SRHI Inc. (formerly Sprott Resource Holdings Inc.)

Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019
(Expressed in United States dollars)

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying audited consolidated financial statements, which consolidate the financial results of SRHI Inc. (the "**Company**"), were prepared by management, who are responsible for the integrity and fairness of all information presented in the audited consolidated financial statements and management's discussion and analysis ("**MD&A**") for the years ended December 31, 2020 and 2019. The audited consolidated financial statements were prepared by management in accordance with International Financial Reporting Standards. Financial information presented in the MD&A is consistent with that in the audited consolidated financial statements.

In management's opinion, the audited consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized in note 2 of the audited consolidated financial statements. Management maintains a system of internal controls to meet its responsibilities for the integrity of the audited consolidated financial statements.

The board of directors (the "**Board of Directors**") of the Company appoints the Company's audit committee (the "**Audit Committee**") annually. Among other things, the mandate of the Audit Committee includes the review of the audited consolidated financial statements of the Company on a quarterly basis and the recommendation to the Board of Directors for approval. The Audit Committee has access to management and the auditors to review their activities and to discuss the external audit program, internal controls, accounting policies and financial reporting matters.

PricewaterhouseCoopers LLP performed an independent audit of the consolidated financial statements, as outlined in the auditors' report contained herein. PricewaterhouseCoopers LLP had, and has, full and unrestricted access to management of the Company, the Audit Committee and the Board of Directors to discuss their audit and related findings and have the right to request a meeting in the absence of management at any time.

(signed) "*Terrence Lyons*"

Terrence Lyons
Interim Chief Executive Officer

(signed) "*Michael Staresinic*"

Michael Staresinic
President and Chief Financial Officer

March 3, 2021

Independent auditor's report

To the Shareholders of SRHI Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of SRHI Inc. and its subsidiaries (together, the Company) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019;
- the consolidated statements of operations and comprehensive loss for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to note 2 in the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of mineral properties, plant and equipment and intangible assets for the Minera Tres Valles SpA (MTV) cash-generating unit (CGU) *Refer to note 2 – Accounting policies and going concern, note 3 – Significant judgements, estimates and assumptions and note 18 – Impairment of MTV CGU to the consolidated financial statements* As at December 31, 2020, the total net book value of mineral properties, plant and equipment and intangible assets, related to the MTV CGU, amounted to $60 million and $1.4 million, respectively. Management reviews the carrying amounts of non-financial assets for impairment indicators whenever facts and circumstances suggest that the carrying amounts may not be recoverable. If there are indicators of impairment, management estimates the recoverable amount of the asset in order to determine the extent of any impairment of an individual asset or the CGU to which the asset belongs. The recoverable amount of an asset is determined as the higher of its fair value less costs of disposal (FVLCD) and its value in use (VIU), using a discounted cash flow model. When an impairment loss exists it is recorded as an expense immediately. During the year ended December 31, 2020, management identified impairment indicators and therefore, management engaged an independent third-party to assist management in preparing	Our approach to addressing the matter included the following procedures, among others: • Evaluated how management determined the recoverable amount as of December 31, 2020 of the MTV CGU, which included the following: – Tested the appropriateness of the method used by management. – Tested underlying data used in the discounted cash flow model. – Evaluated the reasonableness of significant assumptions by (i) comparing future commodity prices with external market and industry data; (ii) comparing future operating, capital and reclamation costs to recent actual operating, capital and reclamation expenditures incurred; and (iii) assessing whether these assumptions were consistent with evidence obtained in other areas of the audit. – The work of management's experts was used in performing the procedures to evaluate the reasonableness of the estimates of recoverable reserves and resources, to assess the consistency with the future production and sales volumes used in the discounted cash flow model. As a basis for using this work, the management's experts' competence, capability and objectivity were evaluated, their work performed was understood and

Key audit matter	How our audit addressed the key audit matter
impairment tests and determined the recoverable amounts of the MTV CGU based on a FVLCD approach using a discounted cash flow model of an indicative life of mine of 8 years adjusted for current market multiples of similar public companies. During the year ended December 31, 2020, management recognized an impairment charge of mineral properties, plant and equipment of $7.6 million related to the MTV CGU. In determining the recoverable amounts of the MTV CGU, management applied the following significant assumptions: recoverable reserves and resources, future commodity prices, future production and sales volume, future operating, capital and reclamation costs, market multiples of similar public companies and discount rate. Management estimates of the recoverable reserves and resources are based on information prepared by or under the supervision of qualified persons (management's experts). We considered this a key audit matter due to the significant audit effort and subjectivity in applying audit procedures to test the significant assumptions used by management in determining the recoverable amount as of December 31, 2020 of the MTV CGU, which involved significant judgment from management. We were also assisted by professionals with specialized skill and knowledge in the field of valuation.	the appropriateness of their work as audit evidence was evaluated by considering the relevance and reasonableness of the assumptions and methods and findings. The procedures performed also included tests of relevant data used by management's experts. – Professionals with specialized skill and knowledge in the field of valuation assisted in assessing the appropriateness of the discounted cash flow model, and the reasonableness of the discount rate and market multiples of similar public companies used within the model. • Tested the disclosures, including the sensitivity analysis, made in the consolidated financial statements with regard to the impairment assessment of mineral properties, plant and equipment and intangible assets for the MTV CGU.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mariano Ortego.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 3, 2021

SRHI Inc.
Consolidated Statements of Financial Position
As at December 31, 2020 and 2019
Amounts expressed in thousands of United States dollars except per share amounts and number of outstanding shares

	Note		**Dec. 31, 2020**		Dec. 31, 2019
ASSETS					
Cash and cash equivalents		**$**	**11,961**	$	11,607
Trade and other receivables			**1,020**		2,600
Inventories	4		**8,426**		14,056
Prepaids and other current assets			**3,647**		753
Portfolio investments	5		**2,145**		6,606
			27,199		35,622
Assets classified as held for sale	6		**—**		9,908
Total current assets			**27,199**		45,530
Restricted cash	11		**—**		7,000
Non-current portion of inventory	4		**20,530**		18,644
Mineral properties, plant and equipment	7		**60,046**		66,981
Exploration and evaluation asset	8		**1,046**		2,283
Intangible assets	9		**1,427**		1,738
Other			**126**		980
			83,175		97,626
Total assets		**$**	**110,374**	$	143,156
LIABILITIES					
Accounts payable and accrued liabilities	10	**$**	**9,860**	$	29,855
Deferred revenue			**1,585**		228
Current portion of loans and borrowings	11		**627**		1,037
			12,072		31,120
Liabilities classified as held for sale	6		**—**		5,286
Total current liabilities			**12,072**		36,406
Loans and borrowings	11		**65,623**		42,971
Reclamation and other closure provisions	12		**5,572**		4,956
Other non-current liabilities			**2,459**		2,102
			73,654		50,029
Total liabilities			**85,726**		86,435
SHAREHOLDERS' EQUITY					
Capital stock	13b		**303,990**		303,990
Common share purchase warrants	13c		**6,026**		6,026
Treasury stock	13e		**(101)**		(74)
Contributed surplus			**1,908**		1,849
Deficit			**(247,368)**		(227,161)
Accumulated other comprehensive loss			**(37,786)**		(37,321)
Total equity attributable to owners of the Company			**26,669**		47,309
Non-controlling interest			**(2,021)**		9,412
			24,648		56,721
Total liabilities and shareholders' equity		**$**	**110,374**	$	143,156

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Approved by the Board of Directors

