SPROTT RESOURCE HOLDINGS INC.
Annual Information Form

March 6, 2019

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GENERAL INFORMATION

This is the annual information form ("AIF") for Sprott Resource Holdings Inc. (referred to in this AIF as the "Company" or "SRHI"). The information in this AIF is presented as at December 31, 2018 unless otherwise indicated.

Reference herein of $ or USD is to United States dollars. CDN is to Canadian dollars. The Company completed its transition from a publicly listed private equity company to a diversified resource holding company on February 1, 2018 (the "Transition Date") resulting in the Company consolidating the financial results of its controlled equity investments from that date.

SCIENTIFIC AND TECHNICAL INFORMATION

Scientific or technical information in this AIF relating to MTV is based on information prepared by Dr Antonio Luraschi, RM CMC, Manager of Metallurgic Development and Senior Financial Analyst, Wood; Mr Sergio Navarrete, RM CMC, Mining Engineer, Wood; Mr Alfonso Ovalle, RM CMC, Mining Engineer, Wood; Mr Michael G. Hester, FAusIMM, Vice President and Principal Mining Engineer, Independent Mining Consultants, Inc.; Mr Enrique Quiroga, RM CMC, Mining Engineer, Q&Q Ltda; Mr Gabriel Vera, RM CMC, Metallurgical Process Consultant, GVMetallurgy; and Mr Sergio Alvarado, RM CMC, Consultant Geologist, General Manager and Partner, Geoinvestment Sergio Alvarado Casas E.I.R.L., all of whom are independent “Qualified Persons” as such term is defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects (“NI 43-101”), and included in the technical report filed in respect of MTV on December 14, 2018 (the “Consolidated MTV Technical Report”).

A “Qualified Person” means an individual who is an engineer or geoscientist with a university degree, or equivalent accreditation, in an area of geosciences or engineering, relating to mineral exploration or mining, with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these, that is relevant to his or her area of professional degree or area of practice; has experience relevant to the subject matter of the mineral project and the technical report; and is in good standing of a professional association that is relevant to his or her professional degree or area of practice.

The Consolidated MTV Technical Report has been filed under the Company's profile on SEDAR and can be found at www.sedar.com. Readers are encouraged to read the report in its entirety.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This AIF contains certain forward-looking information and statements (collectively referred to herein as the "Forward-Looking Statements") within the meaning of applicable securities laws. In some cases, words such as "plans", "expect", "project", "intends", "believe", "anticipate", "estimate", "may", "will", "should", "continue", "potential", "proposed" and other similar words, or statements that certain events or conditions "should", "may" or "will" occur, are intended to identify Forward-Looking Statements. The Forward-Looking Statements herein are based upon the internal expectations, estimates, projections, assumptions and beliefs of the Company as of the date of such information or statements (or with respect to Forward-Looking Statements herein concerning Investments (as defined below) that are public companies, are based upon the publicly disclosed internal expectations, estimates, projections, assumptions and beliefs of the Investment as of the date of such disclosure by the Investment), including, among other things, assumptions with respect to production, future capital expenditures and cash flows. The reader is cautioned that the expectations, estimates, projections, assumptions and/or beliefs used in the preparation of such information may prove to be incorrect. The Forward-Looking Statements included in this AIF are not guarantees of future performance and should not be unduly relied upon. Such information and statements, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors, which may cause actual results or events to differ materially from those anticipated in the Forward-Looking Statements. In addition, this AIF may contain Forward-Looking Statements attributed to third-party industry sources. The Forward-Looking Statements contained in this AIF speak only as of the date of this AIF unless an alternative date is otherwise expressly identified herein.

The Forward-Looking Statements contained in this AIF are expressly qualified by the cautionary statements provided for herein. The Company does not assume any obligation to publicly update or revise any of the included Forward-Looking Statements after the date of this AIF, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

Forward-Looking Statements contained in this AIF include, but are not limited to, statements with respect to:

- the Company's investment strategy, investment process and competitive advantage;
- valuations in the natural resource sector;
- growth expectations and opportunities;
- supply and demand for commodities and commodity prices;
- expectations regarding the generation of cash flow;
- the Company's belief that its Investments are non-controlling positions in companies that will provide positive returns;
- the economic and study parameters of MTV;
- mineral resource and mineral reserve estimates;
- the cost and timing of development of MTV;
- the proposed mine plan and mining methods;
- dilution and extraction recoveries;
- processing method and rates and production rates;
- projected metallurgical recovery rates;
- additional infrastructure requirements or infrastructure modifications;
- capital, operating and sustaining cost estimates;
- the projected life of mine and other expected attributes of MTV;
- expectations regarding drilling;
- the NPV and IRR and payback period of capital;
- availability of capital;
- future metal prices;
- changes to MTV's configuration that may be requested as a result of stakeholder or government input;
- government regulations and permitting timelines;
- estimates of reclamation obligations;
- requirements for additional capital, including the ability to secure long-term debt for MTV and the timing upon which such debt will be secured;
- environmental risks;
- the Special Committee's review;
- key attributes to support InPlay Oil's organic growth;
- expectations regarding the timing of the decision in Virginia Energy's Federal Appeal; and
- general business and economic conditions.

Although the Company believes the expectations, estimates, projections, assumptions and beliefs reflected in the Forward-Looking Statements are reasonable, undue reliance should not be placed on Forward-Looking Statements because the Company can give no assurance that such expectations, estimates, projections, assumptions and beliefs will prove to be correct. The Company cannot guarantee future results, levels of activity, performance or achievements. Consequently, there is no representation by the Company that actual results achieved will be the same in whole or in part as those set out in the Forward-Looking Statements. Some of the risks and other factors, some of which are beyond the control of the Company, that could cause results to differ materially from those expressed in the Forward-Looking Statements contained in this AIF, include, but are not limited to:

- general economic conditions in Canada, the United States, Chile and globally;
- industry conditions, including fluctuations in the price of copper, oil and gas, coal and other natural resources;
- liabilities inherent in mining operations, oil and gas operations, mineral exploration and development, and the food industry;
- governmental regulation of the mining industry, oil and gas industry and the food industry, including environmental regulation and applicable tax and royalty regimes;
- geological, technical, drilling and processing problems and other difficulties in producing oil and gas reserves; and
- the other "risk factors" disclosed in, or incorporated by reference into, this AIF.

With respect to Forward-Looking Statements contained in this AIF, the Company has made the following assumptions, amongst others: the continued availability of quality management; the effects of regulation and tax laws of governmental agencies will not materially change; the ability to obtain financing on acceptable terms will be available; the regulatory frameworks that govern royalties, tax and environmental matters in the countries in which the Company's investees conduct business will remain favourable; there being no significant disruptions affecting the development and operation of MTV; the availability of certain consumables and services and the prices for power and other key supplies being approximately consistent with assumptions in the Consolidated

MTV Technical Report; labour and materials costs being approximately consistent with assumptions in the Consolidated MTV Technical Report; fixed operating costs being approximately consistent with assumptions in the Consolidated MTV Technical Report; permitting and arrangements with stakeholders being consistent with current expectations as outlined in the Consolidated MTV Technical Report; certain tax rates, including the allocation of certain tax attributes, being applicable to MTV; the availability of financing for MTV's planned development activities; assumptions made in mineral resource and mineral reserve estimates and the financial analysis based on the mineral reserve estimate and in the case of the PEA (as defined below), the mineral resource estimate, including (as applicable), but not limited to, geological interpretation, grades, commodity price assumptions, extraction and mining recovery rates, hydrological and hydrogeological assumptions, capital and operating cost estimates; and general marketing, political, business and economic conditions.

Actual results, performance or achievements could vary materially from those expressed or implied by the Forward-Looking Statements should assumptions underlying the Forward-Looking Statements prove incorrect or should one or more risks or other factors materialize, including the risks identified in this AIF under the heading "Risk Factors".

The above summary of assumptions and risks related to Forward-Looking Statements has been provided in this AIF in order to provide readers with a more complete perspective on the future operations of the Company and its subsidiaries. Readers are cautioned that such Forward-Looking Statements may not be appropriate for other purposes.

PUBLIC DISCLOSURE BY INVESTMENTS

Disclosure included in this AIF regarding the Company's publicly-traded Investments (as hereinafter defined) has been derived from documents filed with the Canadian securities regulatory authorities by or on behalf of such Investments (see "*Company Overview*" for a list of such Investments). We encourage you to consult our publicly-traded Investments' disclosure documents, which are available under their respective profiles on SEDAR at www.sedar.com but no such documents or their contents, however, shall be deemed to be incorporated by reference into this AIF unless specifically otherwise noted in this AIF. While the Company has no reason to believe that any such documents contain a misrepresentation, the Company does not assume liability for any disclosure incorporated by reference herein or included herein which has been derived from such disclosure by the Investments. For the avoidance of doubt, nothing stated in this paragraph operates to relieve the Company from liability for any misrepresentation contained in this document under applicable Canadian securities laws.

COMPANY OVERVIEW

SRHI is a publicly-listed diversified resource holding company focused on the natural resource industry. SRHI acquires and grows a portfolio of cash-flowing businesses and businesses expected to cash flow in the natural resource sector. Based in Toronto, SRHI is a member of the Sprott Group of Companies (i.e. Sprott Inc. ("SII") and its subsidiaries and affiliates) and seeks to deploy capital to provide its investors with exposure to attractive commodities. SRHI is managed by a team of resource professionals and its business and Investments are concentrated in the mining and energy sectors. SRHI's Investments are non-controlling positions in companies that SRHI believes will provide positive returns. SRHI is committed to being a high-value partner to the management teams it backs and the co-investors who invest alongside SRHI.

Operating Segments

As at December 31, 2018, the Company had two reportable operating segments: (1) the Minera Tres Valles SpA ("MTV") segment (the "MTV Segment"); and (2) the corporate segment (the "Corporate Segment").

The MTV Segment

The Company's current principal operating business is its 70% equity interest in the Chilean producing copper mine MTV that was acquired in October 2017. MTV's main asset is the Minera Tres Valles mining complex, in the Province of Choapa, Chile and includes fully integrated processing operations, two active mines and several ancillary deposits. Mineralized material is extracted from the Don Gabriel open pit mine ("Don Gabriel") and the Papomono underground mine ("Papomono"), both of which are located approximately 10 kilometers north of Salamanca, Chile with the heap leach pads and solvent-extraction and electrowinning processing plant located approximately 7 kilometers north of Salamanca.

For the year ended December 31, 2018, $31.4 million of MTV's revenue was generated from sale of copper cathodes and $1.3 million from tolling charges for mineralized material supplied by Empresa Nacional de Mineria ("ENAMI"), totaling $32.7 million. The Company did not record revenue from MTV for the year ended December 31, 2017 because MTV was held as a portfolio investment at that time.

The Corporate Segment

The Corporate Segment includes the Canadian corporate office, which holds portfolio investments (each an "Investment" and collectively, the "Investments") in the mining and energy sectors as well as an asset held for sale that reflects a 49.98% interest in Beretta Farms Inc. ("Beretta").

As at December 31, 2018, the Corporate segment did not have any revenues and the Investments and Beretta were valued, collectively, at $25.0 million (December 31, 2017: $92.0 million).

Corporate Segment Assets	Business Description	Private/ Public	Proportion of Ownership Interest
Investments			
Corsa Coal Corp. ("Corsa Coal")	Production and sales of metallurgical coal	Public	17.1%
InPlay Oil Corp. ("InPlay Oil")	Exploration, development and production of light oil assets	Public	10.5%
Virginia Energy Resources Inc. ("Virginia Energy")	Development of uranium asset	Public	16.5%
Lac Otelnuk Mining Ltd. ("LOM")	Development of iron ore asset	Private	40.0%
Asset Held for Sale			
Beretta	Organic protein production and retail	Private	49.98%

Investment Strategy

The Company's management team looks for investment opportunities where the Company can effectively deploy its capital to generate maximum returns on its investments at acceptable levels of risk. The Company has a proven track record of partnering with experienced management teams and co-investment partners, and is committed to the successful growth of the companies in which it invests.

The Company's investment decisions are guided by a set of core beliefs including: (i) enhanced returns come from patience and commitment; (ii) successful investing requires contrarian behaviour; and (iii) an alignment of interests between management and shareholders is crucial. Applying its set of core beliefs, the Company currently seeks investment opportunities in sectors and companies where, amongst other things:

- a potential exists for reasonable returns at current commodity prices and significant returns upon recovery of the pertinent sector;
- top quality, experienced management teams are also equity investors in the business themselves thereby aligning interests;
- operations are in politically and economically stable jurisdictions that have good investment climates and enforceable contracts; and
- scalable assets and opportunities to finance on an accretive basis with development capital in place are present.

The natural resource sector is exceptionally cyclical in nature. As natural resource investors, the SRHI portfolio is subject to changing valuations that reflect the various stages of the natural resource cycle. This cyclicality also impacts the timing of the Company's investments. The Company's goal is to deploy capital counter-cyclically into out of favour commodities. As a result, the Company's greatest opportunities tend to arise during the low points in the commodities cycle.

Investment Process

The Company employs a four pillared investment process. The steps in this process are as follows:

1. Identify high-quality assets in stable political jurisdictions;
2. Secure compelling valuations;
3. Partner with high-quality management teams; and
4. Ensure there is adequate capital in place to continue the growth of the business.

Competitive Advantage

The Company is managed by an experienced team of professionals with substantial expertise in natural resource investing. The Company's management team is well positioned to draw upon the considerable expertise and resources of both its board of directors (the "Board") and the Sprott Group of Companies. Pursuant to a management services agreement between the Company and Sprott Consulting Limited Partnership ("SCLP"), of which SII is the sole limited partner, SCLP provides day-to-day business management for the Company as well as other management and administrative services (see "*Material Contracts - Management Services Agreement*"). Such arrangement provides the Company with access to the proprietary deal network and relationships of the wider Sprott Group of Companies, along with in-house technical support and expertise.

The Company's management team is a widely recognized manager of third party capital, with core capabilities that include:

- knowledge and contacts in the resource space;
- systematic due diligence processes;
- fiduciary investment decision-making procedures;
- administration and corporate governance; and
- risk management and compliance.

The Sprott Brand

The Sprott brand is recognized internationally for expertise in resource investing, particularly in the precious metals and mining area. The importance of this brand recognition resides in the role it plays in generating investment opportunities for the Company as well as attracting new investors and employees. Sprott's brand recognition provides SRHI with a competitive advantage in that resource companies value the enhanced profile they receive through a Sprott-related investment in their company. Protection of the Sprott brand is maintained by delivering investment performance and industry-leading thought leadership and is important to the continued success of the Company's business.

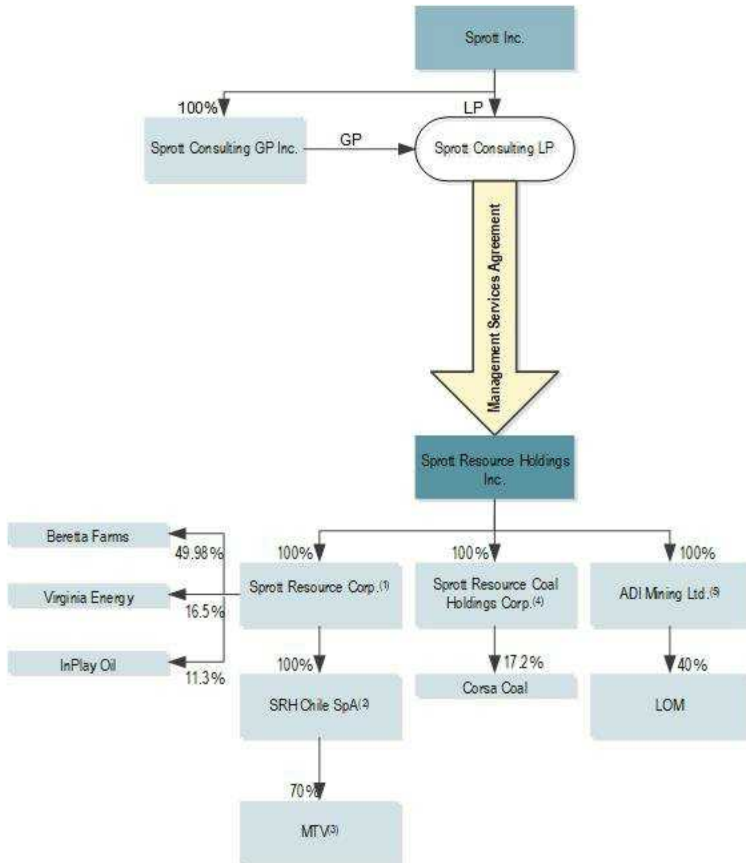
CORPORATE STRUCTURE

The Company was formed by amalgamation, under the laws of British Columbia effective November 1, 1997 under the name, Agro Pacific Industries Ltd., and continued under the *Canada Business Corporations Act* ("*CBCA*") on May 21, 2002. The Company changed its name from Agro Pacific Industries Ltd. to Adriana Ventures Inc. on July 12, 2004 and then to Adriana Resources Inc. on July 22, 2005. By articles of amendment dated April 14, 2014, the Company changed its registered office to Ontario.

On February 9, 2017, the Company completed its business combination with Sprott Resource Corp. ("SRC") pursuant to a plan of arrangement under the *CBCA* (the "Arrangement") and changed its name to Sprott Resource Holdings Inc. Although the Company remains the top public entity in the corporate structure, SRC was determined to be the acquirer, through completion of a reverse acquisition, as its shareholders retained majority control post-Arrangement, the composition of the Board reflects a majority of pre-Arrangement members of the board of directors of SRC (the “SRC Board”), and SRC retained key management functions of the combined business. Accordingly, any pre-Arrangement disclosure within the remainder of this AIF includes disclosure concerning SRC.

On August 13, 2018, the Company completed a consolidation (the "Share Consolidation") of its share capital on the basis of 20 existing common shares (the "Pre-Consolidation Shares") to one (1) new Common Share (as defined below). As a result of the Share Consolidation, the 681,680,846 Pre-Consolidation Shares issued and outstanding as at that date were consolidated to 34,082,992 Common Shares. The Share Consolidation was previously approved by the shareholders at a meeting held on May 10, 2018.

The Company's registered and head office is located at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2600, Toronto, Ontario, M5J 2J1. Included below is a diagram of the intercorporate relationships among the Company, its material subsidiaries and certain other entities, as at December 31, 2018 indicating the percentage of votes attaching to all voting securities of such entities beneficially owned, controlled or directed by the Company and where such entities were incorporated or continued.



Notes:

(1) SRC exists under the laws of Canada.

(2) SRH Chile SpA exists under the laws of Chile and was formed to hold the Company's 70% interest in MTV.

(3) MTV exists under the laws of Chile.

(4) Sprott Resource Coal Holdings Corp. exists under the laws of Canada.

(5) ADI Mining Ltd. ("ADI Mining") exists under the laws of Canada and was acquired as a result of the Arrangement (see "*General Development of the Business*"). ADI Mining owns 40% of LOM, which exists under the laws of Canada. The other 60% of LOM is owned by WISCO Canada ADI Resources Development & Investment Limited, an arms-length corporation existing under the laws of British Columbia ("WISCO JVCo"). WISCO JVCo is a wholly-owned subsidiary of WISCO International Resources Development and Investment Limited ("WISCO"), which in turn is a subsidiary of China Baowu Iron & Steel Group Corporation Limited (China Baowu Steel Group), a Chinese state-owned integrated iron and steel company headquartered in the People's Republic of China.

CAPITAL STRUCTURE

Common Shares

The authorized capital of the Company consists of an unlimited number of common shares ("Common Shares"). The Common Shares trade on the Toronto Stock Exchange (the "TSX") under the symbol SRHI.

As at December 31, 2018, the Company had 34,082,992 issued and outstanding Common Shares.

All the issued Common Shares are fully paid and are not subject to any future call or assessment. The Common Shares are without par value and entitle the holders thereof to: (i) one vote at all meetings of shareholders of the Company, (ii) receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company, any dividends declared by the Company, and (iii) receive, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company, the remaining property of the Company upon the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary.

Warrants

As at December 31, 2018, the Company had 201,138,560 warrants (each, a "Warrant") outstanding. The Warrants trade on the TSX under the symbol SRHI.WT.

The Warrants were issued pursuant to the terms of a warrant indenture dated February 8, 2017, as amended by a supplemental warrant indenture dated April 20, 2017 and a second supplemental warrant indenture dated August 10, 2018 (together, the "Warrant Indenture") between the Company and TSX Trust Company, as warrant agent thereunder (the "Warrant Agent").

As a result of the Share Consolidation, it takes 20 whole Warrants to purchase one Common Share of the Company (a "Warrant Share") at a total exercise price of CDN$6.66. Warrants are exercisable at or before 5:00 p.m. (Toronto time) on February 9, 2022 (the "Expiry Date") (such Expiry Date subject to adjustment as described below), after which time the Warrants will expire and be deemed to be void and of no further force or effect. The Company has appointed the principal transfer offices of the Warrant Agent in Toronto, Ontario as the location at which Warrants may be surrendered for exercise or transfer.

If, at any time prior to the Expiry Date, the weighted average trading price of the Common Shares is greater than CDN$11.66 for any 45 consecutive trading day period, the Company may provide written notice to the Warrant Agent and the holders of Warrants (a "Warrant Acceleration Notice") that the Expiry Date shall be accelerated to the date which is 30 days after the date of the provision of such Warrant Acceleration Notice, subject to TSX approval.

The Warrant Indenture provides for adjustment in the number of Warrant Shares issuable upon the exercise of the Warrants and/or the exercise price per Warrant Share upon the occurrence of certain events, including:

i. the subdivision, redivision or change of the Common Shares into a greater number of shares;

ii. the reduction, combination or consolidation of the Common Shares into a lesser number of shares; and

iii. the issuance of Common Shares or securities exchangeable for, or convertible into, Common Shares to all or substantially all of the holders of Common Shares by way of distribution (other than a distribution of Warrant Shares upon the exercise of the Warrants pursuant to the Warrant Indenture or in connection with any share incentive plan, restricted share plan or share purchase plan in force from time to time for directors, officers, employees, consultants or other services providers of the Company or the satisfaction of existing instruments issued at the date of the Warrant Indenture).

The Warrant Indenture also provides for adjustment in the class and/or number of securities issuable upon the exercise of the Warrants and/or exercise price per security in the event of the following additional events:

i. reclassifications of the Common Shares;

ii. consolidations, amalgamations, arrangements or mergers of the Company with or into any other entity; or

iii. sale or conveyance of the property and assets of the Company as an entirety or substantially as an entirety to any other entity.

No adjustment of the exercise price is required unless the cumulative effect of such adjustment or adjustments would result in an increase or decrease of at least 1% in the exercise price then in effect.

The Company has also covenanted in the Warrant Indenture that, so long as any Warrant remains outstanding, it will give notice to the Warrant Agent and to the holders of Warrants of certain stated events, including events that would result in an adjustment to the exercise price for the Warrants or the number of Warrant Shares issuable upon exercise of the Warrants, at least 10 business days prior to the applicable record date of such event.

Warrants may only be exercised in a sufficient number to acquire whole numbers of Warrant Shares. Any fractional Warrant Shares will be rounded down to the nearest whole number for no additional consideration to the holders of Warrants. Holders of Warrants will not have any rights to vote at or to attend meetings of shareholders, the right to dividends or any other rights that a holder of Common Shares would have.

From time to time, the Company (when authorized by the Board) and the Warrant Agent, without the consent of or notice to the holders of Warrants, may, subject to TSX approval, amend or supplement the Warrant Indenture for certain purposes, including curing defects or inconsistencies or making any change that does not prejudice any of the rights of any holder of Warrants. Any amendment or supplement to the Warrant Indenture that is prejudicial to the interests of the holders of the Warrants may only be made by "extraordinary resolution", which is defined in the Warrant Indenture as a resolution either (i) passed at a meeting of the holders of Warrants at which there are holders of Warrants present in person or represented by proxy representing at least 25% of the aggregate number of all then outstanding Warrants and passed by the affirmative vote of holders of Warrants representing not less than 66 2/3% of the aggregate number of all then outstanding Warrants represented at the meeting and voted on the poll upon such resolution, or (ii) adopted by an instrument in writing signed by the holders of Warrants, or by an attorney duly appointed in writing, representing not less than 66 2/3% of the aggregate number of all then outstanding Warrants.

GENERAL DEVELOPMENT OF THE BUSINESS

During 2016, SRC, through its subsidiary partnership, Sprott Resource Partnership ("SRP"), monetized the small positions it held in Stonegate Agricom Ltd. and Potash Ridge Corporation, and its royalty investment in Delphi Energy Corp. for combined gross proceeds of approximately CDN$3.0 million.

On March 28, 2016, Corsa Coal completed a private placement that resulted in a total offering of $8.0 million. SRC, through SRP, participated in the amount of $2.7 million.

On June 29, 2016, SRC, through SRP, sold its entire legacy investment in Long Run Exploration Ltd. for gross proceeds of CDN $12.0 million.

In the third and fourth quarter of 2016, SRC, through SRP, also disposed of its entire legacy investment in Independence Contract Drilling, Inc. for cash proceeds of CDN$29.9 million.

On October 13, 2016, SRC repaid all outstanding amounts owing under a CDN$18 million term facility with Sprott Resource Lending Corp. ("SRLC"), a subsidiary of SII.

On October 26, 2016, Corsa Coal completed a private placement that resulted in a total offering of CDN$7.3 million. SRC, through SRP, participated in the amount of $1.0 million and, as a result of the financing, SRC's proportionate ownership interest in Corsa Coal was reduced to 17.2% on an undiluted basis.

On November 11, 2016, InPlay Oil began trading as a public company on the TSX under the symbol IPO and SRC held 6.7 million common shares of InPlay Oil ("InPlay Shares"). On November 28, 2016, SRC purchased an additional 0.4 million InPlay Shares at a price of CDN$1.90 per share, pursuant to a plan of arrangement and, as a result of the arrangement, SRC's proportionate ownership interest in InPlay Oil was increased to 11.4% on an undiluted basis.

On February 8, 2017, the Company's shareholders received one-quarter of a Warrant in respect of each Pre-Consolidation Share held, with each whole Warrant having a five-year term and a strike price of CDN$0.333 per Pre-Consolidation Share (the “Warrant Distribution”) (See "*Capital Structure*").

On February 9, 2017, SRC and the Company closed their previously announced business combination pursuant to the Arrangement. Under the Arrangement, SRC became a wholly-owned subsidiary of the Company and holders of common shares of SRC received 3.0 Pre-Consolidation Shares per common share of SRC, providing them with an indirect investment in LOM, another subsidiary of the Company. As part of the Arrangement, the Company's shareholders approved a name change of ADI to "Sprott Resource Holdings Inc." together with the TSX approving the graduation of ADI from the Toronto Venture Exchange to the TSX.

Concurrent with the completion of the Arrangement, (i) SII invested CDN$10 million in Common Shares at a price of CDN$0.233 per Pre-Consolidation Share; and (ii) a fund managed by a subsidiary of SII, together with Term Oil Inc. (a corporation controlled by Arthur Richards (Rick) Rule IV, Chief Investment Officer, Vice-Chairman and a Director of the Company), invested a total of CDN $5 million in units of the Company (each unit comprised of one Pre-Consolidation Share and one Warrant) at a price of CDN$0.25 per unit (a "Unit"). Sprott Resource Consulting LP ("SRCLP") also received 21,750,000 Warrants as a long-term incentive to replace the profit distribution program that was in place at SRP which was terminated upon completion of the Arrangement.

Upon completion of the Arrangement and the foregoing transaction, on a basic shares outstanding basis, former SRC shareholders, ADI shareholders, SII, and a fund managed by a subsidiary of SII together with Term Oil Inc. owned approximately 57%, 31%, 8% and 4%, respectively, of the Company.

Immediately following the completion of the Arrangement, the Board was reconstituted and was majority comprised of the former members of the SRC Board. In addition, on February 9, 2017, SRC and SRCLP entered into a third amended and restated partnership agreement (the "Third Amended and Restated Partnership Agreement") and the Company and SCLP entered into a management services agreement (the "MSA") to replace the existing management services agreement between SRC and SCLP. For further information concerning the MSA, see "*Material Contracts - Management Services Agreement*".

As a result of the Arrangement, the Company initiated its transition from a private equity firm to a diversified holding company focused on holding businesses in the natural resource industry that it believes can generate sustainable free cash flow.

On April 18, 2017, the Company closed its "best efforts" marketed offering (the "Offering") of units (the "Offered Units") made pursuant to an agency agreement dated April 3, 2017 between SRHI and a syndicate of agents led by Sprott Capital Partners LP ("SCP"). Pursuant to the Offering, the Company sold 120.0 million Offered Units at a price of CDN$0.25 per Offered Unit for gross proceeds of CDN$30.0 million. Each Offered Unit consisted of one Pre-Consolidation Share and one Warrant. The Warrants expire on February 9, 2022 and it takes 20 whole Warrants to purchase a Warrant Share at a total exercise price of CDN$6.66. Commissions paid to SCP and Sprott Global Resource Investments Ltd. ("Sprott Global") in connection with the Arrangement and Offering were CDN$2.1 million. SCP and Sprott Global are affiliates of SCLP, of which SII is the sole limited partner.

During July and November 2017, the Company, through SRP, sold its entire legacy investment in Union Agriculture Group for gross proceeds of CDN$6.1 million.

On October 2, 2017, the Company acquired 70% of the outstanding equity of MTV, a Chilean copper producing mine, from the Vecchiola Group for an aggregate purchase price of $39.9 million, consisting of $33.5 million in cash and $6.4 million in Pre-Consolidation Shares. A total of 51,191,847 Pre-Consolidation Common Shares (now 2,559,592 Common Shares following the Share Consolidation) were issued to the Vecchiola Group in connection with the acquisition. A copy of the Business Acquisition Report with respect to Company's acquisition of MTV can be found under the Company's profile on SEDAR at www.sedar.com.

On October 2, 2017, SRP was restructured, resulting in an effective amalgamation with SRC and the Third Amended and Restated Partnership Agreement was terminated. There was no impact to the operations of the Company as a result of this restructuring and substantially all of the holdings of the Company are now held by SRC.

On January 31, 2018, the Company transferred its 16,244,765 common shares in the capital of Corsa Coal to its wholly-owned subsidiary, Sprott Resource Coal Holdings Corp.

On February 1, 2018, the Company completed its transition to a diversified holding company. The Company is now focused on owning majority positions in businesses in the natural resource industry that it believes can generate sustainable free cash flow.

On April 12, 2018, the Company filed a NI 43-101 compliant independent technical report for MTV dated March 29, 2018 (the "March 2018 Technical Report"). The March 2018 Technical Report confirms and supports the results of the mineral reserve and mineral resource estimates for MTV, the historical production and metallurgical recoveries at MTV, the pre-feasibility study for the implementation of chloride leaching ("Salt Leach") at MTV, and the feasibility study for the expansion of the Don Gabriel open pit at MTV, which were previously disclosed by SRHI in a press release dated March 2, 2018. The March 2018 MTV Technical Report has been filed under the Company's profile on SEDAR and can be found at www.sedar.com. Readers are encouraged to read the report in its entirety.

On May 10, 2018, shareholders of the Company approved the Share Consolidation.

