Sprott Resource Holdings Inc. 2020 First 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 Sprott Resource Holdings Inc. ("**SRHI**" or the "**Company**"). This document is prepared as at May 27, 2020 (unless otherwise stated) and should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three months ended March 31, 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.sprottresource.com.*

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

CURRENT EVENTS

The events currently unfolding in our global society are generational and moving at a pace unmatched in recent history. The outbreak of the Coronavirus (COVID-19) has created near-term copper price uncertainty and significant losses across the world's financial marketplace and social dislocation. 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 is all but fully banned, health care systems are threatened to be overrun and crucial medical supplies are in high demand. The Company and its primary operating subsidiary, Minera Tres Valles SpA ("**MTV**"), are not immune to this ongoing dynamic.

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 for two weeks 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 included significantly reducing the employee base required to maintain minimal operations, maintaining the necessary staff to operate and monitor the leach pad, maintaining the necessary staff to operate its solvent-extraction and electrowinning processing plant where copper cathodes are produced and maintaining the necessary staff to conduct preventative maintenance of key equipment. These measures continue to be in place. The extent of the effect of the COVID-19 pandemic on the Company's future business activities is uncertain.

The Company remains confident in the longer-term outlook for copper, however global economic uncertainty and COVID-19 have had a significant negative effect on copper prices in the first quarter and has continued subsequently. The extent and duration of impacts that the pandemic may have on the copper price, suppliers and employees and on global financial markets is not known at this time, but could be material. As a result, the Company has not issued 2020 annual guidance. The overall effect on the Company will depend on how quickly operations can safely return to normal, and on the duration of impacts on suppliers, all of which are unknown at this time. The resumption of normal operating activities is highly dependent on the progression of the pandemic and the success of measures taken to prevent transmission, which will influence when health and government authorities remove various restrictions on business activities. The Company continues to protect the safety and health of its employees, contractors and the communities in which it operates. The Company has restricted travel, shifted employees to remote work wherever possible, including at corporate offices.

As a result of the current economic environment, including the impact of COVID-19 on copper prices, MTV filed for creditor protection in Chile on May 12, 2020. This action is expect to, for a period of time, protect MTV from its creditors allowing MTV sufficient time to complete its refinancing efforts to allow for the completion of the construction of its underground mine. The initial court order to be obtained is expected to provide a stay of creditor claims and the exercise of contractual rights providing the necessary protection to allow MTV to negotiate repayment terms with its creditors that should provide a financial foundation to grow MTV's business. This is an event of default under the secured prepayment facility (the "**Facility**") that MTV has with its Lenders (defined below) that could result in the Company's $10 million guarantee that it has provided to be called upon on demand. At this time and based on constructive discussions with MTV's Lenders, MTV expects that upon a successful negotiation with its creditors, that additional capital will be committed by the Company (up to $10 million) and MTV's Lenders to begin construction of the Papomono Masivo incline block caving underground mining project. While under construction for the next 12 months, MTV will reduce operations during the current low copper price environment drawing inventory, processing ore from third party miners and continuing its tolling services. Upon successful completion of the construction project, MTV expects to begin mining the higher grade, lower cost ore that should be delivered by Papomono Masivo.

BUSINESS OVERVIEW

SRHI is a publicly-listed company currently focused on expanding MTV's copper mining operation in Chile and divesting of its Tactical Assets and assets held for sale. Based in Toronto, Ontario, Canada, SRHI is managed by a team of resource professionals and its businesses and portfolio investments are concentrated in the mining sector. The Company controls two businesses ("**Strategic Assets**"), one of which is held for sale, and an investment portfolio of minority positions ("**Tactical Assets**").

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

The Company's current principal Strategic Asset is its 70% equity interest in MTV, a producing copper mine that was acquired in October 2017. MTV's main asset is the Minera Tres Valles mining complex, located in the Province of Choapa, Chile which includes a fully integrated processing operation and four active mines. Ore is extracted primarily from the Don Gabriel open pit mine ("**Don Gabriel**") and the Papomono underground mine ("**Papomono**"), both of which are located approximately 10 kilometers north of the town of Salamanca, 300 kilometers north of Santiago, Chile. MTV's objective is to carry out mining activities associated with exploiting and processing minerals for which it has a crushing and processing plant with nameplate capacity of 7,000 and 6,000 tonnes per day, respectively. MTV's heap leach pads and solvent-extraction and electrowinning processing ("**SX-EW**") plant (production capacity of 18,500 tonnes per year of copper cathodes) are located approximately 7 kilometers north of Salamanca. The first shipment of copper cathodes from MTV took place in January 2011.

	Business Description	**Private/ Public**	**Proportion of Ownership Interest**
Strategic Assets			
MTV	Mining and copper cathode production	Private	70.0%
Beretta Farms Inc. ("**Beretta**") - held for sale	Organic protein production and retail	Private	50.2%
Tactical Assets			
Corsa Coal Corp. ("**Corsa Coal**") [1]	Production and sales of metallurgical coal	Public	17.1%
Lac Otelnuk Mining Ltd. ("**Lac Otelnuk**")	Development of iron ore asset	Private	40.0%
Uranium Royalty Corp. ("**URC**") [1]	Holder of uranium interests	Public	0.4%

[1] *These Tactical Assets were sold subsequent to March 31, 2020 for $2.7 million. Refer to the Portfolio Investments section of the MD&A for discussion.*

SRHI consolidates the operations and financial results of MTV and Beretta. The remaining investments (all equity investments) of the Company are accounted for as portfolio investments (financial assets) valued at fair value through profit or loss.

FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended	
Financial information (in thousands)	**Mar. 31, 2020**	Mar. 31, 2019
Revenue	**$ 7,147**	$ 8,608
Gross loss	**$ (6,982)**	$ (1,560)
Net loss from continuing operations	**$ (15,576)**	$ (2,622)
Net loss from discontinued operations	**$ (2,241)**	$ (1,517)
Net loss for the period	**$ (17,817)**	$ (4,139)

Financial information (in thousands)		Three months ended **Mar. 31, 2020**		Mar. 31, 2019
Adjusted EBITDA from continuing operations [1]	**$**	**1,731**	$	(1,959)
Unrealized gain (loss) on portfolio investments	**$**	**(2,332)**	$	1,662
Impairment of non-current assets	**$**	**(7,628)**	$	—
Write-down of inventory	**$**	**(3,805)**	$	—
Cash used in operating activities before working capital changes	**$**	**(2,246)**	$	(1,300)

[1] Adjusted EBITDA is earnings before interest, taxes, depreciation and amortization and further adjusted to remove the Company's unrealized loss on portfolio investments, write-down of inventory 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 **Mar. 31, 2020**		Dec. 31, 2019
Cash and cash equivalents	**$**	**9,465**	$	11,607
Working capital (deficiency)[1]	**$**	**(7,316)**	$	4,502
Portfolio investments	**$**	**3,837**	$	6,606
Total equity attributable to owners of the Company	**$**	**33,242**	$	47,309
Non-controlling interest	**$**	**3,922**	$	9,412

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

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

Operating information		Three months ended **Mar. 31, 2020**		Mar. 31, 2019
Copper (MTV Operations)				
Total ore mined (thousands of tonnes)		**249**		264
Total waste mined (thousands of tonnes)		**638**		1,499
Ore Processed (thousands of tonnes)		**299**		311
Grade (% Cu)		**0.82%**		0.61%
Cu Production (tonnes)		**1,484**		1,793
Cu Production (thousands of pounds)		**3,271**		3,953
Change in inventory ($000s)		**(3,226)**		4,145
Cash cost of copper produced [1] (USD per pound)	**$**	**3.27**	$	2.27
Cash cost of copper produced excluding write-down of inventory	**$**	**2.11**	$	2.27
Realized copper price (USD per pound)	**$**	**2.25**	$	2.81

[1] Cash cost per pound of copper produced includes all costs absorbed into inventory less non-cash items such as depreciation and non-site charges. It is a non-IFRS financial measure. Refer to Non-IFRS Performance Measures section of the MD&A for discussion.

Key Corporate and Growth Initiatives

Total material crushed in the three months ended March 31, 2020 was 299 thousand tonnes primarily from operations at Don Gabriel and Rajo Norte open pit mines. This compares to 311 thousand tonnes in three months ended March 31, 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.

Ore production from the Papomono underground mine was significantly curtailed for the three months ended March 31, 2020, extracting ore from resource blocks adjacent to Papomono Masivo in advance of future block caving efforts. 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 extract ore using retreat mining during the second half of 2020 and is considering beginning the construction and development of the incline block caving of Papomono Masivo in the second half of 2020, at which point it is expected to ultimately generate underground production beyond 2,000 tonnes per day while halving unit-mining costs.

Production in the first quarter of 2020 was lower than the fourth quarter of 2019 due to several external forces experienced by MTV including Chile's worst drought in 60 years, the social unrest uprising that created issues with suppliers and COVID-19 pandemic impacts. MTV continues to assess its options for mine sequencing in 2020 given the continuing COVID-19 pandemic impacts and the creditor protection process (the "**Process**") that has been initiated by MTV.

Cost per pound (see *Non-IFRS Performance Measures* elsewhere in this MD&A)) produced increased to $3.27 for the three months ended March 31, 2020 compared to $2.27 for the three months ended March 31, 2019. The increase in cost per pound is largely driven by the write-down in inventory of $3.8 million. Not including the write-down in inventory, the cost per pound produced was $2.11 per pound. There was no write-down of inventory in the first quarter of 2019.

Following the pre-feasibility level estimates for Papomono in the Technical Report, detailed engineering is complete and initial development is expected to take 12 months and be completed in 2021 subject to a successful Process for MTV. Continuing pricing pressure directly related to the USA-China trade dispute, and the COVID-19 virus together with Chile's continued drought and social unrest have delayed expected production for 2020 and the Company is in the process of structuring a mine plan sequencing and operations to accommodate these unforeseen operational pressures while its negotiation with creditors continue during the Process. It is still expected that over time, production from Papomono Masivo will ramp up to beyond 2,000 tonnes per day, compared to the current production levels of approximately 300 tonnes per day.

Mineralized material supplied by ENAMI and local miners has decreased in the first quarter of 2020 due to the current economic environment and decline in copper prices. The processing of third party mineralized material has good margins, utilizes excess capacity, requires no capital spend and benefits local community members.

The implementation of chloride leaching ("**Salt Leach**") involves adding rock salt (NaCl) in the agglomeration stage of the crushing plant allowing the mixed sulphide and oxide material to cure on the heap for 15 to 30 days before commencing leaching. The accelerated oxidation of sulphide material in the heaps is expected to improve copper recoveries by approximately 8%, reduce acid consumption, and decrease the leach time by approximately 40%. Unfortunately, the drought conditions being experienced in Chile had a negative effect on MTV's leaching operations near the end of 2019 and continued into the first quarter of 2020 with the operation not having enough solution available to irrigate all the ore being placed on the leach pads.

In December 2019, MTV entered into the Facility with Anglo American Marketing Limited and a fund under investment management of Kimura Capital LP (referred to as the "**Lenders**"). MTV, the Company and the Lenders are currently in advanced discussions to amend the Facility as part of the Process to accommodate the operational impacts resulting from the lower copper price due to the USA-China trade dispute and the COVID-19 outbreak. This is in addition to Chile's continuing drought and social unrest (see *Liquidity and Capital Resources* elsewhere in this MD&A).

On April 6, 2020 the Company announced that it had received written notice from MTV's Lenders that there were certain events of default at MTV which occurred and are continuing 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 these events of default.

On May 12, 2020, MTV commenced reorganization proceedings by filing a Judicial Restructuring Procedure ("**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 the equivalent of filing for creditor protection under the Companies' Creditors Arrangement Act in Canada.

Cash Position

Cash and cash equivalents decreased to $9.5 million at March 31, 2020 from $11.6 million at December 31, 2019 as MTV's opening cash balance was used to support the project's operations including capital expenditures of $1.3 million during the three months ended March 31, 2020.

