Sprott Resource Holdings Inc.

Condensed Interim Consolidated Financial Statements
First Quarter Ended March 31, 2020
(Unaudited - Expressed in United States dollars)

Unaudited - Amounts expressed in thousands of United States dollars except per share amounts and number of outstanding shares

	Note	**Mar. 31, 2020**	Dec. 31, 2019
ASSETS			
Cash and cash equivalents		**$ 9,465**	$ 11,607
Trade and other receivables		**2,784**	2,600
Inventories	4	**10,841**	14,056
Other current assets		**688**	753
Portfolio investments	5	**3,837**	6,606
		27,615	35,622
Assets classified as held for sale	6	**7,723**	9,908
Total current assets		**35,338**	45,530
Restricted cash	9	**7,000**	7,000
Non-current portion of inventory	4	**18,633**	18,644
Mineral properties, plant and equipment	7	**56,952**	66,981
Exploration and evaluation asset	8	**2,532**	2,283
Intangible assets		**1,649**	1,738
Other		**942**	980
		87,708	97,626
Total assets		**$ 123,046**	$ 143,156
LIABILITIES			
Accounts payable and accrued liabilities		**$ 29,014**	$ 29,855
Deferred revenue		**—**	228
Current portion of loans and borrowings	9	**5,917**	1,037
		34,931	31,120
Liabilities classified as held for sale	6	**5,617**	5,286
Total current liabilities		**40,548**	36,406
Reclamation and other closure provisions		**4,405**	4,956
Loans and borrowings	9	**39,038**	42,971
Other non-current liabilities		**1,891**	2,102
		45,334	50,029
Total liabilities		**85,882**	86,435
SHAREHOLDERS' EQUITY			
Capital stock	10b	**303,990**	303,990
Common share purchase warrants	10c	**6,026**	6,026
Treasury stock	10e	**(74)**	(74)
Contributed surplus		**1,871**	1,849
Deficit		**(239,670)**	(227,161)
Accumulated other comprehensive loss		**(38,901)**	(37,321)
Total equity attributable to owners of the Company		**33,242**	47,309
Non-controlling interest		**3,922**	9,412
		37,164	56,721
Total liabilities and shareholders' equity		**$ 123,046**	$ 143,156

Accounting Policies and Going Concern	2
Contingencies and Commitments	15

Approved by the Board of Directors

(signed) "*Terrence Lyons*"	(signed) "*Lenard F. Boggio*"
Chairman	Director

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

Unaudited - Amounts expressed in thousands of United States dollars except per share amounts and number of outstanding shares

		Three Months Ended	
	Note	**Mar. 31, 2020**	Mar. 31, 2019
Revenue	11	**$ 7,147**	$ 8,608
Cost of sales	12	**(14,129)**	(10,168)
Gross loss		**(6,982)**	(1,560)
Expenses			
General and administrative expenses		**1,239**	1,732
Unrealized loss (gain) on portfolio investments		**2,332**	(1,662)
Finance expenses, net		**1,578**	723
Other loss (income)	13	**(4,183)**	269
Impairment of non-current assets	14	**7,628**	—
Net loss from continuing operations		**(15,576)**	(2,622)
Net loss from discontinued operations	6	**(2,241)**	(1,517)
Net loss for the period		**$ (17,817)**	$ (4,139)
Net loss from continuing operations attributable to:			
Owners of the Company		**$ (11,394)**	$ (1,828)
Non-controlling interests		**(4,182)**	(794)
Net loss from continuing operations		**$ (15,576)**	$ (2,622)
Net loss attributable to:			
Owners of the Company		**$ (12,509)**	$ (2,586)
Non-controlling interests		**(5,308)**	(1,553)
Net loss for the period		**$ (17,817)**	$ (4,139)
Net loss from continuing operations per share		**$ (0.46)**	$ (0.08)
Net loss from discontinued operations per share		**$ (0.07)**	$ (0.04)
Basic and fully diluted net loss per share		**$ (0.53)**	$ (0.12)
Weighted average number of shares outstanding during the year			
Basic and fully diluted	14	**34,046,927**	33,987,405
Net loss for the period		**$ (17,817)**	$ (4,139)
Other comprehensive income (loss)			
Items that may be reclassified subsequently to net loss:			
Foreign currency translation differences		**(1,762)**	1,029
Total comprehensive loss		**$ (19,579)**	$ (3,110)
Comprehensive loss attributable to:			
Owners of the Company		**$ (14,089)**	$ (1,677)
Non-controlling interests		**(5,490)**	(1,433)
Total comprehensive loss		**$ (19,579)**	$ (3,110)