On July 9, 2018, the Company provided a short-term financing of $7.2 million, as part of a $17.5 million senior secured credit facility to a private royalty company ("PrivCo") to support their business plan. The remaining $10.3 million was funded by Natural Resource Income Investing Limited Partnership ("NRIILP", an SII entity managed by Rick Rule), Term Oil and SRLC. Michael J. Harrison, a Managing Director of SRHI, is a Director of PrivCo. The facility matured and was repaid in full to SRHI's agent, SRLC, on December 31, 2018. SRHI received the funds from its agent on January 24, 2018.

On August 13, 2018, the Company completed the Share Consolidation. For further information concerning the Share Consolidation, see "*Capital Structure*".

On October 19, 2018, R.I.I. North America Corp. ("R.I.I.") filed a Notice of Intention to Make a Proposal under the Bankruptcy and Insolvency Act (Canada)("*BIA*"). R.I.I. was granted a 30 day stay of proceedings pursuant to the BIA (the "Initial Stay"). R.I.I. did not make an application for an extension of the Initial Stay and did not file a proposal within the Initial Stay. As such, R.I.I. was deemed to have made an assignment in bankruptcy on November 19, 2018. On November 29, 2018 Hardie & Kelly Inc. was appointed as Receiver and Receiver Manager (the "Receiver") over selected assets of R.I.I. including the accounts receivable and the intellectual property and patents. The trustee is currently taking steps to abandon any interest in the oil and gas assets in Buzzard, Saskatchewan. It is anticipated that there will be a shortfall to the secured creditors in the receivership, therefore no funds will be available for distribution to the unsecured creditors. As a result of the bankruptcy proceedings, the Company recognized an unrealized loss to the fair value of its investment in R.I.I. and the fair value of such investment as at December 31, 2018 was $nil.

On November 2, 2018, the Company announced that AMEC Foster Wheeler, a Wood company ("Wood"), an independent consulting firm, completed technical studies on MTV over the prior 10 months, which include: (a) the mineral resource and mineral reserve estimate for the Don Gabriel and Papomono deposits; (b) the implementation of Salt Leach at MTV; (c) the feasibility study for the expansion of the Don Gabriel Manto; (d) the pre-feasibility study for the underground exploitation of the Papomono Masivo zone; and (e) the Preliminary Economic Assessment on a subset of MTV's mineral resources. Such technical studies were set out in the

Consolidated MTV Technical Report, which was filed by the Company on December 14, 2018 and can be found at www.sedar.com. Readers are encouraged to read the report in its entirety.

On February 11, 2019, the Company announced that, in consultation with its significant shareholders including SII, the Board formed a Special Committee of the Board comprised solely of the Company's four independent directors which will be chaired by Terry Lyons, the current Chairman of the Board. The purpose of the Special Committee will be to review and evaluate potential measures to address the Company's market valuation. This review will be comprehensive and will look at all measures to maximize shareholder value. The Special Committee has engaged financial and legal advisors to assist in its evaluation.

THE MTV SEGMENT

MTV is a fully permitted and operating mining complex located approximately ten kilometers from Salamanca in Region IV of Chile. The mine commenced commercial production in 2010 and consists of two main deposits (Papomono (underground) and Don Gabriel (open pit)) and several ancillary deposits. In addition to mining its own ore, MTV purchases mineralized material from local miners and has a toll processing agreement with ENAMI, a Chilean state owned enterprise. MTV has a crushing and processing plant with nameplate capacity of 7,000 and 6,000 tonnes per day, respectively. The plant is designed to produce up to 18,500 tonnes per annum of copper cathodes.

The Company completed its investment in MTV on October 2, 2017, purchasing a 70% equity interest from the Vecchiola Group (Chile), through SRH Chile SpA, for USD$33.5 million of cash and USD$6.4 million in Common Shares for a total investment of USD$39.9 million.

The Consolidated MTV Technical Report

Attached as Appendix "B" hereto is the Summary from the Consolidated MTV Technical Report. The Consolidated MTV Technical Report is incorporated into this AIF by reference and available under the Company's profile on SEDAR at www.sedar.com. Readers are encouraged to read the Consolidated MTV Technical Report in its entirety.

The purpose of the Consolidated MTV Technical Report is to consolidate all the NI 43-101 compliant technical studies completed over the past 10 months, including:

- Mineral resource and mineral reserve estimates for the Don Gabriel and Papomono deposits;
- Preliminary Feasibility Study (“PFS”) for the implementation of Salt Leach;
- Feasibility Study (“FS”) for the expansion of the Don Gabriel Manto open pit;
- PFS for the underground exploitation of the Papomono Masivo mine zone; and
- Preliminary Economic Assessment (“PEA”) on a subset of MTV's mineral resources.

(collectively, the "Technical Studies")

The Technical Studies comprise a base case mine plan (the “Base Case”) based on the exploitable mineral reserves from the Don Gabriel Manto open pit and the Papomono Masivo incline block cave underground deposit. These studies were completed at a FS level for the Don Gabriel Manto and a PFS level for the Papomono Masivo and the Salt Leach conversion. Wood has also completed a PEA Case (as defined below) for the exploitation of the Don Gabriel Manto and Papomono Masivo deposits and eight additional mining zones within the Don Gabriel and Papomono deposits which will utilize different mining methods such as sub-level caving and sub-level stoping. These additional eight mining zones will require additional drilling and engineering work to increase the confidence level. The PEA Case illustrates the property-wide production potential for MTV.

The PEA Case mine plan is partly based on inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA Case based on these mineral resources will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Technical Studies - Economic Analysis Highlights

	Base Case	PEA Case
Pre-tax Net Present Value (NPV) (8%)	$87M	$129M

	Base Case	PEA Case
After-tax Net Present Value (NPV) (8%)	$87M	$129M
Pre-tax Internal Rate of Return (IRR)	93%	131%
After-tax Internal Rate of Return (IRR)	93%	131%
Payback (years)	2.0	1.2
Average Annual Copper Cathode Production (2019-2025)	24M lbs	34M lbs
Total Copper Cathode Production (LOM)	177M lbs	250M lbs
2020 Cash Flow	$23M	$34M
Life of Mine	6.5 years	7.5 years
Operating Cash Cost (per lb of finished copper)	$1.66/lb	$1.65/lb
Upfront Capital Cost	$15M	$21M
LOM Capital Cost	$32M	$52M

Notes:

1. Base Case includes only the Don Gabriel Manto open pit, Papomono Masivo underground and ENAMI tolling revenues. The PEA Case includes the Don Gabriel Manto, Papomono Masivo, Don Gabriel Vetas, Papomono Norte, Manto Norte, Epitermal, Papomono Cumbre, Papomono Mantos Conexión and Papomono Sur. The PEA Case also includes ENAMI tolling revenues.
2. The PEA Case is preliminary in nature and includes inferred resources that are too speculative geologically to have the economic considerations applied to them. There is no certainty the PEA Case will be realized.
3. Base Case capital cost estimate was completed at a cost accuracy of +/- 25%. PEA Case capital cost estimate was completed at a cost accuracy of +/- 50%.
4. Based on long-term flat copper price forecast of US$2.75/lb.
5. Includes revenue from the long-term tolling contract with ENAMI (the "ENAMI Tolling Contract") of minimum of 15,000 t/month and a tolling rate of US$27.50/t of material received. MTV delivers copper cathodes produced from supplied feed material to ENAMI, on the basis of a contractual metallurgical recovery of 78%.
6. MTV has tax losses available to apply that will shelter any tax payable on operating profits, due to capital costs and operating losses sustained by prior operators. MTV is subject to a sliding scale copper royalty payable to the Chilean government.
7. Does not include copper production from purchasing of mineralized material from small scale third party miners and any additional copper production pursuant to excess recovery from the ENAMI toll milled material.
8. NPV is calculated based on monthly discounting using a reference date of July 2018.

Highlights of the Technical Studies

Low Capital Cost to Triple Production with Short Payback Period

- Low project capital requirement of $15 million for the Base Case and $21 million for the PEA (the “PEA Case”) to ramp-up operation to approximately 18,000 tonnes per annum of copper cathodes within 24 months (based on PEA Case study results. See "*Notes on Preliminary Economic Assessments*" below.)
- Low capital intensity.
- Short payback of 2.0 years for the Base Case and 1.2 years for the PEA Case.

Positive project economics demonstrated by economic analysis confirms SRHI’s investment thesis (See "*Notes on Preliminary Economic Assessments*" below)

- Base Case pre-tax and after-tax NPV (8%) of $87 million and IRR of 93% based on a long-term flat copper price of $2.75/lb.
- PEA Case pre-tax and after-tax NPV (8%) of $129 million and IRR of 131% based on a long-term flat copper price of $2.75/lb.
- Average annual copper cathode production estimates (2019-2025) of 24 million pounds per annum for the Base Case and 34 million pounds per annum for the PEA Case.
- 6.5 year mine life for the Base Case and 7.5 year mine life for the PEA Case with opportunity to extend through exploration on 44,000 hectares of land.
- Attractive mine life operating cash costs estimate of $1.66/lb of finished copper for the Base Case and $1.65/lb of finished copper for the PEA Case.

- Base Case demonstrates potential to generate cash flow of $23 million in 2020 with peak cash flow reaching $45 million in 2022.
- PEA Case demonstrates potential to generate cash flow of $34 million in 2020 with peak cash flow reaching $45 million in 2022.

Notes on Preliminary Economic Assessments

Please note that the PEA Case is preliminary in nature, that it includes inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that the PEA Case will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Principal Products and Operations

MTV's principal product is copper cathodes. Between December 2010 and 2018 MTV has mined and processed 5 million tonnes of mineralized material at an average grade of 0.88% copper from the Papomono and Don Gabriel deposits. Inclusive of the external mineralized material purchases and toll processing, a total of 7.26 million tonnes averaging 1.17% Cu was processed in MTV's plant during that same time period, resulting in production of approximately 66.5 thousand tonnes of copper cathodes.

MTV currently sells almost all of its copper cathode production under an offtake contract with WERCO Trade AG.

Production

MTV extracts mineralized material from the Papomono (underground) and Don Gabriel (open pit) mines and receives mineralized material from third parties at the run-of-mine stockpile. Mineralized material is crushed into fragments of which 80% are smaller than 6mm. The crushed material is agglomerated with a sulfuric acid solution to start the leaching process. The agglomerated material is stacked in heaps by trucks and loaders, a grid of PVC lines is then placed over the stacked material and a ninety day intensive leaching process is followed by a 270 day less-intensive leach process to liberate copper from the oxide and sulfide mineral. The product of the leaching process is called “pregnant leach solution” (“PLS”), which is accumulated in ponds.

The PLS is pumped into the solvent extraction plant where organic resins are used to capture the copper ions in the solution over several stages. In the last stage, the highly concentrated solution is called “electrolyte”, which is sent to the electrowinning plant where the process of electrowinning is used to deposit metallic copper in cathodes over steel blades. The copper cathodes are then sent to the stripping machine, where 99.99% pure copper cathodes are separated from the steel blades. The finished cathodes are stacked and stored in the secure finished goods stockpile until transported to end users around the globe.

ENAMI and Third Party Material Treatment

As part of MTV’s toll processing strategy, MTV purchases mineralized material from third-party miners that operate near and on the MTV property and toll treat mineralized material from ENAMI, the Chilean state owned enterprise that supports small and artisanal miners under the provisions of the ENAMI Tolling Contract. This strategy is expected to continue going forward. Since 2014, MTV has purchased an average of 14,500 tonnes per month of mineralized material with a copper grade of 1.44%. Since SRHI’s acquisition in October 2017, MTV has purchased an average of 16,500 tonnes per month at a grade of 1.13% copper. Since 2014, ENAMI has delivered an average of 8,000 tonnes per month of mineralized material with a copper grade of 2.30%. Since SRHI’s acquisition in October 2017, ENAMI has delivered an average of 4,300 tonnes per month of copper at the same grade. The mineralized material from ENAMI and the small scale third-party miners has not been subject to any technical study, and is therefore not included in the Base Case and PEA Case mine plan and economic analysis contained in the Consolidated MTV Technical Report, apart from the toll treatment revenue which serves to reduce the processing and general and administrative (“G&A”) unit cost. The economic analysis described herein also includes operating costs for the toll treatment.

In 2018, tonnes crushed totaled 1.0 million tonnes, of which 745 thousand tonnes were from MTV’s own projects and 224 thousand tonnes were from small scale third-party miners and ENAMI tolling arrangements. Total copper cathode production at MTV for 2018 was 5.9 million tonnes of copper.

Financing

On January 26, 2017, MTV entered into a line of credit financing contract (the "MTV Credit Facility") with an investment fund (the "Lender") in the amount of $9.5 million with an annual interest rate of 10%. In the third quarter of 2018, the MTV Credit Facility was renewed and extended to $15 million. At that time, the Company became guarantor to the MTV Credit Facility replacing the former majority shareholder of MTV. MTV agreed to the following security:

- All copper cathode stock, both in its finished state, as ore and any product still undergoing processing;
- The naming of the Lender as the beneficiary of insurance proceeds from any theft of copper cathodes;
- The naming of the Lender as the main beneficiary of risk for the transport of copper cathodes; and
- First priority interest over certain assets including plant and machinery.

The Company's intent is to expand mine operations at MTV which will require additional capital, the sourcing of which is expected to be in the form of long-term debt. The long-term debt for MTV is expected to be secured in the first half of 2019. While the Company has been successful in securing financing to date, there are no guarantees that it will be able to secure such financing in the future on terms acceptable to the Company, if at all.

Competitive Conditions

MTV's primary business is to produce and sell copper cathodes. Prices are determined by world markets over which MTV has no influence or control. MTV's competitive position is primarily determined by its costs compared to other producers throughout the world and its ability to maintain its financial integrity through metal price cycles. Costs are governed to a large extent by the grade, nature and location of MTV's mineral reserves as well as by input costs and the level of operating and management skill employed in the production process. In contrast with diversified mining companies, MTV focuses solely on copper production, reserve development and exploration, and is therefore subject to unique competitive advantages and disadvantages related to the price of copper. If copper prices increase, MTV will be in a relatively stronger competitive position than diversified mining companies that produce, develop and explore for other minerals in addition to copper. Conversely, if copper prices decrease relative to other metals, MTV will be at a competitive disadvantage to diversified mining companies.

The mining industry is competitive, particularly in the acquisition of additional mineral reserves and mineral resources in all phases of operation, and MTV competes with many companies possessing similar or greater financial and technical resources. MTV also competes with other mining companies and other third parties over sourcing raw materials, equipment and supplies in connection with its production, development and exploration operations, as well as for skilled and experienced personnel and transportation capacity. See "*Risk Factors - Risks Related to MTV*".

Copper Prices

MTV's financial flexibility is highly dependent on the prevailing prices for the copper cathodes it produces. While MTV's overall strategy is to remain unhedged, circumstances may arise where increased certainty of cash flows is considered more important to long-term value creation than providing its owners with short-term exposure to the volatility of metal prices. In these circumstances, MTV may elect to fix prices within a contractual quotational period or to lock in future prices through the variety of financial derivative instruments available. Additionally, in certain circumstances, MTV may be required to hedge by financial institutions or lenders.

Copper Mining Industry

Uses of Copper

Copper has a number of different applications; its most common use is in wiring and cable products, such as power cables, building wiring and transformer windings. Copper is both functional and affordable for these products as it is the best non-precious metal electric conductor. Copper is used across many industries, principally construction, electric and electronic products, industrial machinery, transportation and consumer products. Outside of wire and cable products, the next largest use of copper is in copper tubing. Copper tubing has a number of different applications, which include plumbing, heating systems and air conditioners/ refrigeration units. Copper is also vital to the infrastructure, transportation and construction industries.

Demand

Demand for copper over the past 15 to 20 years has been robust, primarily driven by emerging market growth particularly in Asia and increasingly dominated by a rapid rise in consumption in China, which now makes up nearly 50% of annual global copper demand. China's consumption growth is anticipated to be sustained through a transition to a "new normal" as the country continues to experience urbanization and an expanding middle class, buoyed by massive government economic stimulus packages on infrastructure and transportation (domestic electrical grid, rail, road) including the "One Belt One Road" initiative (development strategy focused on connectivity and cooperation between Eurasian countries).

Wood Mackenzie, a global energy, chemicals, renewables, metals and mining research and consultancy group, anticipates copper demand growth to continue at a rate of 1.2% to 1.8% per annum over the next decade, primarily driven by continued growth from

China and other emerging markets in Asia.

Furthermore, the ongoing global electric vehicle ("EV") revolution has very positive implications for future copper demand. An increasing number of automotive manufacturers are now accelerating their investment into EV technologies as governments mandate increasingly ambitious emission targets and restrictive policies, exemplified recently by British and French governments banning sales of new petrol and diesel autos by 2040 and additional nations signing on to the Electric Vehicle Initiative (which sets out a goal for 30% EV market share for passenger cars, light commercial vehicles, buses and trucks by 2030). These targets can only be achieved with a move away from the internal combustion engine and a rapid increase in the production of EVs. EVs use considerably more copper than traditional internal combustion engine vehicles, as copper is used in batteries, motors, inverters and charging points. The International Copper Association estimates that an EV requires approximately 60 to 85 kg of copper per passenger vehicle plus an additional amount for the charging point, compared to an average total of approximately 25 kg for a traditional passenger vehicle produced today.

In addition to the impact of the EV revolution, there is rising copper demand for certain renewable energy technologies, such as wind turbines, and new battery technologies.

Supply

Slower copper supply growth is anticipated over the medium term. Lower copper prices over the past five years resulted in a stagnant investment environment, forcing producers to focus on financial health and profitability over growth. Supply constraints were further exacerbated by grade declines and supply disruptions at existing operations, technical challenges at projects in development and historically low exploration budgets resulting in limited success in finding sizeable new discoveries. Over the medium to long-term, currently anticipated new copper mine supply will be barely sufficient to replace maturing operations. Furthermore, new mine supply is not guaranteed as most projects remain subject to permitting, engineering or require higher metal prices to justify development economics.

Chile is presently the world's largest primary producer of copper. Peru and China are presently the second and third largest primary producers of copper, respectively.

Specialized Skills and Knowledge

The nature of MTV's business requires specialized skills, knowledge and technical expertise in the areas of geology, engineering, mine planning, mine operations, metallurgical processing and environmental compliance. In addition to the specialized skills listed above, MTV also relies on staff members, contractors and consultants with specialized knowledge of logistics and operations in Chile and local community relations. In order to attract and retain personnel with the specialized skills and knowledge required for MTV's operations, MTV maintains competitive remuneration and compensation packages. To date, MTV has been able to meet its staffing requirements.

Exploration

There has been no exploration conducted by, or on behalf, of MTV or the Company since the Company's acquisition of 70% of the outstanding equity of MTV. Infill drilling has been conducted in the Don Gabriel Vetas, Epitermal and Cumbre areas to support potential upgrades of resources currently classified as Inferred to higher-confidence categories. The project area retains exploration upside potential. The Vale S.A. exploration programs identified a number of geophysical anomalies that remain to be investigated. Geological mapping has recorded in excess of 100 copper occurrences, some of which are under small-scale production. Many of these sites appear to have similar geological settings to those of the Papomono and Don Gabriel deposits.

Employees

MTV employed a total of 273 employees and 330 contractors as at December 31, 2018. MTV is party to a three-year collective bargaining agreement with Tres Valles' Workers Union Association No. 1 which was entered into in the ordinary course of business in February 2018. As of December 31, 2018, Tres Valles' Workers Union Association No. 1 represents 155 processing plant and mine employees that work in the areas of operations and administration and Tres Valles' Workers Union Association No. 2 represents 13 processing plant employees that work in the areas of operations and administration.

Foreign Operations and Emerging Market Disclosure

MTV's properties are all located in Chile. As such, operations in Chile accounted for 100% of MTV's revenue and 100% of MTV's assets were located in Chile as at December 31, 2018. The Company's revenues from MTV represented 100% of the Company's revenues for the year ended December 31, 2018. Accordingly, the Company is entirely dependent on foreign operations for a return on its investment in MTV.

Ownership of Property Interests and Assets

Mining licenses and routine permits obtained from time to time in the ordinary course are required for MTV to be able to carry on business in Chile. With respect to exploitation and mine development, the mining licenses, surface rights and environmental and social policies described in this AIF, as well as certain other customary and routine permits obtained and held from time to time in the ordinary course, are required by MTV for the permitting process.

In order to satisfy itself of MTV's ownership of its property interests in Chile, the Company has, among other things: (i) obtained and reviewed title opinions from Chilean law firms; (ii) obtained and reviewed certificates of compliance issued by the appropriate government officials in Chile; (iii) conducted customary public searches in Chile; and (iv) reviewed various agreements MTV has entered into with third parties relating to the acquisition and/or transfer of certain mining titles and concessions.

The MTV management team has extensive experience working with mining properties in Chile and is abreast of all current Chilean legal requirements. MTV maintains a permit database and performs an annual risk assessment at each of its operations to review permit condition adherence. The Company relies on the oversight by Qualified Persons (as such term is defined in NI 43-101) who have done a review of MTV's operations and external consultants who are engaged by MTV in connection with MTV's permitting, licensing and regulatory approval application process, to confirm MTV has all material permits, licenses and other regulatory approvals needed to carry on business in Chile. The Company and MTV also consult regularly with external legal advisors in Chile, including to confirm that all applicable permitting requirements for MTV's operations have been obtained. In addition, the Government of Chile audits all major sites and their various operating permits at least once per year. No deficiencies were identified from these audits.

Laws and Customs of Chile

Chile operates under a claim patent system, similar to Canada and the United States. In accordance with Chilean mining legislation, there are two types of mining claims in Chile: (1) exploration claims (which have duration of two years); and (2) exploitation claims (which can be held indefinitely). Once a mining exploitation or exploration claim is perfected, the claim becomes real property. Almost all of MTV's properties in Chile have been perfected as exploitation claims and can now be held indefinitely as long as annual licence fees ("patente") are paid.

The Company is not aware of any material restrictions against foreign investment in Chilean mining companies, nor any material legal requirements imposed on foreign ownership of Chilean mining companies.

Control by the Company over MTV

In order to ensure that the Company has appropriate control and direction over MTV, the Company entered into a shareholders agreement with the other shareholder of MTV on October 2, 2017. Additionally, the Company has appointed three directors to MTV's five-person board of directors (the "MTV Board"). Two of the Company's appointees are members of the Company's management team. The MTV Board receives monthly operational, technical and financial reports with respect to MTV's operations.

MTV maintains and uses corporate controls to ensure that a process and mechanism of approvals is adhered to for the disbursement of corporate funds and operating capital and to ensure that investment decisions are reviewed and approved by the Company. In addition, certain material investment decisions of MTV are reviewed and approved by the Board.

All of the minute books and corporate records of MTV are kept at the offices of MTV's local counsel.

The Company is of the view that any material risks associated with the ownership structure of MTV are effectively managed based on the controls described above and elsewhere in this AIF.

Banking Matters

The Company and MTV conduct their banking in Chile through banks of international repute, which are subject to international standards. All material disbursements of corporate funds and operating capital by MTV are reviewed and approved by the Company and are based upon pre-approved budget expenditures. MTV's operations, excluding payroll and certain small expenses, are conducted in USD.

Foreign Corruption and Other Ethical Considerations

The Company adheres to Canadian and Chilean laws. The Company's management team is knowledgeable of the *Corruption of Foreign Public Officials Act* (Canada) which is required to be followed by all directors, officers and employees.

The Company and MTV have each adopted a Code of Business Conduct and Ethics (each, the "Code") that is designed to provide guidance on the conduct of the Company's and MTV's business in accordance with high ethical standards. All Company and MTV personnel are expected to understand and comply with the Code. The Code provides detailed guidelines for, among other things, dealing with conflicts of interest, the treatment of confidential information, and the use of assets and opportunities. The Code contains a whistleblower policy pursuant to which Company and MTV personnel are made responsible for promptly reporting any problems or concerns and any actual or potential violation of the Code. No reprisal or other action will be taken against any Company or MTV personnel who, in good faith, bring forward concerns about actual or potential violations of laws or the Code. The requirements of the Code extend to business dealings involving MTV.

The Company and MTV have also each adopted a whistleblower policy (each, a "Whistleblower Policy"). All Company and MTV personnel are expected to understand and comply with the Whistleblower Policy. Such policies were adopted for (a) the receipt, retention, and treatment of outside complaints received by the Company or MTV, as applicable, regarding accounting, internal controls or auditing matters; and (b) the confidential or anonymous submission by employees of concerns regarding accounting or auditing matters, questionable business practice, or any potentially illegal activity.

Board and Management Experience in Chile and Board and Management Visits to Chile

The Company's directors and executive officers have a strong familiarity with the legal and regulatory requirements of Chile through their involvement in negotiating and executing the MTV acquisition and one of the Company's executive officers also has previous experience working and conducting business in Chile. Members of the Board have met with MTV's senior leadership team on several occasions. Furthermore, the Board is made aware of the local business practices in Chile as part of their annual board level risk management reviews. The Company's directors and executive officers are also advised by Chilean legal counsel and are made aware of new developments in the legal regime and new requirements that come into force from time to time. Any material developments are then discussed by the Company's senior management and at the Board level.

Language Considerations

MTV senior management are fluent in Spanish and English. Local business in Chile is conducted largely in Spanish and the members of MTV's management team that deal directly with the operating staff and outside consultants communicate in Spanish with such individuals. The Company's advisors in Chile are fluent in English. From time to time, the Company will hire independent third party translators on an as-needed basis. Therefore there is no material language barrier.

The Company's Communication Strategy in Chile

The Company's communication strategy in Chile includes having representatives of the Company formally meet with the community and other local stakeholders on a regular basis and also more frequently as needed when potential issues arise. Regular contact between MTV and its stakeholders takes place at various levels within the organization, including by the Mining Manager and other members of senior leadership. MTV is a member of the National Society of Mining (SONAMI) and the Regional Mining Corporation for the Region of Coquimbo (CORMINCO).

Social and Environmental Policies

Environmental Impact

MTV's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, releases or emissions of various substances related to mining industry operations, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving, which means stricter standards and enforcement, and that fines and penalties for non-compliance are becoming more stringent. Environmental assessment of proposed projects carries a heightened degree of responsibility for the Company and MTV. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. MTV intends to fully comply with all environmental regulations.

Since 2009, MTV has had a comprehensive Environmental Qualification Resolution ("RCA") active throughout its entire operation. The RCA provides the pivotal instructions and permits necessary to sustainably run operations in a manner that complies with applicable regulations and that respects the environment. Part of the environmental obligations imposed on MTV by the RCA is the reforestation of approximately 250 hectares with native species, the construction of a petroglyph park in Quilmenco and the continuous monitoring of air and water quality.

MTV uses renewable biomass energy with a view to lowering its carbon footprint. Additionally, MTV has historically had a very low rate of water consumption. When operating at full capacity following the mine expansion contemplated by the Consolidated MTV Technical Report, MTV will use approximately 20 L/s of water, less than a third of the available water rights MTV is permitted to use (i.e. 64 L/s).

Further, the Board has established an Environment, Health and Safety Committee (the "EHS Committee") to oversee the development and implementation of policies and best practices relating to environmental, health and safety issues in order to ensure compliance with applicable laws, regulations and policies in Chile and other jurisdictions in which the Company carries on business.

Social Investment

MTV's channel for social investment and community relations is the MTV Foundation, a non-profit charitable organization dedicated to improving the quality of life in communities that are directly and indirectly impacted by the project. The MTV Foundation board of directors consists of two representatives from MTV and one representative from each of the three valleys in which MTV's operations occur: the Chalinga Valley, the Cárcamo Valley and the Chuchiñí Valley.

The MTV Foundation operates under a participation-based management model in which community organizations, with help from the foundation, create project proposals and present them to the board. By requiring community participation, MTV is able to ensure that the projects that are funded are those of most importance to community stakeholders and stand to have the greatest positive impact on the largest group of community members. Since 2015, 88 projects funded by the MTV Foundation were completed in the different communities throughout the three valleys.

Health and Safety

In addition to oversight provided by the Company's EHS Committee, MTV has established a Joint Health and Safety Committee to develop and educate its employees on preventative safety and occupational health measures.

MTV works with a goal of zero accidents in all areas of operation. In order to achieve this high level of safety, MTV takes thorough precautionary actions. For example, all individuals that work on-site receive extensive training prior to entering their specific roles. Regular safety workshops are also held in order to make sure all employees are up to date on the latest safety procedures and requirements.

THE CORPORATE SEGMENT

The portfolio Investments held by the Company in the Corporate segment as at December 31, 2018 include investments in (i) Corsa Coal; (ii) InPlay Oil; (iii) Virginia Energy; and (iv) LOM. As at December 31, 2018, the Corporate segment also holds an investment in Beretta, which is an asset held for sale.

While the Corporate segment operates solely in Canada, some of the Company's portfolio Investments have operations outside of Canada and the Company regularly considers further investment opportunities outside of Canada. In 2018, approximately 36% of the investment opportunities considered by the Company's management team were located in Canada, approximately 18% were located in the U.S., approximately 14% were located in Chile and the remaining 32% were located in other foreign jurisdictions. Accordingly, the Company's Corporate segment is substantially dependent on its foreign relationships and international network of partners to provide the Company with deal flow.

At December 31, 2018, the Company had two employees, one consultant and seven employees or consultants provided by SCLP pursuant to the MSA.

Corsa Coal Corp.

Corsa Coal is a Canadian public company (TSX-V:CSO) focused on the production and sale of metallurgical coal, an essential ingredient in the production of steel. Corsa Coal's coal operations are conducted through its Northern Appalachia ("NAPP") division based in Somerset, Pennsylvania, U.S. The NAPP division is primarily focused on metallurgical coal production in the states of Pennsylvania and Maryland. Corsa markets and sells its NAPP coal to customers in North America, South America, and Asia.

Corsa Coal's metallurgical coal sales figures are comprised of three types of sales: (i) selling coal that Corsa Coal produces; (ii) selling coal that Corsa Coal purchases and provides value added services (storing, washing, blending, loading) to make the coal saleable; and (iii) selling coal that Corsa Coal purchases on a clean or finished basis from suppliers outside the NAPP region.

The primary distribution method for Corsa Coal's coal is by rail from a preparation plant to the customer; however, distribution by truck or by truck and barge to the customer is also utilized.

Corsa Coal's competitive strengths include:

- A large reserve base of premium quality coal;
- A diverse group of customers in North America, South America and Asia;
- Existing low cost operations;
- Significant transportation optionality to reduce delivered costs to customers; and
- Attractive organic growth prospects.

The Company's initial investment in Corsa Coal was made in the third quarter of 2014 and as at December 31, 2018, the Company owned 16.2 million common shares of Corsa Coal valued at $0.54 per share for an aggregate investment value totaling $8.7 million. As at December 31, 2017, the Company owned 16.2 million common shares of Corsa Coal valued at $1.63 per share for an aggregate investment value totaling $26.5 million.

InPlay Oil Corp.

InPlay Oil is a growth-oriented light oil development and production company based in Calgary, Alberta. InPlay Oil's activity is focused on large oil-in-place pools with low recovery factors, low declines, and long life reserves primarily targeting the Cardium Formation in Alberta. InPlay has a strong balance sheet that allows the company to weather commodity volatility and develop its extensive inventory of horizontal drilling locations. The InPlay Shares trade on the TSX under the symbol "IPO".

InPlay Oil's key attributes to support organic growth to intermediate status include:

- Low operating cost structure;
- High netback production base; and
- Focus on large oil-in-place pools with low declines and long life reserves.

The Company's initial investment in InPlay Oil was made in the second quarter of 2014 and as at December 31, 2018, the Company owned 7.1 million InPlay Shares valued at $0.72 per share for an aggregate investment value totaling $5.1 million. As at December 31, 2017, the Company owned 7.1 million InPlay Shares valued at $1.55 per share for an aggregate investment value totaling $11.0 million.

