SRHI Inc. (formerly Sprott Resource Holdings Inc.)

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

For the Years Ended December 31, 2020 and 2019

(Expressed in United States dollars)

MANAGEMENT'S DISCUSSION AND ANALYSIS

*The following is management's discussion and analysis ("**MD&A**") of the financial condition, cash flows and future prospects of SRHI Inc. ("**SRHI**" or the "**Company**", formerly Sprott Resource Holdings Inc.). This document is prepared as at March 3, 2021 (unless otherwise stated) and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2020, including the notes thereon (the "**Financial Statements**"). The Company prepares its Financial Statements in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). All amounts are expressed in United States dollars ("**USD**") unless otherwise indicated. Additional information on the Company and its operations, including a consolidated National Instrument 43-101 Standards of Disclosure for Mineral Projects ("**NI 43-101**") compliant technical report on the Minera Tres Valles project (the "**Technical Report**"), can be accessed at www.sedar.com, and may also be found on the Company's website at www.srhi.ca.*

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

MANAGING COVID-19

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

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

Since the emergence of the global COVID-19 pandemic, the Company reacted quickly and decisively during a fluid and fast-moving environment. The Company adjusted its business procedures and processes while ensuring the safety of its employees, contractors and host communities. Fortunately, the number of COVID-19 cases in the Company has been very limited. The Company continues its preventative, mitigating and containment measures to actively minimize the spread of COVID-19.

The progression of the pandemic and the success of measures taken to prevent transmission, will influence health and government authorities' future level of restrictions on business activities within Chile. The Company continues to protect the safety and health of its employees, contractors and the communities in which it operates. Where appropriate, the Company has restricted travel, instructed employees to remote work wherever possible, including at corporate offices. The extent of the effect of the COVID-19 pandemic on the Company’s future business activities is uncertain.

FINANCIAL RESTRUCTURING

At the end of the first quarter of 2020, the Company announced measures in response to MTV's local government's request to temporarily halt or restrict operations for a period of time as a measure to slow the advance of the pandemic. These included significantly reducing the employee base only to those required to maintain minimal operations, including the necessary staff to operate and monitor the leach pad, operate its solvent-extraction and electrowinning processing plant where copper cathodes are produced and conduct preventative maintenance of key equipment.

As the impact of COVID-19 continued to unravel world economies and cast doubt on the visibility of future copper prices, the Company's 70% owned subsidiary, MTV, commenced reorganization proceedings by filing a Judicial Restructuring Procedure (“**JRP**”) in Chile on May 12, 2020 (the "**Process**"). This action, for a period of time, protected MTV from its creditors allowing it sufficient time to complete its refinancing efforts for the construction of its high grade, low cost block caving underground mine.

On August 24, 2020, the Company announced that creditors of MTV approved the Judicial Reorganization Agreement ("**JRA**") with support from 100% of MTV's senior secured lenders (the "**Lenders**") and 93% of unsecured creditors (the "**Unsecured Creditors**"). As a result of the JRA, a significant portion of accounts payable and accrued liabilities were converted to long-term debt (the "**Unsecured Debt**") and the terms of the secured prepayment facility (the **"Facility**") were amended (the "**Amended Facility**").

The terms of the Unsecured Debt were effective August 24, 2020 while the terms of the Amended Facility were effective September 4, 2020. At that time, the Unsecured Debt, the Amended Facility and the SRHI New Loan (as defined below) provided a solution that was expected to generate sufficient liquidity and flexibility to initially finance planned operations.

This additional capital to be provided by both the Company and Lenders, together with the restructuring of the Unsecured Debt, is helping to support the construction of the Papomono Masivo incline block caving underground mining project ("**Papomono Masivo**"). MTV has contracted with Desarrollos Mineros Aura SpA ("**Aura**") for the initial construction and development of this project. Aura completed its mobilization at the end of December with the majority of their recruiting completed.

The Company is of the belief that it will likely require further financing to meet its current financial obligations, sustain its operations and ongoing capital projects in the normal course, and expand its inventory of reserves and resources.

During the construction and development of the Papomono Masivo in 2021, production will come from our recently restarted operations at Don Gabriel open pit mine ("**Don Gabriel**"), together with ore expected from third-party miners and Empresa Nacional de Minería ("**ENAMI**"), which is Chile's National Mining Enterprise. Upon successful completion of the construction project, MTV expects to begin mining the higher grade, lower cost ore from the Papomono Masivo.

A summary of the financial commitments arising from the JRA is as follows:

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

- Up to $10 million secured second ranking debt to be financed from the Company's cash resources (the "**SRHI New Loan**"). As of December 31, 2020 and the date hereof, the Company provided $2.5 million and $7.0 million, respectively, to MTV.
- Principal and interest subordinated to the Facility and New Senior Debt (defined below)
- Expected payback beginning 2025
- Fulfills (and will reduce, pro-rata) the Company's $10 million corporate guarantee provided under the Facility agreement (the "**Facility Agreement**") entered into between the Lenders, MTV and the Company in December 2019
- No dilution to the Company's 70% equity holding of MTV

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

- Immediate release of $7 million of cash, initially restricted by the Lenders pursuant to the Facility Agreement, to support MTV's operations and fully drawn as at December 31, 2020
- Extension of the Facility Agreement's maturity by 12 months to December 2024
- Extension of the Facility Agreement's commencement for principal repayments by 12 months to begin March 31, 2022
- Extension by 18 months of the requirement to pay 50% of interest under the Facility Agreement. Full interest payments begin March 31, 2022
- Up to $6 million of new senior debt ("**New Senior Debt**") to have substantially the same security and terms as currently contemplated in the Facility Agreement (with some amendments) but with a fixed annual interest rate of 11%
- Copper price participation mechanism if the LME cash price monthly average is above $6,500/mt
- The New Senior Debt is to be made available to MTV, if needed, after SRHI has fully advanced the SRHI New Loan

Unsecured Creditors Convert Amounts Owed to Unsecured Debt

- Unsecured Debt amounting to approximately $17 million converted from accounts payable of MTV to long-term debt ("**Unsecured Term Debt**")
- Unsecured Debt amounting to approximately $5 million converted from accounts payable of MTV to subordinated long-term debt ("**Subordinated Debt**") to be repaid only after all amounts due to the Lenders and Unsecured Creditors are fully repaid
- Principal and interest repayment grace period for Unsecured Term Debt – first payment to begin March 31, 2022
- 50% of Unsecured Term Debt to be repaid in 13 quarterly payments beginning March 31, 2022
- Remaining 50% of Unsecured Term Debt to be repaid on June 30, 2025
- Annual interest rate of Unsecured Term Debt is 5%
- Opportunity for accelerated prepayments

- Subordinated Debt to be repaid in 8 quarterly payments beginning September 30, 2025 with other terms yet to be finalized
- Subordinated Debt and Unsecured Term Debt totaling approximately $7 million is due to Vecchiola S.A ("**Vecchiola**"), a related party to the minority Shareholder of MTV.

Since March 23, 2020 when the copper price reached a low of $2.10 per pound, it has rallied considerably to a December average of $3.52 per pound and reaching over $4.00 in March 2021. The Company remains confident in the long-term outlook for copper, however global economic uncertainty and COVID-19 are expected to provide volatility to copper prices in the coming quarters. Although global financial markets and the copper price have recovered impressively since March 2020, the extent and duration of impacts that the pandemic may still have on the copper price, suppliers and employees and on global financial markets is not known at this time, and could be material.

During the year ended December 31, 2020, MTV and the offtake provider (one of the Lenders) agreed to and executed an increase to the fixed price portion originally agreed to in the offtake agreement from 25% to 40%. MTV has currently contracted to sell 40% of its expected copper cathode production at $2.89 per pound from August 2020 to July 2022. This stability of cash inflow provides a degree of certainty for the business during its construction and production ramp up phases.

BUSINESS OVERVIEW

SRHI is a publicly-listed company based in Toronto, Ontario, Canada and its principal operating business is its 70% equity interest in MTV in Salamanca, Chile.

The Company's common shares and common share purchase warrants trade on the Toronto Stock Exchange ("**TSX**"). Subsequent to December 31, 2020, the Company initiated a process to delist its securities from the TSX and simultaneously relist its securities on the TSX Venture Exchange.

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

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

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

SRHI consolidates the operations and financial results of MTV. Up to and including June 29, 2020, Beretta was accounted for as a business held for sale and its operations and financial results were consolidated. On June 30, 2020, Beretta completed the sale of its business for cash consideration of $3.7 million. Beretta's shareholders approved the dissolution of Beretta and the distribution of its net cash. As of December 31, 2020, the Company received a cash distribution of $1.0 million and expects to receive a second and final cash distribution in the third quarter of 2021. As a result and effective June 30, 2020, Beretta has been reclassified to a Portfolio Investment until it is dissolved and all net assets distributed to its shareholders. The amount expected to be received by SRHI is included in Portfolio Investments.

The remaining investments of the Company are accounted for as portfolio investments (financial assets) valued at fair value through profit or loss. Lac Otelnuk is an equity holding position and the investment in URC are warrants exercisable into common stock of URC. In February 2021, the Company exercised the warrants of URC and sold the resulting equity position for gross proceeds of $0.4 million.