Capital Expenditures

Capital expenditures for the three months ended March 31, 2020 amounted to $1.4 million and were primarily pre-stripping waste rock at Don Gabriel in preparation of the next mining phases and final costs relating to the Salt Leach project.

Investment Portfolio Divestment

The Company continues to work on its divestment strategies for its Tactical Assets. Subsequent to March 31, 2020, the Company disposed of all its equity holdings of Corsa Coal and URC for gross proceeds of $2.7 million. Management expects that other Tactical Assets and Beretta could be divested this year.

MTV operating performance for the three months ended March 31, 2020

- Mined a total of 222,043 tonnes of ore at a grade of 0.82% copper from open pit operations
- Mined a total of 26,773 tonnes of ore at a grade of 0.86% copper from Papomono
- Produced 3.3 million pounds of 99.99% pure copper cathodes
- Revenue of $7.1 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 $7.0 million
- Cash cost per pound of copper produced for the period (see Non-IFRS Performance Measures) was $3.27
- Realized price per pound of copper sold was $2.25 compared to $2.68 for the three months ended December 31, 2019

Company financial performance for the three months ended March 31, 2020

- Net loss for the quarter was $17.8 million or $0.53 per share
- Adjusted EBITDA (see Non-IFRS Measures) from continuing operations for the quarter was $1.7 million which excludes a write-down of inventory of $3.8 million, unrealized loss on portfolio investments of $2.3 million and an impairment charge of $7.6 million

OUTLOOK

Outlook

Creditor Protection for MTV

After careful consideration of all available alternatives following thorough consultation with its advisors, the Company and MTV determined that it was in the best interests of MTV and all of its stakeholders to file for an application for creditor protection under the JRP.

The initial court order to be obtained is expected to provide a stay of creditor claims and the exercise of contractual rights with a view to provide the necessary protection to allow MTV to negotiate repayment terms with its creditors that should provide a financial foundation to grow MTV's business.

At this time and based on constructive discussions with MTV's Lenders, MTV expects that upon a successful negotiation with its creditors, that additional capital will be committed by the Company and MTV's Lenders to begin construction of the Papomono Masivo incline block caving underground mining project.

Coronavirus (COVID-19)

The outbreak of the Coronavirus has created near-term copper price uncertainty and significant losses across the world's financial marketplace and social dislocation. The situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. 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 for two weeks 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. 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. This has had a direct effect on MTV's budgeted cash flows and evolving mine plan for at least 2020, the extent of which cannot be accurately predicted at this time. It has also contributed to MTV's decision to initiate the Process.

Social Unrest

In October 2019, social unrest in Chile erupted throughout the country. Deaths, vandalism and looting were reported in Santiago and also in mining jurisdictions. As at March 31, 2020, the social unrest had briefly retreated but its impacts on Chile's economy continued with unexpected and unintended consequences. The short-term finance market in Chile has been severely affected by these continuing events and the pending constitutional plebiscite. This geopolitical uncertainty and current global economic downturn 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. The reduction in these finance solutions has put pressure on the mine operations, including the available supply of critical items such as sulphuric acid, diesel and electricity. Contractors and suppliers have also been affected by this issue and have transferred some of that stress to MTV.

Chile's Drought

The province of Coquimbo, where the mine is located, is suffering through a severe drought, the worst in 60 years, which is affecting fluid flow through the heaps and copper production. MTV owns and leases water rights that allow it to take up to 81 litres per second ("**l/s**") of water from various sources including the Choapa River, however the reduced flow does not fulfill these rights.

Water flow from snow-melt typically rises in October and November. With reduced snow and rain this past Chilean winter, there has not been sufficient recharge to the Choapa River. The Chilean government declared an agricultural emergency in September for livestock farmers in the region, however there was little indication that the expected rise in water flow would not occur.

In 2020, the water challenges intensified and MTV immediately instituted mitigating measures including exploring other sources of water through discussions with local community members and surveying MTV's property for probable well locations. Subsequently, MTV secured a portion of its water shortage and identified other sources of water on the MTV property that are currently yielding the required water flows to maintain its revised planned operations. However, should MTV not continue to secure these additional water amounts and/or the drought conditions exist for the foreseeable future, further adjustments to the operations at MTV will be required.

Revised Mine Plan

The combination of the aforementioned events has provided MTV with a challenging backdrop to conclude on a revised mine plan. MTV had proposed a revised mine plan which was still subject to approval by the board of directors (the "**Board**") of the Company. However, with recent restrictions by government officials in Chile as a result of the COVID-19 pandemic, and MTV entering into the Process, MTV management are refocusing their efforts to propose a further revision to the plan (the "**Plan**"). As part of this Plan, the Company and MTV instituted at the end of March 2020 the following changes to its operations with additional actions continually being assessed.

- Significant reduction to the employee base required to maintain minimal operations;
- Maintain the necessary staff to operate and monitor the leach pad;
- Maintain the necessary staff to operate its solvent-extraction and electrowinning processing plant where its copper cathodes are produced; and,
- Maintain the necessary staff to conduct preventative maintenance of key equipment

These events have contributed to increased financial stresses on MTV and its stakeholders are cooperatively working towards a fulsome solution while in the Process. A significant part of the Plan that may be considered, and subject to the recovery of the copper price, is the development and construction of the Papomono Masivo incline block caving in 2020 with expected completion in 2021. This is an important project given the high grade ore and low per tonne cost once in production. However, additional capital is now required to execute the Papomono Masivo incline block caving and fund current expected operations and all critical stakeholders are participating in providing a funded solution to accomplish this (see *Liquidity and Capital Resources* elsewhere in this MD&A).

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 subject to a successful outcome of the Process.

The expansion of Don Gabriel began in the second half of 2018 and has been supported by the Company's working capital and MTV's operational cash flows. During the three months ended March 31, 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 provides for $21 million in capital expenditures over 18 months. Although some of this amount has been incurred, the majority of these capital expenditures can be completed if there is a successful resolution to the Process. 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. During the three months ended March 31, 2020, the salt leach began its ramp up phase of operation. The build up of salt concentration in the leach pad has been delayed due to working capital issues and availability of supplies.