Virginia Energy

Virginia Energy is a uranium development and exploration company whose common shares (the "VE Shares") trade on the TSX Venture Exchange under the symbol "VUI". Virginia Energy holds a 100% stake in the Coles Hill uranium project in Virginia, USA.

On August 5, 2015, Virginia Energy filed a lawsuit in federal court against the Commonwealth of Virginia asking that the state's 33-year-old law banning the development of uranium mining be nullified. Virginia Energy contends in its lawsuit that the Commonwealth's refusal to develop uranium mining regulations is grounded in environmental and radiological safety concerns over the processing of uranium ore and, in particular, the long-term storage and management of uranium mill tailings. Pursuant to the U.S. federal Atomic Energy Act, the regulatory oversight and management of the uranium mill and the resulting tailings are under the clear and exclusive jurisdiction of the Nuclear Regulatory Commission. Thus, the suit contends, the Commonwealth's ban on uranium mining is preempted by federal law and is therefore invalid under the Supremacy Clause of the United States Constitution. A federal judge ruled against the lawsuit in December 2015. Virginia Energy has timely filed its appeal of such ruling in the United States Court of Appeal for the Fourth Circuit. The appeal was heard on October 28, 2016 and the Court ruled against Virginia Energy and denied the appeal. On May 21, 2017, Virginia Energy filed a petition for writ of certiorari with the United States Supreme Court to hear its appeal of the decision of the Fourth Circuit (the "Federal Appeal").

The Solicitor General of the U.S. Department of Justice and the U.S. Nuclear Regulatory Commission filed an amicus curiae brief with the United States Supreme Court in connection with the writ filed by Virginia Energy to hear the Federal Appeal. The question presented in the Federal Appeal is whether the Atomic Energy Act of 1954 pre-empts state laws that prohibit activities within a state's regulatory jurisdiction when such laws are grounded in radiological-safety concerns. In the brief, the Solicitor General expresses the view of the United States that Virginia Energy's petition for writ of certiorari should be granted and the Supreme Court should grant the company's petition and hear the Federal Appeal.

On May 21, 2018, the United States Supreme Court granted Virginia Energy's petition for writ of certiorari and arguments in the case were heard on November 5, 2018. A decision by the court is expected no later than June 2019.

On November 25, 2015, Virginia Energy filed a separate state law based lawsuit in the Circuit Court of Wise County seeking injunctive and other relief overriding the ban on mining in a takings claim. The Commonwealth of Virginia filed a motion to dismiss the case and a plea in bar. A state judge issued an order denying the motion to dismiss and plea in bar, The trial scheduled for December was postponed and no new trial date has been set.

The Company's initial investment in Virginia Energy was made in the fourth quarter of 2010 and as at December 31, 2018, the Company owned 9.4 million VE Shares valued at $0.12 per share for an aggregate investment value totaling $1.1 million. As at December 31, 2017, the Company owned 9.4 million VE Shares valued at $0.10 per share for an aggregate investment value totaling $0.9 million.

Lac Otelnuk Mining

LOM is a Canadian company that was established to explore the Lac Otelnuk iron ore project (the "LOM Project") located in Nunavik, Quebec. The technical report titled "Lac Otelnuk Project Feasibility Study – NI 43-101 Technical Report" dated March 25, 2015 and issued on April 23, 2015 (the "LOM Technical Report") provides an estimate that 20.64 billion tonnes averaging 29.8% total iron ("TFe") head grade at 25.4% Davis Tube Weight Recovery ("DTWR") using a cut-off at 18% DTWR of mineral resources are contained in the Lac Otelnuk ore body of which 16.21 billion tonnes are classified as measured and 4.43 billion tonnes as indicated. Additionally, 6.84 billion tonnes bearing 29.8% TFe head grade at 26.3% DTWR have also been identified and classified as inferred. The mineral reserves within an open pit design sufficient to provide for a 30-year mine life, which account for mining dilution and ore losses, have been estimated to include 4,943 million metric tonnes ("Mt") of proven mineral reserves and 50 Mt of probable mineral reserves for a total of 4,993 Mt at an average head grade of 28.7% Fe and DTWR of 26.5%. These mineral reserves are included in the mineral resource estimate.

The Company's initial investment in LOM was made in the first quarter of 2017 for CDN$5.8 million or CDN$11.04 per common share of LOM. There has been no subsequent investment in LOM since the initial investment. As at December 31, 2018, the Company owned 0.5 million common shares of LOM valued at $8.80 per share for an aggregate investment value totaling $4.6 million. As at December 31, 2017, the Company owned 0.5 million common shares of LOM valued at $9.96 per share for an aggregate investment value totaling $5.2 million.

Also see "*Material Contracts - LOM JV Agreement*".

Beretta Farms Inc.

Beretta Farms is headquartered in Toronto, Canada and is a vertically integrated food business focused on meat-based proteins sourced from animals raised in humane conditions without antibiotics, added hormones or steroids under a natural or organic protocol. Beretta Farms participates in the value chain from farm to fork. Beretta Farms raises beef cattle, the majority of which are located in Western Canada, harvests the cattle at its wholly-owned slaughter and processing facility in Lacombe, Alberta and sells natural and organic beef, together with other natural and organic proteins including poultry, pork and value-added food products to customers in the Canadian market as well as to customers in select export markets, including within the European Union, China, the United States and the Middle East.

The Company's initial investment in Beretta Farms was made in the first quarter of 2009 and as at December 31, 2018, the Company owned 66.8 million common shares of Beretta Farms with a fair value of $5.7 million or $0.09 per share. As at December 31, 2017, the Company owned 66.8 million common shares of Beretta Farms with a fair value of $7.3 million or $0.11 per share. Effective the Transition Date, the Company reports Beretta Farms as held for sale as it intends to dispose of this Investment.

RISK FACTORS

There are risks associated with owning Common Shares or Warrants that holders should carefully consider. The risks and uncertainties below are not the only risks and uncertainties facing the Company, MTV and its Investments. Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the business, operations and future prospects of the Company, MTV and its Investments and cause the price of the Company's securities to decline. If any of the identified risks actually occur, the business of the Company, MTV and its Investments, as applicable, may be harmed and their respective financial condition, financial performance and cash flows may suffer significantly. In that event, the trading price of the Company's securities could decline and holders of the Company's securities may lose all or part of their investment.

Risks Relating to MTV

Commodity Prices

The price of commodities has fluctuated widely in recent years, and a decline in copper prices could cause continued development of MTV's properties to be unfeasible. Further, reserve estimates and life-of-mine plans using significantly lower copper prices could result in material write downs of the Company's investment in MTV and increased amortization, reclamation and closure charges. Commodity prices, including copper prices, fluctuate and are affected by numerous factors beyond the control of the Company and MTV, such as the sale or purchase of copper by various dealers and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional copper supply and demand, production and consumption patterns, speculative activities, increased production due to improved production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of resources, environmental protection and international political and economic trends, conditions and events. As at December 31, 2018, had the copper price 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, 2018 would have amounted to approximately $2.8 million.

In addition to adversely affecting reserve estimates and its financial condition, declining copper prices could impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Resource Exploration, Development and Production Risks

Mining Companies, such as MTV, are engaged in the business of exploring, acquiring and developing resource properties. Resource exploration is speculative in nature and there can be no assurance that any minerals discovered or acquired will result in an increase in MTV's resource base. Such exploration and development as well as acquisitions involves a high degree of financial, execution, construction and other risks over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. Substantial expenses will be required to expand MTV's resource base and, if warranted, to design and construct mining and processing facilities. Whether a resource deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e. grade, tonnage, production cost, capital cost and development cost), financing costs, fluctuation in copper prices and government regulations (including those relating to environmental protection).

A future increase in MTV's mineral reserves may depend on its ability to select and acquire suitable properties. No assurance can be given that MTV will be able to locate or acquire control over economically viable properties for acquisition in the future.

The Company's and MTV's revenues depend on MTV's level of copper production and the sale price for the copper cathodes it has produced. Production targets include MTV's current operating mines and those that are under development. As the estimation of resources and reserves is speculative in nature, there can be no certainty that the resources in MTV's current properties will be upgraded to reserves. As a result, MTV may not achieve its production projections. In addition, production levels are no guarantee that MTV will be able to obtain sales contracts or orders for the copper cathodes it produces and as a result sales may be below its production capabilities and MTV may reduce actual production to reflect actual customer demand and sales orders received. Also, there is no guarantee as to the price for copper sales.

Mineral Resources and Mineral Reserves

To achieve its projected level of production, a significant portion of MTV's mineral resources may need to be upgraded to mineral reserves. Such upgrade in classification may require additional data and establishing the economic feasibility of mineralization currently classified as resources. There can be no assurance that MTV will be able to successfully upgrade its mineral resources to mineral reserves.

Estimating mineral reserves and mineral resources involves an estimation of economic recovery of minerals that are in the ground, which in turn requires that assumptions be made regarding its future price and the cost of recovery. There are numerous uncertainties inherent in estimating the quantities and qualities of, and costs to mine, recoverable reserves, including many factors beyond the Company's and MTV's control. Such factors include: improvements to mining technology; changes to government regulation; geologic and mining conditions, which may not be fully identified by available exploration data or may differ from MTV's experience in current operations; historical production from the area compared with production from other producing areas; future resource prices; operating costs; capital expenditures; taxes; royalties and development and reclamation costs; preparation plant recovery levels and mine recovery levels; all of which may vary considerably from actual results.

MTV's actual production experience may require the revision of production estimates because actual mineral tonnage recovered from mineral reserves or resources may vary materially from estimates. Mineral reserves disclosed by the Company or MTV should not be interpreted as assurance of mine life or of the profitability of current or future operations. In addition, revenues and expenditures with respect to MTV's reserves may vary materially from estimates. The estimates of mineral reserves may not accurately reflect MTV's actual mineral reserves and may need to be restated in the future. Any inaccuracy in MTV's estimates could result in lower than expected revenues or higher than expected costs. MTV's recoverable mineral reserves will decline as a result of production over time, and MTV may not be able to mine all of its mineral reserves. The Company's and/or MTV's future success may depend on conducting successful exploration and development activities or acquiring properties containing economically recoverable mineral reserves. There can be no assurance that the Company or MTV will succeed in developing additional mines in the future.

Operating Risks

Mining operations are and will continue to be subject to operating risks that could result in decreased mineral production. Such operating risks may increase MTV's cost of mining and delay or halt production at particular mines, either permanently or for varying lengths of time. These conditions and events include but are not limited to:

- the lack of availability of qualified labour;
- inability to acquire, maintain, amend or renew necessary permits or mining or surface rights in a timely manner, if at all;
- failure of resource and reserve estimates to prove correct;
- interruptions due to transportation delays or unavailability;
- changes in governmental regulation of the copper industry, including the imposition of additional taxes, fees or actions to suspend or revoke its permits or changes in the manner of enforcement of existing regulations;
- limited availability of mining and processing equipment and parts from suppliers;
- the lack of availability of the necessary equipment of the type and size required to meet production expectations;
- equipment failures and unexpected maintenance problems;
- unfavourable changes or variations from resource estimates, such as the grade and size of copper deposits and the amount of rock embedded in or overlying the copper deposit and other conditions that can make underground or open pit mining more expensive or impossible;
- severe and adverse weather and natural disasters, such as heavy rains and flooding;
- increased or unexpected reclamation costs;
- unfavourable fluctuations in the cost or availability of necessary consumables such as diesel fuel, lubricants, explosives, electric cables, electricity and steel;
- mine safety accidents, including fires and explosions;
- failure of the copper produced to meet expected quality specifications; and
- adverse environmental incidents due to operational failures.

These conditions and events may increase MTV's cost of mining and delay or halt production at particular mines either permanently or for varying lengths of time. MTV's current expansion and development projects and potential future exploration and acquisition activities may not result in the addition of significant mineral deposits and MTV may not have continuing success developing its current or future mines.

Mining Operations

Mining operations generally involve a high degree of risk. MTV's operations will be subject to all of the hazards and risks normally encountered in resource exploration, development and exploitation that are beyond the control of a mining company. Such risks include pit wall slides, pit flooding, unusual and unexpected geological formations, seismic activity, rock bursts, ground failure and other conditions involved in the drilling or cutting and removal of material, environmental hazards, industrial accidents, periodic interruptions due to adverse weather conditions, labour disputes, political unrest, threats of war, terrorist threats and theft of production. The occurrence of any of the foregoing could result in damage to, or destruction of, resource properties or interests, production facilities, personal injury, damage to life or property, environmental damage, delays or interruption of operations, increases in costs, monetary losses, legal liability and adverse government action. Although MTV maintains liability insurance in an amount that it considers consistent with industry practice, liabilities could exceed policy limits resulting in the Company and MTV incurring significant costs. The potential costs associated with liabilities not covered by insurance or excess insurance coverage may cause substantial delays and require significant capital outlays.

The climatic conditions of MTV's activities will have an impact on operations and, in particular, severe weather such as heavy precipitation and flooding could disrupt the delivery of supplies, equipment and fuel. Exploration and mining activity levels could fluctuate. Unscheduled interruptions in MTV's operations due to mechanical or other failures or industrial relations related issues or problems or issues with the supply of goods or services could have a serious impact on the performance of those operations. Other operating risks include unfavourable changes or variations in geological conditions such as the thickness of the copper deposits and the amount of rock embedded in or overlying the copper deposit and other conditions that can make underground mining difficult or impossible; mining and processing equipment failures and unexpected maintenance problems; increased water entering mining areas and increased or accidental mine water discharges; unfavourable fluctuations in copper-based products such as wire products, cable products and copper tubing; and mine safety accidents, including fires and explosions. There can be no assurance that MTV will be able to manage effectively the expansion of its operations or that its current personnel, systems, procedures and controls will be adequate to support operations.

Environmental Risks, Hazards and Liabilities

MTV's operations may inadvertently substantially impact the environment or cause exposure to hazardous materials, either of which could result in material liabilities to the Company and MTV. The Company and MTV may be subject to claims under domestic or foreign legislation, and/or common law doctrines, for toxic torts, natural resource damages, and other damages as well as the investigation and clean-up of soil, surface water and groundwater. Such claims may arise, for example, out of current, former or future activities at sites that the Company or MTV owns or operates, as well as at sites that the Company, MTV or a predecessor entity owned or operated in the past, or at contaminated sites that have always been owned or operated by third parties. Mining operations can also impact flows and water quality in surface water bodies and remedial measures may be required, such as lining of stream beds, to prevent or minimize such impacts. MTV's mining operations may take place in the vicinity of streams, and similar impacts could be asserted or identified at other streams in the future. The Company's and/or MTV's liability for such claims may be joint and several, so that it may be held responsible for more than its share of the remediation costs or other damages, or even for the entire share.

MTV may have reclamation and mine closure obligations. It is difficult to determine the exact amounts which may be required to complete all land reclamation activities in connection with its properties. Estimates of total reclamation and mine-closure liabilities are based upon permit requirements and a mining company's experience. The amounts recorded are dependent upon a number of variables, including the estimated future retirement costs, estimated proven reserves, assumptions involving profit margins and inflation rates. If these accruals are insufficient or liability in a particular year becomes greater than may be anticipated, a mining company's operating results could be adversely affected.

Government Regulation

Government authorities regulate the mining industry to a significant degree, in connection with, among other things, exploration and development activities, employee health and safety, labour standards, air quality standards, toxic substances, water pollution, groundwater quality and availability, plant and wildlife protection, the reclamation and restoration of mining properties and the discharge of materials into the environment. MTV is subject to extensive laws and regulations controlling not only the mining of and exploration of mineral properties, but also the possible effects of such activities upon the environment. For example, government regulatory agencies may order certain mines to be closed temporarily or permanently. Future legislation and regulations or amendments could cause additional expense, capital expenditures, reclamation obligations, revocation of licenses, restrictions and delays in the development of MTV's properties, the extent of which cannot be predicted. Government regulations including regulations relating to the environment, prices, taxes, royalties, land tenure, land use and importing and exporting of minerals also impact on the marketability of the minerals owned by mining companies.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions against MTV, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. MTV may be required to compensate those suffering loss or damage by reason of MTV's mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Permitting Matters

Many mining companies, such as MTV, must obtain numerous permits, licenses and approvals that strictly regulate access, environmental, health and safety and other matters in connection with resource mining. Permitting rules are complex and may change over time, which may make securing additional permits or modification to existing permits and compliance difficult.

Regulatory agencies have considerable discretion in whether or not to issue permits or grant consents and they may choose not to issue permits or grant consents to a mining company or renew existing permits, licenses or consents as they come due. There can be no assurance that MTV will be able to acquire, maintain, amend or renew all necessary licences, permits, mining rights or surface rights for its anticipated exploration and development. If MTV is to be granted a permit, it may be some time before such permit is issued. Accordingly, new permits, licenses and approvals required by MTV to operate the mines may not be issued at all, or if issued, may not be issued in a timely fashion, or may contain requirements which restrict its ability to conduct its mining operations or subject it to additional constraints or costs.

Environmental Regulation

All phases of the natural resources business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and laws and regulations. Certain environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emission of various substances produced in association with operations. The legislation also requires that facility sites and mines be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, and in some cases, enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed or permits revoked and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. MTV's total compliance with the full spectrum of environmental regulation may not always be possible, and significant penalties may be incurred as a result of violations of environmental laws.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The environmental issues affecting MTV's operations include permitting and reclamation requirements, air pollution laws and regulations, regulations relating to climate change, water pollution laws and regulations, hazardous waste regulation, endangered species regulations, mine safety regulations and restrictions against greenhouse gas emissions. The discharge of pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require mining companies to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's or MTV's financial condition, results of operations or prospects. MTV may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances that may exist on or under any of its properties or that may be produced as a result of its operations.

Environmental Developments and Regulation in Chile

Mining companies in Chile , such as MTV, are required to seek and to comply with the terms of governmental concessions, permits, authorisations and other approvals in connection with their exploration, construction and operating activities. Obtaining the necessary governmental permits can be a complex and time-consuming process and may involve costly undertakings.

In the last couple of decades the Chilean environmental regulation has evolved, been perfected and become more restrictive by means of Laws No. 19,300; 20,417 and 20,600, which set forth the general environmental framework, including environmental damage, air and water quality and emission standards. A new statutory framework, specialized assessment system, environmental superintendence and courts have also been created. Pursuant to these new laws, any project or activity capable of causing environmental impact must be submitted to the Environmental Impact Assessment System in order to be evaluated prior to its development.

Furthermore, mining companies must actively monitor specific air emission levels, ambient air quality, the quality of nearby surface water, the level of contaminants in the soil and the creation, management and disposal of solid and liquid waste. Such companies must also submit water, air and other such components emissions and quality level reports to environmental authorities. The environmental authority can conduct additional testing to validate the company’s results. If MTV does not comply with the environmental regulation, authorities may impose the following sanctions depending on how infractions are qualified: written warnings; fines; provisional or definitive closure of the facilities or site; and the revocation of permits. MTV will be responsible to third parties for the environmental liabilities and related compensatory damages incurred by its governing body or agents

In addition to the above, Chilean mining companies must also comply with Law No. 20,551 on the closure of mining sites and facilities. This law aims to mitigate the effects of the mining industry by requiring companies to follow a closure plan secured by a financial guarantee. The value of a closure plan corresponds to the present value of the costs associated with the closure and post-closure activities described in the plan, which are calculated considering the lifespan of the site, comprising all mines and facilities as part of a single project. The aforementioned financial guarantee is lodged gradually with the National Geology and Mining Service ("SERNAGEOMIN") during the site's lifespan by means of legally recognized financial instruments, such as cash collaterals, certificates of deposit and letters of credit. Accordingly, pursuant to Law No. 20,551, at least 20% of the guarantee must be provided within one year from the approval of the closure plan permit. For sites whose lifespan is under 20 years, the remaining portion of the guarantee must be provided within 2/3 of the lifespan. Subsequently, as the closure and post-closure measures are executed by the mining company, the guarantee is released (returned) by the State to the company. If a closure plan is not satisfactorily implemented by a mining company, SERNAGEOMIN may apply fines and execute the guarantee.

The costs associated with compliance with environmental laws, regulations and licenses are substantial. The addition of new laws and regulations, changes to existing laws and regulations or the more stringent enforcement or restrictive interpretation of current laws, regulations, rulings or clearances could cause additional expenditure to be incurred by, impose restrictions on, or impose suspensions of a mining company's operations and cause delays in the development of its projects. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety impacts of the mining company's past and current operations, and could lead to the imposition of substantial fines, penalties or other civil sanctions. The occurrence of any of these factors may have a material adverse effect on MTV's business, results of operations and financial condition and the price of the Common Shares.

In 2015, Chile passed legislation introducing a new carbon tax in 2017. Law No. 20,780 established a tax of USD $5 per tonne of CO_2, which would initially cover emissions from fixed sources, such as large boilers and electricity generators; however, the cost could increase if the scope of the legislation changes.

Finally, it should be noted that MTV's project is situated in the *Manquehua* and *Cárcamo* gorges, located near the communes of Salamanca and Illapel, in the province of Choapa, IV Region of Coquimbo. This area is near *Raja de Manquehua*, a location declared a natural sanctuary due to offering special opportunities for study and geological, paleontological, zoological, botanical or ecological investigations, as well as having natural formations whose conservation is of scientific and State interest. Such declaration is the result of years of joint efforts of local communities and authorities. Following this declaration, any modification or expansion of MTV's project will be subject to the provisions of the special legislation governing this category of protected area, increasing the number of permits necessary for the project's execution. Obtaining these additional permits will be difficult and time consuming and, as a result, MTV's project may be delayed.

Land Use Regulation and Conflicting Land Uses

Land use regulation may negatively impact the ability to begin or carry out mining operations in particular locations. Zoning laws control land use and often prohibit mining entirely. New land use restrictions may be enacted in areas of current or planned mining operations by new legislation or regulation.

MTV's properties may be affected by other conflicting developments that may impact mineral development by increasing the cost of copper recovery and decreasing the amount of copper recoverable. As determinations that lands are unsuitable are awarded more frequently, the amount of land available for mining declines and the risk that mining in planned areas will be prohibited increases. There is a risk that certain lands will not be open for mining, decreasing the number of operations that the Company or MTV can maintain or acquire in the future. Even in areas where mining may not be prohibited outright, the presence of other land uses restricts the ability of mining companies to operate efficiently. Residential structures, other buildings, gas wells, pipelines, roads, electric transmission lines, and numerous land uses other than mining are commonly located in areas where mining companies operate. These land uses may inhibit a mining company's operations, and negative impacts on these land uses that may result from a mining company's operations could create liability exposure. Additionally, the need to accommodate other land uses may result in a less efficient use of the mining property.

Title to Assets

A mining company, such as MTV, may acquire, lease or option mineral rights in order to conduct a number of its mining operations. If defects in title or boundaries are found to exist after a mining company commences mining, its right to mine may be limited or prohibited. No assurance can be given that there are no title defects affecting MTV's properties or those which it may acquire or those upon which it has operations. The mineral or operations properties may be subject to prior unregistered liens, agreements or transfers or other undetected title defects. There can be no assurance that title to MTV's mineral properties or those on which it has operations will not be challenged or impugned or defeated by a holder of superior title or registered liens or adverse claims. Third parties may have valid claims underlying portions of MTV's interests and the permits or tenures may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. If a title defect exists, it is possible that MTV may lose all or part of its interest in the properties to which such defects relate. If there are title defects with respect to any properties, MTV might be required to compensate other persons or perhaps reduce its interest in the property. Also, in any such case, the investigation and resolution of title issues may divert MTV's management's time from future exploration and on-going development programs.

In Chile, a mining claim is a real right on real property, different and independent from the ownership of surface lands, even if they have the same owner. There is an absolute separation of the dominion over the mining claim (that gives the right to explore and/or exploit mineral substances) and the ownership of the surface land therein. Consequently, there is no requirement for a mining claim to have surface land nor a specific water right associated. However, in order to perform works over its mining claims the titleholder shall procure to have a sufficient title for accessing the surface land where such mining concession is located, whether the land is private or State owned. This title may be the ownership of surface land, an authorization granted by the land owner, a lease or an mining easement.

Additional Funding Requirements

Capital expenditures for the exploration, development, production and acquisition of mineral reserves in the future for the MTV project depends on funds not entirely raised by internally generated cash flow. As a result, the Company and MTV require external equity or debt financing and there is no assurance that it will be able to secure either kind of external financing at an economically viable cost and under reasonable conditions, if at all.

Additional equity financing could be dilutive to shareholders and could substantially decrease the trading price of the Company's securities. The Company or MTV may issue common shares or other equity securities in the future for a number of reasons. Additional debt financing, if secured, could involve restrictions being placed on financing and operating activities which could reduce the scope of a the Company's and/or MTV's operations or anticipated expansion, or involve forfeiting its interest in some or all of its properties and licenses, incurring financial penalties, or reducing or terminating its operations.

The Company has not entered into any definitive agreements for additional financing.

Indebtedness of MTV

As of December 31, 2018, MTV's total consolidated indebtedness was $14.3 million under the MTV Credit Facility, all of which was secured by a guarantee of the Company. MTV is required to use a portion of its cash flow to service interest owing thereunder, which will limit the cash flow available for other business opportunities.

MTV's ability to repay the MTV Credit Facility, to pay interest on, or to refinance its indebtedness depends on its future performance, which is subject to economic, financial, competitive and other factors beyond the Company's and MTV's control. MTV may not continue to generate sufficient cash flow from operations in the future to service this debt and to make necessary capital expenditures. If MTV is unable to generate such cash flow, it or the Company may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. The Company's and MTV's ability to refinance its indebtedness will depend on the capital markets and its financial condition at such time. The Company or MTV may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on its debt obligations.

The terms of the MTV Credit Facility require MTV and the Company to satisfy various positive and negative covenants, including maintaining at all times, certain financial ratios and tests. These covenants limit, among other things, capital structure changes, changes in the business of MTV, maintenance of operating assets, changes to offtake contracts, distribution of capital and minimum insurance thresholds. The Company can provide no assurances that in the future, MTV and the Company will not be constrained in its ability to respond to changes in its business or be restricted in its ability to engage in mergers, acquisitions or dispositions of assets. Failure to comply with these covenants, including a failure to meet the financial tests or ratios, would result in an event of default and would allow the lenders thereunder to accelerate maturity of the debt or realize upon security over the Company's assets. An event of default under the MTV Credit Facility could materially and adversely affect the Company's business, financial condition and results of operations and the Company's ability to meet its payment obligations with respect to the Company's debt facilities, as well as the market price of the Common Shares.

Mine Safety Regulation

Employee safety and health regulation in the mining industry is often comprehensive and pervasive. The cost of complying with numerous safety and health laws applicable to the mining industry in many jurisdictions is substantial. In many cases, negative publicity surrounding accidents in the mining industry has resulted in expensive new safety requirements and substantially increased penalties for failure to comply with these regulations. Failure to comply with such requirements may result in fines and/or penalties being assessed against MTV. Given the complexity of the mine safety and health regulations, there is a risk that MTV's business operations will be affected by these regulations.

Fatality or Severe Injury to Employees or Contractors

The business of mining is inherently risky. During construction or expansion of a mine or during mining operations, employees and contractors may be subject to risks and hazards, including environmental hazards, industrial accidents, human error, weather events, light vehicle incidents or other events. The occurrence of any of the foregoing could result in personal injury, permanent disabilities or fatalities to one or more employees or contractors. These incidents could lead to investigation delays, criminal or civil proceedings, investigation costs, monetary damages and reputation damage to MTV and/or the Company.

Dependence on Key Personnel

MTV is dependent on the services of key executives, including its Chief Executive Officer, VP of Corporate Relations, VP of Exploration and Business Development, Chief Operating Officer and other highly skilled and experienced executives and personnel. Certain of these individuals have significant experience in the mining industry and, in particular the mining industry in South America. While the Company and MTV do not foresee any reason why such officers and key employees will not remain with MTV, if for any reason they do not, MTV and the Company could be adversely affected.

Labour

Certain of MTV's operations may be carried out under potentially hazardous conditions. Whilst MTV intends to operate in accordance with all applicable health and safety regulations and requirements, MTV remains susceptible to the possibility that liabilities might arise as a result of accidents or other workforce-related misfortunes, some of which may be uninsurable or beyond MTV's control.

Certain employees of MTV are unionized, which may disrupt operations on account of contract negotiations, grievances, arbitrations, strikes, lockouts or other work stoppages or actions. There can be no assurance that work stoppages or other labour-related developments (including the introduction of new labour regulations in Chile) will not adversely affect the results of operations or the financial condition of MTV. In addition, if either the truck and port facilities upon which MTV is dependent to deliver copper cathodes to its customers are or become unionized, there is potential for strikes, lockouts or other work stoppages or slow-downs involving the unionized employees of its key service suppliers which could have a material adverse effect on MTV and the Company.

Furthermore, when the world mining industry is buoyant there is increased competition for the services of suitably qualified and/or experienced employees and sub-contractors, such as mining and drilling contractors, assay laboratories, metallurgical test work facilities and other providers of engineering, project management and mineral processing services. As a result, MTV may experience difficulties in sourcing and retaining the services of suitably qualified and/or experienced employees or sub-contractors. The loss or diminution in the services of suitable qualified and/or experienced sub-contractors or an inability to source or retain necessary employees or sub-contractors or their failure to properly perform their services could have a material and adverse effect on MTV's business, results of operations, financial condition and prospects.

From time to time, MTV may encounter a shortage of experienced mine workers. As a result, MTV may be forced to substantially increase labour costs to remain competitive in terms of attracting and retaining skilled labourers. Furthermore, it is possible that a decreased supply of skilled labour may cause a delay in MTV's operations and negatively affect its ability to expand production

MTV is unable to predict the risk of insolvency or other managerial failures by any of the contractors or other service providers used by MTV in its current and future activities. Any such insolvency or managerial failures may have a material adverse effect on the results of operations or the financial condition of MTV.

There are currently proposed bills in Chile that may implement significant changes to labour regulations, mainly regarding collective bargaining and employee terminations but the specific content of such bills is not yet known. Additionally, the reform to collective bargaining legislation, which came into effect in April 2017, is currently being implemented and probably will be modified solving some problems observed since its entry into force. These new regulations strengthen a labour union's leverage during collective bargaining by prohibiting the replacement of the workers taking part in a strike, foster unionization and prevent companies from extending the benefits of a collective agreement to non-unionized workers without the prior consent of the union. Although the designation of emergency teams is currently permitted in order to avoid greater damages during a strike, this measure is nonetheless applied in a very restrictive manner.

Community Relations

The maintenance and promotion of an appropriate relationship with communities near a mining site that may be affected by the project's externalities is very important. Such relationship is usually obtained by the mining company conducting dialogues and round tables with community stakeholders and implementing social, educational or economic development programs that benefit the community.

In Chile, an inappropriate relationship with the community could have the following impacts:

i. In the event that an expansion or update of a mining company's project is submitted for environmental approval, local communities may participate in the applicable environmental assessment by filing observations that they deem appropriate. These may result in the environmental authority imposing stricter environmental measures and commitments in the resulting Environmental Assessment Resolution approving the project than those that were initially estimated as legally required. In addition, if communities feel they were not properly considered or consulted, they may file a claim before the Committee of Ministers, which, as a result, may decide to reject the original approval of the project or modify the approved Environmental Assessment Resolution and impose additional environmental commitments. Furthermore, both the Environmental Assessment Resolution and the Committee of Ministers' decision can be challenged before the Environmental Court (and the Supreme Court thereafter).

ii. Any person who feels damaged in any of his or her constitutional rights may file a special constitutional action before the Court of Appeals in order to halt a project.

iii. A citizen organization or any of its members may submit a complaint before the Environmental Superintendence in order to initiate an investigation of a mining project, which could potentially result in the imposition of sanctions to a mining company or even the halt of the project involved.