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Unaudited - Amounts expressed in thousands of United States dollars

	Capital Stock	Common Share Purchase Warrants	Treasury Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total	Non-controlling interest	Total Equity
Balance - January 1, 2019	$ 303,990	$ 6,026	$ (200)	$ 1,750	$ (187,361)	$ (38,656)	$ 85,549	$ 21,582	$ 107,131
Net loss for the period	—	—	—	—	(2,586)	—	(2,586)	(1,553)	(4,139)
Foreign currency translation differences	—	—	—	—	—	910	910	119	1,029
Stock-based compensation	—	—	—	66	—	—	66	—	66
Shares acquired for equity incentive plan	—	—	(17)	—	—	—	(17)	—	(17)
Shares released on vesting of equity incentive plan	—	—	17	(16)	(1)	—	—	—	—
Balance - March 31, 2019	**$ 303,990**	**$ 6,026**	**$ (200)**	**$ 1,800**	**$ (189,948)**	**$ (37,746)**	**$ 83,922**	**$ 20,148**	**$ 104,070**
Balance - April 1, 2019	$ 303,990	$ 6,026	$ (200)	$ 1,800	$ (189,948)	$ (37,746)	$ 83,922	$ 20,148	$ 104,070
Loss for the period	—	—	—	—	(37,216)	—	(37,216)	(10,847)	(48,063)
Foreign currency translation differences	—	—	—	—	—	425	425	111	536
Change in other reserve	—	—	—	6	—	—	6	—	6
Stock-based compensation	—	—	—	178	—	—	178	—	178
Shares acquired for equity incentive plan	—	—	(6)	—	—	—	(6)	—	(6)
Shares released on vesting of equity incentive plan	—	—	132	(135)	3	—	—	—	—
Balance - December 31, 2019	**$ 303,990**	**$ 6,026**	**$ (74)**	**$ 1,849**	**$ (227,161)**	**$ (37,321)**	**$ 47,309**	**$ 9,412**	**$ 56,721**
Balance - January 1, 2020	$ 303,990	$ 6,026	$ (74)	$ 1,849	$ (227,161)	$ (37,321)	$ 47,309	$ 9,412	$ 56,721
Loss for the period	—	—	—	—	(12,509)	—	(12,509)	(5,308)	(17,817)
Foreign currency translation differences	—	—	—	—	—	(1,580)	(1,580)	(182)	(1,762)
Stock-based compensation	—	—	—	22	—	—	22	—	22
Balance - March 31, 2020	**$ 303,990**	**$ 6,026**	**$ (74)**	**$ 1,871**	**$ (239,670)**	**$ (38,901)**	**$ 33,242**	**$ 3,922**	**$ 37,164**