FINANCIAL AND OPERATIONAL SUMMARY

	Three months ended		Year ended		
Financial information (in thousands)	**Dec. 31, 2020**	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019	Dec. 31, 2018
Revenue [1]	**$ 6,003**	$ 9,352	**$ 23,703**	$ 35,688	$ 32,700
Gross loss [1]	**$ (1,204)**	$ (4,454)	**$ (10,750)**	$ (13,376)	$ (1,629)
Net loss from continuing operations	**$ (6,920)**	$ (21,398)	**$ (28,087)**	$ (45,347)	$ (29,716)
Net loss from discontinued operations [1]	**$ —**	$ (4,427)	**$ (2,241)**	$ (6,855)	$ (2,936)
Net loss for the period	**$ (6,920)**	$ (25,825)	**$ (30,328)**	$ (52,202)	$ (32,652)
Adjusted EBITDA from continuing operations [2]	**$ (2,661)**	$ (355)	**$ (6,480)**	$ (5,038)	$ (2,562)
Loss on portfolio investments	**$ (380)**	$ (1,358)	**$ (1,674)**	$ (9,936)	$ (22,603)
Impairment of non-current assets	**$ —**	$ (13,666)	**$ (7,628)**	$ (13,666)	$ —
Write-down of inventory, net of reversals	**$ (856)**	$ (2,324)	**$ (4,297)**	$ (4,383)	$ —
Gain (loss) on modification of debt	**$ (240)**	$ —	**$ 3,247**	$ —	$ —
Cash used in operating activities before working capital changes	**$ (2,416)**	$ (19,354)	**$ (6,828)**	$ (24,902)	$ (1,636)

1 Comparative figures in the year ended December 31, 2018 are for the period February 1, 2018 to December 31, 2018

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

	As at		
(in thousands)	**Dec. 31, 2020**	Dec. 31, 2019	Dec. 31, 2018
Cash and cash equivalents	**$ 11,961**	$ 11,607	$ 13,500
Working capital [1]	**$ 15,127**	$ 4,502	$ 19,479
Portfolio investments	**$ 2,145**	$ 6,606	$ 19,485
Total equity attributable to owners of the Company	**$ 26,669**	$ 47,309	$ 85,549
Non-controlling interest	**$ (2,021)**	$ 9,412	$ 21,582

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

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

Operating information	Three months ended Dec. 31, 2020	Three months ended Dec. 31, 2019	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Copper (MTV Operations)				
Total ore mined (thousands of tonnes)	**57**	313	**408**	1,210
Grade of ore mined (% Cu)	**1.34 %**	0.64 %	**0.92 %**	0.65 %
Total waste mined (thousands of tonnes)	**57**	1,678	**910**	6,196
Ore Processed (thousands of tonnes)	**100**	364	**574**	1,433
Cu Production (tonnes)	**1,094**	1,879	**4,883**	7,055
Cu Production (thousands of pounds)	**2,411**	4,142	**10,765**	15,555
Change in inventory ($000s)	**$ 677**	$ 1,320	**$ (3,744)**	$ 12,129
Cash cost of copper produced [1] (USD per pound)	**$ 2.80**	$ 2.82	**$ 2.71**	$ 2.66
Realized copper price [2] (USD per pound)	**$ 3.03**	$ 2.68	**$ 2.58**	$ 2.66

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

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

Key Corporate and Growth Initiatives

Total material crushed in the year ended December 31, 2020 was 0.6 million tonnes primarily from operations at the Don Gabriel and Rajo Norte open pit mines. This compares to 1.4 million tonnes during the year ended December 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 and a rapidly declining copper price, resulting in the demobilization of the principal mining contractor and reduction of the production rate to approximately 54,000 tonnes per month from Don Gabriel. In order to conserve cash and to focus on high recovery and lower cost ore, the open pit operation at Don Gabriel was idled midway through the first quarter of 2020 and remained that way until late in the fourth quarter of 2020. Operations at Don Gabriel restarted in mid-December 2020 and is expected to be the focus of production in 2021, together with ore from third-party miners and ENAMI.

For similar reasons, ore production from Papomono was curtailed at the end of the first quarter of 2020 and remained idled through December 31, 2020, extracting minimal ore as a part of care and maintenance. A large component of ore production growth that is part of the long-term mine plan and is now expected in 2022, will come from the higher-grade Papomono Masivo deposit. MTV began construction and development of Papomono Masivo during the fourth quarter of 2020, and following a 12 month construction phase, is expected to ultimately generate underground production in excess of 2,000 tonnes per day while halving unit-mining costs.

Production in the fourth quarter of 2020 began in mid-December as Don Gabriel resumed operations. MTV finalized its mine sequencing for 2021 which includes ore production from Don Gabriel while Papomono Masivo is under construction and development. For 2021, MTV will produce copper cathodes from its existing inventory, ore production from Don Gabriel and the processing of ore from third-party miners and ENAMI.

Cash cost per pound (see *Non-IFRS Performance Measures* elsewhere in this MD&A) produced increased to $2.71 for the year ended December 31, 2020 compared to $2.66 for the year ended December 31, 2019. The increase in cost per pound is largely driven by comparable fixed costs and inventory write-downs spread over fewer copper pounds produced in 2020, compared to 2019. In 2020, MTV operated, on average, at 34% of capacity.

Cash cost per pound (see *Non-IFRS Performance Measures* elsewhere in this MD&A) produced remained consistent at $2.80 for the three months ended December 31, 2020 compared to $2.82 for the three months ended December 31, 2019, despite MTV operating at 24% of capacity. These metrics include a $2.3 million write-down of inventory in the fourth quarter of 2019 and $0.9 million for the three months ended December 31, 2020.

Following the pre-feasibility level estimates for Papomono in the Technical Report, detailed engineering has been completed. Initial construction of the block caving mine began in late November 2020 and is expected to be completed towards the end of the fourth quarter of 2021.

The implementation of chloride leaching ("**Salt Leach**") involves adding rock salt (NaCl) in the agglomeration stage of the crushing plant allowing the mixed sulphide and oxide material to cure on the heap for at least 30 days before commencing leaching. The accelerated oxidation of sulphide material by the addition of salt to the heaps is expected to improve copper recoveries by approximately 5% - 10%, reduce acid consumption by up to 40%, and decrease the leach time by approximately 40%. Unfortunately, the drought conditions experienced in Chile had a negative effect on MTV's leaching operations near the end of 2019 that continued into the first quarter of 2020. Chile entered the rainy season in the second quarter that provided adequate amounts of water to comfortably sustain and expand operations, if necessary. The early rains received from the start of the 2020 rainy season have helped MTV and the surrounding areas that were in desperate need for water. During the third and fourth quarters of 2020, MTV did not experience any water supply issues. Beginning in September 2020, MTV began increasing the addition of salt and reached design parameters by early 2021. However, should drought conditions or water supply challenges reappear in the foreseeable future, further adjustments to the operations at MTV may be required.

Cash Position

Cash and cash equivalents increased to $12.0 million at December 31, 2020 from $11.6 million at December 31, 2019 as the Company realized cash inflows from proceeds on the disposition of two Portfolio Investments, the receipt of the first cash distribution from Beretta, and recorded the release of restricted cash of $7.0 million which was mostly offset by cash outflows resulting from the Company's gross loss and capital expenditures during the year ended December 31, 2020. The majority of cash resided at the Company level and amounted to $9.1 million at December 31, 2020.

Capital Expenditures

Capital expenditures for the year ended December 31, 2020 amounted to $3.4 million and consisted of Papomono Masivo expenditures, pre-stripping waste rock at Don Gabriel, mining equipment and final costs relating to the Salt Leach project.

Investment Portfolio Divestment

During the year ended December 31, 2020, the Company sold its shares in Corsa Coal Corp. ("**Corsa Coal**") and URC. Together with a cash distribution received from Beretta, the Company recorded total gross proceeds of $3.8 million. Beretta's shareholders approved the dissolution of Beretta and the distribution of its net cash. As of December 31, 2020, the Company received a cash distribution of $1.0 million and expects to receive a second and final cash distribution in the third quarter of 2021. There was no disposition of Portfolio Investments during the three months ended December 31, 2020. The Company exercised its URC warrants and sold the resulting equity position in February 2021 for gross proceeds of $0.4 million.

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

MTV operating performance for the year ended December 31, 2020

- Mined a total of 379,253 tonnes of ore at a grade of 0.93% copper from open pit operations
- Mined a total of 28,872 tonnes of ore at a grade of 0.90% copper from Papomono
- Produced 10.8 million pounds of 99.999% pure copper cathodes
- Revenue of $23.7 million generated from (i) the sale of copper cathodes and (ii) tolling charges for mineralized material supplied by ENAMI
- Gross loss for the period was $10.8 million
- Cash cost per pound of copper produced for the period (see Non-IFRS Performance Measures) was $2.71 compared to $2.66 for the year ended December 31, 2019
- Realized price per pound of copper sold was $2.58 compared to $2.66 for the year ended December 31, 2019

Company financial performance for the year ended December 31, 2020

- Net loss for the year was $30.3 million or $0.91 per share
- Adjusted EBITDA (see Non-IFRS Measures) from continuing operations for the year was negative $6.5 million which excludes a write-down of inventory, net reversals of $4.3 million, loss on portfolio investments of $1.7 million, gain on modification of debt of $3.2 million and an impairment charge of $7.6 million

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

- Mined a total of 56,714 tonnes of ore at a grade of 1.35% copper from open pit operations
- Mined a total of 560 tonnes of ore at a grade of 0.81% copper from Papomono
- Produced 2.4 million pounds of 99.999% pure copper cathodes
- Revenue of $6.0 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 $1.2 million
- Cash cost per pound of copper produced for the quarter (see Non-IFRS Performance Measures) was $2.80 compared to $2.82 for the three months ended December 31, 2019
- Realized price per pound of copper sold was $3.03 compared to $2.82 for the three months ended September 30, 2020 and $2.68 for the three months ended December 31, 2019

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

- Net loss for the quarter was $6.9 million or $0.21 per share
- Adjusted EBITDA (see Non-IFRS Measures) from continuing operations for the quarter was negative $2.7 million which excludes a loss on extinguishment of debt of $0.2 million, loss on portfolio investments of $0.4 million and a write-down of inventory, net reversals of $0.9 million.