In the case of MTV, one of the most active communities in the area is *Comunidad Agrícola La Chalinga*. Moreover, there are several communities which have constituted cooperatives or other types of legal entities through which they act, such as *Cooperativa Agrícola de Colonización Illapel Limitada* and *Cooperativa Agrícola Chuchini Limitada*. Most of these organizations or groups of families located in the area of MTV's project are dedicated to agriculture and their main focus is to protect natural resources, especially water sources, from different companies.

Indigenous People

Various international and national laws, codes, resolutions, conventions, guidelines, and other materials relate to the rights of indigenous peoples. Many of these materials impose obligations on governments to respect the rights of indigenous people. Some mandate that governments consult with indigenous people regarding government legislative or administrative measures, which may directly affect indigenous peoples, including actions to environmentally approve mining projects. ILO Convention 169, which has been ratified by Chile, is an example of such an international convention. Consultations carried out in application of this Convention must be undertaken in good faith and in a form appropriate to the circumstances, with the objective of achieving agreement or consent to the proposed measures. Mining rights and easements are not affected by such consultations, as these are granted by means of court rulings. However, in the case of easements, indigenous people and public offices may participate, giving their opinion, opposing their granting, delaying their processing or increasing their compensation price. The obligations of government and private parties under the various international and national materials pertaining to indigenous people continue to evolve and be defined. Examples of recent developments in this area include the United Nations Declaration of the Rights of Indigenous People and the International Finance Corporation's revised Performance Standard 7, which requires governments to obtain the free, prior, and informed consent of indigenous peoples who may be affected by government action. While the territory where MTV's operations are located is not near an indigenous population, MTV's current and future operations are still subject to a risk that one or more groups of indigenous people may oppose continued operation, further development or new development of MTV's projects or operations. Such opposition may be directed through legal or administrative proceedings or expressed in manifestations such as protests, roadblocks or other forms of public expression against MTV's activities. Opposition by indigenous people to MTV's operations may delay or require modification of MTV's project or may require MTV to enter into agreements with indigenous people with respect to its project.

Uninsured Risks

The Company or MTV may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. Furthermore, the Company or MTV may incur liability to third parties (in excess of any insurance coverage) arising from negative environmental impacts or any other damage or injury.

Transportation and Costs

MTV may depend upon trucking and ports to deliver copper cathodes to customers and transportation costs may become a significant component of the total cost of supplying copper cathodes. While MTV's customers typically arrange and pay for transportation of copper cathodes from the mine to the point of use, disruption of these transportation services because of weather-related problems, insurgency, strikes, lock-outs, transportation delays, excessive demand for their services or other events could temporarily impair MTV's ability to supply copper cathodes to customers and thus could adversely affect MTV's revenue and results of operations.

Disruption in capacity of, or increased costs of, transportation services could make copper less desirable, and could make MTV's copper cathodes less competitive than other sources of copper cathodes. In addition, increases in the cost of fuel, or changes in other costs relative to transportation costs for copper cathodes produced by competitors, could adversely affect MTV's operations. To the extent such increases are sustained, MTV could experience losses and may decide to discontinue certain operations forcing MTV to incur closure or care and maintenance costs, as the case may be.

Dependence on Third Party Suppliers and Loss of Customer Base

MTV has entered into an offtake agreement, which agreement will terminate in early 2019. MTV may enter into other offtake agreements that require the delivery of copper cathodes on a regular basis to its customers. If MTV's own mining production does not reach capacity, MTV may have to enter into mineral supply agreements with third party suppliers in order to meet its customers' demands. There can be no assurance that the third parties, including ENAMI, will, from time to time, be able to supply the requisite quantities of copper cathodes on the schedule negotiated with MTV. Such third party suppliers may be subject to the same risks relating to engineering, weather, labour, materials and equipment as a mining company.

Changes in purchasing patterns in the copper industry may make it difficult for MTV to enter into long term supply agreements with new customers. The execution of a satisfactory copper supply agreement may be the basis on which MTV will undertake the development of mineralized material required to be supplied under the agreement. When agreements with customers expire or are otherwise renegotiated, MTV's customers may decide to purchase fewer amounts of minerals than in the past or on different terms, including pricing terms less favourable to MTV, or may choose to purchase from other suppliers. Mineral contracts may also contain force majeure provisions which may allow for the temporary suspension of performance by MTV or its customers during the duration of specified events beyond the control of the affected party.

Risks Relating to the Emani Tolling Contract

Under the ENAMI Tolling Contract, the Company toll treats mineralized material from ENAMI, the Chilean state-owned enterprise that supports small and artisanal miners. There can be no assurance that such mineralized material will be available in the future or that the tolling of such mineralized material will generate an adequate return. The amount of mineralized material delivered under the ENAMI Tolling Contract could differ materially from previous years and such variance could have a material adverse impact on MTV’s business, financial condition and results of operations.

Acquisition Risks

The Company's and MTV’s future success may depend upon MTV conducting successful exploration and development activities and acquiring properties containing additional copper deposits. MTV may also be required to generate capital, either through its operations or through outside financing, to mine these additional deposits. MTV may increase its mineral resource base through exploration, acquisitions of other mineral rights, leases, or producing properties or continuing to use its existing properties.

Acquisitions involve a number of inherent risks, any of which could cause the Company and/or MTV to not realize the anticipated benefits. The Company or MTV may be unable to successfully integrate the companies, businesses or properties it acquires. Acquisition transactions involve various inherent risks, including:

- uncertainties in assessing the value, strengths, and potential profitability of, and identifying the extent of all weaknesses, risks, contingent and other liabilities (including environmental or mine safety liabilities) of, acquisition candidates;
- the potential loss of key customers, management and employees of an acquired business;
- the ability to achieve identified operating and financial synergies anticipated to result from an acquisition;

- problems that could arise from the integration of the acquired business; and
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying a mining company's rationale for pursuing the acquisition.

Any one or more of these factors could cause the Company and/or MTV not to realize the benefits anticipated to result from an acquisition.

Any acquisition opportunities the Company or MTV may pursue could materially affect such company's liquidity and capital resources and may require the Company and/or MTV to incur indebtedness, seek equity capital or both. In addition, future acquisitions could result in the Company and/or MTV assuming more long-term liabilities relative to the value of the acquired assets.

Operating in Foreign Jurisdictions

Operating in Chile exposes MTV, and the Company, to risks that may not otherwise be experienced if operations were domestic. Real and perceived political risk in some countries may also affect MTV's ability to finance mine development opportunities. Although Chile has a mature and stable political system and enjoys one of the best country risk ratings of the region, there is always the potential for changes in mining policies, royalties, taxes or shifts in political attitude towards foreign investment in natural resources. Changes, even if minor in nature, may adversely affect MTV's operations.

Increased Risks Associated with Emerging Market Investments Generally

The Company's investment in Chile-based MTV may be considered an investment in an emerging market. This investment is dependent upon economic conditions in Chile, and any decline in Chile's economic conditions could have an adverse effect on such investment. Emerging market investments generally pose a greater degree of risk than investment in more mature market economies because the economies in the developing world are more susceptible to destabilization resulting from domestic and international developments.

As a result of investing in emerging markets such as Chile, the Company is exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties include, but are not limited to, terrorism, hostage taking, military repression, crime, political instability, currency controls, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, illegal mining, changes in taxation and mining laws, regulations and policies, corruption risks of using foreign representatives and consultants, restrictions on foreign exchange and repatriation, and changing political conditions and governmental regulations relating to foreign investment and the mining business.

Operating in emerging markets can increase the risk that contractual and/or mineral rights may be disregarded or unilaterally altered. In addition to potentially affecting the price of copper, general inflationary pressures may also affect MTV's labour, commodity and other input costs at operations in emerging markets, which could have a materially adverse effect on the Company's financial condition, financial performance and capital expenditures for the development of its projects.

There can be a greater level of political, social and economic risk in emerging markets compared to some other countries in which the Company operates. Operations in emerging markets may be subject to more frequent civil disturbances and criminal activities such as trespass, illegal mining, sabotage, theft and vandalism.

The foregoing risks may limit or disrupt operating mines or projects, restrict the movement of funds, cause MTV or the Company to have to expend more funds than previously expected, or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation, and may materially adversely affect the Company's financial position or financial performance. Certain of these risks have increased in recent years. Furthermore, in the event of disputes arising from MTV's activities in Chile, the Company may be subject to the jurisdiction of courts outside North America, which could adversely affect the outcome of the dispute.

Increased Risks Associated with Emerging Markets in South America

Global economic crises could negatively affect investor confidence in emerging markets or the economies of the principal countries in South America, including Chile. Such events could materially and adversely affect MTV's business, financial condition and financial performance and as a result could have an adverse effect on the Company's investment in MTV.

A crisis in other emerging market countries could dampen investor enthusiasm and the value attributed to companies with South American operations. Financial conditions in Argentina, Brazil or other emerging market countries could negatively impact Chile's economy in the future. Although economic conditions in these countries may differ significantly from economic conditions in Chile, investors’ reactions to developments in these other countries, such as the recent developments in the global financial markets, may substantially affect the capital flows into, and the market value of companies with operations in Chile.

A significant deterioration in the economic growth of any of the main trading partners of Chile could have a material impact on the trade balance of the country and could materially and adversely affect its economic growth. This, in turn, could adversely affect MTV’s business, financial condition and the results of its operations and as a result could have an adverse effect on the value of the Company’s investment in MTV.

Competition

The resource exploration and mining business is competitive in all of its phases. Competitive factors in the distribution and marketing of copper include price and methods and reliability of delivery. The Company and MTV will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive resource properties. The principal factors that determine the price for which MTV's copper cathodes can be sold are demand, competition, mineral quality, efficiency in extracting and transporting minerals, and proximity to customers. Increases in transportation costs could make MTV's operations less competitive than other copper producers. An oversupply of copper will also likely adversely affect the price of copper on the market. There can be no assurance that MTV will be able to compete successfully with other copper producers and its failure to compete effectively could adversely affect its operations and performance.

Foreign Currency Risk

MTV reports its financial results in USD; however, it may incur certain costs and expenses in Chilean pesos ("CLP"), CAD or other currencies. As a result, MTV's operating results and cash flows could be negatively affected by currency exchange rates between USD, CLP, CAD or other currencies. As at December 31, 2018, 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, 2018 would have amounted to approximately $1.1 million.

In addition, MTV competes in international markets against copper produced in other countries. Copper is generally sold internationally in USD. As a result, mining costs in competing producing countries may be reduced in USD terms based on currency exchange rates, providing an advantage to copper producers in other countries. Currency fluctuations among countries purchasing and selling copper could adversely affect the competitiveness of MTV's copper cathodes in international markets.

Hedging Risk

MTV may hedge its projected future copper production by entering into customer contracts that require it to deliver copper cathodes with established pricing over a period of time. If the price of copper increases, MTV may be materially adversely affected by having hedged its future production pursuant to these contracts. Alternatively, should the price of copper decrease below the levels stated in the contracts, the Company and MTV could be materially adversely affected should these contracts not be honoured.

Litigation

Due to the nature of mining operations, it is possible for legal proceedings to arise from time to time in the course of MTV's business and operations. There is always the potential that an individual matter or the aggregation of many matters could adversely affect the Company or MTV.

Restriction against Greenhouse Gas Emissions

Laws restricting the emissions of greenhouse gases in jurisdictions or areas where MTV conducts business or sells copper cathodes could adversely affect operations and demand for copper. MTV may be subject to regulation of greenhouse gas emissions from stationary sources as well as mobile sources such as cars and trucks. Current and proposed laws, regulations and trends and electricity generators may influence the switch to other energy sources that generate less greenhouse gas emissions, possibly further reducing demand for copper.

Anti-Corruption Legislation

The Company and MTV are required to comply with anti-corruption and anti-bribery laws, including the Extractive Sector Transparency Measures Act, the Canadian Corruption of Foreign Public Officials Act, as well as similar laws in the countries in which they conduct their business ("Anti-Corruption Legislation"). Such legislation prohibits mining companies, such as MTV and the Company, or any of their officers, directors, employees or agents acting on their behalf from paying, offering to pay or authorizing the payment of anything of value to any foreign government official, government staff member, political party or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an office capacity. The Anti-

Corruption Legislation also requires public companies to make and keep books and records that accurately and fairly reflect their transactions and to devise and maintain an adequate system of internal accounting controls. International activities create the risk of unauthorized payments or offers of payments by employees, consultants or agents, even though they may not always be subject to the Company's or MTV's control. The Company's or MTV's existing safeguards and any future improvements may provide to be less than effective, and employees, consultants and agents may engage in conduct for which the Company and/or MTV may be held responsible. Any failure by the Company or MTV to adopt appropriate compliance procedures and to ensure that their respective employees and agents comply with Anti-Corruption Legislation and applicable laws and regulations in foreign jurisdictions could result in substantial penalties or restrictions on their ability to conduct business, which may have a material adverse impact on the Company, MTV or the price of Common Shares.

Infrastructure

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. In order to develop mines on such properties, it will be necessary to negotiate and conclude various agreements for various infrastructure requirements, including for transportation, power and port access with various industry participants, including external service and utility providers. The inability to conclude any such agreements could have a material adverse effect on the Company's or MTV's ability to produce or market any products from future projects. In addition, there is no certainty that the Company or MTV will be able to access sources of power on economically feasible terms for all of its future requirements. Further, aging infrastructure could lead to increased costs or reduced production. An inability to meet infrastructure requirements could have a material adverse effect on the Company's or MTV's results of operations and financial condition.

Risks relating to the Corporate Segment

Risks relating to the Company Generally

Lack of Diversification

From time to time, the Company may have only a limited number of investments and projects and, as a result, the performance of the Company may be adversely affected by the unfavourable performance of one investment or project. As well, the Company's investments and projects are concentrated in the natural resource sector. As a result, the Company's performance will be disproportionately subject to adverse developments in this particular sector.

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 or interest rate risk) whether those changes are caused by factors specific to the individual financial instrument, its issuer, or factors affecting all similar financial instruments traded in the market. The Company is subject to price risk through its public equity investments. The Company's private market investments are also subject to price risk as they are impacted by many general and specific market variables.

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 $1.9 million.

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.

Commodity Price Risk

Commodity price risk is the risk that the fair values or cash flows associated with the Company's investments will vary due to changes in the prices of a particular commodity, e.g. copper, metallurgical coal, oil, natural gas liquids, natural gas or livestock. The Company's investee companies may engage in various programs to mitigate exposure to commodity price risk.

The Company is exposed to commodity price risk in respect of several of its investments since their revenues are dependent on the market price of copper, metallurgical and thermal coal, iron ore, petroleum, natural gas or agricultural products. The price of these commodities is volatile and subject to fluctuations that may have a significant effect on the ability of the investee companies to meet their obligations, capital spending targets or commitments, and expected operational results which in turn impacts their fair values as recorded by the Company.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to minimal interest rate risk from its interest bearing financial instruments as they typically have short-term maturities.

Through the equity portion of some of its Investments, the Company is also indirectly exposed to interest rate risk.

Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has exposure to foreign currency risk due to the effects of changes in foreign exchange rates related to certain U.S. denominated investments and cash and cash equivalents. The Company is also indirectly exposed to foreign exchange risk due to the effects of changes in foreign exchange rates related to the underlying operations of some of its Investments. These risks are monitored and evaluated for their effects on cash flows and the benefits of hedging strategies are continuously reviewed.

As at December 31, 2018, approximately $19.5 million or 38% (December 31, 2017: $65.5 million or 43%) of total assets were invested in Investments priced in CDN, and approximately $11.6 million or 23% of total assets was held in CDN cash (December 31, 2017: $19.5 million or 16%). As at December 31, 2018, had the exchange rate between the USD and the CDN 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, 2018 would have amounted to approximately $4.2 million (year ended December 31, 2017: $9.4 million).

As at the date hereof, the Company held approximately CDN$15.8 million of cash and cash equivalents priced in USD, and approximately CDN$26.6 million of investments priced in USD.

Key Management and the MSA with SCLP

The success of the Company will be largely dependent upon the performance of its key officers, consultants and employees and upon the relationship between the Company and SCLP through the MSA. The Company's officers and employees are provided by SCLP pursuant to the MSA. SCLP may terminate the employment of any of the Company's key officers, consultants and employees without notice to the Company. In addition, pursuant to the MSA, SCLP may terminate the MSA upon one (1) year's notice. The termination of any of the key officers, consultants or employees of the Company or the MSA by SCLP may have a negative effect on the performance of the Company. The Company has not purchased any "key-man" insurance with respect to any of its directors, officers or key employees and has no current plans to do so.

Regulatory Risk

Certain of the Investments may be subject to extensive government regulations and oversight with respect to their business activities. Failure to comply with applicable regulations, obtain applicable regulatory approvals or maintain those approvals may subject the applicable operating company to civil penalties, suspension or withdrawal of any regulatory approval obtained, injunctions, operating restrictions and criminal prosecutions and penalties, which could, individually or in the aggregate, have a material adverse effect on the Company's consolidated financial position.

Risks Relating to the Mining Sector

The Company has investments in the mining sector through its investments in MTV, Corsa Coal and LOM. The Company encourages investors in its securities to consult "*Risk Factors - Risks Relating to MTV";* "*Risk Factors - Risks relating to the Corporate Segment - Risks relating to Corsa Coal";* and *"Risk Factors - Risks relating to the Corporate Segment - Risks Relating to LOM"*. These risk factors specifically apply to MTV, Corsa Coal and LOM, respectively, and more generally, would apply to the Company's investments in other companies in the mining industry.

Conflicts of Interest

Certain directors and officers of the Company are or may become associated with other natural resource companies or a member of the Sprott Group of Companies, which may give rise to, or appear to give rise to, conflicts of interest. In accordance with the *CBCA*, directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Company are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. The directors and officers of the Company have either other full-time employment or other business or time restrictions placed on them and accordingly, the Company will not necessarily be the only business enterprise of these directors and officers.

Exposure to Unforeseen Tax Liabilities

The Company and the Investments are subject to income taxes as well as non-income based taxes, in Canada and various foreign jurisdictions and the Company's and the Investment's tax structures are subject to review by numerous taxation authorities. Although the Company strives to ensure that its tax estimates and filing positions are reasonable, the Company cannot assure shareholders that the final determination of any tax audits and litigation will not be different from what is reflected in the Company's or the Investments' historical income tax provisions and accruals, and any such differences may materially affect the Company's operating results for the affected period or periods.

Activist Shareholder Risks

The Company may be subject, from time to time, to challenges in the operation of its business due to actions instituted by activist shareholders or others. Responding to such actions could be costly and time-consuming, may not align with the Company's business strategies and could divert the attention of the Board and senior management from the pursuit of business strategies. Perceived uncertainties as to the Company's future direction as a result of shareholder activism may lead to the perception of a change in the direction of the business or other instability and may make it more difficult to attract and retain qualified personnel and business partners and may affect the Company's relationships with other third parties.

United States Investment Company Act

It is intended that the Company will make acquisitions and other investments in a manner so as not to be an investment company under the United States *Investment Company Act of 1940* (the "Investment Company Act"). The Investment Company Act contains substantive legal requirements that regulate the manner in which investment companies are permitted to conduct their business activities. If the United States Securities and Exchange Commission or a court were to determine that the Company is an investment company, the Company could be required to register as an investment company. This would negatively affect the Company's ability to consummate acquisitions; subject the Company to disclosure and accounting guidance geared toward investment, rather than operating companies; limit the Company's ability to borrow money, issue options, issue multiple classes of stock and debt, and engage in transactions with affiliates; and require the Company to undertake significant costs and expenses to meet the disclosure and regulatory requirements to which it would be subject as a registered investment company. In order not to be regulated as an investment company under the Investment Company Act, unless the Company can qualify for an exemption, the Company must ensure that it is engaged primarily in a business other than investing, reinvesting, owning, holding or trading in securities (as defined in the Investment Company Act) and that it does not own or acquire "investment securities" (as defined in the Investment Company Act) having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items) on an unconsolidated basis. The Company will monitor its holdings to ensure continuing and ongoing compliance with the 40% test.

To ensure that majority-owned investments do not become categorized as "investment securities," the Company may need to make additional investments in these subsidiaries to offset any dilution of its interest that would otherwise cause such a subsidiary to cease to be majority-owned or dispose of such investments at inopportune times. The Company may also need to forego acquisitions that it would otherwise make or retain, or dispose of investments that it might otherwise hold. Although the Company intends to monitor its holdings periodically and prior to each acquisition or disposition, it may not be able to maintain an exclusion from registration as an investment company. If the Company is required to register as an investment company but fails to do so, the Company would be prohibited from engaging in its business, and criminal and civil actions could be brought against it. In addition, the Company's contracts would be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of the Company and liquidate its business. Finally, if the Company were to become an investment company then it would be subject to material additional regulation under the Investment Company Act, and its operations would be materially and adversely affected. There can no assurance that the Company will be able to make the acquisitions and/or other investments in a manner that would enable the Company to comply with the Investment Company Act.

U.S. federal income tax consequences of "passive foreign investment company" status

Certain U.S. beneficial holders of the Common Shares should be aware that they could be subject to certain adverse U.S. federal income tax consequences in the event that the Company is, or becomes, classified as a passive foreign investment company (a "PFIC") for U.S. federal income tax purposes. The determination as to whether a non-U.S. corporation is a PFIC is based on the application of complex U.S. federal income tax rules, which are subject to differing interpretations, and the determination will depend on the composition of the income, expenses and assets of the non-U.S. corporation from time to time and the nature of the corporation's activities. Based on current assets and activities and on assumptions about activities during the balance of the current taxable year, the Company believes that it will be classified as a PFIC for the 2018 taxable year, and may be a PFIC in future tax years. However, PFIC classification for any taxable year is based on the application of complex U.S. federal income tax rules, which are subject to differing interpretations, and is fundamentally factual in nature, and the determination of the Company's PFIC status is made annually based on the types of income the Company earns and the type and value of its assets in each such year, as well as on the application of complex U.S. federal income tax rules, including "look through" rules with respect to its subsidiaries, and cannot be determined until after the end of such taxable year. Shareholders of the Company are urged to consult their own tax advisors regarding the likelihood and consequences of the Company being treated as a PFIC for U.S. federal income tax purposes, including the availability and advisability of any elections that may help mitigate the tax consequences to a U.S. Holder if the Company is a PFIC. Under proposed U.S. Treasury Regulations, if the Company is classified as a PFIC, the holding period for any common shares acquired on the exercise of Warrants would begin on the date certain U.S. beneficial holders acquire the Warrants. This could affect adversely the availability of any election that otherwise may be available with respect to the Common Shares received upon the exercise of Warrants. Shareholders are urged to consult their own tax advisors regarding the consequences of these rules with respect to the Warrants and common shares received upon the exercise of Warrants, including the availability and advisability of any elections that may help mitigate the tax consequences to a U.S. Holder if the Company is a PFIC.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by maintaining sufficient cash and cash equivalents balances to enable settlement of transactions on the due date. Periodic cash flow forecasts are performed to ensure the Company has sufficient cash to meet operational costs.

The Company invests in securities of public and private companies. In some cases, the Company may be restricted by contract or by applicable securities laws from selling such securities for a period of time. In addition, it is often more difficult to value and sell investments in a private company. The inability to sell such securities may impair the Company's ability to exit these investments when the Company considers it appropriate.

If required, the ability of the Company to arrange additional financing in the future will depend in part upon prevailing market conditions as well as the business performance of the Company and the Investments. There can be no assurance that debt or equity financing will be available, or, together with internally generated funds, will be sufficient to meet or satisfy the Company's objectives or requirements or, if the foregoing are available to the Company, that they will be on terms acceptable to the Company.

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. Trade and other receivables are subject to credit risk exposure and the carrying values reflect management's assessment of the associated maximum exposure to such credit risk.

The Company has no significant concentrations of credit risk and its exposure to credit risk arises through the Company's cash held primarily through large Canadian financial institutions with credit ratings of AA or higher.

Credit risk is also managed by dealing with counterparties that the Company believes to be creditworthy and by actively monitoring credit exposure and the financial health of the counterparties.

Detection of Errors or Fraud

Due to the inherent limitations of internal control systems, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. Accordingly, the Company cannot provide absolute assurance that all control issues, errors or instances of fraud, if any, within (or otherwise impacting) the Company have been or will be prevented or detected. In addition, over time, certain aspects of a control system may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate, which the Company may not be able to address quickly enough to prevent all instances of error or fraud.

Competition

We expect to encounter intense competition from other entities having a business objective similar to ours, including private investors and private equity firms, and other entities, domestic and international, competing for the types of natural resources businesses we seek to acquire or invest in. Many of these individuals and entities are well-established and have significant experience identifying and effecting, directly or indirectly, acquisitions of companies operating in or providing services to the natural resource sector. Some of these competitors may possess greater technical, human and other resources than we do and our financial resources may be relatively limited when contrasted with those of many of these competitors. Our ability to compete with respect to the acquisition of certain target businesses that are sizeable will be limited by our available financial resources. This inherent competitive limitation gives others an advantage in pursuing the acquisition of certain target businesses. This in turn may have an adverse affect on the Company's business, financial condition and results of operations. In addition, an increase in interest in natural resource investments, may tend to increase competition for such investments, thereby increasing purchase prices and reducing the yield on them. There is a risk that increased competition for natural resource acquisitions and investments may increase purchase prices to levels that are not accretive.

Dividends

The Company does not currently intend to pay a dividend on its common shares. Any future determination to pay dividends will be at the discretion of the Board and will depend upon the capital requirements of the Company, results of operations and such other factors as the Board considers relevant.

Cybersecurity Risks and Threats

The Company relies on information technology networks and systems, including those of third-party service providers, to process, transmit and store electronic information. In particular, the Company depends on its information technology infrastructure for a variety of functions, including financial reporting and other data management, procurement, invoicing and email communications. Any of these systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, terrorist attacks, sabotage and similar events. Global cybersecurity threats and incidents can range from uncoordinated individual attempts to gain unauthorized access to the Company's, MTV's or any of the Investment's information technology systems to sophisticated and targeted measures known as 'advanced persistent threats', which might not be noticed for some period of time. The ever-increasing use and evolution of technology, including cloud-based computing, creates opportunities for the unintentional dissemination or intentional destruction of confidential information stored in the Company's, MTV's or any of the Investment's systems or in non-encrypted portable media or storage devices. The Company or any of the Investments could also experience a business interruption, information theft of confidential data, or reputational damage from industrial espionage attacks, malware or other cyber-attacks, which may compromise the Company's, MTV's or any of the Investment's system infrastructure or lead to data leakage, either internally or at third-party providers. Despite the implementation of advanced threat protection, detection and mediation measures, information and network security measures and disaster recovery plans, the Company's, MTV's or any of the Investment's systems and those of third parties on which the Company, MTV or any of the Investments rely may also be vulnerable to computer viruses, break-ins and similar disruptions. If the Company, MTV or any of the Investment are unable (or are perceived as unable) to prevent, or detect and mitigate the impact of, such outages and breaches, the Company's, MTV's or any of the Investment's operations may be disrupted and the Company's, MTV's or any of the Investment's business reputation could be adversely affected.

Risks relating to Corsa Coal

The Company encourages investors in its securities to consult Corsa Coal's public disclosure record for information on risk factors affecting their business (available under Corsa Coal's profile on SEDAR at www.sedar.com). An extract of certain risk factors disclosed in Corsa Coal's annual information form dated February 21, 2019 is appended to this AIF as Schedule "C". Such risk factors specifically apply to Corsa Coal and, more generally, the Company's investments in other companies in the mining industry.

Risks relating to InPlay Oil

The Company also encourages investors in its securities to consult InPlay Oil's public disclosure record for information on risk factors affecting their business (available under InPlay Oil's profile on SEDAR at www.sedar.com). An extract of certain risk factors disclosed in InPlay Oil's annual information form dated March 29, 2018 (the "2018 InPlay Oil Risk Factors") is filed under the Company's profile on SEDAR at www.sedar.com and is incorporated by reference into this AIF. The 2018 InPlay Oil Risk Factors shall be automatically deemed to no longer be incorporated by reference into this AIF upon the filing, under the Company's profile on SEDAR at www.sedar.com, of a document containing an extract of the risk factors from InPlay Oil's annual information form for the year ended December 31, 2018 (to be available under InPlay Oil's profile on SEDAR at www.sedar.com) or such other applicable document, at which time such risk factors from InPlay Oil's annual information form for the year ended December 31, 2018 or such other applicable document will be deemed to be incorporated by reference into this AIF.

Risks Relating to LOM

The LOM Project was placed into care and maintenance in 2015. If the project becomes active, LOM would be subject to risks similar to MTV and Corsa Coal. See "*Risk Factors - Risks Relating to MTV*" and "*Risk Factors - Risks Relating to the Corporate Segment - Risks Relating to Corsa Coal".*

Integration and Strategic Relationships

The Company was formed as a result of the business combination between SRC and ADI completed on February 9, 2017. The LOM Joint Venture was formed under a joint venture agreement between ADI, a wholly-owned subsidiary of WISCO International Resources Development and Investment Limited ("WISCO") and LOM, the joint venture vehicle, signed on January 12, 2012 (the "LOM JV Agreement"). The LOM JV Agreement may expose the Company to new geographic, political, operating, financial and geological risks. The strategic relationship under the LOM JV Agreement may have unknown significant liabilities. Pursuant to the LOM JV Agreement, the Company may have difficulty realizing anticipated synergies and maximizing the financial and strategic position of the strategic relationship. The integration of the strategic relationship may disrupt the Company's ongoing business and its relationships with employees, customers, suppliers and contractors. Any failure by LOM to meet its obligations, or any disputes with respect to the parties' respective rights and obligations could have a material adverse effect on the Company.

Disputes between the Company and WISCO or its Affiliates Could Harm the Company's Operations

Disputes may arise between the Company and WISCO or its affiliates in a number of areas, including with respect to LOM under the JV Agreement and the interpretation or application of the provisions of the LOM JV Agreement. The Company may not be able to resolve any potential conflicts, and even if it does, the resolution may be less favourable than if the Company were dealing with a party that did not own a majority interest in LOM.

WISCO has Effective Control of LOM

As at the date of this MD&A, WISCO beneficially owned 60% of the common shares of LOM, and WISCO has the right to appoint a majority of the directors to LOM. Accordingly, WISCO has effective control of LOM and the LOM Project.

LOM is not the Company's Subsidiary

The Company has a minority interest in LOM and does not control the board of directors of LOM and the Company's business plans for LOM may conflict with the plans of WISCO who owns the majority interest in LOM. This may restrict the ability of the Company to deal freely with LOM and the LOM Project, to increase its equity interest in LOM and the LOM Project and to structure its business in a tax effective manner.

