in future periods. The Company monitors the recovery of copper cathodes from the leach pads and may refine its estimate based on these results. Assumptions used in inventory valuation include type of ore tonnes mined, salt leach application, pounds of copper per tonne, metallurgy of the ore, expected recovery rate based on the type of ore placed on the leach pads, timing of recovery, remaining costs of completion to bring inventory into copper cathodes, among others.

During 2019, the Company transferred $20.6 million from current work-in-process inventory to non-current reflecting ore on leach pads at MTV that the Company did not expect to process in the twelve (12) months following December 31, 2019. The Company recorded an impairment charge of $1.9 million (included in the impairment write-down of $4.4 million) during 2019 related to the net realizable value of the non-current portion of inventory.

During the nine months ended September 30, 2020, there was a write-down of inventory of $5.0 million and a reversal of write-down of current inventory of $1.6 million. (see Note 4 to the Financial Statements)

For the three months ended September 30, 2020, the Company recognized a reversal of a previous write-down of current inventory of $0.7 million.

During the three months ended September 30, 2020, the Company transferred $2.7 million from non-current work-in process inventory to current work-in-process inventory reflecting ore on leach pads at MTV that the Company expects to process in the twelve (12) months following September 30, 2020.

c. Impairment of non-current assets - MTV CGU

The Company reviews the carrying amounts of non-current assets whenever events or changes in circumstances indicate that the carrying amounts may exceed the estimated recoverable amounts determined by reference to estimated future operating results and discounted future cash flows. An impairment loss is recognized when the carrying amount of those assets is no longer considered recoverable. Non-current assets that have been impaired are tested for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. Calculating the estimated recoverable amount of the CGUs for non-current asset impairment tests requires management to make estimates and assumptions with respect to estimated recoverable reserves and resources, estimated future commodity prices, future production and sales volume, the expected future operating, capital and reclamation costs, discount rates and exchange rates. These estimates are subject to various risks and uncertainties which may ultimately influence the estimated recoverability of the carrying amounts of non-current assets.

For the nine months ended September 30, 2020, the Company recognized an impairment charge of mineral properties, plant and equipment of $7.6 million related to the MTV CGU. The Company did not recognize an impairment charge or reversal of a previously recorded impairment charge of mineral properties, plant and equipment related to the MTV CGU during the six months ended September 30, 2020.

TRANSACTIONS WITH RELATED PARTIES

The Company entered into the following transactions with related parties during the nine months ended September 30, 2020.

(i) Management Fees

Management fees and employment compensation pursuant to the MSA for the three and nine months ended September 30, 2020 were $nil and $123 thousand respectively (three and nine months ended September 30, 2019: $0.5 million and $1.6 million respectively). On February 18, 2020, the Company announced it had reached an agreement to amend the MSA with SCLP eliminating the management fee and reducing the termination notice period as described in the MSA to three months. In return, the Company agreed to bear some of the direct costs of SCLP provided management. These amounts are presented as management fees.On June 23, 2020, the MSA was terminated. As at September 30, 2020, there was $nil (December 31, 2019: $0.4 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, 2020	Sept. 30, 2019	**Sept. 30, 2020**	Sept. 30, 2019
Compensation paid by and on behalf of SRHI for executive management services provided to the Company (including stock-based compensation)	**$ 198**	$ 68	**$ 321**	$ 285
Directors fees and stock-based compensation	**172**	192	**350**	472
	$ 370	$ 260	**$ 671**	$ 757

(iii) Mine Contracting Services

For the three and nine months ended September 30, 2020, $nil and $5 thousand respectively was paid to Vecchiola (three and nine months ended September 30, 2019: $1.9 million and $4.8 million respectively), a mining contractor. As at September 30, 2020, a balance of $7.0 million (December 31, 2019: $5.4 million) payable to Vecchiola remained outstanding as Unsecured Debt as a result of the JRA. Vecchiola is a related party to MTV through MTV's minority shareholder.

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, 2020 and 2019.