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

Unaudited - Amounts expressed in thousands of United States dollars

	Note	**Three Months Ended Mar. 31, 2020**	Three Months Ended Mar. 31, 2019
Operating activities			
Net loss for the period		**$ (17,817)**	$ (4,139)
Items not affecting cash and other adjustments			
Loss from discontinued operations	6	**2,241**	1,517
Depreciation and amortization	12	**1,964**	1,602
Finance expense		**1,572**	703
Interest accretion on decommissioning liability		**6**	20
Loss (gain) on portfolio investments		**2,332**	(1,662)
Other loss (income)	13	**(3,827)**	435
Stock-based compensation		**22**	66
Write-down of inventory	4	**3,805**	—
Impairment of non-current assets	14	**7,628**	—
Change in non-current asset and liabilities		**(172)**	158
		(2,246)	(1,300)
Changes in non-cash operating working capital	17a	**1,729**	(3,213)
Cash used in operating activities of continuing operations		**(517)**	(4,513)
Cash flows from investing activities			
Additions to mineral properties, plant and equipment	7	**(1,285)**	(2,320)
Additions to exploration and evaluation assets	8	**(249)**	(369)
Capital and interest collected on portfolio investment	5	**—**	4,161
Cash provided by (used in) investing activities of continuing operations		**(1,534)**	1,472
Cash flows from financing activities			
Loans and borrowings paid		**(246)**	(204)
Acquisition of treasury stock		**—**	(17)
Interest paid	17b	**(110)**	(443)
Cash used in financing activities of continuing operations		**(356)**	(664)
Decrease in cash and cash equivalents from continuing operations		**(2,407)**	(3,705)
Impact on foreign exchange on cash balances		**265**	430
Cash and cash equivalents of continuing operations - Beginning of period		**11,607**	13,500
Cash and cash equivalents from continuing operations - End of period		**$ 9,465**	$ 10,225
Supplementary Cash Flow Information	17		

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

1. Corporate Information

Sprott Resource Holdings Inc. (together with its subsidiaries, "**SRHI**" or the "**Company**") was incorporated under the laws of British Columbia and continued under the *Canada Business Corporations Act* ("**CBCA**"). SRHI is a publicly-listed company currently focused on expanding MTV's copper mining operation in Chile and divesting of its legacy Investments.

The Company's current principal operating business is its 70% equity interest in the Chilean producing copper mine Minera Tres Valles SpA ("**MTV**"). MTV's main asset is the Minera Tres Valles mining project, in the Province of Choapa, Chile which includes fully integrated processing operations and its two active main mines. The major active ore extraction operations include the Don Gabriel open pit mine and the Papomono underground mine. The first copper cathodes shipment took place in January 2011.

The Company is listed on the Toronto Stock Exchange ("**TSX**") and trades under the symbol "SRHI".

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

These Financial Statements (as defined below) were approved for issue by the Board of Directors (the "**Board**") on May 27, 2020.

2. Accounting Policies and Going Concern

Basis of Preparation

These unaudited condensed interim financial statements ("**Financial Statements**") of the Company have been prepared on a going concern basis in accordance with International Financial Reporting Standards 34 - *Interim Financial Reporting,* and accordingly, assumes that the Company will be able to continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business as they come due. They do not contain all information and disclosures required for complete financial statements in accordance with the International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**"). Therefore, they should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2019. These Financial Statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported expenses, and the balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. These adjustments could be material.

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 Judicial Restructuring Procedure 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, and the ultimate appropriateness of the use of accounting principles applicable to a going concern.

The Company's presentation currency is the United States ("**USD**") dollar. Reference herein of $ or USD is to USD dollars, CAD is to Canadian dollars and CLP refers to the Chilean peso.

These Financial Statements have been prepared on a historical cost basis except for financial assets valued at fair value through profit or loss ("**FVTPL**") which is measured at fair value.

Balance sheet items are classified as current if receipt or payment is due within twelve months. Otherwise, they are presented as non-current.

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

3. Significant Judgments, Estimates and Assumptions

The preparation of these Financial Statements in accordance with IFRS requires the use of certain critical accounting estimates. These estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience, but actual results may differ materially from the amounts included in the Financial Statements.

In preparing these Financial Statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2019.

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

a. COVID-19 Uncertainty

In preparing these Financial Statements, judgments were made in applying the accounting policies which are consistent with those reported in the 2019 annual audited consolidated financial statements. In addition, assumptions were made in deriving estimates used in preparing these Financial Statements. Sources of estimating uncertainty include estimates used to determine the recoverable amounts of assets including the MTV Cash-Generating Unit ("**CGU**"), inventory, recoverable reserves and resources and the valuation of other assets and liabilities including decommissioning and restoration provisions.

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 (see Note 4) 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 (see Note 7) 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.

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 three months ended March 31, 2020, there was an impairment write-down of $3.8 million to the net realizable value of the current and non-current portions of inventory (see Note 4).

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.