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.

2020 Guidance

The Company is not in a position to provide guidance for 2020 given the broad level of uncertainty and, more particularly, the quickly developing issues impacting MTV, including COVID-19. The current volatility in the copper price spot market together with continuing Chilean social unrest, Chile's prolonged drought and the low copper price has created significant liquidity challenges for MTV, which SRHI cannot resolve on its own. MTV is currently working with its stakeholders (including the Company) during the Process to finalize a financial plan to support MTV through this period. Please see the section *Liquidity and Capital Resources* elsewhere in this MD&A for additional information.

Special Committee

On February 11, 2019, the Board of Directors of the Company formed a special committee of the Board ("**Special Committee**") comprised solely of the Company's four Independent Directors chaired by Terry Lyons, the current Chairman of the Board. The Special Committee was established to review and evaluate potential measures to address the Company's market valuation. The review was comprehensive and evaluated all measures to maximize shareholder value. The Special Committee engaged financial and legal advisors to assist in its evaluation.

The Company announced on February 18, 2020, that the Special Committee had been dissolved but its strategic review continues at the Board level. The conclusion of the Special Committee was to complete a transition to focus the Company's investment thesis as a pure-play copper-mining company, to continue to pursue alternatives to divesting its portfolio of investments in order to further support MTV and to continue to look for strategic alternatives for the Company.

CORPORATE STRUCTURE

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

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

Entity	Location	Proportion of Ownership Interest	Non-Controlling Interest
SRC	Canada	100%	—
ADM	Canada	100%	—
SRCHC	Canada	100%	—
Beretta	Canada	50.2%	49.8%
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.

Beretta is referred to as an asset held for sale and/or discontinued operations throughout this MD&A.

OPERATIONAL UPDATE

Three Months Ended March 31, 2020

	Three months ended	
	Mar. 31, 2020	Mar. 31, 2019
Tonnes mined - underground operations	**26,773**	34,429
Tonnes mined - open pit operations	**222,043**	229,563
Total ore mined (tonnes)	**248,816**	263,992
Waste mined - open pit operations (tonnes)	**638,266**	1,499,129
MTV mine processed ore (tonnes)	**254,032**	249,767
Third-party processed ore (tonnes)	**29,890**	38,324
ENAMI tolling processed ore (tonnes)	**14,986**	23,056
Total processed ore (tonnes)	**298,908**	311,147
Metallurgical recovery - underground material (%)	**70.2%**	80.9%
Metallurgical recovery - open pit material (%)	**74.1%**	82.1%
Underground average ore grade (Cu%)	**0.86%**	1.11%
Open pit average ore grade (Cu%)	**0.82%**	0.54%
Copper cathode production (tonnes)	**1,484**	1,793
Copper cathode sales (tonnes)	**1,354**	1,302
Toll processed and copper cathodes returned to ENAMI (tonnes)	**339**	319

During the three months ended March 31, 2020, a combination of circumstances including a significant drop in copper price and working capital issues contributed to a change in mining operations strategy. In an effort to reduce operational costs, certain measures were taken throughout the quarter including reductions in headcount, idling two mining operations and operating only the Rajo Norte open pit, modifying plant shift schedules and purchasing high grade third party ore.

Total ore and waste tonnes mined have decreased compared to the same quarter in the prior year (887 thousand tonnes in the three months ended March 31, 2020 compared to 1.8 million tonnes in the three months ended March 31, 2019). This is largely due to a significant decrease in tonnes of waste moved in the first quarter of 2020 (638 thousand tonnes compared to 1.5 million tonnes for the three months ended March 31, 2019), a decrease of 57%. During the first quarter of 2020, the waste contractor for Don Gabriel demobilized and waste movement was taken on internally by MTV. In addition, due to changes in mine sequencing, the expansion at Don Gabriel was temporarily put on hold in order to focus on more economic ore in a lower copper price environment.

Ore mined in the three months ended March 31, 2020 of 249 thousand tonnes is fairly in line with the three months ended March 31, 2019 of 264 thousand tonnes, but is significantly lower than the fourth quarter of 2019 of 313 thousand tonnes (a 21% decrease). This was driven by a change in mine sequencing and the negative impact on operations of a historic drought in northern Chile.

Production for the three months ended March 31, 2020 of 1,484 tonnes of copper cathodes was lower than than the three months ended March 31, 2019 of 1,793 tonnes. Given tonnes of ore mined and crushed for both periods are fairly similar, the impact on copper production was largely driven by:

- the drought which continued through the first quarter of 2020
- the reduction of oxide ore placed on the heap leach which lowers the timing of production coming off the leach pads compared to the recovery curve for sulfide ore placed
- ability of maintaining optimal balance of reagents in solution

	Three months ended			
	Jun. 30, 2019	Sept. 30, 2019	Dec. 31, 2019	Mar. 31, 2020
Total ore mined (tonnes)	287,762	345,371	313,196	248,816
Waste mined - open pit mine (tonnes)	1,576,667	1,441,922	1,678,096	638,266
Copper cathode production (tonnes)	1,737	1,646	1,879	1,484

LIQUIDITY AND CAPITAL RESOURCES

Cash

At March 31, 2020, the Company held cash and cash equivalents of $9.5 million of which nearly all of it was held by the Company directly (minimal amount held by MTV). 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 decreased by $2.1 million in the three months ended March 31, 2020 primarily as a result of cash and cash equivalents used in operating activities of $0.5 million and capital expenditures of $1.3 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. This amount is not included in the consolidated financial statements.

Working Capital

At March 31, 2020, the Company had a consolidated working capital deficiency of $7.3 million. Included in the working capital is cash of $9.5 million, trade and other receivables of $2.8 million, inventories of $10.8 million and Tactical Assets of $3.8 million. Liabilities included in working capital include accounts payable and accrued liabilities of $29.0 million and the current portion of MTV's loans and borrowings of $5.9 million. Excluding the MTV Segment, the Company had working capital of $13.9 million.