OUTLOOK

Outlook

Coronavirus (COVID-19)

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

Social Unrest

In October 2019, social unrest in Chile erupted throughout the country. Deaths, vandalism and looting were reported in Santiago and other regions of the country. As of December 31, 2020, the social unrest had retreated as COVID-19 became the focus of the country but its impacts on Chile's economy continue. As a result, Chile started a process to replace its Constitution by means of a Constitutional Assembly tasked with drafting the new text. The elections of the members of the Assembly are due to take place in April 2021 and it will include a thorough discussion on Labour Constitutional Rights, including a possible reformulation of the Right to Unionize and the Right to Strike, expanding its application. This geopolitical uncertainty and the current global economic uncertainties may reduce the attractiveness of Chile as an investment destination for capital providers.

Chile's Drought

Chile entered the rainy season in the second quarter of 2020 that provided adequate amounts of water to comfortably sustain and expand operations, if necessary. During the first quarter of 2020, the province of Coquimbo, where the mine is located, was suffering from the most severe drought in 60 years, which affected water access to the heaps and impacted copper production. During the peak of the drought, the flow of water from various sources including the Choapa River, was not sufficient to fulfill MTV's water rights necessitating production curtailment.

At the beginning of the second quarter of 2020, MTV was able to secure water sources that currently yield the required water flows to maintain its revised planned operations. The early rains received from the start of the 2020 rainy season helped MTV and the surrounding areas that were in desperate need for water. There is currently no water supply issues affecting MTV's mining operations. However, should drought conditions or water supply challenges reappear in the foreseeable future, further adjustments to the operations at MTV may be required.

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.

The expansion of Don Gabriel began in the second half of 2018 and was supported by the Company's working capital and MTV's operational cash flows. In the first quarter of 2020, the expansion at Don Gabriel was halted due to the low copper price and working capital issues; however, mining at Don Gabriel restarted in December 2020 and is expected to continue until Papomono Masivo begins producing in late 2021. Continued expansion of Don Gabriel remains part of the longer life of mine plan.

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

The Company, on average, operated at approximately 34% of its capacity in 2020 that significantly attributed to its gross loss and elevated cash cost per pound produced of copper. It is expected that as the Company increases production during 2022, its gross loss and cash cost per pound produced of copper will reduce meaningfully.

The Company is of the belief that it will likely require further financing to meet its current financial obligations, sustain its operations and ongoing capital projects in the normal course, and expand its inventory of reserves and resources.

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

The Company also has a significant land package of over 46,000 hectares of mineral rights and more than 100 copper occurrences identified that require more exploration effort.

CORPORATE STRUCTURE

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

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

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

Entity	Location	Proportion of Ownership Interest	Non-Controlling Interest
SRC	Canada	100%	—
ADM	Canada	100%	—
SRH Chile	Chile	100%	—
MTV	Chile	70%	30%

The Company is deemed to control the 2014 Employee Profit Sharing Plan (the "**Trust**") which provides the Company with its equity incentive plan.

Up to and including June 29, 2020, Beretta was accounted for as a business held for sale. Prior to June 30, 2020, Beretta is referred to as an asset held for sale and/or discontinued operations throughout this MD&A.

OPERATIONAL UPDATE

Year Ended December 31, 2020

	Year ended	
	Dec. 31, 2020	Dec. 31, 2019
Tonnes mined - underground operations	**28,872**	145,731
Tonnes mined - open pit operations	**379,253**	1,064,590
Total ore mined (tonnes)	**408,125**	1,210,321
Waste mined - open pit operations (tonnes)	**909,850**	6,195,814
MTV mine processed ore (tonnes)	**415,363**	1,202,439
Third-party processed ore (tonnes)	**115,195**	154,596
ENAMI tolling processed ore (tonnes)	**43,590**	76,113
Total processed ore (tonnes)	**574,148**	1,433,148
Metallurgical recovery - underground material (%)	**70.2 %**	80.7 %
Metallurgical recovery - open pit material (%)	**74.8 %**	80.9 %
Underground average ore grade (Cu%)	**0.90 %**	0.97 %
Open pit average ore grade (Cu%)	**0.93 %**	0.61 %
Copper cathode production (tonnes)	**4,883**	7,055
Copper cathode sales (tonnes)	**3,925**	5,710
Toll processed and copper cathodes returned to ENAMI (tonnes)	**1,026**	1,108

During the year ended December 31, 2020, a combination of circumstances, primarily driven by COVID-19 including volatile market conditions and working capital issues contributed to a change in mining operations strategy. In an effort to reduce operational costs, certain measures were taken at the end of March 2020 including reductions in headcount, idling two mining operations and operating only the smaller Rajo Norte open pit, modifying plant shift schedules and purchasing high grade third party ore. By the end of the second quarter of 2020, copper prices had recovered to provide additional cash flows to the modified operation during the six months ended December 31, 2020.

Total ore and waste tonnes mined decreased compared to the prior year (1.3 million tonnes in the year ended December 31, 2020 compared to 7.4 million tonnes in the year ended December 31, 2019). This is largely due to a significant decrease in tonnes of waste moved in 2020 (0.9 million tonnes compared to 6.2 million tonnes for the year ended December 31, 2019). Early in 2020, the contractor for Don Gabriel demobilized and the majority of waste movement was halted with limited waste removal taken on internally by MTV. In addition, due to changes in mine sequencing, the expansion at Don Gabriel and Papomono underground were both temporarily put on hold in order to focus on (i) more economic ore in a lower copper price environment and (ii) the restructuring by MTV of its debts. With the restructuring complete, the Company restarted mining at Don Gabriel in December 2020 and commenced the construction and development of its Papomono Masivo incline block caving mine in November 2020.

For the year ended December 31, 2020, MTV operated, on average, at 34% of its capacity.

Three Months Ended December 31, 2020

	Three months ended	
	Dec. 31, 2020	Dec. 31, 2019
Tonnes mined - underground operations	**560**	28,945
Tonnes mined - open pit operations	**56,714**	284,251
Total ore mined (tonnes)	**57,274**	313,196
Waste mined - open pit operations (tonnes)	**57,082**	1,678,096
MTV mine processed ore (tonnes)	**57,991**	313,091
Third-party processed ore (tonnes)	**33,973**	35,808
ENAMI tolling processed ore (tonnes)	**7,687**	15,206
Total processed ore (tonnes)	**99,651**	364,105
Metallurgical recovery - underground material (%)	**71.4 %**	81.6 %
Metallurgical recovery - open pit material (%)	**77.1 %**	82.9 %
Underground average ore grade (Cu%)	**0.81 %**	0.85 %
Open pit average ore grade (Cu%)	**1.35 %**	0.62 %
Copper cathode production (tonnes)	**1,094**	1,879
Copper cathode sales (tonnes)	**857**	1,504
Toll processed and copper cathodes returned to ENAMI (tonnes)	**149**	304

During the three months ended December 31, 2020, the mining operation continued to run in a modified capacity. The smaller Rajo Norte open pit continued to run until the end of December 2020 and Don Gabriel resumed operations in December 2020. Supplemental ore was also contributed by third parties and ENAMI. There was limited activity at the Papomono underground site as it was principally in care and maintenance, until the Company commenced construction and development activities in late November 2020.

Total ore and waste tonnes mined in 2020 decreased compared to the same quarter in the prior year (114 thousand tonnes in the three months ended December 31, 2020 compared to 2.0 million tonnes in the three months ended December 31, 2019). This is largely due to a significant decrease in tonnes of waste moved in the fourth quarter of 2020 (57 thousand tonnes compared to 1.7 million tonnes for the three months ended December 31, 2019). Ore mined in the fourth quarter of 2020 also decreased compared to the same quarter in the prior year (57 thousand tonnes in the three months ended December 31, 2020 compared to 313 thousand tonnes in the three months ended December 31, 2019). The reduction in both tonnes of waste moved and ore mined in the fourth quarter of 2020 was driven by the idled mines of Don Gabriel and Papomono during October and November 2020 and focusing on processing more economic oxide ore from Rajo Norte, third-party miners and ENAMI, which have a shorter leaching cycle. Production for the three months ended December 31, 2020 of 1,094 tonnes of copper cathodes was lower than the three months ended December 31, 2019 by 1,879 tonnes. The impact on copper production was largely driven by less ore mined and stacked on the heap leach pads as the mines remained in care and maintenance for the majority of the quarter ending December 31, 2020.

	Three months ended			
	Mar. 31, 2020	**Jun. 30, 2020**	**Sept. 30, 2020**	**Dec. 31, 2020**
Total ore mined (tonnes)	248,816	52,671	49,364	57,274
Waste mined - open pit mine (tonnes)	638,266	96,642	117,860	57,082
Copper cathode production (tonnes)	1,484	1,228	1,077	1,094
Operations capacity	71 %	20 %	21 %	24 %

LIQUIDITY AND CAPITAL RESOURCES

Cash

At December 31, 2020, the Company held cash and cash equivalents of $12.0 million. Cash and cash equivalents are primarily comprised of cash in deposit accounts held with reputable financial institutions. The funds are not exposed to liquidity risk and there are no restrictions on the ability of the Company to use these funds to meet its obligations.