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

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

SRHI Inc.
Consolidated Statements of Operations and Comprehensive Loss
For the years ended December 31, 2020 and 2019
Amounts expressed in thousands of United States dollars except per share amounts and number of outstanding shares

			Year Ended		
	Note		**Dec. 31, 2020**		Dec. 31, 2019
Revenue	14	**$**	**23,703**	$	35,688
Cost of sales	15		**(34,453)**		(49,064)
Gross loss			**(10,750)**		(13,376)
Expenses					
General and administrative expenses	16		**4,236**		6,345
Loss on portfolio investments			**1,674**		9,936
Finance expenses, net			**6,461**		3,801
Other income, net	17		**(2,662)**		(1,777)
Impairment of non-current assets	18		**7,628**		13,666
Net loss from continuing operations			**(28,087)**		(45,347)
Net loss from discontinued operations	6		**(2,241)**		(6,855)
Net loss for the year		**$**	**(30,328)**	$	(52,202)
Net loss from continuing operations attributable to:					
Owners of the Company		**$**	**(19,022)**	$	(36,375)
Non-controlling interests			**(9,065)**		(8,972)
Net loss from continuing operations		**$**	**(28,087)**	$	(45,347)
Net loss attributable to:					
Owners of the Company		**$**	**(20,138)**	$	(39,802)
Non-controlling interests			**(10,190)**		(12,400)
Net loss for the year		**$**	**(30,328)**	$	(52,202)
Net loss from continuing operations per share	20	**$**	**(0.84)**	$	(1.33)
Net loss from discontinued operations per share	20	**$**	**(0.07)**	$	(0.20)
Basic and fully diluted net loss per share	20	**$**	**(0.91)**	$	(1.53)
Weighted average number of shares outstanding during the period					
Basic and fully diluted	20		**33,498,761**		33,987,568
Net loss for the year		**$**	**(30,328)**	$	(52,202)
Other comprehensive loss					
Items that may be reclassified subsequently to net loss:					
Foreign currency translation differences			**(635)**		1,565
Total comprehensive loss		**$**	**(30,963)**	$	(50,637)
Comprehensive loss attributable to:					
Owners of the Company		**$**	**(20,604)**	$	(38,467)
Non-controlling interests			**(10,359)**		(12,170)
Total comprehensive loss		**$**	**(30,963)**	$	(50,637)

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

Amounts expressed in thousands of United States dollars

	Capital Stock	Common Share Purchase Warrants	Treasury Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Loss	Total	Non-controlling interest	Total Equity
Balance - January 1, 2019	$ 303,990	$ 6,026	$ (200)	$ 1,750	$ (187,361)	$ (38,656)	$ 85,549	$ 21,582	$ 107,131
Net loss for the year	—	—	—	—	(39,802)	—	(39,802)	(12,400)	(52,202)
Foreign currency translation differences	—	—	—	—	—	1,335	1,335	230	1,565
Change in other reserve	—	—	—	6	—	—	6	—	6
Stock-based compensation	—	—	—	244	—	—	244	—	244
Shares acquired for equity incentive plan	—	—	(23)	—	—	—	(23)	—	(23)
Shares released on vesting of equity incentive plan	—	—	149	(151)	2	—	—	—	—
Balance - December 31, 2019	**$ 303,990**	**$ 6,026**	**$ (74)**	**$ 1,849**	**$ (227,161)**	**$ (37,321)**	**$ 47,309**	**$ 9,412**	**$ 56,721**
Balance - January 1, 2020	$ 303,990	$ 6,026	$ (74)	$ 1,849	$ (227,161)	$ (37,321)	$ 47,309	$ 9,412	$ 56,721
Net loss for the year	—	—	—	—	(20,138)	—	(20,138)	(10,190)	(30,328)
Foreign currency translation differences	—	—	—	—	—	(465)	(465)	(170)	(635)
Change in other reserve	—	—	—	20	—	—	20	—	20
Decrease in NCI	—	—	—	—	—	—	—	(1,073)	(1,073)
Stock-based compensation	—	—	—	205	—	—	205	—	205
Shares acquired for equity incentive plan	—	—	(262)	—	—	—	(262)	—	(262)
Net shares released on vesting of equity incentive plan	—	—	235	(166)	(69)	—	—	—	—
Balance - December 31, 2020	**$ 303,990**	**$ 6,026**	**$ (101)**	**$ 1,908**	**$ (247,368)**	**$ (37,786)**	**$ 26,669**	**$ (2,021)**	**$ 24,648**

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

SRHI Inc.
Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
Amounts expressed in thousands of United States dollars

		Year Ended	
	Note	**Dec. 31, 2020**	Dec. 31, 2019
Operating activities			
Net loss for the year		**$ (30,328)**	$ (52,202)
Items not affecting cash and other adjustments			
Loss from discontinued operations	6	**2,241**	6,855
Depreciation and amortization	15	**4,794**	8,523
Finance expense		**6,356**	3,564
Interest accretion on decommissioning liability	12	**105**	237
Loss on portfolio investments		**1,674**	9,936
Foreign currency translation loss (gain)	17	**924**	(1,274)
Stock-based compensation		**205**	244
Write-down of inventory, net of reversals	4 , 15	**4,297**	4,383
Impairment of non-current assets	18	**7,628**	13,666
Gain on modification of debt	17	**(3,247)**	—
Change in non-current inventory	4	**(1,886)**	(18,644)
Change in non-current asset and liabilities		**409**	43
Other		**—**	(233)
		(6,828)	(24,902)
Changes in non-cash operating working capital	23a	**669**	9,348
Cash used in operating activities of continuing operations		**(6,159)**	(15,554)
Cash flows from investing activities			
Additions to mineral properties, plant and equipment		**(3,065)**	(13,908)
Additions to exploration and evaluation assets	8	**(282)**	(1,071)
Additions to intangible assets	9	**—**	(173)
Capital and interest collected on portfolio investment		**—**	4,161
Proceeds from sale of portfolio investments	5	**3,779**	3,846
Cash provided by (used in) investing activities of continuing operations		**432**	(7,145)
Cash flows from financing activities			
Proceeds from loans and borrowings, net of issuance cost		**—**	48,097
Loans and borrowings paid	11	**(692)**	(21,034)
Transaction costs	11	**(986)**	—
Acquisition of treasury stock	13e	**(262)**	(23)
Interest paid	23b	**(2,117)**	(1,778)
Restricted cash	11	**7,000**	(7,000)
Cash provided by financing activities of continuing operations		**2,943**	18,262
Decrease in cash and cash equivalents from continuing operations		**(2,784)**	(4,437)
Impact on foreign exchange on cash balances		**3,138**	2,544
Cash and cash equivalents of continuing operations - Beginning of year		**11,607**	13,500
Cash and cash equivalents from continuing operations - End of year		**$ 11,961**	$ 11,607
Supplementary Cash Flow Information	23		

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

1. Corporate Information

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

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

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

The Company's head office is located at 18 King St. East, Suite 902, Toronto, Ontario, Canada, M5C 1C4.

These Financial Statements (as defined below) were approved for issue by the Board of Directors (the "**Board**") on March 3, 2021.

2. Accounting Policies and Going Concern

The following is a summary of the significant accounting policies applied in the preparation of these audited annual consolidated financial statements ("**Financial Statements**").

a. Basis of Preparation and Going Concern

These Financial Statements of the Company have been prepared on a going concern basis in accordance with International Financial Reporting Standards ("**IFRS**"), as issued by the International Accounting Standards Board ("**IASB**") which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company is subject to numerous risk factors that may impact its ability to economically produce copper cathodes at MTV, such as, but not limited to, current volatile market conditions and extended and unforeseen issues resulting from the current COVID-19 pandemic. 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.