MTV filed for creditor protection in Chile on May 12, 2020 and the initial court order to be obtained is expected to provide a stay of creditor claims and the exercise of contractual rights providing the necessary protection to allow MTV to negotiate repayment terms with its creditors that should provide a financial foundation to grow MTV's business and improve its financial position.

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 Tactical Assets and its loans and borrowings. Subsequent to March 31, 2020, the Company disposed of all its equity holdings of Corsa Coal and URC for gross proceeds of $2.7 million.

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 drought and social unrest, the Company has not been able to 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. Working capital stresses exist at MTV and additional sources of capital may be required to execute MTV's planned operations. 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, expected capital expenditures and the outcome of the Process. 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.

In December 2019, MTV entered into the Facility with the Lenders. The following embedded derivatives were identified in the Facility agreement:

- Voluntary Prepayment Option: this embedded derivative entitles MTV to prepay the whole or any part of the Facility with accrued interest on the amount prepaid at any time throughout the term without any premium or penalty.
- Kimura Repayment Rights: this is a mechanism available to Kimura to unilaterally demand repayment of its portion of the Facility under certain defined circumstances, and if so exercised, could trigger all or a portion of the $10 million guarantee provided by the Company.
- Mandatory Repayment: In the event of default, the full amount of the Facility with accrued interest may immediately become payable on demand.

The value assigned to the aforementioned embedded derivatives upon the recognition of the Facility and as at March 31, 2020, was immaterial.

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 outcome of the Process. The outcome of the Process could 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, a negative outcome to the Process 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.

The initiation of the Process is an 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 now considered a current liability.

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, continuing drought 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. 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. These uncertainties cast significant doubt upon MTV’s ability to continue as a going concern.

The Company may need to raise capital in order to support MTV's operations. 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, ongoing and worsening drought 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.

MTV has a working capital deficiency of $20.2 million and negative equity. It has long-term debt of $39.0 million and subordinated debt payable to the Company of $18.5 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. On April 6, 2020 the Company announced that it had received written notice from MTV's Lenders that there were certain events of default at MTV which occurred and are continuing 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 these events of default. Subsequently, in May 2020, MTV entered into the Process.

As a result, there are material uncertainties that cast significant doubt about MTV's ability to continue as a going concern. The continuation of MTV as a going concern is dependent on ongoing discussions with the Lenders, shareholders (including the Company) and its critical suppliers while in creditor protection to provide additional financial support through additional capital injections and revised supplier payment terms. This Process is expected to be completed during the third quarter of 2020 and if successful, is expected to generate sufficient liquidity and flexibility to finance operations into 2021 when mining operations are expected to generate sufficient cash flow. Management is hopeful that the Process will be successful, however there is no assurance that it will be. Without a positive outcome to the Process, MTV may be forced to further curtail its operations and/or the Company to sell or liquidate MTV.

OPERATING SEGMENTS

The Company has two reportable segments. MTV is the Company's principal operating business. Corporate includes the Canadian corporate office which holds its Tactical Assets in the mining sector as well as an asset held for sale that reflects a 50.2% (2019 - 50.2%) interest in Beretta.

Significant information relating to reportable operating segments is summarized below:

As at March 31, 2020	MTV	Corporate	Total
Assets	$ 101,909	$ 13,414	**$ 115,323**
Assets classified as held for sale	—	7,723	**7,723**
Total assets	$ 101,909	$ 21,137	**$ 123,046**
Liabilities	$ 79,712	$ 553	**$ 80,265**
Liabilities classified as held for sale	—	5,617	**5,617**
Total liabilities	$ 79,712	$ 6,170	**$ 85,882**

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**

Three Months Ended March 31, 2020	MTV	Corporate	Total
Revenue	$ 7,147	$ —	**$ 7,147**
Cost of sales	(14,129)	—	**(14,129)**
Gross loss	(6,982)	—	**(6,982)**
Expenses			
General and administrative expenses	763	476	**1,239**
Unrealized loss on portfolio investments	—	2,332	**2,332**
Finance expenses, net	1,578	—	**1,578**
Other income, net	(3,329)	(854)	**(4,183)**
Impairment of non-current assets	7,628	—	**7,628**
Net loss from continuing operations	(13,622)	(1,954)	**(15,576)**
Net loss from discontinued operations	—	(2,241)	**(2,241)**
Net loss for the period	$ (13,622)	$ (4,195)	**$ (17,817)**

Three Months Ended March 31, 2019		MTV		Corporate		Total
Revenue	$	8,608	$	—	$	**8,608**
Cost of sales		(10,168)		—		**(10,168)**
Gross loss		(1,560)		—		**(1,560)**
Expenses						
General and administrative expenses		623		1,109		**1,732**
Unrealized gain on portfolio investments		—		(1,662)		**(1,662)**
Finance expenses, net		723		—		**723**
Other loss, net		172		97		**269**
Net income (loss) from continuing operations		(3,078)		456		**(2,622)**
Net loss from discontinued operations		—		(1,517)		**(1,517)**
Net loss for the period	$	(3,078)	$	(1,061)	**$**	**(4,139)**

For the three months ended March 31, 2020, 94% of the revenues ($7.1 million) was from one customer. For the three months ended March 31, 2019, 94% of the revenues ($8.6 million) was from one customer. As at March 31, 2020, there was $0.8 million (December 31, 2019: $0.5 million) outstanding in trade and other receivables.

FINANCIAL UPDATE

Three Months Ended March 31, 2020

Gross loss

		Three months ended		
(in thousands)		**Mar. 31, 2020**		Mar. 31, 2019
Revenue	**$**	**7,147**	$	8,608
Cost of sales		**(14,129)**		(10,168)
Gross loss	**$**	**(6,982)**	$	(1,560)

Revenue

During the three months ended March 31, 2020, the Company recognized revenues of $7.1 million (three months ended March 31, 2019: $8.6 million) which included revenue from the sale of 1,354 tonnes of copper cathodes for $6.7 million (three months ended March 31, 2019: $8.1 million for 1,302 tonnes) and revenues from tolling services of $0.4 million (three months ended March 31, 2019: $0.5 million). Revenues were based on an average realized copper price of $2.25 per pound (three months ended March 31, 2019: $2.81 per pound).