WISCO may not Vote its Shares in the Best Interest of the Company

As of the date of this AIF, based on reports publicly filed on the System for Electronic Disclosure by Insiders, WISCO beneficially owned 1,510,824 of the Common Shares. WISCO's beneficial ownership represents approximately 4.4% of the Company's issued and outstanding common shares. WISCO's interest in LOM and the LOM Project is greater than its investment in the Company. To the extent any vote of the Company shareholders is required, it could create a conflict of interest between what is in the best interest of the Company and what is in the best interest of WISCO, including in circumstances where a shareholder vote is required in respect of a financing and the failure to obtain such financing could result in WISCO diluting the Company's interest in LOM and increasing WISCO's interest in LOM.

The Company may be Subject to Dilution of its Interest in LOM and the LOM Project

The Company may be subject to dilution of its interest in LOM and the LOM Project, should additional funding become necessary to continue operations. Should additional funds become necessary to supplement, increase, or improve the operations, the Company may not be in the position to invest additional capital, and if it fails to invest additional capital its interest in LOM and the LOM Project could be diluted.

At present, the Company owns a minority interest in LOM. At the present time, the Company does not have the ability to fund the LOM Project to commercial production. Furthermore, there is no assurance that WISCO, the majority holder in LOM, will be able to fund the LOM Project either. The inability to fund may have a significant impact on the value of the Company's investment in LOM. If the LOM Project is not funded properly, the Company and/or LOM may lose its rights to the LOM Project.

Legal and Title Risks

Title to land including mineral properties and mining rights involves certain inherent risks including difficulties in identification of the actual location of specific properties. Although the Company has exercised due diligence with respect to determining title to and interests of LOM in its land and the LOM Project, there is no guarantee that such title or interests will not be challenged or impugned or become the subject of title claims by other parties and title insurance is generally not available. Challenges to the title of the properties in which the Company or LOM have an interest, if successful, could result in the loss or reduction of the Company's interests in such properties and the Company's projects thereon not proceeding, all of which could have a material adverse effect on the Company's financial condition, liquidity or results of operations.

First Nations Potential Land Claims

A mining company's mineral projects may be located in areas subject to First Nations land claims. The development and the operation of such properties may require the conclusion of impact and benefit agreements ("IBAs") and/or other agreements with the affected First Nations. As a result of the IBAs or of other agreements, a mining company may incur significant financial or other obligations to affected First Nations. The negotiation of such IBAs may also significantly delay the advancement of the properties. There can be no assurance a mining company will be successful in reaching an IBA or other agreement with First Nations groups who may assert rights or may have a claim which affects any of its projects.

Risks Relating to Beretta Farms

Operating History

Beretta Farms' operating history has demonstrated that it is subject to many risks, including under-capitalization, cash shortages and lack of revenue. Beretta Farms has not yet achieved sustained profitability and there is no assurance that Beretta Farms will be successful in achieving a return on shareholders' investment.

A Rise in the Price of Inputs

The profitability of Beretta Farms' retail products is highly susceptible to input costs, especially for cattle and chickens, which largely remain outside Beretta Farms' control.

Production and pricing of inputs, such as cattle and chicken, are determined by constantly changing market forces of supply and demand over which Beretta Farms has limited or no control. Such factors include, among other things, weather patterns, outbreaks of disease, the level of supply inventories and demand for grains and other feed ingredients, as well as government agricultural and energy policies.

Volatility in Beretta Farms' commodity and raw material costs directly impacts its gross margins and profitability. Beretta Farms' objective is to offset commodity price increases with pricing actions over time. However, Beretta Farms may not be able to increase its product prices enough to sufficiently offset increased raw material costs due to consumer price sensitivity or the pricing postures of its competitors. In addition, if Beretta Farms increases prices to offset higher costs, it could experience lower demand for its products and sales volumes. Conversely, decreases in Beretta Farms' commodity and other input costs may create pressure on it to decrease its prices. Over time, if Beretta Farms is unable to price its products to cover increased costs, to offset operating cost increases with continuous improvement savings, then commodity and raw material price volatility or increases could materially and adversely affect its profitability, financial condition and results of operations.

Product Pricing and Sales Volumes

Beretta Farms' profitability is dependent, in large part, on its ability to make pricing decisions regarding its products that, on the one hand encourage consumers to buy, yet on the other hand recoup development and other costs associated with those products. Products that are priced too high will not sell and products priced too low will lower Beretta Farms' profit margins.

The quantity and pricing for sales of Beretta Farms' products to retail and wholesale customers are subject to fluctuations, including adverse changes, resulting from, amongst other things, changes in end consumer demand, product decisions by wholesale customers and the actions of competitors.

Food Safety

Beretta Farms is subject to risks that affect the food industry in general, and is exposed to potential liability and costs related to food spoilage, accidental contamination, food allergens, evolving consumer preferences and nutritional and health-related concerns, product tampering, consumer product liability, product labeling and advertising errors, and the potential costs and disruptions of a product recall, either in their own operations, or in the operations of the third parties they rely on for certain processing and other supply chain activities. Beretta Farms' processes and products are susceptible to contamination by disease-producing organisms, or pathogens, such as E. Coli, salmonella and listeria. There is a risk that these pathogens, as a result of food processing, could be present in either Beretta Farms' processing facilities or products. Beretta Farms requires strict control of the temperature at which it stores its products and is susceptible to any risks of spoilage due to issues with maintaining appropriate temperatures.

Beretta Farms' employees and management follow strict food safety protocols and processes in their manufacturing facilities and distribution systems including, but not limited to, striving for compliance with all applicable regulatory requirements, employee training and supervision in proper handling practices, and the maintenance of systems that allow traceability of all meat products from Canadian Premium Meats Inc. ("CPM") to other Beretta Farms businesses or third parties, and the traceability of all meat products from Beretta Farms' businesses to customers or end retailers. However, these measures, even when working effectively, cannot eliminate all risks of an instance of food borne illness. Pathogens can also be introduced to Beretta Farms' products as a result of improper handling in transportation or at the further processing, foodservice or consumer level, along with third party tampering of products.

Beretta Farms could also be required to recall certain of its products in the event of contamination or adverse test results or as precautionary measures. There is also a risk that not all of the product subject to a recall will be properly identified, or that a recall will not be successful or not be enacted in a timely manner. Any product contamination could subject Beretta Farms to product liability claims, adverse publicity and government scrutiny, investigation or intervention, resulting in increased costs and decreased sales.

Livestock Disease

Cattle are vulnerable to viral infections and other diseases and there can be no assurance that Beretta Farms' or its supplier's livestock will not be infected. A serious outbreak of disease amongst Beretta Farms' cattle may result in losses or costs, and have a negative impact on Beretta Farms' reputation. In addition, an outbreak of such disease in the cattle industry generally, even if it does not directly infect Beretta Farms' cattle, could impact the cattle and beef industry negatively.

An outbreak of cattle disease or any outbreak of other animal epidemics might also result in material disruptions to CPM's operations, the operations of its customers or suppliers, including other Beretta Farms businesses, or a decline in the industry or in the economic growth of Canada and surrounding regions, any of which could have a material adverse impact on CPM's operations. Further, consumer concerns regarding safety and quality of food products or health concerns could adversely affect the downstream sales of CPM's customers, including Beretta Farms.

ENVIRONMENTAL AND SUSTAINABILITY POLICY

The Company's environmental and sustainability policy (the "Environmental and Sustainability Policy") provides that the Company and its subsidiaries are committed to the protection of life, health and the environment for present and future generations. Resources are focused to achieve shareholder profitability without neglecting the Company's commitment to sustainable development. The needs and culture of the local communities will be respected. The Environmental and Sustainability Policy is available on the Company's website at www.sprott.com/investment-strategies/sprott-resource-holdings.

The Board has established the EHS Committee to assist the Board in fulfilling its oversight responsibilities for environmental, health and safety matters. The mandate of the EHS Committee is to oversee the development and implementation of policies and best practices relating to environmental, health and safety issues in order to ensure compliance with applicable laws, regulations and policies in the jurisdictions in which the Company carries on business.

DIVIDENDS

Neither the Company nor SRC has declared or paid any cash dividends in their three most recently completed financial years. The Company's dividend policy is reviewed from time to time by the Board in the context of the Company's earnings, financial condition, capital requirements and other relevant factors. Although dividends may be paid at some point in the future, the Company currently intends to retain all available funds and any future earnings to fund the development and growth of its business and the Company does not anticipate paying any cash dividends in the foreseeable future.

MARKET FOR SECURITIES

The Common Shares are listed on the TSX under the symbol "SRHI". Information concerning the trading prices and volumes of the Common Shares on the TSX during fiscal 2018 is set out below[(1)]:

Month	Last, CAD	High, CAD	Low, CAD	Share Volume
January	$3.00	$3.40	$2.80	659,424
February	$2.80	$3.00	$2.70	341,239
March	$2.50	$2.80	$2.40	635,740
April	$2.60	$2.70	$2.40	240,172
May	$2.40	$2.60	$2.20	472,669
June	$2.30	$2.50	$2.10	880,718
July	$2.00	$2.20	$2.00	385,370
August	$1.59	$2.10	$1.45	1,444,285
September	$1.50	$1.64	$1.40	1,564,846
October	$1.43	$1.55	$1.43	696,051
November	$1.28	$1.50	$1.24	858,729
December	$1.12	$1.28	$0.98	710,577

Source: Bloomberg.

Notes:

(1) On August 13, 2018, the Company completed the Share Consolidation. The trading prices and volumes disclosed above for the periods prior to August 13, 2018 have been adjusted to reflect the Share Consolidation.

The Warrants are listed on the TSX under the symbol "SRHI.WT". Information concerning the trading prices and volumes of the Warrants on the TSX during fiscal 2018 is set out below:

Month	Last	High	Low	Share Volume
January	$0.05	$0.07	$0.04	741,084
February	$0.04	$0.05	$0.04	1,390,163
March	$0.04	$0.05	$0.03	1,425,369
April	$0.03	$0.04	$0.03	251,919
May	$0.03	$0.04	$0.03	773,718
June	$0.02	$0.03	$0.02	862,605
July	$0.03	$0.03	$0.02	1,203,119
August	$0.02	$0.03	$0.01	1,033,718
September	$0.03	$0.04	$0.02	997,882
October	$0.02	$0.03	$0.02	288,171
November	$0.02	$0.03	$0.02	353,268
December	$0.01	$0.03	$0.01	1,546,073

Source: Bloomberg.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holdings

The following table sets forth the name; province or state and country of residence; position held with the Company; principal occupation; period of directorship with the Company; and shareholdings of each of the directors and executive officers of the Company as of the date of this AIF. Directors of the Company hold office until the next annual meeting of shareholders or until their successors are duly elected or appointed.

Name, Province/State and Country of Residence	Position held with the Company	Principal Occupation	Director Since(1)	Number of Voting Securities Owned(2)	Percentage of Issued and Outstanding Voting Securities
Terrence A. Lyons(3)(4)(5)(6) British Columbia, Canada	Chair and Director	Corporate Director	2005	99,046(7)	0.29%
Stephen Yuzpe Ontario, Canada	President, CEO and Director	President, CEO and Director, SRHI	2013	233,689(8)	0.69%
Arthur Richards Rule IV California, United States	Chief Investment Officer, Vice-Chair and Director	President and CEO, Sprott U.S. Holdings Inc.	2017	286,472(9)	0.84%
Lenard F. Boggio(3)(5)(6)(10) British Columbia, Canada	Director	Corporate Director	2012	90,068(11)	0.26%
Joan E. Dunne(3)(4)(5)(6)(10) Alberta, Canada	Director	Corporate Director	2014	88,636(12)	0.26%
John Embry Ontario, Canada	Director	Corporate Director	2007	247,500	0.73%
David Smith(4)(6)(10) Ontario, Canada	Director	Senior Vice-President, Finance and CFO, Agnico Eagle Mines Limited ("Agnico") (gold mining company)	2018	Nil(13)	— %
Michael Staresinic Ontario, Canada	CFO	CFO and Managing Director, SRHI	N/A	25,491(14)	0.07%
Arthur Einav(15) Ontario, Canada	General Counsel and Managing Director	Senior Managing Director, SII	N/A	26,360(16)	0.08%
Michael Harrison Ontario, Canada	Managing Director	Managing Director, SRHI	N/A	45,575	0.13%
Andrew Stronach Ontario, Canada	Managing Director	Managing Director, Strategic and Corporate Development, SII	N/A	27,522(17)	0.08%

Name, Province/State and Country of Residence	Position held with the Company	Principal Occupation	Director Since(1)	Number of Voting Securities Owned(2)	Percentage of Issued and Outstanding Voting Securities
Sarah-Jane Martin Ontario, Canada	Associate General Counsel and Corporate Secretary	Associate General Counsel and Director of Human Resources, SII	N/A	1,319(18)	—%

Notes:

(1) Includes service on the SRC Board.

(2) The information as to the number and percentage of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by the directors and executive officers, but which are not registered in their names and not being within the knowledge of the Company, has been furnished by such directors and officers.

(3) Member of the Conflict Resolution, Corporate Governance and Nominating Committee.

(4) Member of the Environment, Health and Safety Committee.

(5) Member of the Compensation Committee.

(6) Member of the Special Committee, which was established by the Board on January 17, 2019.

(7) 83,791 of the 99,046 Common Shares were designated for the account of Mr. Lyons under the Company's employee profit sharing plan (the "EPSP"). In addition, Common Shares with a grant date value of CDN$75,000 are to be designated for the account of Mr. Lyons under the EPSP. As at the date hereof, 23,810 of the Common Shares designated under the EPSP (the "EPSP Shares") were not yet vested.

(8) 218,689 of the 233,689 Common Shares were designated for the account of Mr. Yuzpe under the EPSP. As at the date hereof, all of the EPSP Shares have vested.

(9) Arthur Richards Rule IV exercises direction or control over 60 Common Shares on behalf of Corinne Coury, 1,500 Common Shares on behalf of the Lewis Family Trust, 84,912 Common Shares on behalf of the RIBO Trust and 200,000 Common Shares on behalf of Term Oil Inc. The Common Shares held on behalf of Exploration Capital Partners 2008 Limited that Mr. Rule previously had direction or control over have been distributed to the limited partners of such fund.

(10) Member of the Audit Committee.

(11) 83,791 of the 90,068 Common Shares were designated for the account of Mr. Boggio under the EPSP. In addition, Common Shares with a grant date value of CDN$75,000 are to be designated for the account of Mr. Boggio under the EPSP. As at the date hereof, 23,810 of the EPSP Shares were not yet vested.

(12) 83,791 of the 88,636 Common Shares were designated for the account of Ms Dunne under the EPSP. In addition, Common Shares with a grant date value of CDN$75,000 are to be designated for the account of Ms Dunne under the EPSP. As at the date hereof, 23,810 of the EPSP Shares were not yet vested.

(13) Common Shares with a grant date value of CDN$150,000 are to be designated for the account of Mr. Smith under the EPSP.

(14) 23,271 of the 25,491 Common Shares were designated for the account of Mr. Staresinic under the EPSP. As at the date hereof, all of the EPSP Shares have vested. Michael Staresinic exercises direction or control over 900 Common Shares on behalf of his spouse.

(15) Mr. Einav resigned as an officer of SRHI on January 29, 2019.

(16) 24,425 of the 26,360 Common Shares were designated for the account of Mr. Einav under the EPSP. As at the date hereof, all of the EPSP Shares have vested.

(17) 24,425 of the 27,522 Common Shares were designated for the account of Mr. Stronach under the EPSP. As at the date hereof, all of the EPSP Shares have vested.

(18) All of the 1,319 Common Shares were designated for the account of Ms Martin under the EPSP. As at the date hereof, all of the EPSP Shares have vested.

Each of the foregoing individuals have been engaged in the principal occupation set forth opposite his or her name during the past five years or in a similar capacity with a predecessor organization except for: (i) Stephen Yuzpe who, prior to February 9, 2017, was the CEO and President of SRC; (ii) John Embry who, prior to 2015, was the Chief Investment Strategist of Sprott Asset Management LP; (iii) Michael Staresinic who, prior to February 9, 2017, was the CFO of SRC; (iv) Arthur Einav who, prior to February 9, 2017 was General Counsel and Managing Director of SRC; (v) Michael Harrison who, prior to November 2015, was the Vice President of Corporate Development at Coeur Mining, Inc. (a precious metals producer) and, prior to February 9, 2017, was the CEO of the Company; (vi) Andrew Stronach who, prior to February 9, 2017, was a Managing Director of SRC; and (vii) Sarah-Jane Martin who, prior to February 9, 2017, was the Associate General Counsel of SRC.

As of the date of this AIF, the directors and executive officers of the Company as a group, beneficially own, directly or indirectly, or exercise control or direction over approximately 1.2 million Common Shares, being approximately 3.4% of the issued and outstanding Common Shares. The information as to the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by the directors and executive officers, but which are not registered in their names and are not within the knowledge of the Company, has been furnished by such directors and officers.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

The directors and executive officers of the Company have furnished the following information.

Except as set out further below, no director or executive officer of the Company is, as at the date hereof, or was within 10 years before the date hereof, a director, CEO or CFO of any company (including the Company) that was subject to a cease trade order, an order similar to a cease trade order, or an order that denied the relevant company access to any exemption under securities legislation, in effect for a period of more than 30 consecutive days:

(a) that was issued while the director or executive officer was acting in the capacity as director, CEO or CFO, or

(b) that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO.

In addition, except as set forth below, no director or executive officer of the Company:

(a) is, as of the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or executive officer.

Finally, except as set forth below, no director or executive officer of the Company has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Mr. Terrence Lyons was the President and a director of FT Capital Ltd., which was subject to cease trade orders in each of the Provinces of British Columbia, Alberta, Manitoba, Ontario and Quebec for failure to file financial statements for the financial years ended December 31, 2001 and subsequent periods. At the request of Brascan Financial Corporation (now Brookfield Asset Management Inc. ("Brookfield")), Mr. Lyons joined the board of FT Capital Ltd. and was appointed its President in 1990 in order to assist in its financial restructuring. In June 2009, FT Capital Ltd. was wound up and Mr. Lyons resigned as a director.

Mr. Lyons was also a director of Royal Oak Ventures Inc. ("Royal Oak") at the request of Brookfield, which was subject to cease trade orders in each of the provinces in British Columbia, Alberta, Ontario and Quebec due to the failure of Royal Oak to file financial statements since the financial year ended December 31, 2003. After restructuring, the cease trade orders were lifted on July 4, 2012. Royal Oak was privatized by Brookfield effective December 31, 2013.

Mr. Lyons was elected to the board of directors of Royal Oak and FT Capital Ltd. because of his valuable experience and expertise in financial restructurings in the insolvency context.

Mr. Boggio was a director of Great Western Minerals Group Ltd. ("GWMG") from January 2013 until his resignation together with all the then current directors in July 2015. On April 30, 2015 GWMG announced that a support agreement was entered into with the holders of a majority of GWMG's secured convertible bonds and GWMG was granted protection from its creditors under the Companies Creditors Arrangements Act upon receiving an initial order from the Court. On May 11, 2015, an order was issued by the Financial and Consumers Affairs Authority of the Province of Saskatchewan that all trading in the securities of GWMG be ceased due to its failure to file financial statements for the year ended December 31, 2014. In December 2015 GWMG entered bankruptcy proceedings.

On November 15, 2015, One Earth Oil and Gas Inc. ("OEOG"), a company of which Mr. Andrew Stronach was a director of at the time at the request of SRC, announced that it had filed a notice of intention to make a proposal to its creditors under the *BIA*. The proposal subsequently made by OEOG was approved by its creditors on April 14, 2016 and by the Court of Queen's Bench of Alberta in Bankruptcy and Insolvency on April 27, 2016. Mr. Stronach ceased to be a director of OEOG on May 30, 2016.

On October 19, 2018, R.I.I., a company of which Mr. Arthur Einav was a director of at the request of SRHI in the year prior, filed a Notice of Intention to Make a Proposal under the *BIA*. R.I.I. was granted the Initial Stay but did not make an application for an extension of such stay and did not file a proposal within the Initial Stay. As such, R.I.I. was deemed to have made an assignment in bankruptcy on November 19, 2018. On November 29, 2018 Hardie & Kelly Inc. was appointed as Receiver over selected assets of R.I.I. including the accounts receivable and the intellectual property and patents. The trustee is currently taking steps to abandon any interest in the oil and gas assets in Buzzard, Saskatchewan.

Conflicts of Interest

Certain of the Company's directors and officers currently, or may in the future, act as directors and/or officers of other companies and, consequently, there exists the possibility that a conflict may arise between their duties as a director or officer of the Company and their duties as a director or officer of any such other company. There can be no assurance that while performing their duties for the Company, the Company's directors or officers will not be in situations that could give rise to conflicts of interest. There can be no assurance that these conflicts will be resolved in the Company's favour. As a result of any such conflict, the Company may miss the opportunity to participate in certain transactions, which may have a material adverse effect on the Company.

The Company's directors and officers are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors and officers of conflicts of interest and the fact that the Company will rely upon such laws in respect of any director's or officer's conflicts of interest or in respect of breaches of duty by any of the Company's directors or officers. All such conflicts must be disclosed by such directors or officers in accordance with the *CBCA*, and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

In addition, the Company's directors and officers and SCLP, and their respective affiliates, may provide investment, administrative and other services to other entities and parties. The Company's directors and officers, and the directors and officers of SCLP have undertaken to devote such reasonable time as is required to properly fulfill their responsibilities in respect to the Company's business and affairs, as they arise from time to time.

See also "Material Contracts - Management Services Agreement".

AUDIT COMMITTEE INFORMATION

The following information is provided in accordance with Form 52-110F1 under the Canadian Securities Administrators' National Instrument 52-110 - Audit Committees ("NI 52-110").

The Audit Committee's Charter

The text of the Company's Audit Committee Charter is set out in Appendix "A" hereto.

Composition of the Audit Committee

The audit committee of the Company (the "Audit Committee") is composed of the following three directors: Lenard F. Boggio (Chair), Joan E. Dunne and David Smith. All three members are considered "independent" and "financially literate" (as such terms are defined in NI 52-110).

Relevant Education and Experience

Collectively, the Audit Committee has the education and experience to fulfill the responsibilities outlined in the Audit Committee Charter. The education and current and past experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is summarized below:

Name	Education and Experience
Lenard F. Boggio (Chair)	Mr. Boggio is a former partner of PwC, where he was the leader of the mining industry practice in British Columbia. Mr. Boggio has significant expertise in financial reporting, auditing matters and transactional support, previously assisting, amongst others, clients in the mineral resource and energy sectors, including exploration, development and production stage operations in the Americas, Africa, Europe and Asia. Mr. Boggio previously served as a director of Blue Gold Mining Inc., Augusta Resource Corp., Armor Minerals Inc., Polaris Materials Corporation, and Lithium Americas Corp. and currently serves as a director of Equinox Gold Corp., Pure Gold Mining Inc., Titan Mining Corporation and provincially owned BC Hydro and Power Authority. Mr. Boggio has a Bachelor of Arts Degree and an Honors Bachelor of Commerce Degree from the University of Windsor. In 1985 Mr. Boggio became a member of the Institute of Chartered Accountants of BC ("ICABC", now "CPA BC"). Mr. Boggio was conferred with a Fellow's designation in 2007 by the ICABC for distinguished service to the profession and community and in 2018 he was conferred with a Lifetime Achievement Award by the CPA BC for his outstanding lifetime of service to the profession and community. He is a past president of the ICABC and he is also a past Chair of the Canadian Institute of Chartered Accountants. Mr. Boggio holds the ICD.D designation from the Institute of Corporate Directors.
Joan E. Dunne	Ms. Dunne serves on the Board of Directors of Tundra Oil & Gas Limited (a private, wholly-owned subsidiary of James Richardson & Sons, Limited), where she chairs the Audit Committee and of Painted Pony Energy Ltd. ("Painted Pony"), a natural gas producer, where she chairs the Audit and Risk Committee. Ms. Dunne was Vice President, Finance and CFO of Painted Pony from start-up in February 2007 until retiring on September 2, 2013. Ms. Dunne was Vice President, Finance and CFO of True Energy Inc., and subsequently True Energy Trust from November 2002 until June 2006. From December 2000 to November 2002 Ms. Dunne consulted for various petroleum companies in the areas of finance, tax and investor relations. Prior thereto, she was Vice President, Finance and CFO of Ionic Energy Inc. since January 1998. From October 1996 until joining Ionic Energy Inc., Ms. Dunne was Vice President, Finance for Petrorep Resources Ltd. Prior thereto and from August 1994 to October 1996, Ms. Dunne held various positions with Barrington Petroleum Ltd, finally as Treasurer. Ms. Dunne graduated from the University of Calgary in 1979 with a Bachelor of Commerce degree and joined the Canadian Institute of Chartered Accountants in 1983. She received the ICD.D designation from the Institute of Corporate Directors in 2016. Ms. Dunne has been a member of the Canadian Performance Reporting Board of CPA Canada (formerly Canadian Institute of Chartered Accountants) since 2012, and is currently the Chair.
David Smith	Mr. Smith is the Senior Vice-President, Finance and CFO of Agnico and has held this position since October 24, 2012. Previously Mr. Smith held the position of Senior Vice-President, Strategic Planning and Investor Relations of Agnico. Prior to joining Agnico's investor relations team in 2005, Mr. Smith was a mining analyst and also held a variety of mining engineering positions, both in Canada and abroad. Mr. Smith is a Chartered Director and a director of eCobalt Solutions Inc. (TSX: ECS). He has a B.Sc. and M.Sc. in Mining Engineering from Queen's University in Kingston and the University of Arizona, respectively. Mr. Smith is also a Professional Engineer.

Pre-Approval Policies and Procedures

The Audit Committee is responsible for the oversight of the work of the external auditor. As part of this responsibility, the Audit Committee is required to pre-approve the audit and non-audit services performed by the external auditor in order to assure that they do not impair the external auditor's independence from the Company. Accordingly, the Audit Committee adopted an Audit and Non-Audit Pre-Approval Policy (the "Pre-Approval Policy"), which sets forth the procedures and the conditions pursuant to which services proposed to be performed by the external auditor may be pre-approved.

Unless a type of service has received the pre-approval of the Audit Committee pursuant to the Pre-Approval Policy, it requires specific pre-approval by the Audit Committee if it is to be provided by the external auditor. Any proposed services exceeding the pre-approved cost levels or budgeted amounts for the period specified in the Pre-Approval Policy, will also require specific pre-approval by the Audit Committee.

The Audit Committee considers whether such services raise any issue regarding the independence of the external auditor. For this purpose, the Audit Committee also takes into account whether the external auditor is best positioned to provide the most effective and efficient service, for reasons such as its familiarity with the Company's business, people, culture, accounting, systems, risk profile and other factors and whether the service might enhance the Company's ability to manage or control risk or improve audit quality. All such factors are considered as a whole, and no one factor is necessarily determinative.

The Audit Committee is also mindful of the relationship between fees for audit and non-audit services in deciding whether to pre-approve any such services and may determine, for each one-year period, the appropriate ratio between the total amount of fees for audit services, and audit-related services and the total amount of fees for tax services and for certain permissible non-audit services classified as all other services.

The Pre-Approval Policy describes the audit, audit-related, tax and all other services that have been granted the pre-approval of the Audit Committee and is effective until the next annual review of the policy. The Audit Committee annually reviews and pre-approves the services that may be provided by the external auditor without obtaining specific pre-approval from the Audit Committee. The Audit Committee can add or subtract to the list of pre-approved services from time to time, based on subsequent determinations.

The Pre-Approval Policy also outlines a list of prohibited non-audit services which may not be provided by the Company's external auditor.

On March 5, 2019, the Audit Committee granted pre-approval for specified audit, audit-related, tax and other services to be provided to the Company by the external auditor as set out in the Pre-Approval Policy to an aggregate annual maximum of CDN$500,000. All services not set out in the Pre-Approval Policy require separate pre-approval.

External Auditor Service Fees (By Category)

For the years ended December 31, 2018 and 2017, PwC and its affiliates received or accrued fees from the Company as detailed below:

	December 31, 2018[1] ($)	December 31, 2017[2] ($)
Audit Fees[3]	193,000	145,000
Audit-Related Fees	49,000	48,000
Tax Fees[3]	20,000	5,000
Total Fees	262,000	198,000

Notes:
(1) Includes fees paid to PwC by the Company and MTV.
(2) Includes fees paid to PwC by the Company only.
(3) Amounts paid to MNP LLP by Beretta Farms of $126 thousand in audit fees and $30 thousand in tax fees are not included.

The "Audit Fees" noted above were paid to PwC in connection with the annual audits and quarterly reviews. The "Audit-Related Fees" noted above for 2017 were paid to PwC in connection with the Arrangement and due diligence related to the purchase of MTV. "Tax Fees" relate to tax compliance work in respect of Canadian corporate tax returns and tax planning advice.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described elsewhere herein or otherwise not required to be disclosed herein, to the knowledge of the Company, no (i) director or executive officer of the Company, (ii) person or company who beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of outstanding voting securities of the Company; or (iii) associate or affiliate of any of the persons or companies referred to in (i) or (ii), has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Company.

The Company’s directors and officers are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors and officers of conflicts of interest and the fact that the Company will rely upon such laws in respect of any director’s or officer’s conflicts of interest or in respect of breaches of duty by any of its directors or officers. All such conflicts must be disclosed by such directors or officers in accordance with the CBCA, and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law

On November 11, 2014, SRC as the borrower and SRP as the guarantor, entered into a $20 million credit facility with SRLC (Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2600, Toronto, Ontario, M5J 2J1), a subsidiary of SII. The credit facility was subsequently reduced to $18.0 million during the third quarter of 2015. On October 13, 2016, SRC repaid the credit facility in full.

For the year ended December 31, 2018, the Company (or SRC) paid and accrued to SCLP management services fees in the amount of $2.4 million (2017: $2.2 million; 2016: $1.7 million), which includes a reduction of $61.6 thousand in the management services fee resulting from the Company's Adjusted Annual Operating expense exceeding 3%. Such fees for the year ended December 31, 2018 were paid by the Company, for the year ended December 31, 2017 were paid by SRC or the Company and for the year ended December 31, 2016 were paid by SRC for services SCLP rendered to the Company in accordance with the terms of the then-applicable management services agreement (most recently being the MSA, see "*Material Contracts - Management Services Agreement*"). In 2017 and 2016, SRCLP did not accrue a management profit distribution pursuant to the then applicable partnership agreement governing SRP (most recently being the Third Amended and Restated Partnership Agreement). The Third Amended and Restated Partnership Agreement cancelled the management profit distribution provision. On October 2, 2017, SRP was restructured resulting in an effective amalgamation with SRC and the Third Amended and Restated Partnership Agreement was terminated.

The general partner of SCLP is Sprott Consulting GP Inc. The directors and officers of Sprott Consulting GP Inc. are: Peter Grosskopf (CEO and director), Stephen Yuzpe (President), Michael Staresinic (CFO), Andrew Stronach (Managing Director) and Arthur Einav (Managing Director, General Counsel and Secretary). The sole limited partner of SCLP, and the sole shareholder of Sprott Consulting GP Inc., is SII. The directors and officers of SII are: Jack C. Lee (Chairman), Peter Grosskopf (CEO and director), Ron Dewhurst (director), Sharon Ranson (director), Arthur Richards Rule IV (director), Rosemary Zigrossi (director), Whitney George (President), Kevin Hibbert (Managing Director and CFO) and Arthur Einav (Managing Director, General Counsel and Corporate Secretary). SII is a publicly traded corporation on the TSX (TSX:SII).

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares and the warrant agent for the Warrants is TSX Trust Company, located at 100 Adelaide Street West, Suite 301, Toronto, Ontario, Canada M5H 4H1.

The register of transfers of the Common Shares and Warrants is located in the Toronto office of TSX Trust Company.