The Company's ability to meet its long-term business strategy depends on its ability to obtain additional financing in the short-term and to generate operational cash flow from its commercial revenues. 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 become due, although there is no assurance that additional financing will be available on a timely basis or on terms acceptable to the Company. These circumstances result in material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. These 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. These adjustments could be material.

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

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

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

Certain comparative figures have been reclassified to conform to the current period's presentation.

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

b. Basis of Consolidation

The Financial Statements of the Company consolidate the accounts of SRHI and its subsidiaries. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In many, but not all instances, control will exist when the Company owns more than one half of the voting rights of a corporation or trust.

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
SRHI Resource Corp. ("**SRC**")	Canada	100%	—
ADI Mining Ltd. ("**ADM**")	Canada	100%	—
SRH Chile SpA	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. Accounting policies of the subsidiaries have been conformed where necessary to ensure consistency with the policies adopted by the Company.

Substantially all of the Company's operating activities are conducted through a non-wholly owned subsidiary, with the exception of the management of portfolio investments and of general administration expenses incurred within the parent company (SRHI).

c. Business Combinations

A business combination is defined as an acquisition of assets and liabilities that constitute a business. A business is an integrated set of activities that consists of inputs, such as assets (including non-current assets), and processes that when applied to those inputs have the ability to create outputs that provide a return to the Company and its shareholders. A business also includes those assets and liabilities that do not necessarily have all the inputs and processes required to produce outputs, but can be integrated with the inputs and processes of the Company to create outputs.

Business combinations are accounted for using the acquisition method whereby identifiable assets acquired and liabilities assumed, including contingent liabilities, are recorded at their fair values at the acquisition date. The acquisition date is the date at which the Company obtains control over the acquiree, which is generally the date that consideration is transferred and the Company acquires the assets and assumes the liabilities of the acquiree. The Company considers all relevant facts and circumstances in determining the acquisition date.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values of the assets at the acquisition date transferred by the Company, the liabilities, including contingent consideration, incurred and payable by the Company to former owners of the acquiree and the equity interests issued by the Company. The measurement date for equity interests issued by the Company is the acquisition date. Acquisition related costs are expensed as incurred.

Since the Company does not own 100% of its interest in MTV, the portion attributable to non-controlling shareholders is reflected in non-controlling interests.

d. Non-Controlling Interests

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. The non-controlling interests' share of net income (loss) and comprehensive income (loss) is presented separately in the Consolidated Statements of Operations and Comprehensive Loss and directly in equity. Changes in the parent company's ownership interest in the subsidiaries that do not result in a loss of control are accounted for as equity transactions.

e. Assets Held For Sale and Discontinued Operations

Non-current assets are classified as assets held for sale when it is highly probable their value will be recovered principally through a sale rather than through continuing use. For the sale to be highly probable, management must be committed to, and have initiated a plan to, sell the assets; the assets must be available for immediate sale in their present condition and the sale must be expected to qualify for recognition as a completed sale within one year from the date of reclassification, or longer under specific circumstances.

Assets classified as held for sale are carried at the lower of carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Company that has been disposed of or is classified as held for sale. A component comprises operations and cash flows that can be clearly distinguished from the rest of the Company. To be classified as a discontinued operation, the component must (i) represent a major line of business or geographical area of operation; (ii) be part of a plan to dispose of a major line of business; or (iii) be a subsidiary acquired with a view to resell.

f. Functional and Presentation Currency

The functional currency of each entity within the Company is the currency of the primary economic environment in which it operates. For each of the Company's entities, CAD is the functional currency other than for SRH Chile SpA and MTV where the functional currency is USD. The Company's presentation currency is USD.

Transactions denominated in currencies other than the functional currency are recorded using the exchange rates prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated at the rates prevailing on the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in the Consolidated Statements of Operations and Comprehensive Loss in the period in which they arise. Exchange differences arising on the translation of nonmonetary items carried at fair value are included in the Consolidated Statements of Operations and Comprehensive Loss However, exchange differences arising on the translation of certain non-monetary items are recognized as a separate component of equity.

On disposal of a foreign operation, the historical, cumulative amount of exchange differences recognized as a separate component of equity is reclassified and recognized in the Consolidated Statements of Operations and Comprehensive Loss.

For the purpose of presenting the Financial Statements, the assets and liabilities of the Company's operations with a functional currency of CAD are translated into USD, which is the presentation currency of the group, at the rate of exchange prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the period where these approximate the rates on the dates of transactions.

g. Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amount reported in the Consolidated Statements of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Investments in equity instruments, derivatives and debt instruments that do not meet the criteria for amortized cost (see below) are classified as FVTPL. Financial assets are designated at FVTPL if it eliminates or significantly reduces an accounting mismatch. Upon initial recognition, these financial assets are recognized at fair value and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, financial assets at FVTPL are measured at fair value, and changes therein are recognized in profit or loss.

A debt instrument is measured at amortized cost if (i) the objective of the Company's business model is to hold the instrument in order to collect contractual cash flows and (ii) the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Alternatively, debt instruments that meet the criteria for amortized cost may be designated as FVTPL on initial recognition if doing so eliminates or significantly reduces an accounting mismatch. Investments in equity instruments that are not held for trading may be irrevocably designated at fair value through other comprehensive income ("**FVTOCI**") on initial recognition. The Company has not designated any of its equity instruments or debt instruments as FVTOCI.

The Company recognizes purchases and sales of financial assets on the trade date, which is the date on which it commits to purchase or sell the asset. Transaction costs related to financial assets classified or designated as FVTPL are expensed as incurred. A financial asset is derecognized when the rights to receive cash flows from the investment have expired or have been transferred and when the Company has transferred substantially the risks and rewards of ownership of the asset.

Financial assets and liabilities measured at amortized cost, including the Company's cash and cash equivalents, trade and other receivables, trade and other payables and loans and borrowings are recognized initially at the amount expected to be received or paid less, when material, a discount to reduce them to fair value. Subsequently, they are measured at amortized cost using the effective interest rate method less a provision for impairment, if any. Impairment is recorded based on an expected credit loss impairment model that requires more timely recognition of expected credit losses. Due to their short-term nature and low credit risk, the fair values of these financial assets and liabilities approximate their carrying amounts.

A financial asset is derecognized when the contractual rights to the cash flows from the financial assets expire, or the Company has transferred its contractual rights to receive cash flows from the financial asset or assumes an obligation to pay the cash flows in full without material delay to a third party and has transferred substantially all of the risks and rewards of the asset, or has neither transferred or retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when it is extinguished, that is when the obligation is discharged, cancelled, or expires. A financial liability is extinguished when the debtor discharges the liability by paying in cash other financial assets, goods or services, or is legally released from the liability.

h. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less and which are subject to an insignificant risk of change in value.

i. Inventories

Finished product and ore stockpile inventories are valued at the lower of average cost and net realizable value.

Ore stockpiles include materials extracted from the mine and stockpiled before and after the crushing process. Finished product inventories include copper cathodes located at the mine, port facility or in transit. Ore stockpiles not expected to be processed in the next twelve months, are included in non-current inventory. Ore stockpiles and finished product inventory costs include all direct costs incurred in production including direct labour and materials, freight, depreciation and amortization, and directly attributable overhead costs. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. When inventories have been written down to net realizable value, a new assessment of net realizable value is made in each subsequent period. If the circumstances that caused the writedown no longer exist, the amount of the write-down is reversed.