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	
	Sept. 30, 2020	Sept. 30, 2019	**Sept. 30, 2020**	Sept. 30, 2019
Cost of Sales[1]	$ 6,162	$ 13,909	$ 27,246	$ 35,258
Depreciation	(985)	(2,976)	(3,988)	(6,087)
Net change in finished goods inventory	41	(768)	(532)	954
Transportation costs	(91)	(117)	(310)	(390)
C1 Cash costs of production	**5,127**	**10,048**	**22,416**	**29,735**
Pounds of copper produced (thousands)	2,374	3,628	8,353	11,412
Cash cost of copper produced (USD per pound)	**$ 2.16**	**$ 2.77**	**$ 2.68**	**$ 2.61**

[1] Includes reversal of a previous write-down of current inventory of $0.7 million during the three months ended September 30, 2020 and write-down of inventory of $3.4 million for the nine months ended September 30, 2020..

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	
	Sept. 30, 2020	Sept. 30, 2019	**Sept. 30, 2020**	Sept. 30, 2019
Realized copper price [2] (USD per pound)	**$ 2.82**	$ 2.51	**$ 2.46**	$ 2.66

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, 2020 and December 31, 2019.

	As at	
	Sept. 30, 2020	Dec. 31, 2019
Cash and cash equivalents	**$ 15,057**	$ 11,607
Trade and other receivables	**1,621**	2,600
Inventories	**8,302**	14,056
Other current assets	**1,738**	753
Portfolio investments	**3,421**	6,606
Current assets	**30,139**	35,622
Current liabilities	**53,839**	31,120
Working capital (deficiency)	**$ (23,700)**	$ 4,502

1 *Working capital for the Corporate segment is $14.1 million and for the MTV segment there is a working capital deficiency of $37.8 million. Should all of the obligations under the JRA have been satisfied as at September 30, 2020, the working capital of the Company would have been $20.9 million.*

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, impairment of non-current assets and unrealized gain or loss on portfolio investments.

	Three months ended		Nine months ended	
	Sept. 30, 2020	Sept. 30, 2019	**Sept. 30, 2020**	Sept. 30, 2019
Net loss from continuing operations	**$ (335)**	$ (8,619)	**$ (21,167)**	$ (23,949)
Add:				
Finance expense	**1,223**	1,081	**4,484**	2,542
Depreciation	**985**	2,976	**3,988**	6,087
EBITDA from continuing operations	**1,873**	(4,562)	**(12,695)**	(15,320)
Write-down (reversal) of inventory	**(665)**	1,194	**3,441**	2,059
Loss on portfolio investments	**—**	3,419	**1,294**	8,578
Impairment of non-current assets	**—**	—	**7,628**	—
Gain on modification of debt	**(3,487)**	—	**(3,487)**	—
Adjusted EBITDA from continuing operations	**$ (2,279)**	$ 51	**$ (3,819)**	$ (4,683)

MANAGEMENT FEE

On May 13, 2020, the Company announced that it agreed to end the MSA with SCLP effective June 23, 2020. The Company entered into a TSA with SCLP pursuant to which SCLP will provide certain ongoing support services without cost to SRHI until no later than December 31, 2020 to ensure the continued operation of the Company with no disruption due to the termination of the MSA as SRHI transitions to establish a management team independent of SCLP. There was no payment required by the Company to be made to SCLP or any Sprott Inc. affiliate as a result.

As a result of the the termination of the MSA:

- All employees of Sprott Inc. and its affiliates resigned as directors or officers of the Company or its subsidiaries. Each of Rick Rule, Michael Harrison and Andrew Stronach did not stand for re-election at the Company's annual general meeting in June 2020;
- Terry Lyons, the Chairman of the Board of the Company, became the Interim Chief Executive Officer;
- Michael Staresinic became a direct employee of the Company as President and Chief Financial Officer. The Board of Directors of the Company will determine the composition of the balance of the Company's management team in due course; and
- The Company changed its name to "SRHI Inc."

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

There were no significant changes in the Company's internal controls over financial reporting that occurred during the three months ended September 30, 2020, 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 were independent qualified persons as defined by NI 43-101 at the time the Technical Report was prepared. 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 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 may need to raise capital in order to support MTV's operations including development of its mineral properties and general working capital purposes. MTV currently operates in a high-cost environment as it expands production. Such financing, if sought, will depend on a number of unpredictable factors, which are often beyond the control of the Company and MTV. Raising capital may be adversely impacted by: a lack of normally available financing, current volatile market conditions, extended and unforeseen issues resulting from the current COVID-19 pandemic, uncertain water supply conditions in Chile and ongoing geopolitical issues in Chile. To address its financing requirements, the Company may seek financing through joint venture agreements, debt and equity financings, asset sales, rights offerings to existing shareholders or restructuring MTV's debt and payment terms with critical suppliers. The outcome of these matters cannot be predicted at this time and there can be no assurance that capital will be available to the Company or 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 and MTV are exposed to liquidity risk.