MATERIAL CONTRACTS

The following are the contracts of the Company entered into since January 1, 2018 and any other contract entered into prior to 2018 that is still in effect as of the date of this AIF, in each case that is currently material to the Company, other than contracts entered into in the ordinary course of business:

- the MSA;
- the joint venture and shareholders agreement dated December 19, 2011, among ADI, WISCO JVCo, WISCO and LOM; and
- the Warrant Indenture.

Management Services Agreement

SRC entered into a management services agreement (the "First MSA") with Sprott Consulting Ltd. ("SCL"), a then wholly-owned subsidiary of Sprott Asset Management Inc. ("SAM"), on September 4, 2007. SCL subsequently assigned the First MSA to SCLP, the successor to SCL, as part of an internal reorganization involving SAM and its subsidiaries.

On October 1, 2011, the SRC Board and the general partner of SCLP approved changes to the First MSA as part of a corporate reorganization and an amended and restated MSA between the Company and SCLP (the "Amended and Restated MSA") was entered into.

On May 11, 2015, the SRC Board and the general partner of SCLP approved further changes to the Amended and Restated MSA and a further amended and restated management services agreement (the "Second Amended and Restated MSA") was entered into effective January 1, 2015. The further amendments were put in place to address SRC's adoption of IFRS 10, *Consolidated Financial Statements* and to better align the interests of SRC and SCLP.

As a condition precedent to the closing of the Arrangement, the Second Amended and Restated MSA was terminated and the Company entered into the MSA effective February 9, 2017. As a result of the Company's transition to a diversified holding company, the MSA was amended effective February 1, 2018.

Pursuant to the MSA, SCLP has agreed to provide management and other administrative services to the Company. These services include, amongst other things, administering day-to-day business affairs (including identifying and making investment decisions relating to the Company in consultation with the Company), assisting in the compliance with regulatory and securities legislation, and managing the Company's internal accounting, asset valuation, audit and legal functions. In addition, SCLP provides the Company with two individuals as nominees to serve as directors; one individual as nominee to serve as a director, president and CEO; and one individual to serve as CFO.

The MSA became effective on February 9, 2017 and shall be in force until terminated by one of the parties upon one (1) year prior written notice (or such shorter period as the parties may mutually agree upon) or otherwise terminated pursuant to its terms. If the MSA is terminated by the Company, other than for reasons described in the remainder of this paragraph, the Company shall pay to the SCLP within five business day of such termination a termination payment equal to 1% of the Net Asset Value. The MSA will terminate immediately where a winding-up, liquidation, dissolution, bankruptcy, sale of substantially all assets, sale of business or insolvency proceeding has been commenced or is being contemplated by SCLP, and will terminate upon the completion of any such proceeding by the Company. The Company may terminate the MSA at any time if SCLP breaches any of its material obligations thereunder and such breach has not been cured within 30 days following notice thereof from the Company. In addition, in the event that a person or group of persons, acting jointly or in concert, acquires control over at least 50% of the voting securities of the Company (a "Change of Control"), SCLP may elect, in its sole discretion, to terminate the MSA by giving the Company written notice of such termination within 90 days after such Change of Control. In the event that SCLP terminates the MSA upon a Change of Control, the MSA requires the Company to (i) pay a termination fee to SCLP equal to 3% of the Net Asset Value, plus (if and to the extent applicable) an amount equal to 20% of the amount by which the market capitalization of the Company exceeds the Net Asset Value, all as of the effective date of the termination, and (ii) call a meeting of shareholders to approve changing the Company's name to remove any reference to "Sprott". The "Net Asset Value" on a termination date is the amount equal to the Fair Value of the Company's total assets less its total liabilities, all as at such date as set forth in the Management's Discussion and Analysis of the Company prepared as at such date. "Fair Value" means the highest price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arms-length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.

In consideration for the management and administrative services provided by SCLP to the Company pursuant to the MSA, the Company is required to pay SCLP, in respect of each fiscal quarter, a management services fee (the "Management Services Fee") equal to 0.5% of the Quarterly Net Asset Value for such fiscal quarter, less the total remuneration paid directly by the Company to all persons nominated by SCLP as employees, officers or directors of the Company who provide investment management services to the Company (the "Management Personnel") but excluding any expenses recorded as a result of the granting of stock options under the Company's stock option plan for such fiscal quarter. To the extent that the Quarterly Net Asset Value for a fiscal quarter is in excess of $1 billion, the Management Services Fee will be reduced to 0.375%. The "Quarterly Net Asset Value" in respect of a fiscal quarter of the Company is the amount equal to the average of the Net Asset Value as at the end of such fiscal quarter and the Net Asset Value as at the end of the immediately preceding fiscal quarter. The Company is also responsible for all reasonable expenses incurred by SCLP in connection with its duties pursuant to the MSA provided that the Company shall not pay the rent and customary investment management services expenses of the Management Personnel.

If and to the extent that SCLP is requested in writing by the Board to render services to the Company other than those required to be rendered pursuant to the MSA, such additional services and activities will be compensated for separately and will be on such terms that are generally no less favourable to the Company than those available from arm’s length parties (within the meaning of the Tax Act) for comparable services. In addition to the Management Services Fee payable to SCLP pursuant to the MSA, the Company will be responsible for paying all fees and expenses incurred in connection with the operation and administration of its business.

The Adjusted Annual Operating Expenses shall not exceed 3% of the Annual Net Asset Value in respect of fiscal years commencing with the Company's fiscal year ended December 31, 2018 and thereafter (the "Maximum Adjusted Annual Operating Expenses"). Where such Adjusted Annual Operating Expenses exceed the Maximum Adjusted Annual Operating Expenses (unless otherwise consented to by the Board), the Management Services Fee payable by the Company to SCLP in respect of the last quarterly payment to be made in respect of such fiscal year shall be reduced to ensure the Adjusted Annual Operating Expenses are equal to (or, in any case, do not exceed) the applicable Maximum Adjusted Annual Operating Expenses. For the year ended December 31, 2018, the Company's annualized Adjusted Annual Operating Expense was more than 3% and the Management Services Fee payable was reduced accordingly (see "*Interest of Management and Others in Material Transactions*"). "Annual Net Asset Value" means, in respect of a fiscal year, the average of each Quarterly Net Asset Value for such fiscal year. "Adjusted Annual Operating Expenses" means for any fiscal year the Management Services Fee calculated in accordance with Section 5 of the MSA, *plus* the other general and administrative expenses incurred in connection with the operation and administration of the Consolidated Company as set forth in this Agreement, *less*: (i) costs resulting from servicing debt of the Consolidated Company; (ii) costs incurred in the purchasing or selling of the Consolidated Company's direct or indirect investments; (iii) initial and ongoing expenses recorded as a result of the granting of stock options under the Company's stock option plan other than those granted to directors of the Company; (iv) mark-to-market stock-based compensation paid by the Consolidated Company; (v) any taxes imposed on the Consolidated Company by government authorities; and (vi) any other amounts as approved by the Conflict Resolution, Corporate Governance and Nominating Committee. "Consolidated Company" means the Company and its non-operating subsidiaries.

Pursuant to the MSA, SCLP shall, and shall ensure that its nominees shall, exercise the powers granted and discharge its, and their, duties under the MSA honestly, in good faith and in the best interests of the Company and, in connection therewith, shall exercise the degree of care, diligence and skill that a reasonably prudent manager, or Person, would exercise in comparable circumstances. Subject to the duty of an affiliate to offer opportunities it identifies to its client(s), unless the Board otherwise permits, all suitable opportunities coming to the attention of SCLP or its affiliates to make private equity investments in the natural resource sector shall first be offered to the Company.

The Board has determined it to be expedient and in the best interests of the Company to adopt and adhere to an Investment Approval Authority Limits Policy, which details the role of the Board in approving initial and follow-on investments by SRC based on specified monetary thresholds. Pursuant to the policy, initial and follow-on investments by SRC with a transaction value below a specified dollar amount can be approved by SRCLP, as managing partner, while larger initial and follow-on investments by SRC require the prior approval of the Board.

Pursuant to the MSA, the Company has agreed to indemnify SCLP and its directors and officers, among others, in respect of certain losses and claims, subject to prescribed exceptions.

A copy of the MSA has been filed under the Company's profile on SEDAR and can be found at www.sedar.com.

For the year ended December 31, 2018, the Company paid or accrued to SCLP a Management Services Fee in the amount of approximately $2.4 million for services SCLP rendered to the Company in accordance with the terms of the applicable MSA (such amount includes the management compensation amount of approximately $0.6 million).

LOM JV Agreement

The Company entered into a joint venture and shareholders agreement, dated December 19, 2011, among the Company, WISCO JVCo, WISCO and LOM (the "LOM JV Agreement"). As part of this transaction, in March 2011, the Company and WISCO also completed a private placement pursuant to a subscription agreement dated February 15, 2011 between the Company and WISCO (the "WISCO Subscription Agreement"), through which WISCO acquired a 19.9% interest in the Company at CDN$0.97 per Pre-Consolidation Share for gross proceeds of approximately CDN$28 million. Pursuant to the WISCO Subscription Agreement, WISCO has been and continues to be entitled (but not obligated) to nominate one individual for appointment or election, from time to time, to the Board and, if more than a total of eight nominees are to be proposed for election as directors of the Company, WISCO would be also entitled to nominate one additional individual for election to the Board (such individual, also a WISCO Nominee). On the formation of LOM, WISCO funded an additional approximately CDN$92 million for a total of approximately CDN$120 million provided by WISCO. Of this additional amount, CDN$40 million was injected into LOM and approximately CDN$52 million was paid to the Company. The Company's interest in the LOM Project is held through LOM. WISCO acquired a 60% interest in LOM while the Company continues to hold the remaining 40% interest. As part of the LOM JV Agreement, WISCO has agreed to use commercial best efforts to assist LOM to obtain project financing for 70% of the development costs required to achieve the start of commercial production for the LOM Project, the size and scope of which would be determined by a bankable feasibility study. Further, WISCO agreed to provide dilution protection to the Company by providing funding assistance in certain circumstances subject to the terms of the LOM JV Agreement in the event that the Company has difficulty in funding its share of any cash call prior to the achievement of commercial production. The Company and WISCO have agreed to purchase all of the production from the LOM JV at fair market value in proportion to their respective equity interests. The Company has the right to appoint two of the five directors of LOM. The LOM JV Agreement contains certain other provisions in respect of LOM and budgets, shareholder funding and WISCO assistance in connection therewith, transfer of LOM's rights and interests and termination and dissolution.

Following the formation of LOM, the Company's major strategic objective in advancing the LOM Project was to complete a bankable feasibility study in respect of the LOM Project. In 2013, Watts, Griffis and McOuat Limited ("WGM") was retained to provide an updated mineral resource estimate in respect of the LOM Project based on previous drilling and exploration results and to document its findings in a technical report compliant with NI 43-101 and CIM definitions. In parallel, SNC-Lavalin Inc. ("SLI") was mandated to produce a feasibility study in respect of the LOM Project based on the assumptions that a 50 million tonnes of product per year open pit mine and concentrator operation would be constructed together with the required tailings disposal works and site infrastructure. Trade-off studies to decide on the final product (pellets or concentrate), product delivery system and power supply type and logistics were part of the SLI study. A new port facility to be constructed at the Sept-Îles Port, capable of servicing +400,000 DWT vessels, was also assumed. Met-Chem Canada Inc. ("Met-Chem") was mandated to assemble an NI 43-101 compliant technical report based on the WGM mineral resources estimate and the SLI study titled "Lac Otelnuk Project Feasibility Study - NI 43-101 Technical Report" dated March 25, 2015 and issued on April 23, 2015 (the "LOM Technical Report"). A complete copy of the LOM Technical Report is available under the Company's profile on SEDAR at www.sedar.com.

Warrant Indenture

For the particulars of the Warrant Indenture, see "*Capital Structure - Warrants*". A complete copy of the Warrant Indenture is available under the Company's profile on SEDAR at www.sedar.com.

The foregoing summaries of certain aspects of the Company's material contracts are qualified in their entirety by the full text of such contracts.

INTERESTS OF EXPERTS

Names and Interests of Experts

Auditors

The Company's auditors are PricewaterhouseCoopers LLP, Chartered Accountants, PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, M5J 0B2. PwC have advised that they are independent of the Company in accordance with applicable rules of professional conduct.

Qualified Persons

The scientific and technical information regarding the MTV property included in this AIF has been derived from scientific and technical information reviewed and approved by Dr Antonio Luraschi, RM CMC, Manager of Metallurgic Development and Senior Financial Analyst, Wood; Mr Sergio Navarrete, RM CMC, Mining Engineer, Wood; Mr Alfonso Ovalle, RM CMC, Mining Engineer, Wood; Mr Michael G. Hester, FAusIMM, Vice President and Principal Mining Engineer, Independent Mining Consultants, Inc.; Mr Enrique Quiroga, RM CMC, Mining Engineer, Q&Q Ltda; Mr Gabriel Vera, RM CMC, Metallurgical Process Consultant, GVMetallurgy; and Mr Sergio Alvarado, RM CMC, Consultant Geologist, General Manager and Partner, Geoinvestment Sergio Alvarado Casas E.I.R.L.

Each is an independent "qualified person" (as defined in NI 43-101) and was involved in the preparation of the Consolidated MTV Technical Report. Scientific and technical information regarding the MTV property has been included in this AIF in reliance on their expertise.

The Company has been advised that each of the foregoing experts holds less than 1% of the securities of any class issued by the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found under the Company's profile on SEDAR at www.SEDAR.com.

Additional information, including directors' and officers' remuneration, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, is contained in the Company's information circular for its most recent annual meeting of security holders involving the election of directors.

Additional financial information is provided in the Company's financial statements and management's discussion and analysis for its most recently completed financial year.

APPENDIX "A"

SPROTT RESOURCE HOLDINGS INC.

Audit Committee Charter

(Adopted by the Board effective February 9, 2017, as amended on March 6, 2019)

I. Mandate and Purpose of the Committee

The Audit Committee (the "Committee") of the board of directors (the "Board") of Sprott Resource Holdings Inc. (the "Company") is a standing committee of the Board whose primary function is to assist the Board in fulfilling its oversight responsibilities relating to:

(a) the integrity of the Company's financial statements;

(b) the Company's compliance with legal and regulatory requirements, as they relate to the Company's financial statements;

(c) the qualifications, independence and performance of the Company's auditor;

(d) internal controls and disclosure controls; and

(e) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

II. Authority

The Committee has the authority to:

(a) engage and compensate independent counsel and other advisors as it determines necessary or advisable to carry out its duties; and

(b) communicate directly with the Company's auditor.

The Committee has the authority to delegate to individual members or subcommittees of the Committee.

III. Composition and Expertise

The Committee shall be composed of a minimum of three members, each whom is a director of the Company. Each Committee member must be "independent" and "financially literate" as such terms are defined in applicable securities legislation.

Committee members shall be appointed annually by the Board at the first meeting of the Board following each annual meeting of shareholders. Committee members hold office until the next annual meeting of shareholders or until they are removed by the Board or cease to be directors of the Company.

The Board shall appoint one member of the Committee to act as Chair of the Committee. If the Chair of the Committee is absent from any meeting, the Committee shall select one of the other members of the Committee to preside at that meeting.

IV. Meetings

The Committee shall meet at least four times per year and as many additional times as the Committee deems necessary to carry out its duties. The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and senior management.

Notice of the time and place of every meeting shall be given in writing to each member of the Committee, at least 24 hours (excluding holidays) prior to the time fixed for such meeting. The Company's auditor shall be given notice of every meeting of the Committee and, at the expense of the Company, shall be entitled to attend and be heard thereat. If requested by a member of the Committee, the Company's auditor shall attend every meeting of the Committee held during the term of office of the Company's auditor.

A majority of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

The Committee may invite such directors, officers and employees of the Company and advisors as it sees fit from time to time to attend meetings of the Committee.

The Committee shall meet without management present whenever the Committee deems it appropriate.

The Committee shall appoint a Secretary who need not be a director or officer of the Company. Minutes of the meetings of the Committee shall be recorded and maintained by the Secretary and shall be subsequently presented to the Committee for review and approval.

V. Committee and Charter Review

The Committee shall conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board.

The Committee shall also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as any guidelines recommended by regulators or the Toronto Stock Exchange and shall recommend changes to the Board thereon.

VI. Reporting to the Board

The Committee shall report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

VII. Duties and Responsibilities

(a) Financial Reporting

The Committee is responsible for reviewing and recommending approval to the Board of the Company's annual and interim financial statements, MD&A and related news releases, before they are released.

The Committee is also responsible for:

(i) being satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in the preceding paragraph, and for periodically assessing the adequacy of those procedures;

(ii) engaging the Company's auditor to perform a review of the interim financial statements and receiving from the Company's auditor a formal report on the auditor's review of such interim financial statements;

(iii) discussing with management and the Company's auditor the quality of generally accepted accounting principles ("GAAP"), not just acceptability of GAAP;

(iv) discussing with management any significant variances between comparative reporting periods; and

(v) in the course of discussion with management and the Company's auditor, identifying problems or areas of concern and ensuring such matters are satisfactorily resolved.

(b) Auditor

The Committee is responsible for recommending to the Board:

(i) the auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and

(ii) the compensation of the Company's auditor.

The Company's auditor reports directly to the Committee. The Committee is directly responsible for overseeing the work of the Company's auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the Company's auditor regarding financial reporting.

(c) Relationship with the Auditor

The Committee is responsible for reviewing the proposed audit plan and proposed audit fees. The Committee is also responsible for:

(i) establishing effective communication processes with management and the Company's auditor so that it can objectively monitor the quality and effectiveness of the auditor's relationship with management and the Committee;

(ii) receiving and reviewing regular feedback from the auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditor's final report;

(iii) reviewing, at least annually, a report from the auditor on all relationships and engagements for non-audit services that may be reasonably thought to bear on the independence of the auditor;

(iv) meeting in camera with the auditor whenever the Committee deems it appropriate;

(v) annually, or more frequently as necessary, completing an assessment of the performance of the Company's auditor; and

(vi) every four years, or more frequently as necessary, completing a comprehensive review of the performance of the Company's auditor.

(d) Accounting Policies

The Committee is responsible for:

(i) reviewing the Company's accounting policy note to assess completeness and acceptability with GAAP as part of the approval of the financial statements;

(ii) discussing and reviewing the impact of proposed changes in accounting standards or securities policies or regulations;

(iii) reviewing with management and the auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting;

(iv) discussing with management and the auditor the acceptability, degree of aggressiveness/conservatism and quality of underlying accounting policies and key estimates and judgments; and

(v) discussing with management and the auditor the clarity and completeness of the Company's financial disclosures.

(e) Risk and Uncertainty

The Committee is responsible for reviewing, as part of its approval of the financial statements:

(i) uncertainty notes and disclosures; and

(ii) MD&A disclosures.

The Committee, in consultation with management, will identify the principal business risks and decide on the Company's "appetite" for risk. The Committee is responsible for reviewing related risk management policies and recommending such policies for approval by the Board. The Committee is then responsible for communicating and assigning to the applicable Board committee such policies for implementation and ongoing monitoring.

The Committee is responsible for requesting the auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are managed or controlled.

(f) Controls and Control Deviations

The Committee is responsible for reviewing:

(i) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and

(ii) major points contained in the auditor's management letter resulting from control evaluation and testing.

The Committee is also responsible for receiving reports from management when significant control deviations occur.

(g) Compliance with Laws and Regulations

The Committee is responsible for reviewing regular reports from management and others (e.g. auditors) concerning the Company's compliance with financial related laws and regulations, such as:

(i) tax and financial reporting laws and regulations;

(ii) legal withholdings requirements;

(iii) environmental protection laws; and

(iv) other matters for which directors face liability exposure.

VIII. Non-Audit Services

All non-audit services to be provided to the Company or its subsidiary entities by the Company's auditor must be pre-approved by the Committee.

IX. Submission Systems and Treatment of Complaints

The Committee is responsible for establishing procedures for:

(a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

X. Hiring Policies

The Committee is responsible for reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditor of the Company.

APPENDIX "B"

CONSOLIDATED MTV TECHNICAL REPORT SUMMARY

[See Next Page]

1.0 SUMMARY

1.1 Introduction

Sprott Resource Holdings Inc. (Sprott) requested that Amec Foster Wheeler Ingeniería y Construcción Ltda., a Wood company (Wood), compile a report in Form 43-101F1 format (the Report) for the Tres Valles Copper Project (the Project) located in Chile (Figure 2-1).

The purposes of this Technical Report are the following:

- Development of a Mineral Resource estimate for the Don Gabriel and Papomono deposits using CIM definitions standard
- Present the study for the implementation of chloride leaching done at a Preliminary Feasibility Study (PFS) level
- Present a Feasibility Study (FS) for the expansion of the Don Gabriel Manto open pit
- Present a Preliminary Feasibility Study (PFS) for the underground exploitation of the Papomono Masivo mining zone, and
- Present the results of a Preliminary Economic Assessment (PEA) on an alternative development option for the total of Minera Tres Valles (MTV) property Mineral Resources.

This work commenced during January 2018 and was completed during October 2018.

The base case mine plan considers the exploitation of Don Gabriel Manto open pit, the Papomono Masivo underground mining zone and the processing of the ore, from July 2019 by chloride leaching. The previously mentioned studies support the Mineral Reserves incorporated into the base case mine plan.

Don Gabriel Manto commenced the exploitation in 2012 using open pit method and, after a period of suspension from 2014 to 2016, it is currently in the ramp-up phase reaching its maximum production capacity (about 2.4 kt/d) at the beginning of 2019. The base case mine plan is based on Mineral Reserves of 5.168 million tonnes at 0.81% total copper (TCu) and is expected to produce approximately 14 million pounds of copper per year over a six-year reserve life.

The Papomono Masivo is designed to be exploited using the inclined block caving method (IBC) and its underground operation is planned to start in September 2019. A sector of Papomono Masivo is under exploitation using front caving method (FC) and is planned to continue until before the start-up of the inclined block caving operation. The mine plan considers reserves of 3.07 million tonnes at 1.5% TCu and during its useful life of about 5 years will produce the order of 12.5 million pounds of copper per year.

When both the Don Gabriel Manto and Papomono Masivo sectors reach their production capacity, the total capacity of mine production will be around 5.0 kt/d (year 2021). This will allow the plant to operate at a substantial percentage of its capacity (nominal 150,000 t/month and maximum 180,000 t/month).

Wood has developed a PEA mine plan for the exploitation of mining zones within the Mineral Resources on the property, which includes Measured, Indicated and Inferred Mineral Resources.

The study has identified an alternative development option for MTV's Mineral Resources, proposing a PEA mine plan that incorporates the following mining zones included in the Resource statement:

- Don Gabriel Manto
- Don Gabriel Vetas
- Papomono Masivo (IBC and FC)
- Papomono Cumbre
- Papomono Mantos Conexión
- Papomono Sur
- Epitermal
- Papomono Norte
- Papomono Manto Norte

The resulting mine plan shows the potential added value when compared to the MTV base case, allowing it to reach production rates above 5,500 t/d, for a period of 7.5 years, which would increase the utilization of the permitted capacity of the current process plant.

MTV plans to improve the confidence level of the Mineral Resources and to convert them into Mineral Reserves, through additional in-fill and geotechnical drill holes and additional engineering applied within at least a PFS.

The project is 100% owned by MTV. Sprott Resource Holdings Inc. (Sprott) purchased a 70% interest in MTV from the Vecchiola Group during October 2017. The Vecchiola Group retains a 30% interest in MTV.

1.2 Terms of Reference

The Report was prepared using the format and content requirements in Form 43-101F1 to provide updated information on the Mineral Resources, Mineral Reserves and current and alternative mine plans.

The Report uses Canadian English. Monetary units are in United States dollars (US$) unless stated otherwise. The Chilean currency is the peso (CLP). Units are metric unless otherwise stated.

In this Report, the term "heap leach" is used to refer to crushed and stacked material that is subject to leaching.

1.3 Project Setting

The Project is located in the Coquimbo Region, approximately 290 km north of Santiago, between latitude 31°39′50″ S and 31°42′20″ S and longitude 70°55′00″ W and 70°57′35″ W.

The main access to MTV uses the D-81 road, which connects Illapel with Salamanca. From Santiago, it is 222 km north by route 5-N until the city of Los Vilos. From Los Vilos, the road runs for 93 km east, following the Pupios Valley, crossing the Cavilolén Range and entering into the Choapa Valley. The main MTV entrance is located 9 km from Salamanca in the Chuchiñí community. At this point a 5 km long private road connects to the MTV process plant. The plant site coordinates are 31°43′43″ S and 71°00′45″ W.

The elevation of the plant is around 600 m.a.s.l. (meters above sea level), while the mines are between 1,400 m.a.s.l. and 1,600 m.a.s.l., allowing year-round operation (snowfall is minimal and very uncommon). The project is located around the La Horqueta Hill (1,965 m.a.s.l) which acts as a watershed for three valleys: Manquehua to south, Quilmenco to SW and Cárcamo to north.

The Project is primarily situated in the Choapa River basin, specifically in the Quebradas Manquehua (tributary of the Chalinga River sub-basin) and Quilmenco and in the Quebrada de Cárcamo (tributary of the Illapel River). The area is situated in a temperate steppe climate.

1.4 Mineral Tenure, Surface Rights, Water Rights, Royalties and Agreements

MTV holds 229 exploitation concessions, totalling an area of 46,378 ha. A total of 215 exploitation concessions are fully constituted and registered. Fourteen exploitation concessions are under administrative process, waiting resolution through a legal judgement and require topographic survey, or are over-staking existing MTV concessions to close slivers or gaps ("demasías") between concessions.

Three concessions have partial overlaps with concessions held by third-parties; however, none of the Mineral Resources, Mineral Reserves or infrastructure areas are affected by these overlaps.

Under Chilean law, exploitation concessions do not have an expiry date.

MTV currently holds approximately 218 ha of effective occupation area and 373 ha of easements areas, besides MTV has 445 ha of owned property. This is sufficient to support the open pit, underground and process plant operations.

The project has rights to both surface and underground water sources. Water is collected from irrigation canals from two different watersheds, the Chalinga watershed and the Choapa watershed. The Choapa watershed is a reliable water source even during the dry months in Salamanca.

In addition to these watersheds, the rights to underground water reserves are available for use by MTV. There is also potential to use underground water from the Papomono mine, which has a flow rate of approximately 2 to 5 L/s.

At full capacity, the Project will use 20 L/s of water, less than a third of the available water rights. The Project is permitted to use 64 L/s.

There is a royalty payable to the Chilean government depending on the production rate.

There are no remaining payments required, and Sprott has a full 70% interest in the Project. There are no back-in rights or clawback agreements whereby the Project interest held by Sprott could revert to the former owners

1.5 History

Vale S.A. (Vale) acquired mineral tenure in what became the Project area through a tenure purchase agreement with Minera Werenfried. The selected tenures covered an area of oxide copper mineralization being exploited by artisanal miners.

The copper mineralization within the MTV Project was identified by Vale in 2005, through a combination of ground induced polarization (IP) geophysical surveys and drilling. The Papomono deposit was discovered in June 2005, and the Don Gabriel deposit in April 2006.

During 2008, Vale approved Project construction. The Project environmental license was granted in October 2009. The plant was commissioned in December 2010, and cathode production commenced in February 2011.

Vale sold the Project to the Vecchiola Group in 2013. The Vecchiola Group closed the mining operations, focusing instead on toll-treatment material, to re-evaluate the Project as a whole. In October 2015, small-scale production recommenced on a trial basis, and an updated long-term mine plan was produced.

In 2016, metallurgical testwork focused on whether recoveries could be improved using oxidizing agents.

In September 2017 Vecchiola sold 70% of MTV to SRH Chile SpA, a Sprott subsidiary.

A FS on Don Gabriel Manto was completed in March 2018. During 2018 a PFS was competed on Papomono Masivo zone. A PEA was completed in September 2018, on different mining zones within Don Gabriel and Papomono deposits.

1.6 Geology and Mineralization

The MTV deposits are in a regional horst–graben system, formed by a 10 km wide corridor of middle to upper Cretaceous volcanic rocks, and bounded by kilometre-scale north–south-trending faults.

The volcanic units consist of a thick package of flat-lying or gently dipping beds of lava, pyroclastic and epiclastic rocks. Valley slopes host pediments of the Barremian–Albian Quebrada Marquesa Formation.

Two major faults have been delineated, the Manquehua and Llimpo Faults. The faults result in a sharp contact between intrusive and volcanic rocks, and are also visible in aeromagnetic survey data.

The geophysical data also indicate a number of east–northeast to west–southwest trans-Andean structures that are coincident with some valleys (e.g. Chalinga Valley). These structures are often associated with Chilean porphyry copper deposits.

The Project have two deposits named Don Gabriel and Papomono, which are described as follow.

The Papomono deposit has been divided into seven major areas, some of which have sub-zones.

- Papomono Masivo
- Papomono Norte
- Manto Norte
- Papomono Sur
- Papomono Mantos Conexión
- Papomono Cumbre
- Epitermal

The stratigraphy observed in the Papomono deposit consists of a sequence of andesites interbedded with pyroclastic rocks of the Quebrada Marquesa Formation.

The dominant hypogene sulphides in the deposit are in decreasing order: chalcocite–covellite (~85%), bornite (~6%), enargite (~5%) and chalcopyrite (~4%). Supergene chalcocite is not common. In places where intense fracturing and faulting occurs, the action of oxidizing agents generates oxide copper minerals including chrysocolla, malachite, brochantite and atacamite. For this reason, the traditional vertical zonation of oxides on the top of a deposit and sulphides at depth does not occur at Papomono.

The Don Gabriel deposit has been divided into two major areas.

- Don Gabriel Manto
- Don Gabriel Vetas

Don Gabriel Manto occur in a 110 m thick package of andesites. The mantos are continuous along strike and dip but the thickness can vary from 20–60 m. The mantos can merge and split: typically, there are two main mantos that may join up to form a single manto, and there may be minor mantos adjacent to the main mantos. The mineralized zone is outlined by a 0.2% TCu isograd.

The 100 m thick upper manto zone consists of stratabound, finely disseminated chalcocite mineralization dipping to the south–southwest at 30°. The mineralized zone is developed in amygdaloidal andesites.

In Don Gabriel Vetas, the mineralization is not vein hosted, but has a vein-type shape, with high-grade copper mineralization following contacts of sub-vertical microdioritic dikes. These dikes are 1–8 m-thick and, in general have N45°W strike, dipping 50° to 85° to the northeast or southwest. A minor low-grade manto has also been identified.

The lower, vein-shaped zone consists of high-grade stockwork or sheeted veinlets, and sulphide-bearing knots and disseminations. The primary copper minerals include chalcocite, digenite and some bornite. The host rock to mineralization is a medium- to coarse-textured porphyritic andesite and/or dioritic to microdioritic dikes.

Five lithological units are found in the Don Gabriel deposit area, all of which are upper members of the Quebrada Marquesa Formation. The units strike N60°W, and dip to the southwest at 25°.

In addition to the major mantos-style mineralization, the Project hosts cupriferous epithermal veins. These are examples of high sulphidation epithermal deposits.

1.7 Drilling and Sampling

From 2005 to 2012, Vale executed more than 170,000 m of exploration and in-fill drill holes, which is about 22,300 m/a on average. The maximum yearly drilling program was 40,767 m, in 2008.

Major Drilling, Terraservice and Geotec Boyles performed the drilling campaigns. About 98.5% of drilling are diamond drill holes (DDH).