Cash and cash equivalents increased by $0.4 million in the year ended December 31, 2020 primarily as a result of cash inflows from the proceeds on the disposition of two Portfolio Investments of $2.8 million, receipt of the first cash distribution from Beretta of $1.0 million and the release of restricted cash of $7.0 million which was offset by cash and cash equivalents used in operating activities of $6.2 million, capital expenditures of $3.4 million and interest paid of $2.1 million.

As a condition of the Amended Facility, the Company provided the Lenders with a $10 million guarantee that is reduced dollar for dollar as SRHI supports MTV with the SRHI New Loan in accordance with the terms of the JRA. As of December 31, 2020 and the date hereof, the Company provided $2.5 million and $7.0 million, respectively, to MTV.

Working Capital

At December 31, 2020, the Company had consolidated working capital of $15.1 million primarily due to the entire balance of the Amended Facility presented as non-current liabilities as a result of the JRA. Included in this working capital is cash of $12.0 million, trade and other receivables of $1.0 million, current inventories of $8.4 million, prepaids and other current assets of $3.6 million, and Portfolio Investments of $2.1 million. Liabilities included in the working capital include accounts payable and accrued liabilities of $9.9 million, deferred revenue of $1.6 million and MTV's current portion of the leases of $0.6 million. On August 24, 2020, the Company announced that creditors of MTV approved the JRA with support from 100% of the Lenders and 93% of Unsecured Creditors. As a result of the JRA, a significant portion of accounts payable and accrued liabilities were converted to Unsecured Debt and the terms of the Facility were amended. The terms of the Unsecured Debt were effective August 24, 2020 while the terms of the Amended Facility were effective September 4, 2020. Excluding the MTV Segment, the Company had working capital of $10.9 million.

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

Capital Resources and Going Concern

The Company’s primary sources of capital resources are comprised of cash and cash equivalents, divestment of its remaining Portfolio Investments and its loans and borrowings.

During the second quarter of 2020, the Company sold its shares in Corsa Coal and URC. Together with a cash distribution received from Beretta in the fourth quarter of 2020, the Company recorded total gross proceeds of $3.8 million. The remaining amount expected to be received from Beretta by SRHI of $0.1 million is included as a Portfolio Investment. In February 2021, the Company exercised the warrants of URC and sold the resulting equity position for gross proceeds of $0.4 million.

In order to facilitate the management of its capital requirements, the Company prepares annual operating budgets that are approved by the board of directors (the "**Board**"). 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's capital structure is represented by its issued equity and the long-term debt at MTV. At December 31, 2020, the Company's consolidated long-term debt was $65.6 million. The Company's book value at December 31, 2020 was $24.6 million. The Company is substantially leveraged.

The Amended Facility contains various operating and financial covenants. Failure to meet those covenants beyond applicable grace periods could result in accelerated due dates and/or termination of the Amended Facility. As at December 31, 2020, MTV was not in compliance with one operating covenant related to its operating costs that resulted in a review event (and not an event of default) as defined under the Amended Facility. The Lenders were notified in accordance with the requirements under the Amended Facility.

The Company has incurred significant operating losses and negative cash flows from operations in recent years and has an accumulated deficit of $247.4 million. Although it has working capital of $15.1 million, the Company will likely require further financing to meet its current financial obligations, sustain its operations and ongoing capital projects in the normal course, and expand its inventory of reserves and resources. This MD&A and the accompanying Financial Statements do not reflect the adjustments to the carrying values of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used, that would be necessary if the Company were unable to achieve profitable operations or to obtain adequate financing and continue as a going concern. These adjustments could be material.

The Company may seek additional capital at the Company or MTV level to complete exploration and development of its mineral properties and general working capital purposes. MTV currently operates in a high-cost environment. Such financing, if sought, will depend on a number of unpredictable factors, which are often beyond the control of the Company and MTV. These would include the realized price of the actual copper produced from MTV's operating mines and actual capital expenditures. There can be no assurance that capital will be available to the Company or MTV in the amount required, at any particular time, for any particular period or, if available, obtained on satisfactory terms. Raising capital may be adversely impacted by, amongst other factors: (i) a lack of normally available financing, (ii) current volatile market conditions, (iii) extended and unforeseen issues resulting from the current COVID-19 pandemic, (iv) uncertain water supply conditions in Chile and (v) 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. The Company and MTV are exposed to liquidity risk.

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

Certain loan agreements contain operating and financial covenants that restrict the ability of MTV to, among other things, incur additional indebtedness needed to fund its operations, pay dividends or make other distributions, make investments, create liens, sell or transfer assets or enter into transactions with affiliates.

OPERATING SEGMENTS

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

Significant information relating to reportable operating segments is summarized below:

As at December 31, 2020	**MTV**	**Corporate**	**Total**
Total assets	$ 98,804	$ 11,570	**$ 110,374**
Total liabilities	$ 85,106	$ 620	**$ 85,726**

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**

Year Ended December 31, 2020		MTV	Corporate		Total
Revenue	$	23,703	$ —	$	**23,703**
Cost of sales		(34,453)	—		**(34,453)**
Gross loss		(10,750)	—		**(10,750)**
Expenses					
General and administrative expenses		2,151	2,085		**4,236**
Loss on portfolio investments		—	1,674		**1,674**
Finance expenses, net		6,461	—		**6,461**
Other income		(737)	(1,925)		**(2,662)**
Impairment of non-current assets		7,628	—		**7,628**
Net loss from continuing operations		(26,253)	(1,834)		**(28,087)**
Net loss from discontinued operations		—	(2,241)		**(2,241)**
Net loss for the year	$	(26,253)	$ (4,075)	**$**	**(30,328)**

Year Ended December 31, 2019		MTV	Corporate		Total
Revenue	$	35,688	$ —	$	**35,688**
Cost of sales		(49,064)	—		**(49,064)**
Gross loss		(13,376)	—		**(13,376)**
Expenses					
General and administrative expenses		2,471	3,874		**6,345**
Loss on portfolio investments		—	9,936		**9,936**
Finance expenses, net		3,801	—		**3,801**
Other income		(1,438)	(339)		**(1,777)**
Impairment of non-current assets		13,666	—		**13,666**
Net loss from continuing operations		(31,876)	(13,471)		**(45,347)**
Net loss from discontinued operations		—	(6,855)		**(6,855)**
Net loss for the year	$	(31,876)	$ (20,326)	**$**	**(52,202)**

Three Months Ended December 31, 2020	MTV	Corporate	Total
Revenue	$ 6,003	$ —	**$ 6,003**
Cost of sales	(7,207)	—	**(7,207)**
Gross loss	(1,204)	—	**(1,204)**
Expenses			
General and administrative expenses	474	519	**993**
Loss on portfolio investments	—	380	**380**
Finance expenses	1,977	—	**1,977**
Other loss (income)	3,973	(1,607)	**2,366**
Net loss for the period	$ (7,628)	$ 708	**$ (6,920)**

Three Month Ended December 31, 2019	MTV	Corporate	Total
Revenue	$ 9,352	$ —	**$ 9,352**
Cost of sales	(13,806)	—	**(13,806)**
Gross loss	(4,454)	—	**(4,454)**
Expenses			
General and administrative expenses	677	614	**1,291**
Unrealized loss on portfolio investments	—	1,358	**1,358**
Finance expenses, net	1,259	—	**1,259**
Other income	(365)	(265)	**(630)**
Impairment of non-current assets	13,666	—	**13,666**
Net loss from continuing operations	(19,691)	(1,707)	**(21,398)**
Net loss from discontinued operations	—	(4,427)	**(4,427)**
Net loss for the period	$ (19,691)	$ (6,134)	**$ (25,825)**

For the year ended December 31, 2020, 91% of the revenues ($21.5 million) was from one customer. For the year ended December 31, 2019, 94% of the revenues ($33.5 million) was from one customer.

As at December 31, 2020, there was $0.2 million (December 31, 2019: $0.5 million) outstanding in trade and other receivables from tolling services.

FINANCIAL UPDATE

Year Ended December 31, 2020

Gross loss

(in thousands)		Year ended Dec. 31, 2020		Year ended Dec. 31, 2019
Revenue	**$**	**23,703**	$	35,688
Cost of sales		**(34,453)**		(49,064)
Gross loss	**$**	**(10,750)**	$	(13,376)

Revenue

During the year ended December 31, 2020, the Company recognized revenues of $23.7 million (year ended December 31, 2019: $35.7 million) which included revenue from the sale of 3,925 tonnes of copper cathodes for $22.4 million (year ended December 31, 2019: 5,710 tonnes of copper cathodes for $33.5 million) and revenues from tolling services of $1.4 million (year ended December 31, 2019: $2.2 million). Revenues were based on an average realized copper price of $2.58 per pound (year ended December 31, 2019: $2.66 per pound). In accordance with the offtake agreement, MTV sold 40% of its copper cathode production at $2.89 per pound for the three months ended December 31, 2020.

Cost of sales

Cost of sales represent direct mining and plant costs (which include operating, non-capitalized waste stripping costs, maintenance and repair costs, mine site general and administrative costs, operating supplies and external services), employee compensation and benefits, depreciation and transportation costs. Cost of sales decreased in the year ended December 31, 2020, compared to the year ended December 31, 2019, mainly due to fewer tonnes of copper cathodes sold.

During the year ended December 31, 2020, the Company recorded a write-down of inventory, net of reversals of $4.3 million 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.

During the year ended December 31, 2019, the Company recorded a write-down of inventory of $4.4 million that included $0.3 million in inventory obsolescence. The write-down of inventory in 2019 stemmed primarily from a combination of (i) higher input costs (ii) increased depreciation resulting from operating in higher strip-ratio phases, and (iii) a decrease in the market price of copper.