For work in progress and raw materials, the Company has engaged an independent third party to estimate the tonnes of copper contained in the leaching piles and in the pregnant leaching solution ("**PLS**") pools (both included in work in progress), for the purpose of adjusting the balances of inventory to the tonnes of copper estimated to be recovered in the final cathode production process. Physical units (tonnes) of work in progress are adjusted with a charge or credit to cost of sales, using a weighted average cost method. Materials and supplies are valued at average acquisition cost. An obsolescence provision is applied for material slow moving and obsolete items upon periodic review of the aging of inventory.

j. Mineral Properties, Plant and Equipment

Mineral properties, plant and equipment ("**PP&E**") are measured at acquisition or construction cost, including capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses.

The cost of mineral properties includes the fair value attributable to proven and probable mineral reserves and mineral resources acquired in a business combination or asset acquisition, development assets costs, deferred stripping costs and the exploration and evaluation costs.

i. Development assets

When economically viable reserves have been determined and the decision to proceed with development has been approved in line with a technically and commercially viable plan for the ore bodies, the expenditures related to development and construction are capitalized and classified as a component of PP&E. Costs associated with the commissioning of new assets incurred in the period before they are operating in the manner intended by management, are capitalized.

The Company determines the date for commencement of production based on when the asset is available for its intended use.

ii. Stripping assets

The costs of removing waste and overburden (stripping costs) to access ore prior to the commencement of mine operations are capitalized as pre-production stripping costs and classified as a component of PP&E.

Stripping costs after the commencement of operations are incurred both in relation to the production of inventory of that period and also for improved access to ore to be mined in the future. Stripping costs incurred relating to current ore production are included as part of inventory, while stripping costs incurred relating to improved access and future development are capitalized as a stripping activity asset.

Stripping costs benefiting future periods are identified by reference to the waste to ore stripping ratio. In periods when the life of a mining phase stripping ratio exceeds the average expected stripping ratio, the excess costs over the mine stripping ratio expected costs are capitalized as stripping activity assets.

Stripping activity assets are amortized on a unit of production ("**UOP**") basis over the proven and probable reserves over the remaining life of each mining phase to which they relate.

iii. Plant and equipment

Plant and equipment are recorded at cost less accumulated amortization. Costs for facilities under construction include all expenditures incurred directly in connection with project development.

Depletion and depreciation

The depreciation method for each asset is evaluated on a line-by-line basis. MTV has made the determination of which PP&E assets are to be depreciated on a UOP basis, taking into account the following:

- assets directly used in the mines or production whose annual production may vary considerably over their useful economic life;
- assets whose loss in value is more closely linked to the quantities of minerals produced or the life of mine than to the passage of time;

Certain of MTV's PP&E assets are used interchangeably at the Don Gabriel and Papomono operations and will be depleted on a UOP basis based on the aggregate depletable reserves of both mines.

Mineral properties and building and mining facility assets are amortized on a UOP basis over proven and probable reserves and a conversion of measured and indicated resources. Other office and information technology equipment is recorded at cost and amortized over their estimated useful lives on a straight-line basis. Depreciation methods and useful lives are reviewed at each reporting date and adjusted as required. Repairs and maintenance costs are expensed during the period in which they are incurred.

The following table outlines the methods used to amortize PP&E:

Asset	Depreciation Method
Mineral properties	Units of production
Building and infrastructure	Units of production
Mining facilities	Units of production
Mining machinery and equipment	Units of production
Vehicles	Units of production
Office and information technology equipment	Straight line

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the Consolidated Statements of Operations and Comprehensive Loss in the period in which they are incurred.

k. Exploration and Evaluation

Exploration expenditures relate to the initial search for a mineral deposit or the process of obtaining more information about existing mineral deposits. Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. The exploration and evaluation ("**E&E**") stage commences when MTV board approval is obtained to further explore and evaluate a mineral deposit to determine the technical feasibility and commercial viability of mining the mineral property, at which point expenses are capitalized as E&E assets. Costs incurred prior to receiving MTV board approval to further explore and evaluate a mineral deposit are expensed as incurred.

When the E&E of a mineral property indicates that development of the mineral property is technically and commercially viable, the related costs are transferred from E&E assets and classified as a separate component of PP&E.

Management reviews the carrying value of capitalized exploration costs for indicators that the carrying value is impaired at every reporting date. The review is based on the Company’s intentions for further exploration and development of the undeveloped property, results of drilling, commodity prices and other economic and geological factors. Subsequent recovery of the resulting carrying value depends on successful development or sale of the undeveloped project. If a property does not prove viable, all non-recoverable costs associated with the project, net of any previous impairment provisions, are written off.

l. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at every reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Consolidated Statements of Operations and Comprehensive Loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statements of Operations and Comprehensive Loss when the asset is derecognised.

Intangible assets with indefinite useful lives are not amortized, but assets for which there is an active market are tested annually for impairment. MTV has water rights under this category and according to Chilean law, this type of right is perpetual and can be commercialized.

m. Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss.

For financial assets carried at amortized cost, the loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

n. Impairment of Non-Financial Assets

The Company reviews the carrying amounts of non-financial assets for impairment indicators at the end of each reporting period or whenever facts and circumstances suggest that the carrying amounts may be impaired. If there are indicators of impairment, the Company estimates the recoverable amount of the asset in order to determine the extent of any impairment of an individual asset or the cash-generating unit ("**CGU**" or "**CGUs**") to which the assets belong. The recoverable amount of an asset is determined as the higher of its fair value less costs of disposal and its value in use. Value in use is calculated using a discounted cash flow model with a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In assessing fair value less costs of disposal, fair value is the price that would be received from selling an asset in an orderly transaction between market participants at the measurement date. For mining assets, the fair value less costs of disposal is typically estimated using a discounted cash flow model. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying value, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. When an impairment loss exists it is recorded as an expense immediately.

Where an impairment loss subsequently reverses, the carrying value of the asset is increased to the recoverable amount net of depreciation. The increased carrying amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as a gain in the Consolidated Statements of Operations and Comprehensive Loss in the period it is determined.

o. Leases

Right-of-use assets and lease liabilities are recognized at the commencement date of a lease. Lease liabilities are initially measured at the present value of lease payments to be paid after the lease's commencement date, discounted using the interest rate implicit in the lease, or if not readily determinable, the Company's incremental borrowing rate.

Right-of-use assets are initially measured at cost, which consists of the initial amount of the lease liability adjusted for any lease payments made on or before the lease's commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle or restore the leased asset, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the asset or the term of the lease. If a purchase option is expected to be exercised, the asset is amortized over its useful life.

Lease liabilities are subsequently measured at amortized cost using the effective interest method whereby the balance is increased by interest expense and decreased by lease payments. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

p. Embedded Derivatives

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: (i) the economic characteristics and risks are not closely related to the host; (ii) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (iii) the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

q. Reclamation and Other Closure Provisions

The Company has obligations for reclamation and other closure costs such as site restoration, decommissioning activities and end of mine life severance related to its mineral properties. These costs are a normal consequence of mining, and the majority of these expenditures are incurred at the end of the life of the mine.

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. Since 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 the obligations is based on future expectations, a number of assumptions are made by management in the determination of closure provisions. The closure provisions are more uncertain the further into the future the mine closure activities are to be carried out.

The Company records the fair value of its reclamation and other closure provisions as a liability as incurred and records a corresponding increase in the carrying value of the related asset. The initial provision is recorded discounting risk adjusted cash flows using a current foreign exchange and risk free discount rate. Charges for accretion and reclamation expenditures are recorded as finance costs in the Consolidated Statements of Operations and Comprehensive Loss. Reclamation and other closure provisions are recorded as part of the mineral property and depreciated accordingly. In subsequent periods, the carrying amount of the liability is accreted by a charge to the Consolidated Statements of Operations and Comprehensive Loss to reflect the passage of time and the liability is adjusted to reflect any changes in the timing of the underlying future cash flows.