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

For the three months ended March 31, 2020, the Company recognized an impairment charge of mineral properties, plant and equipment of $7.6 million (see Note 7 and 14) related to the MTV CGU.

4. Inventories

	As at	
	Mar. 31, 2020	Dec. 31, 2019
Supplies and consumables	**$ 1,119**	$ 1,243
Work in progress	**8,609**	10,363
Copper cathodes	**1,113**	2,450
	10,841	14,056
Non-current portion of inventory	**18,633**	18,644
	$ 29,474	$ 32,700

During three months ended March 31, 2020, the Company recognized an impairment write-down of $3.8 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 in work-in-process inventory.

During 2019, $20.6 million of work-in-process inventory was transferred from current work-in-process inventory to non-current inventory reflecting ore on the leach pads that is not expected to be processed in the twelve 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.

The write down of inventories has been presented in cost of sales in the consolidated statement of operations and comprehensive loss.

5. Portfolio Investments

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

	As at	
	Mar. 31, 2020	Dec. 31, 2019
Mining	**$ 3,837**	$ 6,606

The Company's portfolio investments are comprised of equity holdings as at March 31, 2020 and December 31, 2019.

As at March 31, 2020, approximately $1.7 million of the Company's portfolio investments trade on a publicly listed exchange. (December 31, 2019: $4.3 million).

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

6. Asset Classified as Held for Sale

The Company holds a 50.2% (2019 - 50.2%) interest in Beretta, a Canadian company.

	As at	
	Mar. 31, 2020	Dec. 31, 2019
Assets classified as held for sale	**$ 7,723**	$ 9,908
Liabilities classified as held for sale	**(5,617)**	(5,286)
Non-controlling interest	**(1,049)**	(2,329)
	$ 1,057	$ 2,293

During the three months ended March 31, 2020, an impairment of $1.7 million on the revaluation of Beretta to the lower of its carrying amount and its fair value less cost to sale was recognized.

Loss from discontinued operations related to Beretta is comprised of the following:

	Three months ended	
	Mar. 31, 2020	Mar. 31, 2019
Revenue	**$ 8,302**	$ 8,677
Expenses	**(8,844)**	(10,194)
	(542)	(1,517)
Write down of asset held for sale	**(1,699)**	—
Loss from discontinued operations	**(2,241)**	(1,517)
Loss from discontinued operations attributable to non-controlling interests	**1,125**	759
Loss from discontinued operations attributable to owners of the Company	**$ (1,116)**	$ (758)

7. Mineral Properties, Plant and Equipment

Cost	Mineral properties	Land	Building and mining facilities	Machinery and equipment	**Total**
As at January 1, 2019	$ 25,526	$ 665	$ 42,521	$ 9,667	**$ 78,379**
Adjustment for change in accounting policy - IFRS 16	—	—	401	1,384	**1,785**
Additions	7,715	—	924	5,500	**14,139**
Foreign exchange impact	(471)	—	(108)	(228)	**(807)**
As at December 31, 2019	32,770	665	43,738	16,323	**93,496**
Additions	364	—	26	965	**1,355**
Foreign exchange impact	(558)	—	—	(1,427)	**(1,985)**
As at March 31, 2020	**$ 32,576**	**$ 665**	**$ 43,764**	**$ 15,861**	**$ 92,866**

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

Accumulated depreciation	Mineral properties	Land	Building and mining facilities	Machinery and equipment	**Total**
As at January 1, 2019	$ (1,371)	$ —	$ (2,083)	$ (440)	**$ (3,894)**
Depreciation expense	(4,143)	—	(3,957)	(1,182)	**(9,282)**
Impairment	(5,149)	—	(6,513)	(1,677)	**(13,339)**
As at December 31, 2019	(10,663)	—	(12,553)	(3,299)	**(26,515)**
Depreciation expense	(770)	—	(768)	(233)	**(1,771)**
Impairment	(2,945)	—	(3,725)	(958)	**(7,628)**
As at March 31, 2020	**$ (14,378)**	**$ —**	**$ (17,046)**	**$ (4,490)**	**$ (35,914)**