The resulting gross loss reflects the suboptimal operating utilization of the Company's assets. During the year ended December 31, 2020, MTV operated, on average, at 34% of its capacity. MTV operated at less than 50% capacity throughout 2019.

General and administrative expenses

		Year ended Dec. 31, 2020		Year ended Dec. 31, 2019
Salaries and contracted services	$	1,718	$	1,545
Management fees		146		1,704
Public company reporting costs		756		1,288
Other office expenses		1,616		1,808
General and administrative expenses	**$**	**4,236**	$	6,345

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

Salaries and contracted services

The Company's salaries and contracted services for the year ended December 31, 2020 are consistent with the year ended December 31, 2019. Salaries and contracted services include non-mine site related office salaries and contracted services at MTV and similar costs in the Corporate Segment that are not provided for in the MSA (defined below). See the sections *Commitments* and *Operating Segments* elsewhere in this MD&A.

Management fees

The decrease in management fees for the year ended December 31, 2020, compared with the year ended December 31, 2019, is a result of the termination of the Management Service Agreement ("**MSA**") on June 23, 2020. (see the section *Management Fee* elsewhere in this MD&A)

Public company reporting costs

Public company reporting costs include those items specific to being a reporting issuer listed on a recognized exchange. Total public company reporting costs for the year ended December 31, 2020 are lower compared to the year ended December 31, 2019 primarily as a result of costs related to the special committee of the Board in 2019, and decreased director costs and marketing in 2020.

Other office expenses

The Company's other office expenses decreased for the year ended December 31, 2020 compared with the year ended December 31, 2019 as the Company continues to pursue opportunities to contain costs.

Loss on portfolio investments

	Year ended	
	Dec. 31, 2020	Dec. 31, 2019
Loss on portfolio investments	**$ 1,674**	$ 9,936

During the year ended December 31, 2020, the Company sold its shares in Corsa Coal and URC. Together with a cash distribution received from Beretta, the Company recorded total gross proceeds of $3.8 million that resulted in a realized loss on these investments of $27.3 million (from the moment of acquisition of the investments), which was partially offset by the change in unrealized gain in portfolio investments explained below. For the year ended December 31, 2020, the change in unrealized gain on portfolio investments was $25.6 million and is predominantly due to the reversal of previously recorded unrealized losses triggered by the dispositions of Corsa Coal and URC.

During the year ended December 31, 2019, the Company disposed of its investments in InPlay Oil Corp. ("**InPlay Oil**") and Virgina Energy Resources Inc. ("**Virginia Energy**") for gross proceeds of $3.8 million. For the year ended December 31, 2019, the net change in unrealized loss on portfolio investments together with the realized loss on the sale of InPlay Oil and Virgina Energy was $9.9 million. Decreases in the value of the Company's investments in Lac Otelnuk and Corsa Coal reflect the majority of the Loss on portfolio investments.

Finance expenses, net

	Year ended	
	Dec. 31, 2020	Dec. 31, 2019
Finance expenses, net	**$ 6,461**	$ 3,801

Finance expenses primarily consist of interest on loans and the interest accretion on the decommissioning liability. The increase in finance expense in 2020 is largely due to the higher average outstanding balance of the long-term debt for the year ended December 31, 2020 ($55.1 million) compared to the year ended December 31, 2019 ($16.8 million).

Other income, net

	Year ended	
	Dec. 31, 2020	Dec. 31, 2019
Gain on modification of debt	**$ 3,247**	$ —
Interest and other income	**339**	503
Foreign currency translation gain (loss)	**(924)**	1,274
Other income, net	**$ 2,662**	$ 1,777

Gain on modification of debt

The conversion of the accounts payable of MTV to Unsecured Debt was accounted for as debt extinguishment and a non-cash gain of $3.2 million was recorded. The amount was determined by calculating the difference between the carrying value of the accounts payable and accrued liabilities subject to the JRA on August 24, 2020, and the net present value of the future cash outlfows associated with the Unsecured Term Debt and Subordinated Debt using the new contracted payment terms under the JRA discounted using a discount rate between 13% and 14%.

Foreign currency translation gain (loss)

During the year ended December 31, 2020, the foreign currency loss was generated by the weakening of the US dollar of approximately 4% compared to the Chilean peso and 2% compared to the Canadian dollar.

During year ended December 31, 2019, the foreign currency gain was generated by the strengthening of the US dollar over the year of approximately 2% compared to the Canadian dollar partially offset by the weakening of the Chilean peso.

Impairment of non-current assets

During the year ended December 31, 2020, the Company recognized an impairment charge of mineral properties, plant and equipment of $7.6 million. During the year ended December 31, 2019, the Company recognized an impairment charge of mineral properties, plant and equipment of $13.3 million and intangible assets of $0.3 million. See the section *Impairment of MTV CGU* elsewhere in this MD&A.

Income taxes

The Company did not report any current income taxes for the year ended December 31, 2020 or for the year ended December 31, 2019.

As at December 31, 2020 and December 31, 2019, management determined that the Company did not meet the criteria as set out in International Accounting Standard 12: *Income Taxes* to recognize a deferred tax asset.

The Company, and specifically MTV, have sizable non-capital losses that are available to be applied against taxable income of future years. Upon the successful execution of MTV's mine expansion, it is expected that taxable income will begin to be generated at MTV to utilize its tax loss carryforwards.

	As at	
	Dec. 31, 2020	Dec. 31, 2019
Canadian tax losses expiring 2036 - 2039	**$ 6,601**	$ 7,516
Chilean tax losses	**362,363**	310,424
Provision	**5,095**	14,544
Share issue costs and other	**8,165**	6,856
Capital losses	**62,777**	47,446
Portfolio investments	**49,786**	78,565
Unrecognized deductible temporary differences	**$ 494,787**	$ 465,351

Net loss and comprehensive loss

For the year ended December 31, 2020, the Company reported a net loss attributable to shareholders of $20.1 million and comprehensive loss attributable to shareholders of $20.6 million compared to a net loss attributable to shareholders of $39.8 million and comprehensive loss attributable to shareholders of $38.5 million reported for the year ended December 31, 2019. The components of these amounts are discussed in the explanations provided above.

Three Months Ended December 31, 2020

Gross loss

	Three months ended	
(in thousands)	**Dec. 31, 2020**	Dec. 31, 2019
Revenue	**$ 6,003**	$ 9,352
Cost of sales	**(7,207)**	(13,806)
Gross loss	**$ (1,204)**	$ (4,454)

Revenue

During the three months ended December 31, 2020, the Company recognized revenues of $6.0 million (three months ended December 31, 2019: $9.4 million) which included revenue from the sale of 857 tonnes of copper cathodes for $5.7 million (three months ended December 31, 2019: 1,504 tonnes of copper cathodes for $8.9 million) and revenues from tolling services of $0.3 million (three months ended December 31, 2019: $0.5 million). Revenues were based on an average realized copper price of $3.03 per pound in the fourth quarter of 2020 (three months ended December 31, 2019: $2.68 per pound). In accordance with the offtake agreement, MTV sold 40% of its copper cathode production at $2.89 per pound for the three months ended December 31, 2020.

Cost of sales

Cost of sales represent direct mining and plant costs (which include operating, non-capitalized waste stripping costs, maintenance and repair costs, mine site general and administrative costs, operating supplies and external services), employee compensation and benefits, depreciation and transportation costs. Cost of sales decreased in the three months ended December 31, 2020, compared to the same quarter of 2019, mainly due to fewer tonnes of copper cathodes sold as noted above.

During the three months ended December 31, 2020, the Company recorded a write-down of inventory, net of reversals of $0.9 million 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.

During the three months ended December 31, 2019, the company recorded a write-down of inventory of $2.3 million that included $0.3 million in inventory obsolescence.

The resulting gross loss in the three months ended December 31, 2020 reflects the suboptimal operating utilization of the Company's assets. During the three months ended December 31, 2020, MTV operated at 24% of its capacity. MTV operated at less than 50% capacity throughout 2019.

General and administrative expenses

	Three months ended	
	Dec. 31, 2020	Dec. 31, 2019
Salaries and contracted services	**$ 511**	$ 442
Management fees	**—**	82
Public company reporting costs	**109**	296
Other office expenses	**373**	471
General and administrative expenses	**$ 993**	$ 1,291

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

Salaries and contracted services

The Company's salaries and contracted services decreased for the three months ended December 31, 2020 compared with the three months ended December 31, 2019 primarily as a result of a reduction in non-mine site expenses at MTV. Salaries and contracted services include non-mine site related office salaries and contracted services at MTV and similar costs in the Corporate Segment that are not provided for in the MSA. See the sections *Commitments* and *Operating Segments* elsewhere in this MD&A.

Management fees

The decrease in management fees for the three months ended December 31, 2020, compared with the three months ended December 31, 2019, is a result of the termination of the MSA on June 23, 2020 (see the section *Management Fee* elsewhere in this MD&A).

Public company reporting costs

The Company's public company reporting costs decreased for the three months ended December 31, 2020 compared with the three months ended December 31, 2019 primarily as a result of decreased director compensation and expenses. Public company reporting costs include those items specific to being a reporting issuer listed on a recognized exchange.

Other office expenses

The Company's other office expenses decreased for the three months ended December 31, 2020 compared with the three months ended December 31, 2019 as the Company continues to pursue opportunities to contain costs.

Loss on portfolio investments

	Three months ended	
	Dec. 31, 2020	Dec. 31, 2019
Loss on portfolio investments	**$ 380**	$ 1,358

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

For the three months ended December 31, 2020, an unrealized loss of the Company's investment in Lac Otelnuk reflects the Loss on portfolio investments. For the three months ended December 31, 2019, the decrease in the value of the Company's investment in Corsa Coal reflects the Loss on portfolio investments.