Cost of sales

Cost of sales represent direct mining and plant costs (which include operating, non-capitalized waste stripping costs, maintenance and repair costs, mine site general and administrative costs, operating supplies and external services), employee compensation and benefits, depreciation and transportation costs. As at March 31, 2020, it was determined that the book value of inventory exceeded its net realizable value and an impairment in inventory of $3.8 million was recognized as part of cost of sales.

General and administrative expenses

	Three months ended	
	Mar. 31, 2020	Mar. 31, 2019
General and administrative expenses	**$ 1,239**	$ 1,732

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 three months ended March 31, 2020 compared with the three months ended March 31, 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 director stock based compensation.

Unrealized loss (gain) on portfolio investments

	Three months ended	
	Mar. 31, 2020	Mar. 31, 2019
Unrealized gain (loss) on portfolio investments	**$ 2,332**	$ (1,662)

There were no dispositions of portfolio investments during the three months ended March 31, 2020 and 2019.

For the three months ended March 31, 2020, the unrealized loss on portfolio investments was $2.3 million and was predominantly due to the decreased value of the Company's public investment in Corsa Coal. For the three months ended March 31, 2019, the unrealized gain on portfolio investments was $1.7 million and was due to the increased value of the Company's public investment in Corsa Coal.

Finance expenses, net

	Three months ended	
	Mar. 31, 2020	Mar. 31, 2019
Finance expenses, net	**$ 1,578**	$ 723

Finance expenses, net, primarily consists of interest on loans and the interest accretion on the decommissioning liability.

Other income (loss)

	Three months ended	
	Mar. 31, 2020	Mar. 31, 2019
Interest and other income	**$ 356**	$ 166
Foreign currency translation gain (loss)	**3,827**	(435)
Other income (loss)	**$ 4,183**	$ (269)

Foreign currency translation gain (loss)

During the three months ended March 31, 2020, the foreign currency gain was generated by the strengthening of the US dollar of approximately 14% compared to the Chilean peso and 9% compared to the Canadian dollar. During three months ended March 31, 2019, the foreign currency loss was generated by the weakening of the US dollar over the period of approximately 2% compared to the Chilean peso and the Canadian dollar.

Impairment of non-current assets

During the three months ended March 31, 2020, the Company recognized an impairment charge of mineral properties, plant and equipment of $7.6 million. There was no such charge recorded in the three months ended March 31, 2019. See the section *Impairment of MTV CGU* elsewhere in this MD&A.

IMPAIRMENT OF MTV CASH GENERATING UNIT ("CGU")

During the three months ended March 31, 2020, management observed a reduction in the current and future outlook of copper prices, primarily triggered by the ongoing COVID-19 virus pandemic. The anticipated impact to the Company's cash flows resulted in a trigger for an impairment test.

The recoverable amount of the MTV CGU of $60.1 million (en bloc value) was determined based on a discounted cash flow analysis of an indicative life of mine model adjusted for current market multiples of similar public companies. The life-of-mine model was prepared at fair value less cost of disposal (Level 3) using a discounted cash flow model analysis of an indicative mine life over 8 years. This life of mine model is management's best estimate of the recoverable amount of MTV's net assets 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 as at March 31, 2020. From this analysis, management concluded that an impairment charge of $7.6 million to mineral property, plant and equipment was to be recorded as a reduction in the carrying value of MTV's assets to the consolidated statements of operations and comprehensive loss.

Key Assumptions:

The key assumptions used in determining the recoverable amount of the MTV CGU include copper price, discount rate and the net asset value ("**NAV**") market multiple.

	2020 Test
Assumptions	
Copper price per pound - short to mid-term	**$2.30 - $2.80**
Copper price per pound - long-term	**$2.90**
Discount rate	**8.5%**
NAV multiple	**0.50x**

Changes in copper price, the discount rate and NAV multiple assumptions can have a material impact on the recoverable value of the CGU. A significant change in copper prices will result in a reassessment of the life of mine plans, including the determination of mineral reserves and mineral resources which will impact the recoverable amount of the CGU.

The Company did an analysis of sensitivities on the fair value of the MTV CGU:

- a +/- 10% impact on the long-term price for copper has an impact of $7.1 million
- a +/- 0.5% change in the discount rate has an impact of $1.4 million
- a +/- 0.05x change in the NAV multiple has an impact of $6.1 million

Copper Price - Estimated by considering the average of the most recent market commodity price forecasts from a number of recognized financial analysts.

Discount rate - A pre-tax discount rate was based on the Company's estimated weighted average cost of capital.

NAV multiple - A NAV multiple was determined after comparing similar public company price to NAV ratios.

Life of Mine - The life of mine was estimated using management's latest information including MTV's latest mineral reserves and mineral resources estimates as well as information gathered from its Technical Report.

The COVID-19 pandemic continues subsequent to March 31, 2020. This situation is dynamic with various cities and countries around the world responding in different ways to address the outbreak. The extent of the effect of the COVID-19 pandemic on the Company's business activities is uncertain. The Company's impairment test for the MTV CGU is based on fair value less cost to dispose model which are based on discounted cash flows from operations. Accordingly, as required by IFRS we have neither reflected these continuing subsequent conditions nor the Process in the recoverable value estimate of the MTV CGU at March 31, 2020.

PORTFOLIO INVESTMENTS

Closing portfolio investments

			As at	
(in thousands)	Sector	Public/Private	**Mar. 31, 2020**	Dec. 31, 2019
Tactical Assets				
Corsa Coal	Mining	Public	**$ 1,546**	**$ 4,065**
Lac Otelnuk	Mining	Private	**2,113**	**2,308**
URC	Mining	Public	**178**	**233**
			$ 3,837	**$ 6,606**

During 2019, the Company was provided units (1 common share plus 1 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.