The liability is discounted and revalued at the end of each period using current discount and foreign exchange rates. Changes to the obligation resulting from any revisions to the timing or amount of the original estimate of costs are recognized as an increase or decrease in the reclamation and other closure provision, and a corresponding change in the carrying amount of the related long-lived asset. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, a provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the Consolidated Statements of Operations and Comprehensive Loss.

r. Deferred Revenue

Deferred revenue consists of an upfront cash payment received by the Company in exchange for the monetization of its rights to proceeds from future copper cathode production. The Company recognizes deferred revenue in the event it receives payments from customers before a sale meets criteria for revenue recognition. As copper cathodes are shipped and control of the product passes to the customer, the deferred revenue amount is drawn down.

s. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

t. Capital Stock

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from capital stock.

u. Common Share Purchase Warrants

Common share purchase warrants are classified as equity. Incremental costs directly attributable to the issuance of common share purchase warrants are recognized as a deduction from warrants. The Company engages in equity financing transactions to obtain the funds necessary to invest in the natural resource sector and for general working capital purposes. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of common share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the common share purchase warrants are exercisable into additional common shares prior to expiry at a price stipulated by the equity financing agreement. Common share purchase warrants that are part of units are measured at fair value on the date of issue using the Black-Scholes option pricing model and included in equity with the common shares that were concurrently issued.

v. Treasury Stock

Treasury shares are classified as equity. Treasury shares arise when the Trust purchases shares on the open market for the purpose of the equity incentive plan.

w. Revenue Recognition

Sale of Copper Cathodes

Sales of copper cathodes are recognized on a provisional pricing basis when control of the promised asset passes to the customer, which occurs upon shipment. Final pricing for copper cathodes sold is not determined at that time as it is contractually linked to market prices at a subsequent date. These pricing arrangements have the characteristics of a derivative instrument as the value of the accounts receivable or deferred revenue will vary as prices for the underlying commodities vary in the metal markets. These price adjustments result in gains in a rising price environment and losses in a declining price environment and are recorded as adjustments to revenues.

Ore Tolling Services

Revenue from toll-milling services which have not been monetized is recognized as material is processed over time in accordance with the specifics of the applicable toll-milling agreement. Revenue and accounts receivable are recorded as related costs are incurred, using billing formulas included in the applicable toll-milling agreement.

x. Gain (Loss) on Portfolio Investments

Realized and unrealized gains and losses arising on the disposition and remeasurement of portfolio investments at fair value, including foreign exchange gains and losses, are included in gain (loss) on portfolio investments in the Consolidated Statements of Operations and Comprehensive Loss.

y. Stock-based compensation

The Company uses the fair value method to account for equity settled share-based payments with employees and directors. Compensation expense is determined using the Black-Scholes option valuation model for stock options. Compensation expense for deferred stock units ("**DSU**") is determined based on the value of the Company's common shares at the time of grant. Compensation expense for the Company's Trust is determined based on the value of the Company's common shares on the grant date (see Note 13e). The amount of compensation expense is recognized over the vesting period with a corresponding increase to contributed surplus other than for the Company's DSUs where the corresponding increase or decrease is to liabilities. Stock options and common shares held by the Trust vest in installments which require a graded vesting methodology to account for these share-based awards. On the exercise of stock options for shares, the contributed surplus previously recorded with respect to the exercised options and the consideration paid is credited to capital stock. On the vesting of common shares in the Trust, the contributed surplus previously recorded is credited to treasury stock. On the exercise of DSUs, the liability previously recorded is credited to cash.

z. Income Taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the Consolidated Statements of Financial Position date.

Deferred income tax assets and liabilities are provided on all temporary differences at the Consolidated Statements of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are recognized for all taxable temporary differences except:

- When the deferred income tax arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit or taxable income or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, the timing of the reversal of the temporary difference can be controlled, it is probable that the temporary difference will not reverse in the foreseeable future and, for deferred income tax assets, taxable profit will be available against which the temporary difference can be utilized.

The carrying amount of deferred income tax assets is reviewed at each Consolidated Statements of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and laws that have been enacted or substantively enacted at the Consolidated Statements of Financial Position date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

aa. Earnings (Loss) per Share

Earnings (loss) per share are presented for basic and diluted earnings. Basic per share information is computed by dividing the net income or loss of the Company by the weighted average number of common shares outstanding during the period. The weighted average number of shares for fully diluted earnings per share information is calculated using the treasury stock method whereby it is assumed that (i) proceeds obtained upon exercise of options and warrants would be used to purchase common shares at the average market price during the period and (ii) all unvested treasury shares are deemed to have vested. Under the treasury stock method, options and warrants have a dilutive effect only when the average market price of the common shares during the period exceeds the exercise price of the options and warrants (they are "in-the-money"). Exercise of in-the-money options and warrants is assumed at the beginning of the period or date of issuance, if later. Unvested treasury shares are assumed to have vested at the beginning of the period or date of issuance, if later. Should the Company have a loss for the period, options, warrants and unvested treasury shares would be anti-dilutive and therefore would have no effect on the determination of diluted loss per share.

ab. Accounting Standards Adopted

Amendments to Business Combinations ("IFRS 3")

Amendments to IFRS 3 clarify the definition of a business. The amendments help entities determine whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and other. The amendments also introduce an optional "concentration test" that can lead to a conclusion that the acquisition is not a business combination. Since the amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020, the Company will not be affected by these amendments on transition.

ac. Accounting Standards Issued but not yet Effective

Amendments to Presentation of Financial Statements ("IAS 1") and Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8"): Definition of Material

The amendments clarify that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole. The amendments also clarify the meaning of “primary users of general purpose financial statements” to whom those financial statements are directed, by defining them as “existing and potential investors, lenders and other creditors” that must rely on general purpose financial statements for much of the financial information they need. The Company is in the process of assessing the impact of this amendment.

There are no other accounting standards issued but not yet applied that would be expected to have a material impact on the Company.

3. Significant Judgments, Estimates and Assumptions

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

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

a. COVID-19 Uncertainty

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

Beginning in the quarter ended March 31, 2020, the Company made efforts to safeguard the health of its employees, while continuing to operate safely and responsibly maintain employment and economic activity. These measures combined with copper price fluctuations resulting from COVID-19 affected the Company's financial results. For the year ended December 31, 2020, MTV recorded a write-down of inventory, net of 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.

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

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.

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 (see Note 18).

4. Inventories

	As at	
	Dec. 31, 2020	Dec. 31, 2019
Supplies and consumables	**$ 638**	$ 1,243
Work in progress	**5,643**	10,363
Copper cathodes	**2,145**	2,450
	8,426	14,056
Non-current portion of inventory	**20,530**	18,644
	$ 28,956	$ 32,700

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.

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

The write-down of inventories has been presented in a separate component of cost of sales in the Consolidated Statements of Operations and Comprehensive Loss.

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

5. Portfolio Investments

The Company has two equity investments in private companies and holds warrants in a public company. The following is a summary of the Company's portfolio investments and their fair values:

	As at	
	Dec. 31, 2020	Dec. 31, 2019
Mining	**$ 2,016**	$ 6,606
Agriculture	**129**	—
Total portfolio investments owned, at fair value	**$ 2,145**	$ 6,606

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

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

During the year ended December 31, 2020, the Company sold its shares in Corsa Coal Corp. and Uranium Royalty Corp. Together with a cash distribution received from Beretta Farms Inc. ("**Beretta**"), previously recorded as an asset held for sale (See Note 6), 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. During the year ended December 31, 2019, the Company sold its investments in InPlay Oil Corp. and Virgina Energy Resources Inc. for gross proceeds of $3.8 million.