Finance expenses, net

	Three months ended	
	Dec. 31, 2020	Dec. 31, 2019
Finance expenses, net	**$ 1,977**	$ 1,259

Finance expenses primarily consist of interest on loans and the interest accretion on the decommissioning liability. The increase in finance expense is largely due to the higher average outstanding balance of the long-term debt for the three months ended December 31, 2020 ($65.2 million) compared to the three months ended December 31, 2019 ($20.6 million).

Other income, net

	Three months ended	
	Dec. 31, 2020	Dec. 31, 2019
Loss on modification of debt	**$ (240)**	$ —
Interest and other income	**12**	230
Foreign currency translation gain (loss)	**(2,138)**	400
Other income, net	**$ (2,366)**	$ 630

Loss on modification of debt

The amendment of the Facility was accounted for as a debt modification and a non-cash loss of $0.2 million was recorded.

Foreign currency translation gain (loss)

During the three months ended December 31, 2020, the foreign currency loss was generated by the weakening of the US dollar of approximately 9% compared to the Chilean peso and 5% compared to the Canadian dollar. During the three months ended December 31, 2019, the foreign currency gain was generated by the weakening of the US dollar of approximately 3% compared to the Canadian dollar partially offset by the weakening of the Chilean peso.

Impairment of non-current assets

There was no impairment charge during the three months ended December 31, 2020. During the three months ended December 31, 2019, the Company recognized an impairment charge of mineral properties, plant and equipment of $13.3 million and intangible assets of $0.3 million. See the section *Impairment of MTV CGU* elsewhere in this MD&A.

Income taxes

The Company did not report any current income taxes for the three months ended December 31, 2020 or for the three months ended December 31, 2019.

As at December 31, 2020 and December 31, 2019, management determined that the Company did not meet the criteria as set out in International Accounting Standard 12: *Income Taxes* to recognize a deferred tax asset.

Net loss and comprehensive loss

For the three months ended December 31, 2020, the Company reported a net loss attributable to shareholders of $3.9 million and comprehensive loss attributable to shareholders of $3.3 million compared to a net loss attributable to shareholders of $18.3 million and comprehensive loss attributable to shareholders of $18.0 million reported for the three months ended December 31, 2019. The components of these amounts are discussed in the explanations provided above.

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.

Management engaged an independent third-party to assist management in preparing an impairment test that concluded the recoverable amount of the MTV CGU was lower than its carrying value as at March 31, 2020. From this test, management concluded that an impairment charge of $7.6 million was necessary and recorded a reduction in the carrying value of MTV's assets to the Consolidated Statements of Operations and Comprehensive Loss for the three months ended March 31, 2020.

During the three months ended December 31, 2020 management observed a more positive outlook for future copper prices and increasing costs. The Company concluded these to be indicators for an impairment test.

The recoverable amount of the MTV CGU of $77.3 million (en bloc value) was based on a fair value less cost of disposal approach (Level 3) using a discounted cash flow model of an indicative life of mine model of 8 years adjusted for current market multiples of similar public companies. This discounted cash flow model was management's best estimate of the recoverable amount of MTV's net assets at December 31, 2020.

Management engaged an independent third-party to assist management in preparing an impairment test that concluded that the recoverable amount of the MTV CGU approximated its carrying value as at December 31, 2020. As a result, management concluded there was no further impairment charge or reversal of a previous impairment charge of the MTV CGU.

Key Assumptions of the Impairment Analysis as at December 31, 2020

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	**$3.10 - $3.20**
Copper price per pound - long-term	**$ 3.00**
Discount rate	**8.0 %**
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 reserves and 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 $6.9 million
- a +/- 0.5% change in the discount rate has an impact of $1.6 million
- a +/- 0.10x change in the NAV multiple has an impact of $15.6 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 reserves and resources estimates as well as information gathered from the Technical Report.

PORTFOLIO INVESTMENTS

Closing portfolio investments

(in thousands)	Sector	Public/Private	As at Dec. 31, 2020	As at Dec. 31, 2019
Corsa Coal	Mining	Public	**$ —**	$ 4,065
Beretta	Agriculture	Private	**129**	n/a
Lac Otelnuk	*Mining*	Private	**1,964**	2,308
URC	*Mining*	Public	**52**	233
			$ 2,145	$ 6,606

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

During the year ended December 31, 2020, the Company sold its shares in Corsa Coal and URC. Together with a cash distribution received from Beretta, the Company recorded total gross proceeds of $3.8 million that resulted in a realized loss on these investments of $27.3 million (from the moment of acquisition of the investments) that is included in Loss on portfolio investments in the Consolidated Statements of Operations and Comprehensive Loss.

In addition, on June 30, 2020, Beretta completed the sale of its business for cash consideration of $3.7 million. Beretta's shareholders approved the dissolution of Beretta and the distribution of its net cash. As of December 31, 2020, the Company received a cash distribution of $1.0 million and expects to receive a second and final cash distribution in the third quarter of 2021. The amount expected to be received by SRHI of $0.1 million is included as a Portfolio Investment. In February 2021, the Company exercised the warrants of URC and sold the resulting equity position for gross proceeds of $0.4 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**			
(in thousands, except per share amounts)	**Dec**	Sept	Jun	Mar	Dec	Sept	Jun	Mar
Revenue	**$ 6,003**	$ 5,610	$ 4,943	$ 7,147	$ 9,352	$ 9,650	$ 8,078	$ 8,608
Gross loss	**$ (1,204)**	$ (552)	$ (2,012)	$ (6,982)	$ (4,454)	$ (4,259)	$ (3,103)	$ (1,560)
Gain (loss) on portfolio investments	**$ (380)**	$ —	$ 1,038	$ (2,332)	$ (1,358)	$ (3,419)	$ (6,821)	$ 1,662
Net loss from continuing operations	**$ (6,920)**	$ (335)	$ (5,256)	$(15,576)	$(21,398)	$ (8,619)	$(12,708)	$ (2,622)
Net loss for the period	**$ (6,920)**	$ (335)	$ (5,256)	$(17,817)	$(25,825)	$ (8,993)	$(13,245)	$ (4,139)
Other comprehensive income (loss)	**$ 606**	$ 405	$ 116	$ (1,762)	$ 318	$ (326)	$ 544	$ 1,029
Basic and diluted loss per share from continuing operations	**$ (0.21)**	$ (0.01)	$ (0.16)	$ (0.46)	$ (0.63)	$ (0.25)	$ (0.37)	$ (0.08)
Basic and diluted loss per share from net loss	**$ (0.21)**	$ (0.01)	$ (0.16)	$ (0.53)	$ (0.76)	$ (0.26)	$ (0.39)	$ (0.12)

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 its long-term business strategy. This will depend on its ability to obtain additional equity financing and to guarantee operational cash flow from its commercial revenues. In certain circumstances, the Company will provide loans or guarantees to its operating businesses in which it has significant ownership to further their respective business plans.

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

EQUITY DATA

Authorized capital:

Common shares, no par value, unlimited shares.

Issued and outstanding:

The Company had 34,083,005 common shares issued and outstanding as at December 31, 2020 and on the date hereof.

Outstanding warrants:

The Company had 201,138,300 common share purchase warrants outstanding as at December 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. During the year ended December 31, 2020, 260 common share purchase warrants were exercised.

Outstanding stock options:

The number of common shares available under the Company's stock option plan shall not exceed 10% of the issued and outstanding common shares of the Company as at the date of such grant (the "**Option Plan**"). The Company may grant options to directors, officers, employees or consultants of the Company. The exercise price per share is determined by the Company at the time the option is granted but, in any event, shall not be less than the closing price of the shares on the TSX on the trading day immediately preceding the date of the grant of the option, unless the grant of the option occurs during a blackout period, in which case the exercise price per share shall not be less than the closing price of the shares on the TSX on the second trading day immediately following the expiry of the blackout period. Options granted pursuant to the Option Plan have a ten year term.

The number of stock options outstanding as at December 31, 2020 was 2.4 million (December 31, 2019: 150 thousand) at a weighted average exercise price of CAD$0.31 (December 31, 2019: CAD$3.80). The number of stock options vested as at December 31, 2020 was 1.2 million (December 31, 2019: 150 thousand). During the year ended December 31, 2020, 150 thousand stock options with an exercise price of $3.80 expired.

	Stock options (#)	Weighted average exercise price (per unit), CAD
Balance - December 31, 2019	**150,000**	**$ 3.80**
Granted	2,400,000	0.31
Expired	(150,000)	3.80
Balance - December 31, 2020	**2,400,000**	**$ 0.31**

On August 12, 2020, the Company granted an aggregate of 2.4 million stock options to directors in accordance with the Option Plan. Each stock option is exercisable into one common share of the Company at a price equal to CAD$0.31 and has a term of ten years. During the year ended December 31, 2020, the total fair value of stock options vested was $114 thousand with a weighted average grant-date fair value of CAD$0.09 per stock option.

The fair value of the stock options as at the date of grant is calculated in accordance with the Black-Scholes option pricing model using the following average inputs:

Risk-free interest rate	0.41%
Forfeiture rate	—%
Vesting period	1.0 year
Expected dividend yield	—%
Expected share price volatility	40%
Expected life	5 years

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

COMMITMENTS

Management Services Agreement

An MSA was entered into, effective February 8, 2017, between SRHI and SCLP, an entity which is directly and indirectly wholly-owned by Sprott Inc., replacing the old MSA (the "**Old MSA**") between SRC and SCLP. The MSA was amended on February 1, 2018 to reflect the Company's transition to a diversified holding company and further amended effective March 2, 2020 to reflect the reduction to the management fee and notice period. On June 23, 2020, the MSA was terminated.