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

Subsequent to March 31, 2020, the Company disposed of all its equity holdings of Corsa Coal and URC for gross proceeds of $2.7 million.

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.

	2020	2019				2018		
(in thousands, except per share amounts)	**Mar**	Dec	Sept	Jun	Mar	Dec	Sept	Jun
Revenue	**$ 7,147**	$ 9,352	$ 9,650	$ 8,078	$ 8,608	$ 10,888	$ 6,039	$ 9,810
Gross profit (loss)	**$ (6,982)**	$ (4,454)	$ (4,259)	$ (3,103)	$ (1,560)	$ (438)	$ (1,449)	$ 4
Gain (loss) on portfolio investments	**$ (2,332)**	$ (1,358)	$ (3,419)	$ (6,821)	$ 1,662	$(12,631)	$ 2,597	$ (6,177)
Net loss from continuing operations	**$(15,576)**	$(21,398)	$ (8,619)	$(12,708)	$ (2,622)	$(13,631)	$ (1,149)	$ (6,965)
Net loss	**$(17,817)**	$(25,825)	$ (8,993)	$(13,245)	$ (4,139)	$(14,148)	$ (1,645)	$ (8,152)
Other comprehensive income (loss)	**$ (1,762)**	$ 318	$ (326)	$ 544	$ 1,029	$ (2,935)	$ 1,098	$ (1,324)
Basic and diluted loss per share from continuing operations	**$ (0.46)**	$ (0.63)	$ (0.25)	$ (0.37)	$ (0.08)	$ (0.40)	$ (0.03)	$ (0.21)
Basic and diluted loss per share from net loss	**$ (0.53)**	$ (0.76)	$ (0.26)	$ (0.39)	$ (0.12)	$ (0.43)	$ (0.05)	$ (0.24)

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* 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 34,082,992 common shares issued and outstanding as at March 31, 2020 and on the date hereof.

Outstanding warrants:

The Company had 201,138,560 common share purchase warrants outstanding as at March 31, 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.

Outstanding stock options:

The number of stock options vested and outstanding as at March 31, 2020 was 150 thousand (December 31, 2019: 150 thousand) at an exercise price of CAD$3.80 (December 31, 2019: CAD$3.80). All stock options expire on November 17, 2020.

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.

Under the MSA, management for SRHI are provided and have 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 will manage SRHI's investment activities and assets, and administer the day-to-day operations of SRHI.

On May 13, 2020, the Company announced that the MSA will be terminated effective June 23, 2020. See the section *Management Fee* elsewhere in this MD&A.

Contractual obligations of the Company as at March 31, 2020 are as follows:

	1 year	1 - 3 years	More than 3 years	Total
Accounts payable and accrued liabilities	$ 29,014	$ —	$ —	**$ 29,014**
Facility	4,910	30,000	11,500	**46,410**
Leases	796	466	—	**1,262**
Other non-current liabilities	835	1,580	690	**3,105**
Reclamation and other closure provisions	—	—	4,536	**4,536**
As at March 31, 2020	**$ 35,555**	**$ 32,046**	**$ 16,726**	**$ 84,327**

As of March 31, 2020, commitments to purchase (i) property, plant and equipment amounted to $0.2 million and (ii) mining operating supplies amounted to $2.5 million.

TRANSACTIONS WITH RELATED PARTIES

The Company entered into the following transactions with related parties during the three months ended March 31, 2020.

(i) *Management Fees*

Management fees and employment compensation pursuant to the MSA for the three months ended March 31, 2020 were $65 thousand (three months ended March 31, 2019: $0.6 million). 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 is bearing some of the direct costs of SCLP provided management. These amounts are presented as management fees. As at March 31, 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	
	Mar. 31, 2020	Mar. 31, 2019
Compensation paid by and on behalf of SRHI for executive management services provided to the Company (including stock-based compensation)	**$ 65**	$ 123
Directors fees and stock-based compensation	**88**	116
	$ 153	$ 239

(iii) *Mine Contracting Services*

For the three months ended March 31, 2020, $5 thousand was paid to Vecchiola S.A. (three months ended March 31, 2019: $2.5 million), a mining contractor. As at March 31, 2020, a balance of $6.6 million (December 31, 2019: $5.4 million) payable to Vecchiola S.A. remained outstanding. Vecchiola S.A. is affiliated with the minority shareholder of MTV.

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 months ended March 31, 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	
	Mar. 31, 2020	Mar. 31, 2019
Cost of Sales[1]	$ 14,129	$ 10,168
Depreciation	(1,964)	(1,602)
Net change in finished goods inventory	(1,338)	1,048
Transportation costs	(119)	(647)
C1 Cash costs of production	**10,708**	**8,967**
Pounds of copper produced (thousands)	3,271	3,953
Cash cost of copper produced (USD per pound)	**$ 3.27**	**$ 2.27**

[1] *Includes inventory write-down of $3.8 million for the three months ended March 31, 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	
	Mar. 31, 2020	Mar. 31, 2019
Realized copper price (USD per pound)	**$ 2.25**	**$ 2.81**

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 March 31, 2020 and December 31, 2019.

	As at	
	Mar. 31, 2020	Dec. 31, 2019
Cash and cash equivalents	**$ 9,465**	$ 11,607
Trade and other receivables	**2,784**	2,600
Inventories	**10,841**	14,056
Other current assets	**688**	753
Portfolio investments	**3,837**	6,606
Current assets before assets held for sale	**27,615**	35,622
Current liabilities before liabilities held for sale	**34,931**	31,120
Working capital (deficiency)	**$ (7,316)**	$ 4,502

1 *Working capital for the Corporate segment is $13.9 million (includes Beretta) and for the MTV segment there is a working capital deficiency of $20.2 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	
	Mar. 31, 2020	Mar. 31, 2019
Net loss from continuing operations	**$ (15,576)**	$ (2,622)
Add:		
Finance expense	**1,578**	723
Depreciation	**1,964**	1,602
EBITDA from continuing operations	**(12,034)**	(297)
Write-down of inventory	**3,805**	—
Unrealized loss (gain) on portfolio investments	**2,332**	(1,662)
Impairment of non-current assets	**7,628**	—
Adjusted EBITDA from continuing operations	**$ 1,731**	$ (1,959)

MANAGEMENT FEE

The MSA was most recently amended effective March 2, 2020, to update the then-current agreement dated February 1, 2018. Specifically, the Management Services Fee (as defined in the MSA) was temporarily eliminated until the end of 2020 and the notice period to terminate the MSA changed to three (3) months from twelve (12) months and in return the Company will bear some of the direct costs of SCLP-provided management.