As a condition of the Facility, the Company has provided the Lenders with a $10 million guarantee that represents the Company's only obligation to MTV that is reduced dollar for dollar as SRHI supports MTV with up to $10 million of new capital in accordance with the terms of the JRA.

COVID-19

In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The current and expected impacts on the global economy are anticipated to be far-reaching. To date there have been significant stock market declines, recoveries and volatility, significant volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions and the global movement of people and some goods have become restricted. There is significant ongoing uncertainty surrounding COVID-19 and the extent and duration of the impacts that it may have on global financial markets and placing further volatility on copper prices.

Beginning in the quarter ended March 31, 2020, the Company made efforts to safeguard the health of its employees, while continuing to operate safely and responsibly maintain employment and economic activity. These measures combined with copper price fluctuations resulting from COVID-19 have affected the Company's financial results. For the nine months ended September 30, 2020, MTV recorded a write-down of inventory of $5.0 million and also a reversal of a write-down in current inventory of $1.6 million with additional write-downs of inventory or reversals of previous write-downs taken that may occur over the balance of 2020 and thereafter as copper prices fluctuate. The Company recorded a mineral properties, plant and equipment impairment in the first quarter of $7.6 million related to the MTV CGU but no additional impairment or reversal of a previously recorded impairment was recognized during the six months ended September 30, 2020. There is heightened potential for further impairment or reversal of these over the balance of 2020 and thereafter. In the current environment, assumptions about future copper prices, exchange rates, interest rates and market transactions are subject to greater variability than normal, which could in the future significantly affect the valuation of the Company’s assets. As an understanding of the longer-term impacts of COVID-19 on commodity, credit and equity markets develops, there is heightened potential for changes in these views over the balance of 2020 and thereafter.

Going Concern

The Company is subject to numerous risk factors that may impact its ability to economically produce copper cathodes from MTV, such as, but not limited to, current volatile market conditions, extended and unforeseen issues resulting from the current COVID-19 pandemic, uncertain water supply conditions in Chile and ongoing geopolitical issues in Chile. The Company has incurred significant operating losses and negative cash flows from operations in recent years and has a working capital deficiency of $23.7 million, arising from the consolidation of MTV, its principal operating business. On May 12, 2020, MTV commenced reorganization proceedings by filing a JRP in Chile to seek protection from creditors to give MTV sufficient time to complete its refinancing efforts to allow for the completion of the construction of its underground mine. On August 24, 2020, the Company announced that creditors of MTV approved the JRA in Chile with support from 100% of the Lenders and 93% of the unsecured creditors. This support provides a solution that is expected to generate sufficient liquidity and flexibility to finance operations into 2021 and 2022 when mining operations are expected to generate sufficient cash flow.

Certain obligations under the JRA were effective immediately and others are conditional upon the completion of the Customary Documentation. Management believes that the Customary Documentation will be completed shortly although there is no assurance that it will be. As a result, the Financial Statements present those obligations under the JRA that were only effective on or before September 30, 2020. Should all of the obligations under the JRA have been satisfied as at September 30, 2020, the working capital of the Company would have been $20.9 million. Should the Customary Documentation not be completed, MTV may be forced to further curtail its operations and/or the Company to sell or liquidate its principal operating business, MTV.

These circumstances result in material uncertainty and cast significant doubt as to the Company’s ability to continue as a going concern.

In addition, should the Customary Documentation be completed as anticipated, MTV may not be able to execute the agreed post-Process mine plan as a result of various risks inherent in the mining industry, including execution risk, copper price risk and operating risks. There can be no assurance that MTV will be able to manage effectively the expansion of its operations or that its current personnel, systems, procedures and controls will be adequate to support these expanded operations.

Termination of MSA

The Company announced on May 13, 2020 that it has agreed to its management services relationship with SCLP and transition to establish a management team independent of SCLP. Under the MSA, management of the Company was provided by SCLP. On June 23, 2020, the MSA was terminated. The Chairman of the Board of the Company became the interim Chief Executive Officer and Michael Staresinic, the Chief Financial Officer of the Company continued in that role and also became President and is now a direct employee of the Company. The Board of the Company will determine the composition of the balance of the Company's management team in due course. The failure to secure a management team for the Company could result in significant operational and regulatory issues for the Company.