6. Asset Classified as Held for Sale

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. During the year ended 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.

	As at	
	Dec. 31, 2020	Dec. 31, 2019
Assets classified as held for sale	**$ —**	$ 9,908
Liabilities classified as held for sale	**—**	(5,286)
Non-controlling interest	**—**	(2,329)
	$ —	$ 2,293

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

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

	Year ended	
	Dec. 31, 2020	Dec. 31, 2019
Revenue	**$ 16,692**	$ 37,441
Expenses	**(20,939)**	(42,188)
	(4,247)	(4,747)
Gain (loss) recognized on the measurement to fair value less costs to sell [1]	**2,006**	(2,108)
Net loss from discontinued operations	**(2,241)**	(6,855)
Net loss from discontinued operations attributable to non-controlling interests	**1,125**	3,429
Net loss from discontinued operations attributable to owners of the Company	**$ (1,116)**	$ (3,426)

[1] As at June 30, 2020, the carrying value was lower than the fair market value which resulted in the reversal of a previous write-down of asset held for sale.

At Beretta, cash used in operating activities for the six months ended June 30, 2020 was $0.8 million (year ended December 31, 2019 - $0.3 million), cash provided by investing activities for the six months ended June 30, 2020 was $3.6 million (cash used in investing activities for the year ended December 31, 2019 - $0.7 million), and cash used in financing activities for the six months ended June 30, 2020 was $1.3 million (cash provided by financing activities for the year ended December 31, 2019 - $1.0 million).

7. Mineral Properties, Plant and Equipment

Cost	**Mineral properties**	**Land**	**Building and mining facilities**	**Machinery and equipment**	**Total**
As at January 1, 2019	$ 25,526	$ 665	$ 42,521	$ 9,667	**$ 78,379**
Adjustment for change in accounting policy - IFRS 16	—	—	401	1,384	**1,785**
Additions	7,715	—	924	5,500	**14,139**
Foreign exchange impact	(471)	—	(108)	(228)	**(807)**
As at December 31, 2019	32,770	665	43,738	16,323	**93,496**
Additions (disposals)	2,814	—	277	307	**3,398**
Foreign exchange impact	429	—	—	—	**429**
As at December 31, 2020	**$ 36,013**	**$ 665**	**$ 44,015**	**$ 16,630**	**$ 97,323**

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

Accumulated depreciation		**Mineral properties**		**Land**		**Building and mining facilities**		**Machinery and equipment**		**Total**
As at January 1, 2019	$	(1,371)	$	—	$	(2,083)	$	(440)	**$**	**(3,894)**
Depreciation expense		(4,143)		—		(3,957)		(1,182)		**(9,282)**
Impairment		(5,149)		—		(6,513)		(1,677)		**(13,339)**
As at December 31, 2019		(10,663)		—		(12,553)		(3,299)		**(26,515)**
Depreciation expense		(1,369)		—		(1,193)		(572)		**(3,134)**
Impairment		(2,945)		—		(3,725)		(958)		**(7,628)**
As at December 31, 2020	**$**	**(14,977)**	**$**	**—**	**$**	**(17,471)**	**$**	**(4,829)**	**$**	**(37,277)**
Net book value										
As at December 31, 2019	$	22,107	$	665	$	31,185	$	13,024	**$**	**66,981**
As at December 31, 2020	**$**	**21,036**	**$**	**665**	**$**	**26,544**	**$**	**11,801**	**$**	**60,046**

As of December 31, 2020, included in Mineral properties is $5.7 million (December 31, 2019: $6.3 million) of stripping assets and $0.2 million (December 31, 2019: $0.3 million) of reforestation assets.

During the year ended December 31, 2020, the Company recognized an impairment charge of mineral properties, plant and equipment of $7.6 million (see Note 18) (December 31, 2019: $13.3 million).

8. Exploration and Evaluation Asset

Cost		**Engineering**		**Drilling**		**Total**
As at January 1, 2019	$	1,326	$	116	**$**	**1,442**
Additions		73		768		**841**
As at December 31, 2019		1,399		884		**2,283**
Additions		120		162		**282**
Reclassification to Mineral Properties, Plant and Equipments		(1,519)		—		**(1,519)**
As at December 31, 2020	**$**	**—**	**$**	**1,046**	**$**	**1,046**

9. Intangible Assets

		Easements		**Water rights**		**Foundation**		**Other**		**Total**
As at January 1, 2019	$	1,522	$	354	$	356	$	99	**$**	**2,331**
Additions		—		—		—		173		**173**
Amortization		(355)		—		(40)		(45)		**(440)**
Impairment		(326)		—		—		—		**(326)**
As at December 31, 2019		841		354		316		227		**1,738**
Amortization		(211)		—		(40)		(60)		**(311)**
Balance - December 31, 2020	**$**	**630**	**$**	**354**	**$**	**276**	**$**	**167**	**$**	**1,427**

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

In accordance with the Environmental Qualification Resolution obtained by MTV. MTV committed to contributing a total of $1.0 million payable in ten equal annual payments to finance the Foundation Tres Valles for the development of the communities of Cárcamo, Manquehua and Chuchiñí. The remaining foundation obligation of $0.5 million is included in Accounts Payable and Accrued Liabilities and Other non-current liabilities.

During 2019, the Company recognized an impairment charge of intangible assets of $0.3 million (see Note 18).

10. Accounts Payable and Accrued Liabilities

	As at	
	Dec. 31, 2020	Dec. 31, 2019
Trade accounts payable	**$ 6,295**	$ 25,104
Accrued liabilities	**2,725**	3,939
Reforestation provision	**535**	542
Foundation provision	**305**	270
	$ 9,860	$ 29,855

As a result of the Judicial Reorganization Agreement ("**JRA**"), a significant portion of accounts payable and accrued liabilities were converted to long-term debt (See Note 11**).**

11. Loans and Borrowings

	As at	
	Dec. 31, 2020	Dec. 31, 2019
Secured prepayment facility (the "**Amended Facility**")	**$ 44,010**	$ 42,508
Unsecured Debt [1]	**21,312**	—
Leases	**928**	1,500
Total	**66,250**	44,008
Less: current portion	**627**	1,037
	$ 65,623	$ 42,971

[1] Included in Unsecured Debt is subordinated debt of $0.8 million (December 31, 2019 - $1.0 million) due to certain senior managers of MTV. All principal and interest associated with this amount is subordinated to the JRA and Amended Facility.

During the three months ended June 30, 2020, the Company received written notice from MTV's senior lenders ("**Lenders**") that there were certain events of default at MTV and on May 12, 2020, MTV commenced reorganization proceedings by filing a Judicial Restructuring Procedure ("**JRP**") in Chile to seek protection from creditors to give MTV sufficient time to complete its refinancing efforts to allow for the completion of the construction of its underground mine.

On August 24, 2020, the Company announced that creditors of MTV approved the JRA with support from 100% of 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.

Unsecured Debt Terms (effective August 24, 2020)

- Approximately $17 million converted from accounts payable of MTV to long-term debt (“**Unsecured Term Debt**”)
- 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.

The conversion of the accounts payable and accrued liabilities of MTV to Unsecured Debt was accounted for as debt extinguishment and a non-cash gain of $3.2 million was recognized in Other income, net. 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 outflows 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%.