The Company entered into a Transitional Support Agreement dated May 12, 2020 with SCLP to aid the Company in its transition to establish a management team independent of SCLP. There was no cost to the Company for entering into the Transitional Support Agreement and it expired on December 31, 2020.

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

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

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

	1 year	1 - 3 years	More than 3 years	Total
Accounts payable and accrued liabilities	$ 20,004	$ 351	$ —	$ 20,355
Amended Facility	—	31,396	15,698	47,094
Unsecured Debt	—	7,607	17,885	25,492
Leases	764	206	224	1,194
Other non-current liabilities	916	1,731	762	3,409
Reclamation and other closure provisions	—	—	5,526	5,526
As at December 31, 2020	**$ 21,684**	**$ 41,291**	**$ 40,095**	**$ 103,070**

As of December 31, 2020, commitments to purchase (i) property, plant and equipment amounted to $10.9 million and (ii) mining operating supplies amounted to $0.2 million.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

a. COVID-19 Uncertainty

Beginning in the quarter ended March 31, 2020, the Company made efforts to safeguard the health of its employees, while continuing to operate safely and responsibly maintain employment and economic activity. These measures combined with copper price fluctuations resulting from COVID-19 affected the Company's financial results. For the year ended December 31, 2020, MTV recorded a write-down of inventory, net reversals of $4.3 million with additional write-downs of inventory or reversals of previous write-downs taken that may occur in the following reporting periods. The Company recorded a mineral properties, plant and equipment impairment in the first quarter of $7.6 million related to the MTV CGU but no additional impairment or reversal of a previously recorded impairment was recognized during the nine months ended December 31, 2020. There is heightened potential for further impairment or reversal of these in the following reporting periods. 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 in 2021.

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

b. Mineral Reserve Estimates Including Life of Mine Plan

The Company estimates its recoverable reserves and resources based on information prepared by or under the supervision of qualified persons (as such term is defined in NI 43-101). Mineral reserves are used in the calculation of depreciation, impairment assessments and for forecasting the timing of payment of mine closure and rehabilitation costs. There are numerous uncertainties inherent in estimating mineral reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the estimation methodology, forecasted prices of commodities, exchange rates, production costs or recovery rates may change the economic status of mineral reserves and may, ultimately, result in changes in the mineral reserves.

The carrying amounts of the Company's mineral properties, plant and equipment are depleted based on recoverable mineral reserve tonnes processed, depending on the use of the asset. Changes to estimates of recoverable quantities of base metals, mineral reserve tonnes and depletable costs, including changes resulting from revisions to the Company's mine plans and changes in metals prices forecasts, can result in a change to future depreciation and depletion rates and may result in impairment charges.

c. Reclamation and Other Closure Provisions

The Company has obligations for reclamation and other closure activities related to its mineral properties. The future obligations for mine closure activities are estimated by the Company using mine closure plans or other similar studies which outline the requirements that will be carried out to meet the obligations. Because the obligations are dependent on the laws and regulations of the country in which the mine operates, the requirements could change as a result of amendments in the laws and regulations relating to environmental protection and other legislation affecting resource companies. As the estimate of obligations is based on future expectations, a number of estimates and assumptions are made by management in the determination of closure provisions. The reclamation and other closure provisions are more uncertain the further into the future the mine closure activities are to be carried out.

The Company's policy for recording reclamation and other closure provisions is to establish provisions for future mine closure costs based on the present value of the future cash flows required to satisfy the obligations. This provision is updated as the estimate for future closure costs change. The amount of the present value of the provision is added to the cost of the related mineral assets and depreciated over the life of the mine. The provision is accreted to its future value over the life of mine through a charge to finance costs.

d. 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, and 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.

For the year ended December 31, 2020, the Company recorded a write-down of inventory, net of reversals of $4.3 million 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. (see Note 4 to the Financial Statements)

e. 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. Determining the recoverable amount of the MTV CGU requires management to make estimates and assumptions with respect to recoverable reserves and resources, future commodity prices, future production and sales volume, future operating, capital and reclamation costs, discount rates and exchange rates. These estimates are subject to various risks and uncertainties which may ultimately influence the estimated recoverability of the carrying amounts of non-current assets.

For the three months ended March 31, 2020, the Company recognized an impairment charge of mineral properties, plant and equipment of $7.6 million related to the MTV CGU. The Company did not recognize an impairment charge or reversal of a previously recorded impairment charge of mineral properties, plant and equipment related to the MTV CGU during the nine months ended December 31, 2020.

TRANSACTIONS WITH RELATED PARTIES

The Company entered into the following transactions with related parties during the year ended December 31, 2020.

(i) Management Fees

Management fees and employment compensation pursuant to the MSA for the year ended December 31, 2020 was $146 thousand respectively (year ended December 31, 2019: $1.7 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 agreed to bear some of the direct costs of SCLP provided management. These amounts are presented as management fees. On June 23, 2020, the MSA was terminated. As at December 31, 2020, there was $31 thousand (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:

	Year ended	
	Dec. 31, 2020	Dec. 31, 2019
Compensation paid by and on behalf of SRHI for executive management services provided to the Company (including stock-based compensation)	**$ 578**	$ 367
Directors fees and stock-based compensation	**425**	621
	$ 1,003	$ 988

(iii) Mine Contracting Services

For the year ended December 31, 2020, $285 thousand was paid to Vecchiola (year ended December 31, 2019: $9.4 million), a mining contractor. As at December 31, 2020, a balance of $7.9 million (December 31, 2019: $5.4 million) payable to Vecchiola remained outstanding as Unsecured Debt as a result of the JRA (See Note 11). Vecchiola is a related party to MTV through MTV's minority shareholder.

(iv) MTV Management Loan

In 2018 and 2019, certain senior managers of MTV entered into loan agreements with MTV. Effective December 16, 2019 all principal and interest was subordinated to the Facility and remained that way with the execution of the JRA and Amended Facility.

As of December 31, 2020, $0.8 million of principal and interest was outstanding (December 31, 2019: $1.0 million).

NON-IFRS PERFORMANCE MEASURES

This document includes certain non-IFRS performance measures that do not have a standardized meaning prescribed by IFRS. These measures may differ from those used by, and may not be comparable to such measures as reported by, other issuers. The Company believes that these measures are commonly used by certain investors, in conjunction with conventional IFRS measures, to enhance their understanding of the Company's performance. These measures have been derived from the Financial Statements and applied on a consistent basis. The following tables below provide a reconciliation of these non-IFRS measures to the most directly comparable IFRS measure.
The following non-IFRS performance measures are for the year ended December 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		Year ended	
	Dec. 31, 2020	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019
Cost of Sales[1]	$ 7,207	$ 13,806	$ 34,453	$ 49,064
Depreciation	(806)	(2,436)	(4,794)	(8,523)
Net change in finished goods inventory	425	475	(107)	1,429
Transportation costs	(71)	(148)	(382)	(538)
C1 Cash costs of production	**6,755**	**11,697**	**29,170**	**41,432**
Pounds of copper produced (thousands)	2,411	4,142	10,765	15,555
Cash cost of copper produced (USD per pound)	**$ 2.80**	**$ 2.82**	**$ 2.71**	**$ 2.66**

[1] *Includes write-down, net of reversals of inventory of $0.9 million for the three months ended December 31, 2020 and $4.3 million for the year ended December 31, 2020 . ($2.3 million for the three months ended December 31, 2019 and $4.4 million for the year ended December 31, 2019)*

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		Year ended	
	Dec. 31, 2020	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019
Average realized copper price (USD per pound)	**$ 3.03**	$ 2.68	**$ 2.58**	$ 2.66

Working Capital

Working capital is determined based on current assets and current liabilities as reported in the Financial Statements. The Company uses working capital as a measure of the Company's short-term financial health and operating efficiency. The following table provides a calculation of working capital based on amounts presented in the Financial Statements as at December 31, 2020 and December 31, 2019.

	As at	
	Dec. 31, 2020	Dec. 31, 2019
Cash and cash equivalents	**$ 11,961**	$ 11,607
Trade and other receivables	**1,020**	2,600
Inventories	**8,426**	14,056
Prepaids and other current assets	**3,647**	753
Portfolio investments	**2,145**	6,606
Current assets, before assets classified as held for sale	**27,199**	35,622
Current liabilities, before liabilities classified as held for sale	**12,072**	31,120
Working capital	**$ 15,127**	$ 4,502

1 *Working capital for the Corporate segment is $10.9 million and for the MTV segment there is working capital of $4.2 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, loss on portfolio investments, impairment of non-current assets and loss (gain) on modification of debts.

	Three months ended		Year ended	
	Dec. 31, 2020	Dec. 31, 2019	**Dec. 31, 2020**	Dec. 31, 2019
Net loss from continuing operations	**$ (6,920)**	$ (21,398)	**$ (28,087)**	$ (45,347)
Add:				
Finance expense	**1,977**	1,259	**6,461**	3,801
Depreciation	**806**	2,436	**4,794**	8,523
EBITDA from continuing operations	**(4,137)**	(17,703)	**(16,832)**	(33,023)
Write-down of inventory, net of reversals	**856**	2,324	**4,297**	4,383
Loss on portfolio investments	**380**	1,358	**1,674**	9,936
Impairment of non-current assets	**—**	13,666	**7,628**	13,666
Loss (gain) on modification of debt	**240**	—	**(3,247)**	—
Adjusted EBITDA from continuing operations	**$ (2,661)**	$ (355)	**$ (6,480)**	$ (5,038)

MANAGEMENT FEE

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

As a result of the the termination of the MSA:

- All employees of Sprott Inc. and its affiliates resigned as directors or officers of the Company or its subsidiaries.
- Terry Lyons, the Chairman of the Board of the Company, became the Interim Chief Executive Officer;
- Michael Staresinic became a direct employee of the Company as President and Chief Financial Officer. The Board of Directors of the Company will determine the composition of the balance of the Company's management team in due course; and
- The Company changed its name to "SRHI Inc."