On May 13, 2020, the Company announced that it has agreed to end its management services agreement with SCLP and transition to establish an independent management team. The Company entered into a Transitional Support Agreement (the "**Agreement**") dated May 12, 2020 (and effective June 23, 2020) with SCLP pursuant to which the MSA between the Company and SCLP will be terminated effective June 23, 2020. There is no payment required by the Company to be made to SCLP or any Sprott Inc. affiliate as a result.

As a result of the Agreement:

- All employees of Sprott Inc. and its affiliates will resign as directors or officers of the Company or its subsidiaries. Each of Rick Rule, Michael Harrison and Andrew Stronach will not stand for re-election at the upcoming annual general meeting;
- Terry Lyons, the Chairman of the Board of the Company, will become the Interim Chief Executive Officer;
- Michael Staresinic, the Chief Financial Officer of the Company, is anticipated to continue in that role and may become a direct employee of the Company. The Board of Directors of the Company will determine the composition of the balance of the Company's management team in due course;
- The Company will change its name to "SRHI Inc."; and
- SCLP will continue to provide ongoing support services on a transitional basis and 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.

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 March 31, 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 public and private companies. In some cases, the Company may be restricted by contract or by applicable securities laws from selling such securities for a period of time. The inability to sell such securities may impair the Company's ability to exit these portfolio investments when the Company considers it appropriate.

The Company 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. Working capital stresses exist at MTV and additional sources of capital may be required to execute MTV's planned operations. 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, ongoing and worsening drought conditions in Chile, ongoing geopolitical issues in Chile and the resolution of the Process. 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.

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 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 negative pressure on copper prices.

During the quarter ended March 31, 2020, the Company has 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. MTV recorded inventory write-downs of $3.8 million with additional write-downs of inventory or reversals of the write-downs taken this period and in prior periods may occur over the balance of 2020 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. There is heightened potential for further impairment or reversal of these over the balance of 2020. 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 have been modified at MTV during the first quarter of 2020 to take into account for 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.

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, ongoing and worsening drought 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, has a working capital deficiency and a long-term debt facility of $39 million, arising from the consolidation of MTV, its principal operating business. On April 6, 2020, the Company announced that it had received written notice from MTV's senior lenders that there were certain events of default at MTV and on May 12, 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. The Company, MTV, MTV's senior lenders and its critical suppliers remain in a process of continuing dialogue to find a solution to the on-going liquidity and global economic issues being faced by MTV. This plan is expected to be completed during the third quarter of 2020 and is expected to generate sufficient liquidity and flexibility to finance operations into 2021 when mining operations are expected to generate sufficient cash flow. Management believes that the plan is likely to be completed, however there is no assurance that it will be. Without this plan, 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.

Creditor Protection Filing of MTV

On May 12, 2020, MTV filed for creditor protection in Chile. This is an event of default under the Facility that MTV has with its Lenders that could result in the Company's $10 million guarantee that it has provided to be called upon on demand. At this time, the Lenders have neither demanded repayment of the senior debt nor the $10 million guarantee. Should current negotiations with creditors during the Process be unsuccessful, the Lenders could demand repayment of the senior debt and/or the $10 million guarantee and MTV may be forced to further curtail its operations and/or the Company to sell or liquidate MTV.

In the event that MTV exits the Process with the support of its creditors, 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 an independent management team. Under the MSA, management of the Company was provided by SCLP. With the termination of the MSA effective

June 23, 2020, the Chairman of the Board of the Company will become the interim Chief Executive Officer and it is anticipated that Michael Staresinic, the Chief Financial Officer of the Company will continue in that role and may become 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 including a delisting of the Company's securities on the Toronto Stock Exchange ("**TSX**").

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**"). The Company is being reviewed under the TSX's remedial review process and has been granted 120 days to comply with all requirements for continued listing. If the Company cannot demonstrate that it meets applicable TSX requirements set out in Part VII of the Manual on or before September 10, 2020, the Company's securities will be delisted 30 days from such date. The Company's securities will continue to trade on the TSX during the remedial review process.

There can be no assurance that the Company will successfully regain compliance with the TSX listing requirements within this time period, in which case the Company's securities would cease to trade on the TSX. In the event that the Company is required to delist, the Company anticipates having alternatives for providing shareholders a platform to transact which may include a listing on the TSX Venture Exchange or NEX Exchange. The TSX's review was initiated as result of the Company's announcement that MTV had filed for the Process.

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 March 31, 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.

The filing by MTV for the Process is an event of default under the Facility that MTV has with its Lenders that could result in the Company's $10 million guarantee that it has provided to be called upon on demand. At this time, the Lenders have neither demanded repayment of the senior debt nor the $10 million guarantee. As at the date hereof, the Company has sufficient cash resources to fulfill this guarantee.

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) the results of negotiations with MTV's lenders and suppliers; (iii) expectations regarding the outcome of the Process (iv) expectations regarding the $10 million guarantee (v) expectations and requirements for additional capital; (vi) expectations regarding the costs, timing and benefits of constructing and mining Papomono Masivo (vii) expectations regarding the costs, timing and benefits of the Salt Leach; (viii) expectations regarding MTV production; (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; 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 discussions and a plan in respect thereof, as well as the timing and terms of such plan; (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; and (xxxii) 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 will be successful; (xvii) drought conditions will improve; (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) those risks disclosed herein under the heading "Risk Management"; and (xii) those risks disclosed under the heading "Risk Factors" or incorporated by reference into SRHI's Annual Information Form dated March 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.sprottresource.com.