From 2007 to 2011, 18,000 m of in-fill underground drill holes were executed in Papomono, from the main tunnel stubs and cross-stations.

Most of the drilling (65%) was executed in the Papomono area, as it was considered the more complex mineralization. Then, Don Gabriel, with 23% and Amarilla-Verde and surrounding area, with 8% of the total. Only 4% of regional exploratory drillholes were executed in the 97% remaining land away from the known Mineral Resources.

Drill core was delivered by the drilling contractors in 1 m long wooden boxes, identified by project, hole ID, box number and box interval. Inside the boxes “blocking plugs” marked the core metreage and the core recovery of the interval. This was then checked by MTV´s geological technicians, validating the core information with the recovery sheet delivered by the contractor.

The same team proceeded to a "core regularization" process, marking equal-length core intervals. Core boxes were photographed under daylight conditions. The cores were then sent to geological and geotechnical personnel for logging at 1:100 scale, sample markup and diamond-saw cutting. The samples were then bagged, labeled and packaged and dispatched to the laboratory. The weight of sample sent to the laboratory was typically between 2 and 4 kg.

At ALS Chemex laboratory, the samples were crushed to 70% passing 2 mm. A riffle splitter was then used to split out about 250 g of material that was then pulverized to 85% passing 75 µm.

The analytical work for the exploration drilling was performed at ALS Chemex in Santiago, Chile.

First, each sample was digested in aqua regia followed by ICP-AES analysis to obtain assays on 36 different elements. For sample intervals where the copper ICP-AES determination exceeded 2,000 ppm, i.e. 0.2% copper, two additional sets of determinations were done:

- A total copper (TCu) assay by four-acid digestion and atomic absorption spectroscopy (AAS)
- A three-step sequential analysis to determine sulphuric acid-soluble copper (ASCu), cyanide-soluble copper (CNCu), and residual copper (RCu).

QA/QC procedures in MTV were initially established by Vale's Exploration Department and then were improved and complemented following the recommendations from the Snowden audits.

Since all the drilling was completed during Vale's ownership, it was not possible for the Qualified Person to observe the chain of custody for samples. However, there was an audit of the standard procedures conducted by Snowden and reported in "Soc. Contractual Minera Tres Valles: Resource/Reserve Practices – Standard Procedures", dated March 2013.

1.8 Data Verification

For Don Gabriel, Independent Mining Consulting, Inc. (IMC) selected 9 drill holes to compare the assays in the database with original assay certificates.

For Papomono, IMC selected 20 drill holes to compare the assays in the database with original assay certificates.

IMC checked the ICP total copper, the AAS total copper, and the soluble copper assays for each sample interval. IMC also checked the downhole survey information for each hole against the original measurements.

1.9 Metallurgical Testwork

To evaluate copper recovery, column tests were performed at SGS between 2008 and 2011 with samples from Papomono and Don Gabriel. In addition, column and heap tests were operated by MTV at the mine site in 2016 and 2017 using fresh samples of Papomono and Don Gabriel material, taken after improved access to both deposits.

After plant start-up in 2010, 12 leaching columns of 0.19 m diameter (six 6 m columns of and six 3 m columns of) were set up at SGS and operated between February 3 and October 18, 2011 for periods of 267 and 273 days.

The SGS column tests used four columns of high-grade (HG) copper-bearing material from Papomono (3.72– 4.06% TCu), four columns of low-grade (LG) copper-bearing material from Papomono (1.02–1.17% TCu), and four columns of copper-bearing material from Don Gabriel (1.21–1.23% TCu).

The MTV plant has been operating with primary (“oxide”) and secondary (“sulphide”) leaching under chemical leaching conditions during the whole leaching cycle, taking advantage of the ferric ions generated during leaching of the oxide and sulphide materials.

The SGS column test results are used as convenient reference information, as an acceptable copper recovery was obtained with leaching cycles around 270 days. The comparison factors between P80 below ¼” against P50 below ¼” (with P95 below ½” in both cases) are also of interest. The copper recovery control per column metre represented an important tool for leaching optimization, such as sulphuric acid addition to the agglomeration drum and specification of the heap height.

Process studies and columns tests conducted during 2016 and 2017 by MTV indicated an opportunity to improve sulphide copper recovery results by using salt or chloride leaching.

The implementation of the chloride leach process is expected to be operative in July 2019.

1.10 Mineral Resource Estimation

To establish "reasonable prospects for eventual economic extraction", estimated unit costs for mining, processing, general and administrative (G&A), and SX/EW, as well as process recoveries have been developed to calculate appropriate cut-off grades for mining. The resource estimates are based on a copper price of US$3.30 per pound of finished copper. The open pit mining methods are constrained within a pit shell, and those amenable to underground mining methods are constrained within mineable shapes.

1.11 Mineral Resource Statement

Table 1-1 presents the Mineral Resource estimate for the Minera Tres Valles Copper Project.

Table 1-1: Mineral Resource

Resource Class	Mining Method	TCu Cut-off (%)	Tonnage (kt)	TCu (%)	ASCu (%)	CNCu (%)	RCu (%)	Copper (klbs)
Measured								
Don Gabriel Manto	OP	0.20	983	0.82	0.13	0.59	0.11	17,857
Don Gabriel Vetas	UG	0.64	0	0.00	0.00	0.00	0.00	0
Papomono Masivo	UG	0.34	2,449	1.94	0.47	1.34	0.14	104,796
Papomono Cumbre	OP	0.19	266	0.49	0.07	0.38	0.04	2,844
Papomono Cumbre	UG	0.34	0	0.00	0.00	0.00	0.00	0
Papomono Mantos Conexión	UG	0.59	262	1.27	0.41	0.67	0.19	7,312
Papomono Sur	UG	0.58	634	1.28	0.24	0.95	0.08	17,821
Epitermal	UG	0.65	0	0.00	0.00	0.00	0.00	0
Papomono Norte	OP	0.19	102	0.96	0.58	0.22	0.15	2,150
Manto Norte	UG	0.58	834	1.08	0.50	0.52	0.06	19,894
Measured Mineral Resource			5,530	1.42	0.37	0.94	0.11	172,674
Indicated								
Don Gabriel Manto	OP	0.20	5,476	0.83	0.11	0.63	0.09	99,959
Don Gabriel Vetas	UG	0.64	0	0.00	0.00	0.00	0.00	0
Papomono Masivo	UG	0.34	891	1.62	0.43	1.08	0.11	31,881
Papomono Cumbre	OP	0.19	2,388	0.54	0.10	0.39	0.06	28,429
Papomono Cumbre	UG	0.34	351	0.48	0.04	0.41	0.02	3,699
Papomono Mantos Conexión	UG	0.59	1,287	1.02	0.33	0.47	0.23	28,856
Papomono Sur	UG	0.58	989	1.00	0.32	0.58	0.10	21,760

Resource Class	Mining Method	TCu Cut-off (%)	Tonnage (kt)	TCu (%)	ASCu (%)	CNCu (%)	RCu (%)	Copper (klbs)
Epitermal	UG	0.65	509	0.98	0.34	0.32	0.32	10,997
Papomono Norte	OP	0.19	250	1.00	0.57	0.29	0.14	5,506
Manto Norte	UG	0.58	633	0.97	0.44	0.46	0.07	13,495
Indicated Mineral Resource			12,774	0.87	0.20	0.56	0.11	244,581
Measured+Indicated								
Don Gabriel Manto	OP	0.20	6,459	0.83	0.11	0.62	0.10	117,816
Don Gabriel Vetas	UG	0.64	0	0.00	0.00	0.00	0.00	0
Papomono Masivo	UG	0.34	3,340	1.86	0.46	1.27	0.13	136,676
Papomono Cumbre	OP	0.19	2,654	0.53	0.09	0.39	0.05	31,273
Papomono Cumbre	UG	0.34	351	0.48	0.04	0.41	0.02	3,699
Papomono Mantos Conexión	UG	0.59	1,549	1.06	0.34	0.50	0.22	36,168
Papomono Sur	UG	0.58	1,623	1.11	0.29	0.73	0.09	39,581
Epitermal	UG	0.65	509	0.98	0.34	0.32	0.32	10,997
Papomono Norte	OP	0.19	352	0.99	0.58	0.27	0.14	7,656
Manto Norte	UG	0.58	1,467	1.03	0.47	0.50	0.07	33,389
Meas+Ind Mineral Resource			18,304	1.03	0.25	0.68	0.10	417,255
Inferred								
Don Gabriel Manto	OP	0.20	79	0.70	0.50	0.12	0.07	1,216
Don Gabriel Vetas	UG	0.64	2,020	1.33	0.14	1.04	0.15	59,273
Papomono Masivo	UG	0.34	22	2.64	0.42	1.98	0.25	1,282
Papomono Cumbre	OP	0.19	537	0.66	0.17	0.42	0.08	7,861
Papomono Cumbre	UG	0.34	298	0.53	0.07	0.43	0.04	3,482
Papomono Mantos Conexión	UG	0.59	117	0.79	0.28	0.18	0.33	2,043
Papomono Sur	UG	0.58	111	0.95	0.40	0.38	0.17	2,317
Epitermal	UG	0.65	223	1.01	0.48	0.21	0.33	4,970
Papomono Norte	OP	0.19	13	2.90	0.50	2.23	0.18	832
Manto Norte	UG	0.58	37	1.39	0.70	0.39	0.30	1,131
Inferred Mineral Resource			3,457	1.11	0.19	0.77	0.15	84,408

Notes to accompany Mineral Resources table:

1. The Mineral resource estimate has an effective date of January 1, 2018 and is classified in accordance with the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM") "CIM Definition Standards - For Mineral Resources and Mineral Reserves" adopted by the CIM Council (as amended) in accordance with the requirements of National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101"). The Qualified Person is Michael G. Hester, Vice President, IMC, M.S. Mining Engineering.
2. Mineral resources were estimated using a copper price of US$3.30/lb.
3. OP means open pit mining, UG means underground mining method.
4. Cutoff grades vary by deposit to reflect likely mining methods, variations in costs and slight variances in expected metal recovery by deposit.
5. The Mineral Resources are in-situ estimates. IMC has not included any dilution or mining loss assumptions in the estimates.
6. TCu is total copper assay, comprised of acid soluble (ASCu), cyanide soluble (CNCu) and residual copper (RCu), each with different metallurgical recoveries. Recoveries based on conversion from existing acid leach method to chloride media acid leaching as described in this announcement and Technical Report to be files within 45 days of this release.
7. Average copper recovery is estimated at about 87% for the Don Gabriel Manto and Don Gabriel Vetas. The copper recovery for the various Papomono deposits range from 85% for the Epitermal to 90% for Papomono Masivo.

8. It is assumed that Don Gabriel Manto, Papomono Norte and a portion of Papomono Cumbre will be mined by open pit methods by a mining contractor. Estimated contract mining costs are $2.35 and $2.15/t for mineralization and waste respectively. The plant feed haulage cost is estimated at $2.21/t for Don Gabriel and $1.76/t for Papomono and is based on a contractor quote.
9. IMC does not believe that there are significant risks to the mineral resource estimates based on environmental, permitting, legal, title, taxation, socio-economic, marketing, or political factors other than discussed in the described Technical Report.
10. Further information, including key assumptions, parameters and methods used to estimate mineral reserves and mineral resources will be described in the Technical Report to be published within 45 days of this announcement.
11. Mineral resources are reported inclusive of mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Mineral resources for proposed open pit deposits are constrained within an economic pit shell.
12. Totals may not add due to rounding.

Measured and Indicated Mineral Resources amount to 18.3 Mt at 1.03% TCu for 417.3 million contained pounds of copper. Inferred Mineral Resources are an additional 3.46 Mt at 1.108% TCu for 84.4 Mlbs copper. The table also shows grades for ASCu, CNCu, and residual copper RCu since these components are used for metal recovery calculations, however they are not additive to the TCu grade.

1.12 Mineral Reserve Estimation

Mineral Reserves are based on an open pit mine plan developed by IMC and underground mine plan and mine production schedule developed by Wood with a cut-off grade of 0.25% TCu for open pit, and 0.40% TCu and 0.47% TCu cut-off grades for the inclined block caving and front caving methods respectively. The Mineral Reserves are based on a copper price of US$ 2.75 per pound. Measured Mineral Resources in the mine production schedule were converted to Proven Mineral Reserves, and Indicated Mineral Resources were converted to Probable Mineral Reserves. Ore loss and dilution assumptions are also incorporated into the estimate.

1.13 Mineral Reserve Statement

Mineral Reserves are reported in Table 1-2 for the base case Don Gabriel Manto and Papomono Masivo deposits. The Proven and Probable Mineral Reserve amounts to 8.2 million tonnes at 1.071% total copper for 88.3 kt contained copper. The effective date of this mineral reserve estimate for Don Gabriel Manto is January 1, 2018 and for Papomono Masivo is July 31, 2018.

Factors that may affect the estimates include: changes to the metal price assumptions; commodity market conditions and pricing; changes to the estimated Mineral Resources used to generate the mine plan; changes in the metallurgical recovery factors; changes in the geotechnical assumptions used to determine the overall slope angles; changes to the operating cut-off assumptions for heap leach feed and ability to maintain social and environmental licence to operate.

Table 1-2: Mineral Reserve Statement

Category	Tonnage (kt)	Grade (% TCu)	Contained Copper (kt Cu)
Don Gabriel Manto			
Proven	898	0.80	7.1
Probable	4,270	0.82	34.9
Total Proven and Probable for Don Gabriel Manto	***5,168***	***0.81***	***42.1***
Papomono Masivo			
Proven	2,559	1.51	38.7
Probable	508	1.48	7.5
Total Proven and Probable for Papomono Masivo	***3,067***	***1.51***	***46.2***
Total Proven and Probable	***8,235***	***1.07***	***88.3***

Notes to accompany Mineral Reserves table:

1. Mineral Reserves are reported with an effective date of January 1st, 2018 for Don Gabriel Manto and July 1st, 2018 for Papomono Masivo.
2. The Qualified Persons for the estimate are Mr. Michael Hester, FAusIMM, an IMC employee for the Don Gabriel Manto Mineral Reserves and Mr. Alfonso Ovalle, RM CMC, a Wood employee, for the Papomono Masivo Mineral Reserves.
3. For the open pit mining, all Mineral Reserves are contained within an optimized pit shell. Mining will use conventional open pit methods and equipment. Direct mining costs are estimated averaging $2.15 /t of material mined and $1.95/t per waste tonne. The overall slope angle was 50°. Minimal dilution and ore loss are incorporated into the block model. For mine planning and mineral reserve estimation a diluted model was constructed. Blocks with less than 30% manto solid contained in them were excluded as lost ore. Blocks with between 30% and 99.9% manto solid contained in them were diluted to full blocks with a dilution grade of 0.1% TCu.
4. For the underground mining, all Mineral Resources within the cave outline have been converted to Probable and Proven Mineral Reserves. This includes low-grade Indicated Mineral Resource and Inferred Mineral Resource assigned zero grade that is treated as dilution. A footprint cut-off 0.40% TCu for the inclined block cave and 0.47% TCu for front caving was used define the footprint and column heights. An average dilution entry point of 40% of the column height was used. The NSR calculation assumed metal prices of $2.75/lb Cu. Metallurgical assumptions in the NSR include recoveries of 89.37% for Cu. The recoveries correspond to the chloride leach process, to be operational from July 2019 onwards in the process plant.
5. Processing costs for material sent to the heap leach are $9.64/t for underground mining and $9.73/t for open pit.
6. G&A costs were assumed as $0.20/lb Cu and the SX/EW costs were assumed as $0.19/lb Cu.
7. Tonnage and contained copper are reported in metric units and grades are reported as percentages.
8. Rounding as required by reporting guidelines may result in apparent summation differences between tonnes, grade and contained metal.

There are no other known environmental, legal, title, taxation, socioeconomic, marketing, political or other relevant factors that would materially affect the estimation of Mineral Reserves that are not discussed in this Report.

1.14 Base Case Mining Methods

The Don Gabriel open pit mine plan includes an ore production rate for 852,000 t/a, that corresponds to 2,400 t/d for 365 days per year. During April, May, and June of 2018 the operation takes a total production ramp up until 55,000 t/month. It can also be seen that total production peaks at 1.7 Mt per quarter (6.8 Mt per year) during 2019 to achieve full production for three of the four quarters of the year. Total production is 1.6 Mt per quarter for the first three quarters of 2020 after which it can be reduced. Total Mineral Reserve amounts to 5.17 Mt at 0.81% TCu. This contains 92.7 million copper pounds or 80.5 million payable copper pounds. Average recovery of total copper is 86.9%. Total ROM is 27.1 Mt for a 4.26 strip ratio.

Papomono Masivo uses a combination of front caving and inclined block caving mining methods, based on financial considerations, deposit geometry and geotechnical characteristics.

Three dominant fault systems are present:

- Manquehua fault: This structure strikes N20°W and dips to the east (60° to 85°).
- Papomono fault system: N40°W striking structure (320°), with a variable dip from 60° to 90° to the west.
- East-west faults: Approximately 1 m wide east-west to northeast-striking structures, with subvertical dips.

A work plan was derived, based on an investment limit concept: Project initial infrastructure (civil and mining) whose costs should not exceed US$ 10 million as the initial capital cost, excluding mobile equipment and attain a production capacity of 2,000 t/d.

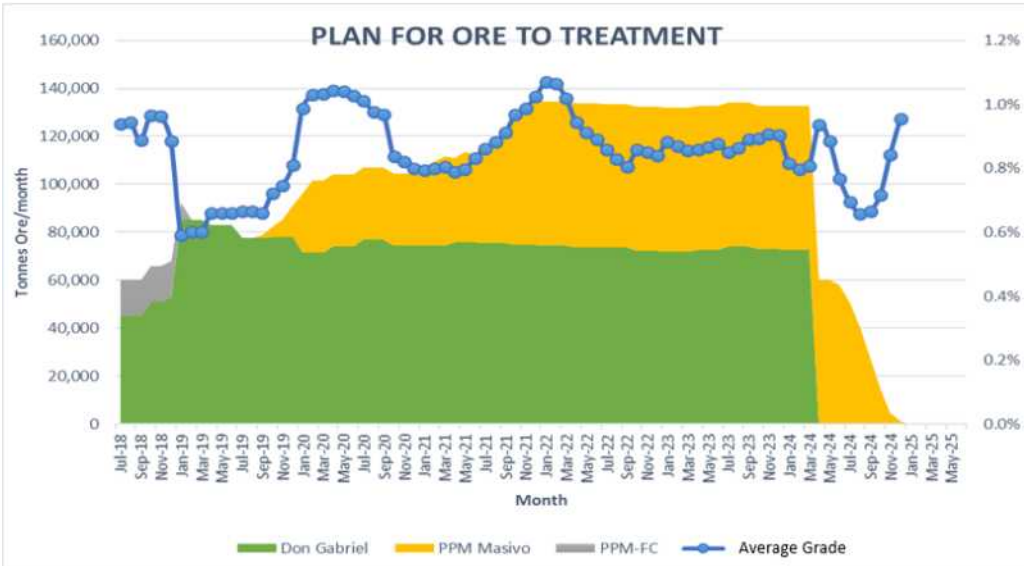
The base of the Papomono Masivo inclined block caving layout was a 10 x 10 x 10 m operational grid with 130 draw points and five levels.

The ventilation strategy for the inclined block cave maintains the existing fresh air intake from the North and South portals. Vitiated air will be exhausted through a new adit that will be located at the “Narbona” tunnel.

The material handling system assumes mining by means of 3.5 yd^3 load-haul-dump (LHD) equipment, conveying ore from the mining points to ore passes that will be located in the main haulage tunnel.

The base case base case mine production plan is shown in Figure 1-1.

Figure 1-1: Base Case Mine Production Plan



Note: Figure prepared by Wood, 2018. PPM = Papomono; FC = Front caving.

1.15 Recovery Methods

MTV currently produces high grade copper cathodes using a heap-leach and SX/EW process. Ore is stockpiled above the crusher, and is loaded into a primary jaw crusher, secondary cone crusher, tertiary and quaternary crushers; reducing the rock to fragments to a final granularity of the ore with a target size distribution 80% < 6.4 mm (1/4″).

The crushed material is agglomerated, and water and acid are added to commence the leaching process.

The product of this first leaching stage is the "oxide-pregnant leach solution" (oxide-PLS), which has high copper content and is accumulated in a pond at the bottom of the leach pads. For the subsequent six months, the material is irrigated on an intermittent basis, with lower acid concentration to extract the copper from sulphides (chalcocite, covellite and some bornite). The resulting PLS (sulphide-PLS) is stored in another pond.

The oxide and sulphide PLS are pumped to the solvent extraction plant (SX) and the resulting highly concentrated solution (electrolyte) is sent to the electro-winning plant (EW).

MTV decided to implement a process improvement using salt or chloride leaching, increasing sulphide metallurgical recovery and kinetics, and the process is expected to be operative in July 2019.

1.16 Project Infrastructure

The major infrastructure required for the Don Gabriel open pit and Papomono Masivo underground projects has been completed, and consists of:

- Access roads
- Process plant
- Administration, warehousing, emergency, and maintenance facilities
- Power and water supply and related distribution infrastructure
- Water management infrastructure for the underground operations
- Waste management
- Explosives storehouse (magazine)

MTV has approximately 27 km of private roads, including 5 km of high-quality dirt road connecting the D-81 paved road to the plant. Another 12 km of roads connects the plant to the Papomono mine, and a further 5 km of road connects the Don Gabriel mine to the Papomono road.

The underground and open pit operations are connected to the process plant via gravel roads. Consumables are transported along these roads, and the roads are used by light vehicles and 32 to 42 tonnes haul trucks.

MTV is the owner of a 4.6 km-long 23 kV overhead power line that runs from the El Tebal Sub-Station (operated by the Conafe Power Company) to the plant.

Power is distributed through 220 kV/35 kV transformers which provide power to 35 kV substations to supply the process plant, including crushing, conveying, agglomeration and selected infrastructure.

1.17 Environmental, Permitting and Social Considerations

1.17.1 Environmental Considerations

The Sustainable Development Policy focuses on three major areas:

- Environmental protection
- Community relations
- Safety

To produce efficiently and carry out sustainable development goals, MTV created a Foundation that works closely with the project's stakeholders (community members, employees, and shareholders) demonstrating mutual respect and careful management.

1.17.2 Water Management

MTV has rights to both surface and underground water sources. Water is transported throughout the property via pipeline and is collected from irrigation canals from two different surface watersheds, the Chalinga watershed and the Choapa watershed.

MTV also has well water rights and the rights to use underground water from the Papomono mine, which flows at a rate of approximately 2 to 5 L/s.

At full capacity, the MTV mine will use about 20 L/s of water, which is less than a third of the water permitted through the available water rights.

1.17.3 Closure and Reclamation Planning

Table 1-3 presents all the site closure commitments for the base case mine plan, consolidated in the Arcadis Chile (Arcadis) report, together with the respective previous authorization resolution from the government authorities

Table 1-3: Commitments for Closure and Respective Resolutions

Area	Commitment	Resolution)
Mines	Slope Stabilization	Res 0800/2010 PCFM
	Access closure	Res 0800/2010 PCFM
	Signals installation	Res 0800/2010 PCFM
	Adapt peripheral rain water channel	Res 0800/2010 PCFM
	Portals, adits and shafts closure	RCA 283/2008 DIA
Crushing Plant	Dismantling of installations/facilities	RCA 265/2009 EIA
	Transport of hazard/other waste	Res 0906/2010 PCFM
SX/EW/Lixiviation Plant	Peripheral channel around heap pads	Res 0008/2011 PCFM
	Heaps slope stabilization	Res 0008/2011 PCFM

Area	Commitment	Resolution)
	Flatness and compaction of heap top level	Res 0008/2011 PCFM
	Coverage of heap slope with stored top soil	Res 0008/2011 PCFM
	Heap spent ore rinsing (neutralization) for 1 year	Res 0008/2011 PCFM
	Heap toe wall construction	Res 0008/2011 PCFM
	Signals installations	Res 0008/2011 PCFM
	Dismantling of equipment and installations	RCA 265/2009 EIA
	Transportation of hazard/other wastes	Res 0906/2010 PCFM
	Pools closure with waste rock and leveling	RCA 265/2009 EIA
	Economic assessment for reprocessing spent ore	Res 0008/2011 PCFM
Waste Dumps	Adapt peripheral rain water channels	Res 0800/2010
	Slope stabilization (stability study)	Res 0800/2010
	Leveling and compaction of top platform	RCA 265/2009 EIA
	Revegetation of altered surfaces	RCA 265/2009 EIA
	Accesses closure	Res 0800/2010
	Safety Berm construction	RCA 265/2009 EIA
Infrastructure of Services	Dismantling of installations, deenergizing and surface leveling	RCA 265/2009 EIA
	Transportation of hazard/other wastes	RCA 265/2009 EIA
	Pools closure with waste rock and surface leveling	RCA 265/2009 EIA
	Access closure with barriers	RCA 265/2009 EIA
	Signals installations	RCA 265/2009 EIA

The closure plan considers including the closure for the overall base case mine operations (including Don Gabriel plus Papomono zones as Papomono Cumbre, Papomono Norte and underground mines). Administration costs such as Owners team, engineering and studies needed for execution, and contingency are included. The plan also accounts for post-closure activities such as water monitoring during the year after closure and site inspections and maintenance for a three-year period after closure.

Table 1-4: Base Case Closure Costs

Stage	Item	Cost (UF)	Cost (kUS$)
Closure Stage	Total Direct Costs	103,351	4,584
	Total Indirect Costs	8,773	389
	Direct+Indirect Costs	112,124	4,973
	Contingencies (17.7%)	19,846	880
	Closure costs	131,969	5,853
	VAT (19%)	25,074	1,112
	TOTAL CLOSURE COST	157,043	6,965
Post Closure Stage	Total Direct+Indirect costs	1,945	86
	Contingencies (15%)	292	13
	post closure cost	2,237	99
	VAT (19%)	425	19
	TOTAL POST CLOSURE COST	2,661	118

The closure cost is based on 26,966 pesos per UF, CLP 608 to the US$, and are current as of March 25, 2018. The closure cost in US$ is 157,043 x 26,966 / 608 = US$6,965,000. The mine closure plan was submitted to Sernageomin and approved on November 30, 2016.

1.17.4 Permitting Considerations

The MTV operation is fully permitted with all necessary government and environmental licenses, including the Don Gabriel open pit and Papomono Masivo Underground operations.

Three “Resoluciones de Calificación Ambiental” (RCA) have been obtained.

- RCA 012 Manquehua Prospecting Tunnel
- RCA 283 Manquehua Prospecting Tunnel Modification
- RCA 265 MTV Project

1.17.5 Social Considerations

MTV’s vehicle for social investment and community relations is the MTV Foundation, a non-profit charitable organization dedicated to improving the quality of life in the communities that are in the Project direct and indirect impact areas. A five-member board of directors manages the Foundation. Two members are MTV representatives, and the remaining three directors represent each of the Chalinga, Cárcamo and Chuchiñí valleys.

The Foundation operates under a participation-based management model in which community organizations, with the help from the Foundation, create project proposals and present them to the board. By requiring community participation, MTV can ensure that the projects that are funded are of the utmost concern for the people and that these projects have the greatest positive impact on the largest group of community members.

Between 2015 and 2017, 70 projects were funded by the MTV Foundation.

1.18 Markets and Contracts

MTV has an existing contract with Kalkos Mineria y Metales (Kalkos) for services associated with the marketing of copper cathodes and sulphuric acid supplies. Kalkos undertakes annual negotiations with logistics operators on behalf of MTV, in areas such as:

- Shipping lines
- Warehouses
- Port terminals
- Container deposit terminals.

Kalkos also co-ordinates the receipt of applicable approvals from Chilean authorities for exports and performs post-sale logistics services. Wood evaluated the 2017 cathode production in terms of the fees levied by Kalcos under the prevailing contract agreement. The charges appear to be reasonable.

MTV entered into an off-take contract with WERCO Trading AG for a minimum delivery of 500 t of copper cathode per month at the end of 2016. The contract, expiring end 2019, uses benchmark commercial terms and a standard business basis.

The mine is currently connected to the Chilean power grid and operates under a take-or-pay contract, with KDM Energía, a local bio-gas power producer. The contract requires a minimum consumption of 65 MW/d (approximately US$ 0.11 per kW), and is in force until May 31, 2024.

MTV has a tolling contract with ENAMI (a Chilean state-owned company). The ENAMI contract has the following main terms:

- MTV is committed to receive a minimum of 15,000 t/month of feed material from ENAMI
- ENAMI pays MTV a tolling rate of US$ 27.50/t of material received. ENAMI provides, free-of-charge, sulphuric acid to treat this material, at a rate of 60 kg/t of feed material
- MTV delivers copper cathodes produced from supplied feed material to ENAMI, on the basis of a contractual metallurgical recovery of 78%, any metallurgical recovery beyond 78% is owned by MTV.

MTV presently has a three years contract with Vecchiola S.A. for mining the Don Gabriel open pit and a ore haulage contract with Tiex for the ore extracted from this open pit. The LOM mine plan will require new mining and haulage contracts will be required for material moved from other mining zones in Don Gabriel and Papomono deposits to the plant.

The forecasted copper price used for the mine plan is US$ 2.75/lb. This is lower than Wood's assessment of the industry consensus on a long-term forecast price of US$ 3.00/lb.

1.19 Base Case Capital Cost Estimates

The capital cost estimate is provided in Table 1-5. Costs are inclusive of costs for the chloride leach process, sustaining capital considerations for the plant, and closure costs.

Table 1-5: Capital Cost Summary

	Property-wide				Mining Zones			
Year	Plant Salt Leach (kUS$)	Plant Sustaining Capex (kUS$)	Closure Costs (kUS$)	Sub Total (kUS$)	Don Gabriel Manto (kUS$)	Papomono Masivo IBC (kUS$)	Papomono Masivo FC (kUS$)	Total (kUS$)
2018	5,600	0	0	5,600	0	1,712	0	7,312
2019	1,400	497	0	1,897	0	6,071	0	7,968
2020	0	532	0	532	0	1,788	0	2,320
2021	0	497	0	497	0	3,967	0	4,464
2022	0	532	0	532	0	780	0	1,312
2023	0	497	0	497	0	0	0	497
2024	0	512	0	512	0	0	0	512
2025	0	427	0	427	0	130	0	557
2026	0	0	6,965	6,965	0	0	0	6,965
Total	7,000	3,494	6,965	17,459	0	14,448	0	31,907

Note: IBC = inclined block caving; FC = front caving. Capital costs shown for 2018 are those expenses projected to be incurred from July 2018 (month one for all cash flows considered in this Report) to December 2018. Each of the remaining years is a complete calendar year. The prestripping for Don Gabriel Manto was considered as Operating Cost.

1.20 Base Case Operating Cost Estimates

Operating costs include:

- Mine operating costs
- Leach plant operating costs (from ore crushing to leach solution generation)
- SX-EW plant operating costs (solvent extraction and cathode electrowinning)
- General and administrative (G&A) costs.

The overall operating cost estimate is provided in Table 1-6 and is based on mineral reserves only.

