

# Extractive Sector Transparency Measures Act - Annual Report

Reporting Entity Name	Sprott Resource Holdings Inc.				
Reporting Year	From	1/1/2019	To: 12/31/2019	Date submitted	5/29/2020
Reporting Entity ESTMA Identification Number	E936832	<input checked="" type="radio"/> Original Submission <input type="radio"/> Amended Report			
Other Subsidiaries Included (optional field)	Minera Tres Valles SpA SRH Chile SpA				
Not Consolidated					
Not Substituted					
Attestation by Reporting Entity	<p><i>In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.</i></p>				
Full Name of Director or Officer of Reporting Entity	Michael Staresinic			Date	5/29/2020
Position Title	CFO				



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Reporting Year	<b>From:</b>	1/1/2019	<b>To:</b>	12/31/2019	
Reporting Entity Name	Sprott Resource Holdings Inc.			Currency of the Report	USD
Reporting Entity ESTMA Identification Number	E936832				
Subsidiary Reporting Entities (if necessary)					

### Payments by Payee

Country	Payee Name <sup>1</sup>	Departments, Agency, etc... within Payee that Received Payments <sup>2</sup>	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes <sup>34</sup>
Chile	GOVERNMENT OF CHILE	TESORERIA GENERAL DE LA REPUBLICA			350,000					350,000	Payment made in Chilean Peso
Chile	MUNICIPALITY OF SALAMANCA	TESORERIA MUNICIPAL DE SALAMANCA			90,000					90,000	Payment made in Chilean Peso
Chile	FUNDACION TRES VALLES								100,000	100,000	Payment made in Chilean Peso
Chile	MUNICIPALITY OF LAS CONDES	PATENTES COMERCIALES			130,000					130,000	Payment made in Chilean Peso
			-	-	570,000	-	-	-	100,000	670,000	

**Additional Notes:** The payments were made originally in Chilean Peso, and were translated into US Dollars using the payment day exchange rate.



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## **SPROTT RESOURCE HOLDINGS INC. - ESTMA BASIS OF PRESENTATION**

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### **INTRODUCTION**

Sprott Resource Holdings Inc. and its subsidiaries (collectively the “Company” or “SRHI”) has prepared the following consolidated report (the “Report”) of payments made to government entities for the year ended December 31, 2019 as required by the Extractive Sector Transparency Measures Act S.C. 2014, c.39, s.376 (“ESTMA” or the “Act”).

### **BASIS OF PRESENTATION**

The Report has been prepared in accordance with the requirements of the Act and the Natural Resources Canada (“NRCan”) Technical Reporting Specifications. The Technical Reporting Specifications provides specifications with regards to the form and manner of reporting. The following is a summary of judgments and definitions that SRHI has made for the purpose of preparing the Report.

#### **Payee**

For purposes of the Act, a payee is:

- a) Any government in Canada or in a foreign state.
- b) A body that is established by two or more governments.
- c) Any trust, board, commission, corporation or body or other authority that is established to exercise or perform, or that exercises or performs, a power, duty or function of a government for a government referred to in paragraph (a) above or a body referred to in paragraph (b) above.

Payees include governments at any level, including national, regional, state/provincial or local/municipal levels. Payees include Crown corporations and other state-owned enterprises that are exercising or performing a power, duty or function of government. Aboriginal groups and organizations within Canada and in other jurisdictions may be regarded as governments for purposes of qualifying as a payee under the Act. However, the Act defers the requirement to report on payments made to Aboriginal governments in Canada, with reporting on these payments beginning on June 1, 2017. For the year ended December 31, 2019, there were no reportable payments to an Aboriginal payee.

The individual department, agency or other body of the payee that received the payment is disclosed, where practical, in a supplementary note to the Report.

#### **Activities Within the Scope of the Report**

Payments made by SRHI to payees relating to the commercial development of oil, gas and minerals (“commercial development”) are disclosed in this Report. SRHI makes payments related to its initial processing activities which are integrated with its extraction operations and comprise commercial development. The Report excludes payments that are not related to SRHI’s commercial development activities, as defined by the Act and in the associated Guidance document published by NRCan.

#### **Project**

Payments are reported at the project level except for payments that are not attributable to a specific project and are reported at the entity level. Corporate income taxes, which are typically not levied at a project level, are an example of this. A “project” means the operational activities that are governed by a single contract, license, lease, concession or similar legal agreement and form the basis for payment liabilities with a government. However, if multiple such agreements are substantially interconnected, SRHI has aggregated such interconnected agreements into a single “Project” for reporting purposes, as permitted under the Act and the associated Technical Reporting Specifications published by NRCan.

## **Cash and In-kind Payments**

Payments are reported on a cash basis, meaning they are reported in the period in which they are paid. In-kind payments are converted to an equivalent cash value based on cost or, if cost is not determinable, the in-kind payment is reported at the fair market value. The valuation method for each payment, if applicable, has been disclosed in a supplementary note to the Report. All information is reported in United States dollars (“USD”). Payments to the “same payee” that meet or exceed the \$100,000 Canadian Dollar equivalent in one category of payment are disclosed.

## **Payment Categories**

The information is reported under the following payment categories.

### *Taxes*

This category may include taxes paid by SRHI on its income, profits or production. Taxes reported include property taxes, business taxes and certain provincial resource surcharges. Consumption taxes and personal income taxes are excluded. For the year ended December 31, 2019, there were no reportable tax payments to a payee.

### *Royalties*

These are payments for the rights to extract oil and gas resources, typically at a set percentage of revenue less any deductions that may be taken. Royalties paid in kind are also reported under this category. For the year ended December 31, 2019, there were no reportable royalty payments to a payee.

### *Fees*

This category may include rental fees, entry fees and regulatory charges as well as fees or other consideration for licenses, permits or concessions. Amounts paid in ordinary course commercial transactions in exchange for services provided by a payee are excluded.

### *Production entitlements*

A payee’s share of oil, gas or mineral production under a production sharing agreement or a similar contractual or legislated arrangement is reported under this category. For the year ended December 31, 2019, there were no reportable production entitlement payments to a payee.

### *Bonuses*

Signing, discovery, production and any other type of bonuses paid to a payee are reported under this category. For the year ended December 31, 2019, there were no reportable bonus payments to a payee.

### *Dividends*

These are dividend payments other than dividends paid to a payee as an ordinary shareholder of SRHI. For the year ended December 31, 2019, there were no reportable dividend payments to a payee.

### *Infrastructure improvement payments*

These are payments which relate to the construction of infrastructure that do not relate primarily to the operational purposes of SRHI.