Amended Facility Terms (effective September 4, 2020)

- Immediate release of $7 million of restricted cash by the Lenders pursuant to the Facility agreement, to support MTV’s operations
- 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 $10 million to MTV (the "**SRHI New Loan**").

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.

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

	LOC and Facility	Unsecured Debt and Amended Facility	Leases	Total
Opening balance, January 1, 2019	**$ 14,276**	**$ —**	**$ 2,460**	**$ 16,736**
Line of Credit ("**LOC**") and Facility additions	50,724	—	40	50,764
Less: principal payments	(20,027)	—	(1,007)	(21,034)
Less: issuance costs	(2,668)	—	—	(2,668)
Less: interest payments	(1,737)	—	(41)	(1,778)
Add: interest accrued	1,940	—	107	2,047
Exchange rate difference	—	—	(59)	(59)
Balance, December 31, 2019	**$ 42,508**	**$ —**	**$ 1,500**	**$ 44,008**
Debt modification	—	18,651	—	18,651
Loan amendment	(44,894)	45,041	—	147
Lease additions	—	—	42	42
Add: cost adjustments	279	—	—	279
Add: interest accrued	3,755	1,125	53	4,933
Less: principal payments	—	—	(692)	(692)
Less: interest payments	(1,648)	(469)	—	(2,117)
Less: transaction costs payments	—	(986)	—	(986)
Exchange rate differences	—	1,960	25	1,985
Balance, December 31, 2020	**$ —**	**$ 65,322**	**$ 928**	**$ 66,250**
Less: current portion	—	—	(627)	**(627)**
	$ —	**$ 65,322**	**$ 301**	**$ 65,623**

Leases have interest rates between 7.2% and 27.5%, a term of 2 and 3 years and are secured by the equipment.

a. Leases

This note provides information for leases where MTV is a lessee. The Company does not have any leases other than those at MTV.

i. Amounts recognised in the Consolidated Statements of Financial Position

The balance sheet shows the following amounts relating to leases:

	As at	
	Dec. 31, 2020	**Dec. 31, 2019**
Right-of-use assets		
Mining facilities	$ —	$ 55
Buildings and infrastructure	192	106
Machinery and equipment	143	179
Vehicles	336	770
	$ 671	**$ 1,110**
Lease liabilities		
Current	$ 627	$ 861
Non-current	301	639
	$ 928	**$ 1,500**

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

For adjustments recognized on adoption of IFRS 16 on January 1, 2019, refer to Note 2**.**

Additions to the right-of use assets during the 2019 were $251 thousand.

ii. Amounts recognized in the Consolidated Statements of Operations and Comprehensive Loss

The Consolidated Statements of Operations and Comprehensive Loss includes the following amounts relating to leases:

	As at	
	Dec. 31, 2020	**Dec. 31, 2019**
Depreciation charge of right-of-use assets:		
Mining facilities	$ 191	$ 108
Buildings and infrastructure	258	151
Machinery and equipment	143	40
Vehicles	746	417
	$ 1,338	**$ 716**
Interest expenses (included in finance cost)	$ 132	$ 54
Expense related to short-term leases (included in cost of goods sold and administrative expenses)	$ 160	$ 152
Payments for leases	$ 955	$ 1,300

iii. The Company's leasing activities and how these are accounted for:

The company leases various offices and infrastructure, vehicles and equipment. Rental contracts are typically made for fixed periods of 6 months to 3 years, but may have extension options.

Contracts may contain both lease and non-lease components. The group allocated the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interest in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes (with the exception of financial leases).

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance leases or operating leases. As from January 1, 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

12. Reclamation and Other Closure Provisions

	As at	
	Dec. 31, 2020	Dec. 31, 2019
Opening Balance	**$ 4,956**	$ 4,759
Interest accretion on decommissioning liability	**105**	237
Effect of change in discount rate	**82**	—
Effect of foreign exchange	**429**	(40)
Ending Balance	**$ 5,572**	$ 4,956

MTV estimated the cost of closure and rehabilitation of the mines, which will commence upon completion of ore mining operations and the production and sale of copper cathodes. This long-term obligation is discounted using an annual interest rate of -0.15%, and the interest accrued is presented in finance costs in the Consolidated Statements of Operations and Comprehensive Loss. The Company expects the liability to be settled between 2025 and 2029.

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

13. Equity

a) Authorized

Unlimited common shares with no par value.

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

b) Issued and outstanding

	Common shares (#)		Amount
Balance - December 31, 2019	**34,082,992**	**$**	**303,990**
Exercise of warrants	**13**		**—**
Balance - December 31, 2020	**34,083,005**	**$**	**303,990**

c) Common share purchase warrants

Common share purchase warrants outstanding were as follows:

	Warrants(#)		Amount
Balance - December 31, 2019	**201,138,560**	**$**	**6,026**
Exercise of warrants	(260)		—
Balance - December 31, 2020	**201,138,300**	**$**	**6,026**

All common share purchase warrants have an exchange ratio of 20 warrants for 1 common share and expire on February 9, 2022, with an equivalent exercise price of CAD$6.66 per common share. During the year ended December 31, 2020, 260 common share purchase warrants were exercised.

d) 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.

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

	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.

e) Treasury stock

	Common shares (#)	Amount
Unvested common shares held by the Trust, January 1, 2019	95,240	$ 200
Acquired for equity incentive plan	20,600	23
Released on vesting of equity incentive plan	(80,124)	(149)
Unvested common shares held by the Trust, December 31, 2019	35,716	74
Acquired for equity incentive plan	1,195,798	262
Net released on vesting of equity incentive plan	(899,587)	(235)
Unvested common shares held by the Trust, December 31, 2020	**331,927**	**$ 101**

14. Revenues

	Year ended	
	Dec. 31, 2020	Dec. 31, 2019
Copper cathodes	**$ 22,352**	$ 33,518
Tolling	**1,351**	2,170
	$ 23,703	$ 35,688

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

Revenues from copper cathodes for the year ended December 31, 2020 include $1.0 million (year ended December 31, 2019: $885 thousand) of pricing adjustments due to timing differences for settlement of sales.

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.

15. Cost of Sales

	Year ended	
	Dec. 31, 2020	Dec. 31, 2019
Direct mining and plant costs	**$ 18,341**	$ 37,025
Write-down of inventory, net of reversals	**4,297**	4,383
Salaries	**5,996**	9,814
Depreciation and amortization	**4,794**	8,523
Purchase of ore from third parties	**3,067**	3,681
Other	**732**	1,048
Change in inventory	**(2,774)**	(15,410)
	$ 34,453	$ 49,064

Write-down of inventory includes $3.8 million of inventory write-down reversals for the year ended December 31, 2020 ($nil for the year ended December 31, 2019).

16. General and Administrative Expenses

	Year ended	
	Dec. 31, 2020	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
	$ 4,236	$ 6,345

17. 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
	$ 2,662	$ 1,777

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

18. Impairment of MTV CGU

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

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 mineral reserves and mineral resources which will impact the recoverable amount of the CGU.

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

- a +/- 10% impact on the long-term price for copper has an impact of $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 mineral reserves and mineral resources estimates as well as information gathered from its National Instrument 43-101 technical report.