	Mineral properties	**Land**	**Building and mining facilities**	**Machinery and equipment**	**Total**
Net book value					
As at December 31, 2019	$ 22,107	$ 665	$ 31,185	$ 13,024	**$ 66,981**
As at March 31, 2020	**$ 18,198**	**$ 665**	**$ 26,718**	**$ 11,371**	**$ 56,952**

As of March 31, 2020, included in *Machinery and equipment* is $2.0 million of assets held under leases (December 31, 2019: $2.1 million). As of March 31, 2020, included in *Mineral properties* is $6.2 million (December 31, 2019: $6.3 million) of stripping assets and $0.2 million (December 31, 2019: $0.3 million) of reforestation assets.

During three months ended March 31, 2020, the Company recognized an impairment charge of mineral property, plant and equipment of $7.6 million (see Note 14).

8. Exploration and Evaluation Asset

Cost	Engineering	Drilling	**Total**
As at January 1, 2019	$ 1,326	$ 116	**$ 1,442**
Additions	73	768	**841**
As at December 31, 2019	1,399	884	**2,283**
Additions	91	158	**249**
As at March 31, 2020	**$ 1,490**	**$ 1,042**	**$ 2,532**

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

9. Loans and Borrowings

	As at	
	Mar. 31, 2020	Dec. 31, 2019
Secured prepayment facility (the "**Facility**")	**$ 43,742**	$ 42,508
Leases	**1,213**	1,500
Total	**44,955**	44,008
Less: current portion	**5,917**	1,037
	$ 39,038	$ 42,971

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 which occurred and are continuing under the Facility agreement. The senior 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.

10. Equity

a) Authorized

Unlimited common shares with no par value.

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

b) Issued and outstanding

	Common shares (#)	**Amount**
Balance - December 31, 2019 and March 31, 2020	**34,082,992**	**$ 303,990**

c) Common share purchase warrants

Common share purchase warrants outstanding were as follows:

	Warrants (#)	**Amount**
Balance - December 31, 2019 and March 31, 2020	**201,138,560**	**$ 6,026**

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.

d) 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: CAD3.80). All stock options expire on November 17, 2020.

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

e) Treasury stock

	Common shares (#)	Amount
Unvested common shares held by the Trust, January 1, 2020	95,240	200
Acquired for equity incentive plan	20,600	23
Released on vesting of equity incentive plan	(80,124)	(149)
Unvested common shares held by the Trust, December 31, 2019 and March 31, 2020	**35,716**	**$ 74**

11. Revenues

	Three months ended	
	Mar. 31, 2020	Mar. 31, 2019
Copper cathodes	**$ 6,724**	$ 8,052
Tolling	**423**	556
	$ 7,147	$ 8,608

Revenues from copper cathodes for the three months ended March 31, 2020 include $1.2 million (three months ended March 31, 2019: $7 thousand) of pricing adjustments due to timing differences for settlement of sales.

12. Cost of Sales

	Three months ended	
	Mar. 31, 2020	Mar. 31, 2019
Salaries	**$ 1,778**	$ 2,476
Direct mining and plant costs	**6,872**	8,760
Purchase of ore from third parties	**717**	904
Depreciation and amortization	**1,964**	1,602
Change in inventory	**(1,112)**	(3,777)
Write-down of inventory	**3,805**	—
Other	**105**	203
	$ 14,129	$ 10,168

13. 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)
	$ 4,183	$ (269)

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

14. Impairment of MTV 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 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 National Instrument 43-101 technical report.

15. Contingencies and 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.

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

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 Note 22).

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.

16. Operating Segments

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

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

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**
Loss on portfolio investments		—	2,332	**2,332**
Finance expenses, net		1,578	—	**1,578**
Other income		(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**
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.