Delisting Review

The Company announced on May 13, 2020 that the TSX is reviewing the the eligibility of the Company's securities for continued listing on the TSX pursuant to the requirements of the TSX Company Manual (the "**Manual**").

On November 3, 2020, the Company announced that the TSX had notified the Company that it is extending the review period by 30 days for the eligibility of the Company's securities for continued listing on the TSX pursuant to the requirements of the Manual.

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, 2019 and dated March 24, 2020.

OFF-BALANCE SHEET ARRANGEMENTS

As at September 30, 2020, the Company has provided the Lenders with a $10 million guarantee that represents the Company's only obligation to MTV. This amount is not included in the consolidated financial statements.

ADVISORY

Forward-Looking Information

Certain statements in this MD&A, and in particular the "Current Events", "Outlook" (including with respect to social unrest and drought in Chile and COVID-19) 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) the impact of COVID-19; (ii) completion of the JRA and the terms thereof; (iii) expectations regarding the outcome of the Process, including the completion of the Customary Documentation and the ability to finance future operations as a result (iv) expectations regarding the $10 million guarantee and its expected drawdown (v) expectations and requirements for additional capital; (vi) expectations regarding the costs, timing and benefits of constructing and mining Papomono Masivo and MTV's plan during the construction period (vii) expectations regarding the costs, timing and benefits of the Salt Leach; (viii) expectations regarding MTV production including the expected restart of Don Gabriel; (ix) expectations regarding the MTV mine expansion and processing capacity, including the anticipated expansion methods, costs, timing and the benefits derived from the expansion; (x) expectations detailed in the "Liquidity and Capital Resources" section, including the Company may seek additional capital to complete development of MTV's mineral properties and general working capital; additional sources of capital may be required to execute MTV's planned operations; the Company may issue new common shares or new debt as necessary; the capital resources of the Company and MTV could be negatively or positively impacted depending on the outcome of the Process including the pending completion of the Customary Documentation; the outcome of the Process could provide sufficient financial flexibility for MTV; expected repayment of the Facility and the timing thereof, compliance with debt covenants; MTV's ability to continue as a going concern and the successful completion of the Customary Documentation in respect thereof; (xi) the economic and study parameters of MTV; (xii) mineral resource and mineral reserve estimates; (xiii) the cost and timing of development of MTV; (xiv) the proposed mine plan and mining methods; (xv) dilution and extraction recoveries; (xvi) processing method and rates and production rates; (xvii) projected metallurgical recovery rates; (xviii) additional infrastructure requirements or infrastructure modifications; (xix) capital, operating and sustaining cost estimates; (xx) the projected life of mine and other expected attributes of MTV; (xxi) the NPV and IRR and payback period of capital; (xxii) future metal prices; (xxiii) changes to MTV's configuration that may be requested as a result of stakeholder or government input; (xxiv) government regulations and permitting timelines; (xxv) estimates of reclamation obligations and expectations regarding future obligations for mine closure activities; (xxvi) environmental risks; (xxvii) future purchasing of mineralized material; (xxiii) continued purchasing of mineralized material from a large number of small-scale third-party miners and toll milling mineralized material from ENAMI; (xxix) expectations regarding the copper market, including supply, demand, pricing and value drivers; (xxxx) expectations regarding imposed tariffs on economic growth; (xxxi) continued unrest in Chile; (xxxii) sales under the Offtake; (xxxiii) expected proceeds from Beretta and the timing thereof; (xxxiv) anticipated divestitures of the remaining Investment Portfolio and timing thereof and (xxxv) 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 Preliminary Economic Assessment, 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; (xiv) general marketing, political, business and economic conditions; (xv) current constructive negotiations with the Lenders will continue; (xvi) the Process, including the completion of the Customary Documentation will be successful; (xvii) existing water supply will continue; (xviii) supplemental water availability will continue; and (xix) SRHI will not be delisted from the TSX.

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) failure to successfully complete the Customary Documentation; (xii) risks associated with catastrophic events, manmade disasters, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic or other public health crises, including COVID-19; (xiii) those risks disclosed herein or in SRHI's Management's Discussion and Analysis for the year ended December 31, 2019 under the heading "Risk Management"; and (xiv) those risks disclosed under the heading "Risk Factors" or incorporated by reference into SRHI's Annual Information Form dated March 24, 2020. 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.srhi.ca.