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

19. Current and Deferred Income Taxes

a) *Income tax expense*

Income tax expense varies from the amounts that would be computed by applying the combined Canadian federal and provincial income tax rate of 26.5% (December 31, 2019- 26.5%) to income (loss) before income taxes as shown in the following table:

	Year ended	
	Dec. 31, 2020	Dec. 31, 2019
Net loss from continuing operations	**$ (28,087)**	$ (45,347)
Combined statutory federal and provincial income tax rate	**26.5 %**	26.5 %
Combined income taxes at statutory tax rate	**$ (7,443)**	$ (12,017)
Non-deductible and non-taxable items	**2,626**	(200)
Non-deductible portion of unrealized (gains) losses on investments	**(129)**	1,317
Derecognition of deferred tax asset	**4,876**	11,068
Other	**70**	(168)
Tax expense as per consolidated statements of operations	**$ —**	$ —

b) *Deferred tax balance*

The Company has recognized a deferred tax asset for tax losses only to the extent of its deferred tax liabilities, as listed below.

	As at	
	Dec. 31, 2020	**Dec. 31, 2019**
Mineral properties, plant and equipment	**$ 7,621**	$ 9,508
Inventories	**4,683**	5,376
Total deferred tax liabilities - Chile	**12,304**	14,884
Intangible assets	**(369)**	(253)
Tax losses - Chile	**(11,935)**	(14,631)
Total deferred tax assets - Chile	**(12,304)**	(14,884)
Net deferred tax liabilities	**$ —**	$ —

The Company has tax losses and other deductible temporary differences, as listed below, the benefits of which have not been recognized in these financial statements, as management does not consider their utilization in the foreseeable future to be probable.

	As at	
	Dec. 31, 2020	**Dec. 31, 2019**
Canadian tax losses expiring 2036 - 2040	**$ 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

The Company has unrecognized deductible temporary differences of other years of $494.8 million available to be applied against future income of which $362.4 million have no expiry and relate to MTV.

20. Loss per Share

Loss per share is calculated by dividing the net loss of the Company by the weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potentially dilutive shares. The potentially dilutive shares of the Company relate to warrants, stock options and treasury stock. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the exercise prices of outstanding stock options and warrants. The number of shares calculated as described in the preceding sentence is compared with the number of shares that would have been issued assuming the exercise of the stock options and warrants. All unvested treasury shares are deemed to have vested at the beginning of the period or date of issuance, if later.

		Year ended		
(in thousands except per share amounts)		**Dec. 31, 2020**		Dec. 31, 2019
Net loss from continuing operations	**$**	**(28,087)**	$	(45,347)
Net loss from discontinued operations	**$**	**(2,241)**	$	(6,855)
Net loss for the year	**$**	**(30,328)**	$	(52,202)
Weighted average number of shares - basic and fully diluted		**33,498,761**		33,987,568
Basic and fully diluted loss from continuing operations per share	**$**	**(0.84)**	$	(1.33)
Basic and fully diluted loss from discontinuing operations per share	**$**	**(0.07)**	$	(0.20)
Basic and fully diluted loss per share	**$**	**(0.91)**	$	(1.53)

21. Contingencies and Commitments

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

An MSA was entered into, effective February 8, 2017, between SRHI and Sprott Consulting Limited Partnership ("**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 is 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 was responsible for SRHI's investment activities and assets, and administered the day-to-day operations of SRHI.

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

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 [1]	$ 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
Reforestation, Foundation and Employee Benefits Obligations	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**

[1] Included in Accounts payable and accrued liabilities are commitments to purchase (i) property, plant and equipment of $10.9 million and (ii) mining operating supplies of $0.2 million.

22. Operating Segments

The Company has two reportable segments. MTV is the Company's principal operating business. Corporate includes the Canadian corporate office which holds portfolio investments and, until June 29, 2020, an asset held for sale that reflects a 50.2% (2019 - 50.2%) interest in Beretta.

Significant information relating to reportable operating segments is summarized below:

As at 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**

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

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)**

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.

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

23. Supplementary Cash Flow Information

a. Net Change in Non-Cash Operating Working Capital

		Year ended		
		Dec. 31, 2020		Dec. 31, 2019
Net (increase) decrease in:				
Trade and other receivables	**$**	**(1,184)**		339
Inventories		**357**		3,331
Other current assets		**(6)**		(22)
Net increase (decrease) in:				
Accounts payable and accrued liabilities		**145**		8,396
Deferred revenue		**1,357**		(2,696)
Net change in non-cash operating working capital	**$**	**669**	$	9,348

b. Interest paid on loans and borrowings

		Year ended		
		Dec. 31, 2020		Dec. 31, 2019
Interest paid on loans and borrowings	**$**	**(2,117)**	$	(1,778)

24. Related Party Transactions

a) Purchases of Services

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

(i) *Management Fees*

Management fees and employment compensation pursuant to the MSA for the 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) *Mine Contracting Services*

For the year ended December 31, 2020, $285 thousand respectively 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.

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

b) Key Management Compensation

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

	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

c) 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)

25. Fair Value Estimation

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

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

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

As at December 31, 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
Investments - mining	$ 52	$ —	$ 1,964	**$ 2,016**
Investment - agriculture	—	—	129	**129**
Deferred revenue	—	1,585	—	**1,585**
	$ 52	$ 1,585	$ 2,093	**$ 3,730**

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

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

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

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

		Dec. 31, 2020		Dec. 31, 2019
Opening balance	**$**	**2,308**	$	4,586
Recognition of Beretta as portfolio investment		**1,100**		—
Cash distribution from Beretta		**(1,040)**		—
Unrealized loss for the period		**(382)**		(2,436)
Foreign currency translation differences		**107**		158
Ending balance	**$**	**2,093**	$	2,308

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

26. Financial Risk Management

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

Market Risk

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

Interest Rate Risk

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

Cash and cash equivalents are invested on a short-term basis to ensure minimal interest rate risk and to adequately provide liquidity for payment of operational and capital expenditures. To date, no interest-rate management products, such as swaps, are used in relation to cash and cash equivalents or the 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 in USD and CLP. 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 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/decrease in the value of all public equity and private market investments would result in an approximate increase/decrease in the value of public and private market exposure and an unrealized gain/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.

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 21.

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

The Company may need to raise capital in order to support MTV's operations including development of its mineral properties and general working capital purposes. MTV currently operates in a high-cost environment as it expands production. Working capital stresses exist at MTV and additional sources of capital may be required to execute MTV's planned operations. Such financing, if sought, will depend on a number of unpredictable factors, which are often beyond the control of the Company and MTV. Raising capital may be adversely impacted by: a lack of normally available financing, current volatile market conditions, extended and unforeseen issues resulting from the current COVID-19 pandemic, uncertain water supply in Chile and geopolitical issues in Chile. To address its financing requirements, the Company may seek financing through joint venture agreements, debt and equity financings, asset sales, rights offerings to existing shareholders or restructuring

MTV's debt and payment terms with critical suppliers. The outcome of these matters cannot be predicted at this time and there can be no assurance that capital will be available to the Company or MTV in the amount required at any particular time or for any particular period, or, if available, that such financing can be obtained on satisfactory terms. The Company and MTV are exposed to liquidity risk.

As a condition of the 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.

27. Capital Management

The Company defines capital as shareholders' equity (excluding accumulated other comprehensive income) and long-term debt. The Company's corporate office is responsible for capital management. The objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

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

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

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

28. Subsequent Events

On March 1, 2021, the Company announced it has submitted an application to the TSX for voluntary delisting (the "**Voluntary Delisting Application**") of the Company's common shares ("**Common Shares**") and common share purchase warrants (the "**Warrants**") from the TSX. The Voluntary Delisting Application is subject to TSX approval. The Company instead intends to list its Common Shares and Warrants on the TSX Venture Exchange (the "**TSXV**") and has received conditional approval from the TSXV to do so. The Company is currently addressing all outstanding items to receive final approval of its application to list its Common Shares and Warrants on the TSXV.

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Stock Information

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

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

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