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

17. Supplementary Cash Flow Information

a. Net Change in Working Capital

		Three months ended	
		Mar. 31, 2020	Mar. 31, 2019
Net (increase) decrease in:			
Trade and other receivables	$	**(209)**	(212)
Inventories		**(683)**	(3,900)
Other current assets		**62**	33
Net increase (decrease) in:			
Trade and other payables		**2,787**	2,042
Deferred revenue		**(228)**	(1,176)
Net change in working capital	$	**1,729**	$ (3,213)

b. Interest paid on loans and borrowings

		Three months ended	
		Mar. 31, 2020	Mar. 31, 2019
Interest paid on loans and borrowings	$	**(110)**	$ (443)

18. Related Party Transactions

a) Purchases of Services

The Company entered into the following transactions with related parties during the three months ended March 31, 2020 and 2019. Transactions with related parties are recorded at the price agreed between the parties. Transactions in the normal course of business are measured at the monetary amount, which is the amount of consideration established, agreed to and paid by the related parties based on standard commercial terms.

(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) *Mine Contracting Services*

Vecchiola S.A.

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.

Unaudited - Tabular amounts expressed in thousands of United States dollars except as noted

b) Key Management Compensation

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

	Three months ended	
	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

19. Fair Value Estimation

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

The Company has provided fair market disclosure for its portfolio of investments by industry groups. The mining industry group consists of three mining companies (2019 - three companies), two that are in the producing stage and another that is in care and maintenance. The companies in the mining industry group shares similar risk profiles and have therefore been grouped together.

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

As at March 31, 2020	Level 1	Level 2	Level 3	**Total**
Investments - mining	$ 1,724	$ —	$ 2,113	**$ 3,837**

As at December 31, 2019	Level 1	Level 2	Level 3	**Total**
Investments - mining	$ 4,298	$ —	$ 2,308	**$ 6,606**
Deferred revenue	—	228	—	**228**
	$ 4,298	$ 228	$ 2,308	**$ 6,834**

The Company's policy is to recognize transfers to and from fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There have been no transfers between levels during the three months ended March 31, 2020 and March 31, 2019.

The fair value measures of the biological assets ($1.4 million) in the Asset held for sale as at March 31, 2020 (December 31, 2019: $2.6 million) have been categorized as a Level 2 fair value based on observable quoted prices for breeding herd carrying values and quantities.

The following presents the movement in Level 3 instruments for the three months ended March 31, 2020 and the year ended December 31, 2019:

	Mar. 31, 2020	Dec. 31, 2019
Opening balance	**$ 2,308**	$ 4,586
Unrealized loss for the period	**—**	(2,436)
Foreign currency translation differences	**(195)**	158
Ending balance	**$ 2,113**	$ 2,308

The Company's Level 3 portfolio investment at March 31, 2020 consists of an investment in the mining sector.

20. Financial Risk Management

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

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity prices. The purpose of market risk management is to manage and control exposures to market risks, within acceptable parameters, while optimizing return. The sensitivities to market risks included below are based on a change in one factor while holding all other factors constant. In practice, this is unlikely to occur, and changes in some of the factors may be correlated - for example, changes in interest rates and changes in foreign currency rates.

Interest Rate Risk

The Company's interest rate risk arises primarily from the interest received on cash and cash equivalents and any interest paid on floating rate borrowings.

Cash and cash equivalents are invested on a short-term basis to ensure minimal interest rate risk and to adequately provide liquidity for payment of operational and capital expenditures. To date, no interest-rate management products, such as swaps, are used in relation to cash and cash equivalents or the Facility.

The Company has additional exposure to interest rate risk on the Facility, which is subject to a floating interest rate. Floating interest rates are based on USD LIBOR plus a fixed margin. The Company does not enter into derivative contracts to manage this risk.

Foreign Currency Risk

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The functional currency for results and financial position of Canadian entities is CAD while for Chilean entities is USD. The presentation currency for the Financial Statements is USD.

The Company incurs expenditures in CAD other than through its subsidiary, MTV, whose expenditures are primarily in USD. The Company's exposure to foreign currency risk at March 31, 2020 arises primarily from those transactions carried out at MTV in CLP rather than USD and that have a direct effect on the operating results, such as wages.

Commodity Price Risk

Commodity price risk is the risk that the fair values or cash flows associated with the Company's revenues and portfolio investments will vary due to changes in the prices of a particular commodity, e.g. copper. The Company does not engage in programs to mitigate its copper commodity exposure.