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

The officers of the Company do not expect that the disclosure controls and procedures of internal controls over financial reporting will prevent all errors and fraud, based on their evaluation. The CEO and CFO have concluded that the Company's disclosure controls and procedures and internal controls over financial reporting were effective as at December 31, 2020. There were no significant changes in the Company's internal controls over financial reporting that occurred during the three months ended December 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.

FINANCIAL 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.

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 26 of the Financial Statements.

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

The Company's ability to meet its long-term business strategy depends on its ability to obtain additional equity financing and to generate operational cash flow from its commercial revenues. The Company will likely need to raise capital in order to support MTV's operations including development of its mineral properties and general working capital purposes. MTV currently operates in a high-cost environment as it expands production. Such financing will depend on a number of unpredictable factors, which are often beyond the control of the Company and MTV. Raising capital may be adversely impacted by: a lack of normally available financing, current volatile market conditions, extended and unforeseen issues resulting from the current COVID-19 pandemic, uncertain water supply conditions in Chile and ongoing geopolitical issues in Chile. To address its financing requirements, the Company may seek financing through joint venture agreements, debt and equity financings, asset sales, rights offerings to existing shareholders or restructuring MTV's debt and payment terms with critical suppliers. Management is of the opinion that sufficient working capital will be obtained from external financing to meet the Company's liabilities and commitments as they became due, although there is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company.

As a condition of the Amended Facility, the Company has provided the Lenders with a $10 million guarantee that is reduced dollar for dollar as SRHI supports MTV with the SRHI New Loan in accordance with the terms of the JRA.

See the section *Liquidity and Capital Resources* elsewhere in this MD&A.

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 Amended Facility.

The Company has additional exposure to interest rate risk on the Amended 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. If interest rates had been higher or lower by 50 basis points, with all other variables held constant, the change in net loss for the year ended December 31, 2020 would have amounted to approximately $0.2 million (December 31, 2019 - $nil).

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 December 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.

As at December 31, 2020, approximately $2.1 million or 2% (December 31, 2019: $6.6 million or 5%) of the total assets were invested in portfolio investments priced in CAD, and approximately $2.4 million or 2% of total assets was held in CAD cash (December 31, 2019: $4.5 million or 3%). As at December 31, 2020, had the exchange rate between the USD and the Canadian dollar increased or decreased by 10%, with all other variables held constant, the increase or decrease, respectively, in net loss for the year ended December 31, 2020 would have amounted to approximately $0.6 million (December 31, 2019: $1.1 million). As at December 31, 2020, had the exchange rate between the USD and CLP increased or decreased by 10%, with all other variables held constant, the increase or decrease, respectively, in net loss for the year ended December 31, 2020 would have amounted to approximately $3.7 million. (December 31, 2019: $3.7 million).

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. The price of this commodity is volatile and subject to fluctuations that may have a significant effect on the ability of the Company to meet its obligations, capital spending targets or commitments, and expected operational results which in turn impacts the cash flows of the Company. As at December 31, 2020, had the copper price increased or decreased by 10%, with all other variables held constant, the decrease or increase, respectively, in net loss for the year ended December 31, 2020 would have amounted to approximately $1.8 million (December 31, 2019: $3.3 million).

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 the warrants it holds that were issued by a public company.

A 10% increase or decrease in the value of all public equity and private market investments would result in an approximate increase or decrease in the value of public and private market exposure and an unrealized gain or loss in the amount of $0.2 million (December 31, 2019: $0.7 million).

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 91% of revenue for the year ended December 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 year ended December 31, 2020 nor does it have an allowance for expected credit losses.

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.

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.

OFF-BALANCE SHEET ARRANGEMENTS

As at December 31, 2020 and as a condition of the Amended Facility, the Company has provided the Lenders with a $10 million guarantee that is reduced dollar for dollar as SRHI supports MTV with the SRHI New Loan in accordance with the terms of the JRA. This amount is not included in the consolidated financial statements.

As of December 31, 2020 and the date hereof, the remaining balance of this guarantee was $7.5 million and $3.0 million, respectively.

In order to ensure that the Company has appropriate control and direction over MTV, the Company entered into a shareholders agreement (the "**SA**") with the other shareholder of MTV (the "**Minority Shareholder**") on October 2, 2017. Under the SA, the Company has the right of first refusal to purchase the remaining 30% (the "**Minority Position**") of MTV from the Minority Shareholder. The Company also has the option to purchase (the "**Call Option**") the Minority Position by delivering a written notice within 30 days after October 2, 2021. Should the

Company not exercise its Call Option within the stipulated time period, the Minority Shareholder shall have the right to initiate a sale process for up to 100% of MTV.

ADVISORY

Forward-Looking Information

Certain statements in this MD&A, and in particular the "Financial Restructuring", "Outlook" and "Liquidity and Capital Resources" sections, contain forward-looking information (collectively referred to herein as the "**Forward-Looking Statements**") within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify Forward-Looking Statements. In particular, but without limiting the forgoing, this MD&A contains Forward-Looking Statements pertaining to: (i) the impact of COVID-19; (ii) completion of the JRA and the terms thereof; (iii) expectations regarding the terms of the Process, including the ability to finance future operations as a result (iv) expectations regarding the $10 million guarantee and its expected drawdown (v) expectations and requirements for additional capital; (vi) expectations regarding the costs, timing and benefits of constructing and mining Papomono Masivo and MTV's plan during the construction period (vii) expectations regarding the 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 fund current financial obligations, sustain its operations and ongoing capital projects in the normal course and expand its inventory of reserves and resources; 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 market conditions; the outcome of the Process may provide sufficient financial flexibility for MTV; expected repayment of the Amended Facility and the timing thereof, compliance with debt covenants; MTV's ability to continue as a going concern; (xi) the economic and technical 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 copper 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 from ENAMI; (xxix) expectations regarding the copper market, including supply, demand, pricing and value drivers; (xxxx) expectations regarding imposed tariffs on economic growth; (xxxi) continued unrest in Chile; (xxxii) sales under the Offtake; (xxxiii) expected proceeds from Beretta and the timing thereof; (xxxiv) anticipated divestitures of the remaining Investment Portfolio and timing thereof and (xxxv) general business and economic conditions.

Although SRHI believes that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: (i) there being no significant disruptions affecting the development and operation of MTV; (ii) the availability of certain consumables and services and the prices for power and other key supplies being approximately consistent with assumptions in the Technical Studies; (iii) labour and materials costs being approximately consistent with assumptions in the Technical Studies; (iv) fixed operating costs being approximately consistent with assumptions in the Technical Studies;(v) permitting and arrangements with stakeholders being consistent with current expectations as outlined in the Technical Studies; (vi) certain tax rates, including the allocation of certain tax attributes, being applicable to MTV; (vii) the availability of financing for MTV's planned development activities; (viii) assumptions made in mineral resource and mineral reserve estimates and the financial analysis based on the mineral reserve estimate and in the case of the Preliminary Economic Assessment, the mineral resource estimate, including (as applicable), but not limited to, geological interpretation, grades, commodity price assumptions, extraction and mining recovery rates, hydrological and hydrogeological assumptions, capital and operating cost estimates; (ix) natural resource markets and the price of various natural resources, including copper, oil and coal, in the future; (x) the continued availability of quality management; (xi) the effects of regulation and tax laws of governmental agencies will not materially change; (xii) commodity prices variability; (xiii) critical accounting estimates; (xiv) general marketing, political, business and economic conditions; (xv) existing water supply will continue (xvi) supplemental water availability will continue; and (xvii) the Company will have access to capital and has the ability to exercise the Call Option.

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 Contract; (vi) risks associated with investments in emerging markets; (vii) general economic, market and business conditions; (viii) market volatility that would affect the ability to enter or exit investments; (ix) failure to secure financing in the future on terms acceptable to the Company, if at all; (x) commodity price fluctuations and uncertainties; (xi) failure to successfully acquire the Minority Position; (xii) risks associated with catastrophic events, manmade disasters, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic or other public health crises, including COVID-19; (xiii) those risks disclosed herein under the heading "Risk Management"; and (xiv) those risks disclosed under the heading "Risk Factors" or incorporated by reference into SRHI's Annual Information Form dated March 3, 2021. 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. . Historically, while such terms were recognized and required by Canadian regulations, they were not recognized by the United States Securities and Exchange Commission (the "**SEC**"). The SEC has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC under the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**"). These amendments became effective February 25, 2019 (the "**SEC Modernization Rules**") with compliance required for the first fiscal year beginning on or after January 1, 2021. The SEC Modernization Rules replace the historical property disclosure requirements for mining registrants that were included in SEC Industry Guide 7, which will be rescinded from and after the required compliance date of the SEC Modernization Rules. As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of "measured", "indicated" and "inferred" mineral resources. In addition, the SEC has amended its definitions of "proven mineral reserves" and "probable mineral reserves" to be substantially similar to the corresponding Canadian Institute of Mining, Metallurgy and Petroleum definitions, as required by NI 43-101. Investors are cautioned that "Inferred mineral resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. United States investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable.

ADDITIONAL INFORMATION

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