The Company is exposed to commodity price risk in respect of its revenues as nearly all of its revenues are generated from the sale of copper cathodes. In addition, its remaining operating portfolio investment is exposed to commodity price risk since its revenues are dependent on the market price of metallurgical and thermal coal. The price of this commodity is volatile and subject to fluctuations that may have a significant effect on the ability of the portfolio company to meet its obligations, capital spending targets or commitments, and expected operational results which in turn impacts their fair values as recorded by the Company.

Price Risk

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

Credit Risk

Credit risk is the risk that a third party will fail to meet its contractual obligations, which could result in the Company incurring a loss and arises primarily from the Company's receivables from customers and its cash and cash equivalents deposited with financial institutions.

The Company invests cash and cash equivalents with financial institutions that are financially sound based on their credit rating with the majority of the Company's cash held through large Canadian and US financial institutions with credit ratings of AA or higher. The Company's exposure to credit risk associated with accounts receivable is influenced mainly by the individual characteristics of each customer. The Company had one customer that represented 94% of revenue for the three months ended March 31, 2020 and which is considered low risk as it is a large public company with operations throughout the world. The Company has not incurred any credit losses during the three months ended March 31, 2020 nor does it have an allowance for doubtful accounts.

The carrying value of financial assets recorded in the Financial Statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

Liquidity Risk

Liquidity risk is the risk associated with the difficulties that the Company may have meeting the obligations associated with financial liabilities that are settled with cash payments or with another financial asset. The Company manages liquidity risk by utilizing budgets and cash flow forecasts to assist the Company with maintaining sufficient cash to meet operating and capital obligations.

The Company monitors the expected settlement of financial assets and liabilities on an ongoing basis. A maturity analysis was performed for all financial liabilities in Note 15.

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 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 senior lenders with a $10 million guarantee that represents the Company's only obligation to MTV.

21. Capital Management

The Company defines capital as shareholders' equity, being its net assets. The Company's corporate office is responsible for capital management. The objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The primary capital management objective of the Company is to ensure adequate working capital is available to adequately fund the Board-approved business plans which include those of MTV such as the costs of mining operations, capital commitments and corporate overhead costs.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. Capital management is undertaken to ensure a secure, cost-effective supply of funds to ensure the Company's operating, administrative and capital expenditure requirements are met. To maintain or adjust capital structure, the Company may attempt to issue new shares, repurchase for cancellation outstanding shares, acquire or dispose of assets, incur short-term or long-term debt or adjust the amount of cash and cash equivalents and portfolio investments.

Capital management strategies include continuously monitoring forecasted and actual cash flow from operating, financing and investing activities and opportunities to issue additional equity. In light of the current volatility in copper prices including uncertainty regarding the timing for recovery in such prices, along with the effect of COVID-19, the preparation of financial forecasts and estimates are increasingly uncertain. Any of these events present risks that could affect the Company's ability to fund ongoing operations. The Company will also consider additional short-term financing or issuing equity in order to meet its future liabilities. If required, MTV may be forced to further curtail its operations and/or the Company to sell or liquidate MTV.

22. Subsequent Events

a. Senior Lenders Issue Reservation of Rights Letter

On April 6, 2020 the Company announced that it had received written notice from the senior lenders of MTV that certain events of default had occurred and are continuing under the Facility agreement with MTV. The senior 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, but may choose to do so at any time in the future without any further written notice. The Company, MTV and senior lenders remain in a process of continuing dialogue to find a solution to the on-going liquidity and global economic issues being faced by MTV.

b. Termination of MSA

On May 13, 2020, the Company announced that it has agreed to end its management services relationship with SCLP and transition to establish an independent management team.

The Company has entered into a Transitional Support Agreement dated May 13, 2020 with SCLP pursuant to which the MSA will be terminated June 23, 2020. There is no payment required to be made by the Company.

c. Sale of Portfolio Investments

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

d. MTV Files for Creditor Protection in Chile

On May 13, 2020, MTV commenced reorganization proceedings by filing a Judicial Restructuring Procedure 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. Under the Facility agreement, this is an event of default. The senior 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.

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Stock Information

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

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

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