Table 1-6: Base Case Operating Cost Summary

Operation	Units	Unit Cost	Nominal Production	Fixed Cost (kUS$/month)
Mine				
Don Gabriel open pit, ore mining	US$/t	2.35		
Don Gabriel open pit, ore haulage	US$/t	2.21		
Don Gabriel open pit, waste haulage	US$/t	2.15		
Papomono Masivo inclined block cave	US$/t	11.29		
Papomono Masivo front caving	US$/t	18.00		
Plant, Leaching		US$/t	t ore/month	kUS$/month
Leaching Variable, Underground	US$/t	5.10		
Leaching Variable, open pit	US$/t	5.19		
Leaching ENAMI tolling, Variable	US$/t	1.20		
Leaching, Fixed	US$/t	4.54	150,000	681
Plant, SX-EW		US$/lb	t Cu/month	kUS$/month
SX/EW, Variable	US$/lb	0.121		
SX/EW, Fixed	US$/lb	0.070	1,550	239
General and Administration		US$/lb	t Cu/month	kUS$/month
G&A, Fixed	US$/lb	0.225	1,550	769
Total Plant and G&A Fixed Cost				1,689

Mine operating costs are treated as variable costs per tonne of ore, and in the case of the open pit, per tonne of waste material mined. Plant costs have both variable and fixed cost components. G&A costs are considered to be fixed costs.

For the leach plant variable costs are expressed per tonne of ore, and for the SX/EW plant, costs are expressed per pound of copper cathode produced. G&A costs, although fixed, are also reported per pound of copper cathode produced.

Fixed costs for the existing process plant and G&A assume that the process plant is operated at capacity. Costs will increase per tonne of ore mined if this assumption is not met.

1.21 Cautionary Statements

Certain information and statements contained in this section and in the Report are "forward looking" in nature. Forward-looking statements include, but are not limited to, statements with respect to the economic and study parameters of the Project; Mineral Resource and Mineral Reserve estimates; the cost and timing of Project development; the proposed mine plan and mining methods; dilution and extraction recoveries; processing method and rates and production rates; projected metallurgical recovery rates; additional infrastructure requirements or infrastructure modifications; capital, operating and sustaining cost estimates; the projected life of mine and other expected attributes of the Project; the net present value (NPV) and internal rate of return (IRR) and payback period of capital; capital; future metal prices; changes to the Project configuration that may be requested as a result of stakeholder or government input; government regulations and permitting timelines; estimates of reclamation obligations; requirements for additional capital; environmental risks; and general business and economic conditions.

All forward-looking statements in this Report are necessarily based on opinions and estimates made as of the date such statements are made and are subject to important risk factors and uncertainties, many of which cannot be controlled or predicted. Material assumptions regarding forward-looking statements are discussed in this Report, where applicable. In addition to, and subject to, such specific assumptions discussed in more detail elsewhere in this Report, the forward-looking statements in this Report are subject to the following assumptions:

- There being no signification disruptions affecting the development and operation of the Project
- The availability of certain consumables and services and the prices for power and other key supplies being approximately consistent with assumptions in the Report
- ENAMI delivering the contracted tonnage
- Labor and materials costs being approximately consistent with assumptions in the Report
- Fixed operating costs being approximately consistent with assumptions in the Report
- Permitting and arrangements with stakeholders being consistent with current expectations as outlined in the Report
- Certain tax rates, including the allocation of certain tax attributes, being applicable to the Project
- The availability of financing for MTV's planned development activities
- Assumptions made in Mineral Resource and Mineral Reserve estimates and the financial analysis based on the Mineral Reserve estimate, including, but not limited

to, geological interpretation, metal grades, geotechnical assumptions, commodity price assumptions, extraction and mining recovery rates, hydrological and hydrogeological assumptions, capital and operating cost estimates, and general marketing, political, business and economic conditions.

1.22 Economic Analysis

The Project has been valued using a discounted cash flow (DCF) approach.

Capital cost estimates have been prepared for initial development and construction of the Project, in addition to ongoing operations (sustaining capital). Cash flows are assumed to occur from July 2018. The currency used to document the cash flow is US$ Q3 of 2018, considering that the estimation was developed during the third quarter 2018. The internal rate of return (IRR) is calculated as the discount rate that yields a zero NPV. The payback period is calculated as the time needed to recover the initial capital costs.

The economic analysis assumes contributions from the following sources:

- Don Gabriel Manto open pit
- Papomono Masivo inclined block caving zone
- Papomono Masivo front caving zone
- ENAMI tolling contract

The economic analysis is based on the following parameters and assumptions:

- The mine production schedule
- A copper price forecast of US$2.75/lb.
- Variable costs are applied on the basis of the monthly tonnages of ore processed or copper produced.
- Fixed costs do not vary on a monthly basis, except for the final months of operation.
- Processing recovery is based on the salt leach process as described in Section 13, for all years, except for 2018. 2018 assumptions are based on acid leaching without salt.

Revenues and operating costs for the ENAMI toll treatment is based on the terms set out in the ENAMI tolling contract. Only the toll treatment charges are considered as revenue.

MTV has tax losses available to apply to operating profits, due to construction costs and operating losses sustained by previous owners. Table 1-7 summarizes the results for the post-tax evaluation.

Table 1-7: Production, Cash Flow Summary and Economic Indicators Post-Tax (Base Project Case)

Item	Production (Mlbs Cu)	Capital Costs (MUS$)	Operating Costs (US$/lb Cu)	Revenue Pre-Tax (MUS$)	Cash Flow (MUS$)
Cumulative Production and Cash Flows	177	32	1.66	448	123

Item	NPV Post-Tax (MUS$)	IRR (% year)	Payback (months)	Payback (years)
Cashflow 8% discount rate (valuation start-off-month July 2018)	87	93	28	2.0

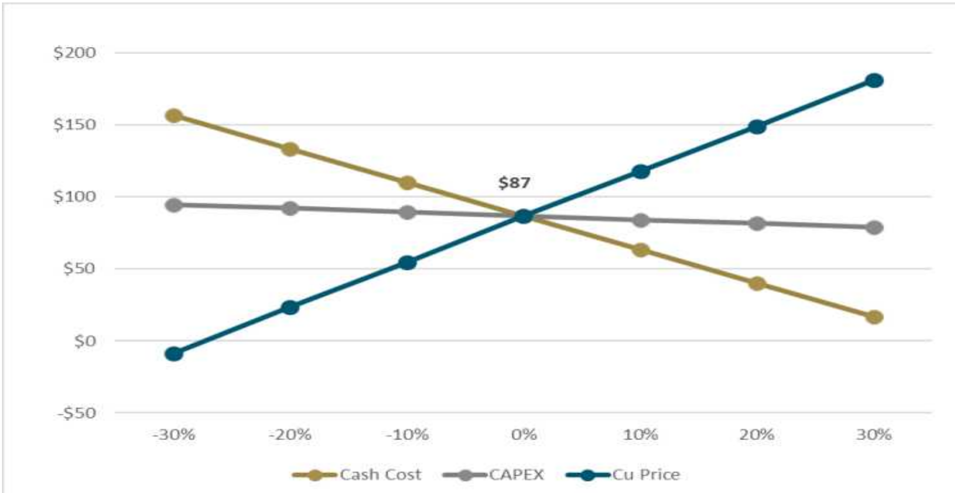
The analysis indicates an undiscounted post-tax cashflow of US$123.2 million and an operating cost of US$1.66 per pound finished copper. At a 0.64% monthly discount rate (8% annual equivalent), the NPV post-tax is US$ 86.7 million. The internal rate of return, IRR is 93.2% per annum. With a total capital investment of US$31.9 million, the NPV to capital cost ratio is 2.7. The projected payback period is 28 months.

1.23 Sensitivity Analysis

Sensitivity analysis was performed considering variations in the copper price, operating costs and capital costs. The results for NPV sensitivity to these variables are shown in Figure 1-2.

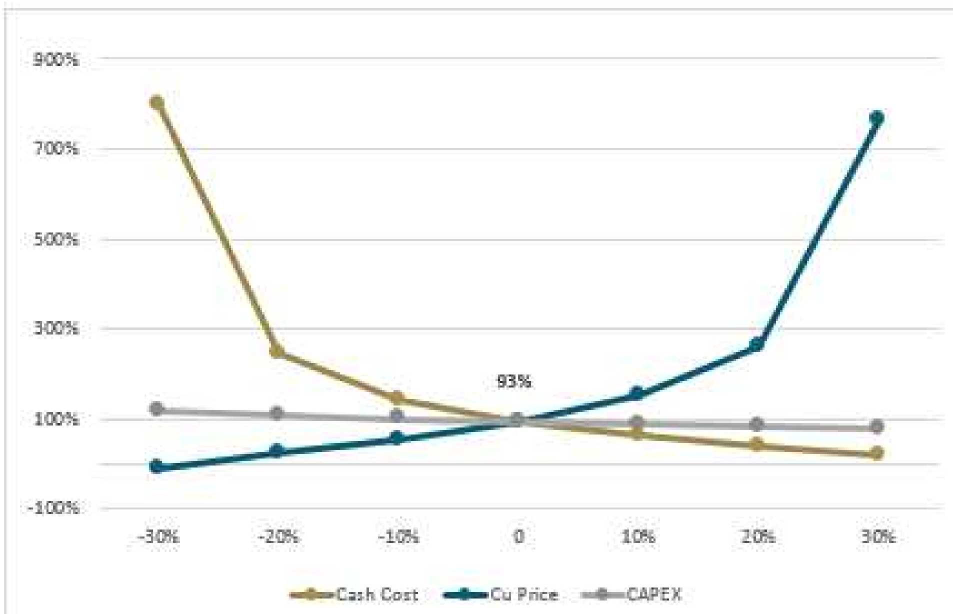
IRR sensitivities were evaluated using the same variables. The results for IRR sensitivity to variations in copper price, operating costs, and capital costs are shown in Figure 1-3. Note that the IRR function can give more than one answer to the same calculation, or in some cases produce meaningless values, in cases where the investment pattern is out of the usual distribution of capital expenses heavily concentrated at the beginning of the project.

Figure 1-2: Sensitivity Analysis Post-Tax Evaluation (Base Case NPV; MUS$)



Note: Figure prepared by Wood, 2018

Figure 1-3: Sensitivity Analysis Post-Tax Evaluation (Base Case IRR; %)



Note: Figure prepared by Wood, 2018

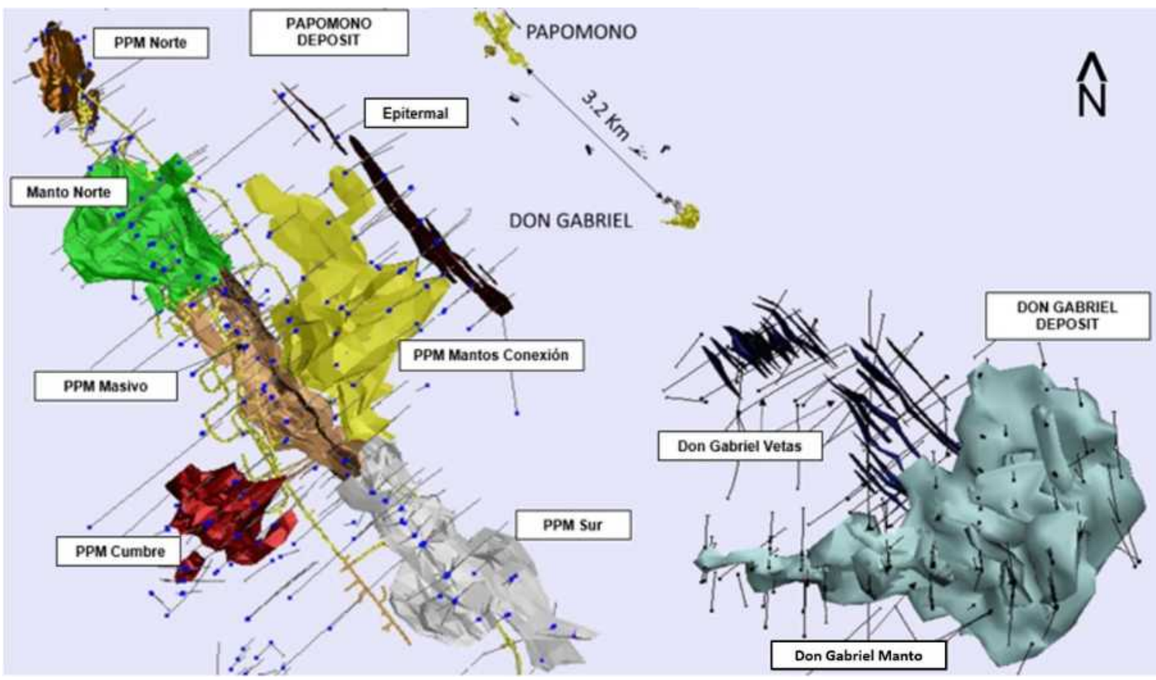
1.24 Preliminary Economic Assessment

1.24.1 Introduction

The PEA evaluates an alternative development option that considers the potential to exploit the Mineral Resources estimated in eight different zones within the Papomono and Don Gabriel deposits. The PEA plan assumes the development of several different mining methods in both deposits and that the plant will increase production to a maximum crusher feed of 6,000 t/d and produce 18,500 t/a of cathode and extend the mine life by one year.

The several mine zones within the Don Gabriel and Papomono deposits are shown in Figure 1-4

Figure 1-4: Deposits Plan View



Note: Figure courtesy MTV, 2018.

Only two zones were included in base case mine plan which are as follows:

- Don Gabriel Deposit: Don Gabriel Mantos (open pit mining only)
- Papomono Deposit: PPM Masivo (UG inclined block cave and front cave only)

The alternative mine development option in the 2018 PEA Mine Plan considers a conceptual mine plan with significantly more zones being developed and mined using different mining methods from the base case. The PEA includes a conceptual mine plan for the Don Gabriel Mantos using open pit methods, and a conceptual mine plan for the PPM Masivo deposit. The following additional zones for the two deposits are included in the 2018 PEA Mine Plan, with the mining method identified for each:

- Don Gabriel Deposit: Don Gabriel Vetas (Sub Level Stoping)
- Papomono Deposit: PPM Norte (Open Pit), Manto Norte (Front Cave), Epitermal (Sub Level Stoping), PPM Cumbre (Open pit), PPM Mantos Conexión (Front Caving), PPM Sur (Sub Level Caving).

1.24.2 Mineral Resource Subset within the 2018 PEA Mine Plan

The 2018 PEA Mine Plan is based on the subset of the Mineral Resources provided in Table 1-8.

Table 1-8: Subset of Mineral Resources Within the 2018 PEA Mine Plan

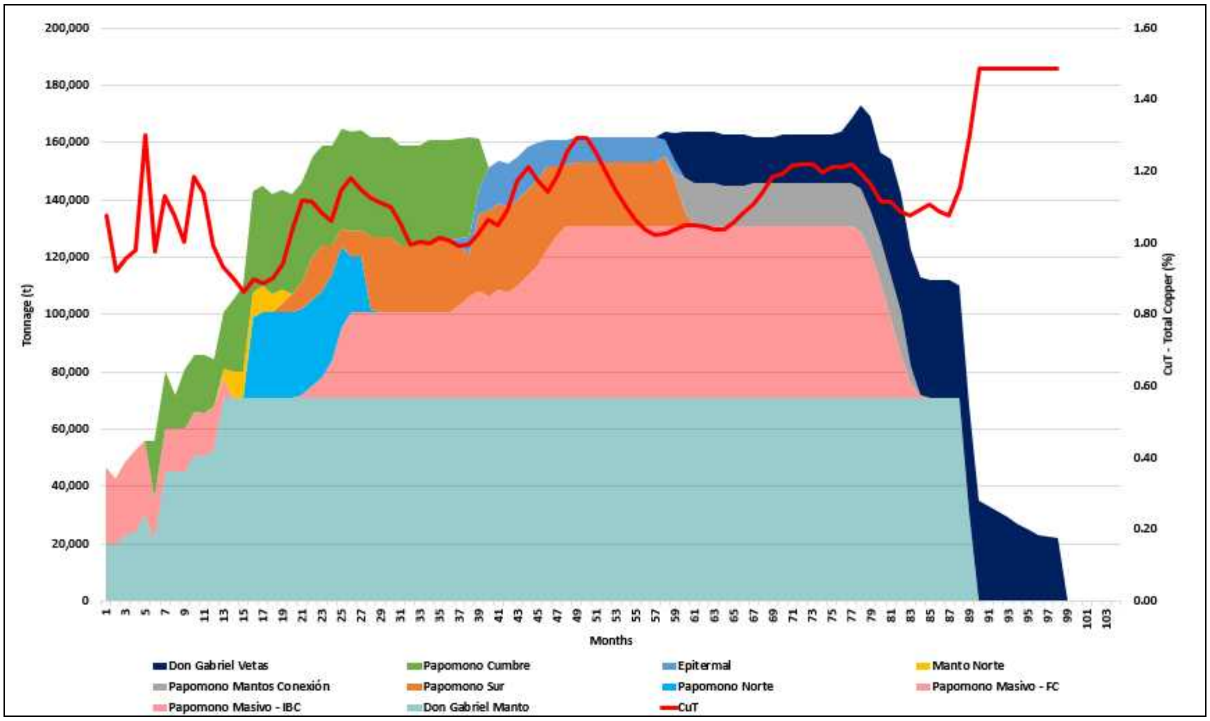
Classification by Deposit/Zone	Tonnage (kt)	Total Copper (TCu %)	Contained Copper (klbs)
Don Gabriel Manto			
Measured	875	0.88	16,976
Indicated	4,936	0.88	95,762
Subtotal Measured and Indicated	*5,811*	*0.88*	*112,738*
Inferred	43	0.88	834
Don Gabriel Vetas			
Inferred	1,029	1.49	33,801
Papomono Masivo			
Measured	1,379	1.51	45,907
Indicated	441	1.51	14,681
Subtotal Measured and Indicated	*1,820*	*1.51*	*60,588*
Papomono Cumbre			
Measured	135	0.71	2,113
Indicated	738	0.71	11,552
Subtotal Measured and Indicated	*873*	*0.71*	*13,665*
Inferred	154	0.71	2,411
Papomono Mantos Conexión			
Measured	267	1.04	6,122
Indicated	81	1.04	1,857
Subtotal Measured and Indicated	*348*	*1.04*	*7,979*
Papomono Sur			

Classification by Deposit/Zone	Tonnage (kt)	Total Copper (TCu %)	Contained Copper (klbs)
Measured	553	1.04	12,679
Indicated	310	1.04	7,108
Subtotal Measured and Indicated	*863*	*1.04*	*19,787*
Epitermal	224	1.19	5,877
Measured	135	1.19	3,542
Indicated	69	1.19	1,810
Subtotal Measured and Indicated	*204*	*1.19*	*5,352*
Inferred	20	1.19	525
Papomono Norte	337	1.23	9,138
Measured	74	1.23	2,007
Indicated	246	1.23	6,671
Subtotal Measured and Indicated	*320*	*1.23*	*8,678*
Inferred	17	1.23	461
Manto Norte			
Measured	46	1.3	1,318
Indicated	4	1.3	115
Subtotal Measured and Indicated	*50*	*1.3*	*1,433*

Note: Values have been rounded. These Mineral Resources are not Mineral Reserves, and do they do not have demonstrated economic viability.

1.24.3 Mine Plan

Figure 1-5: Production Forecast for the Subset of Mineral Resources Within the 2018 PEA Mine Plan

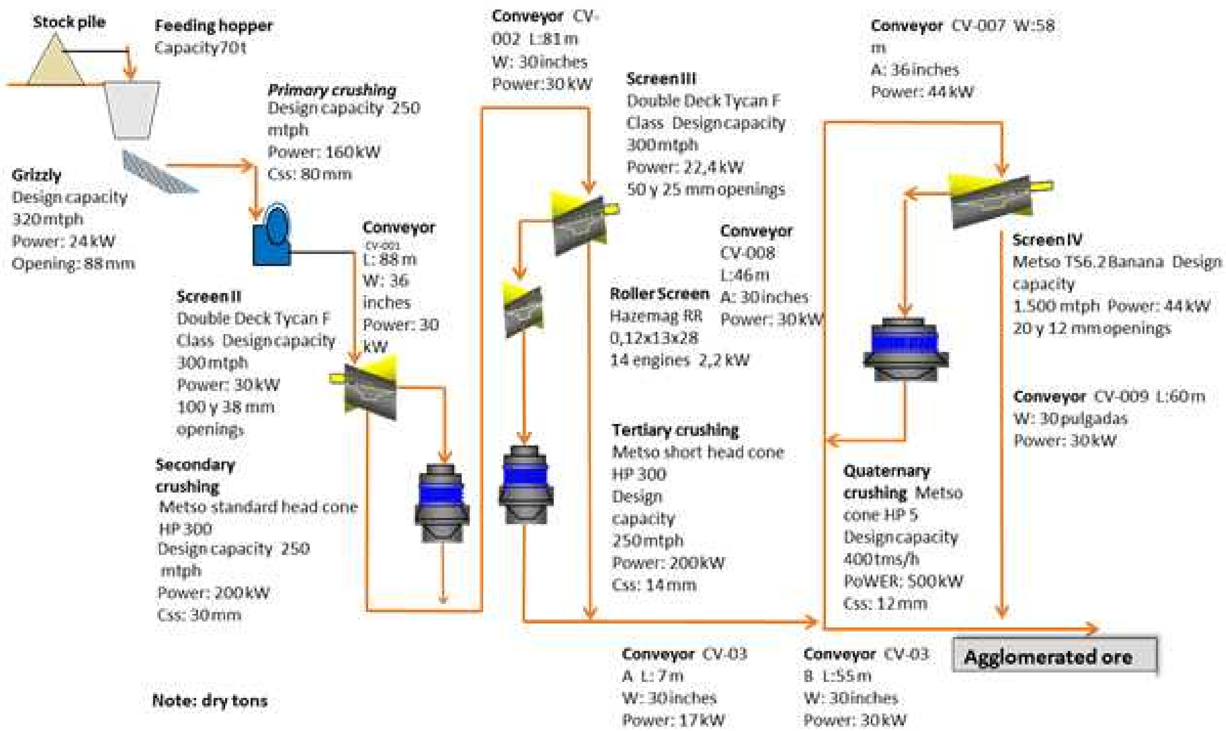


Note: Figure prepared by Wood, 2018. Don Gabriel Manto and Don Gabriel Vetas are zones from Don Gabriel deposit. Papomono Masivo (inclined block cave (IBC) and front cave (FC)), Papomono Cumbre, Epitermal, Manto Norte, Papomono Mantos Conexión, Papomono Sur and Papomono Norte are zones from Papomono deposit.

1.24.4 Recovery Methods

MTV currently produces high-grade copper cathodes using a heap-leach and SX/EW process. Material to be processed is stockpiled above the crusher, and is loaded into a primary jaw crusher, secondary cone crusher, and tertiary and quaternary crushers; these crushers reduce the rock to fragments to a target size distribution of 80% <6.4 mm (¼″). Figure 1-6 shows the crusher flowsheet.

Figure 1-6: Crusher Flowsheet

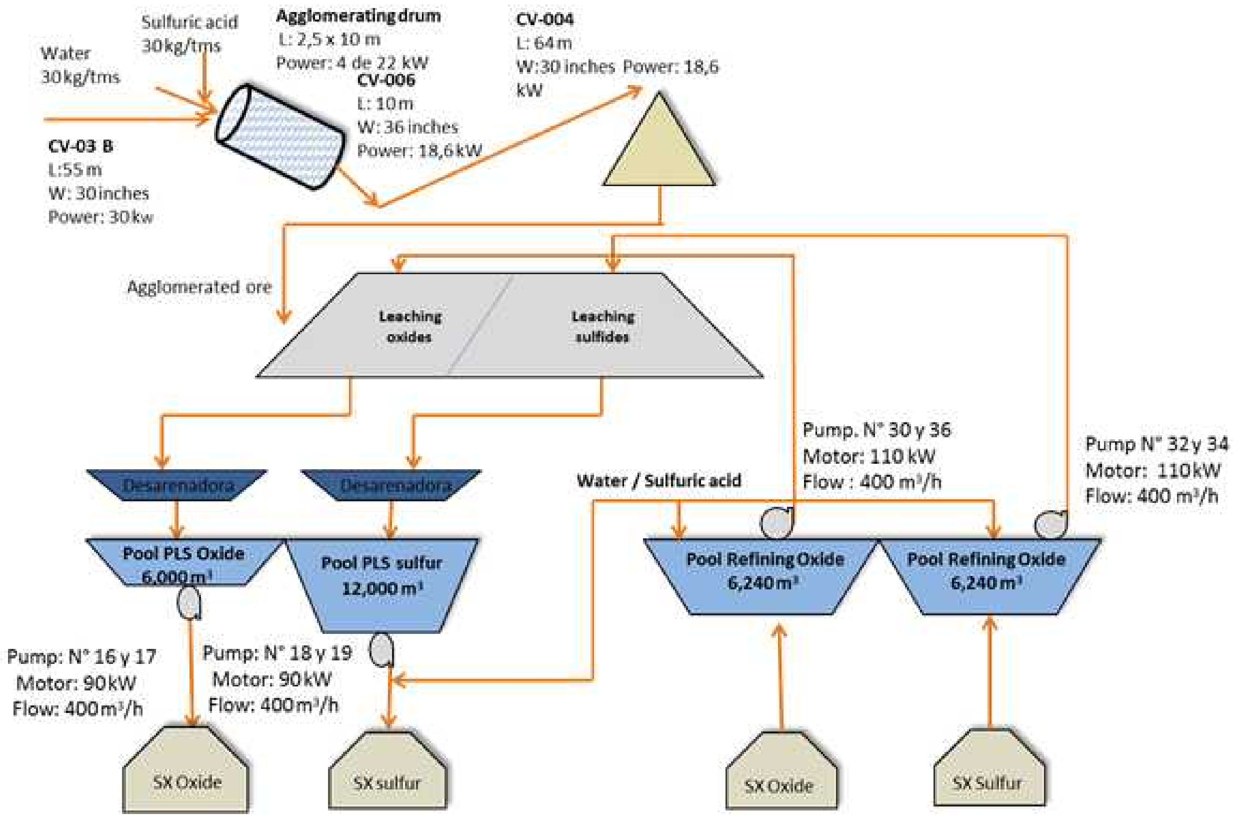


Note: Figure courtesy MTV, 2017

The crushed material is agglomerated, and water and acid are added to commence the leaching process. The agglomerated material is trucked to the heap leach area and stacked by front-end loaders. A grid of hoses with drippers is placed over the heaped material and the first phase of intensive leaching to recover the oxide processed material during the first three-month period commences using constant and high acid-concentration irrigation. The product of this first leaching stage is the "oxide-pregnant leach solution" (oxide-PLS), which has a high copper content and is accumulated in a pond at the bottom of the leach pads. For the subsequent six months, the material is irrigated in an intermittent basis, with lower acid concentration to extract the copper from sulphides (chalcocite, covellite and some bornite). The resulting PLS (sulphide-PLS) is stored in another pond. Figure 1-7 shows the flowsheet for the agglomerator and leaching process.

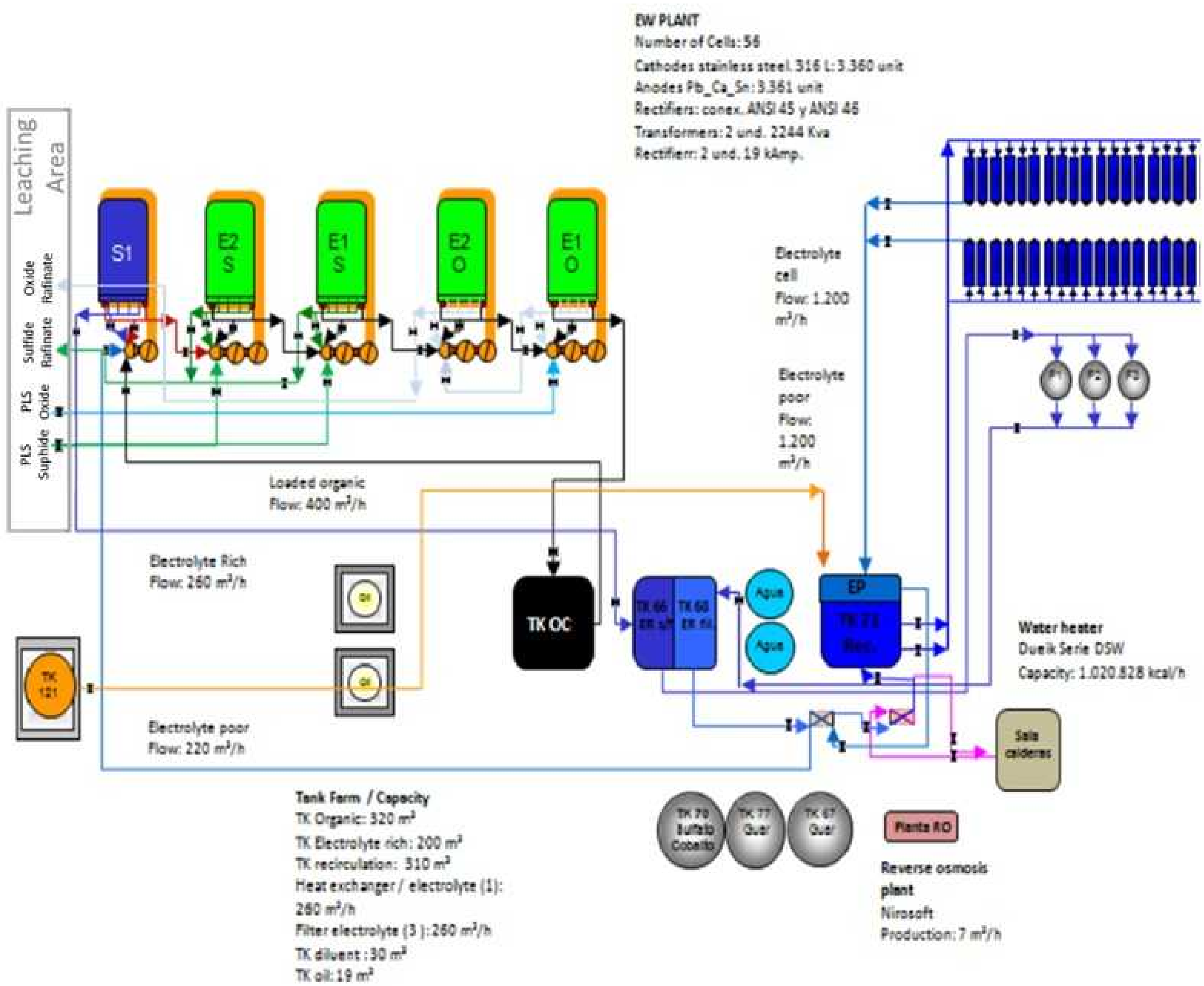
The oxide- and sulphide-PLS are pumped to the SX plant where organic resins are used to capture the copper ions in the solution, over the course of several stages. After the stripping stage the highly concentrated solution (electrolyte) is sent to the EW plant where an electrolysis process is responsible for the deposition of metallic copper over steel plates. The plates are then sent to the stripping machine, where pure copper sheets (cathodes) are separated from the steel plates in a semi-automatic stripping machine. The cathodes are then stored in a finished goods inventory. Figure 1-8 shows the flowsheet for the SX/EW plant.

Figure 1-7: Flowsheet for Agglomerator and Heap Leaching



Note: Figure courtesy MTV, 2017

Figure 1-8: Flowsheet for SX/EW Plant



Note: Figure courtesy MTV, 2017

The following changes are required to accommodate the chloride leaching process:

- A salt metering and transport system is required to add salt to the existing agglomeration drum. The dosing system will consist of a volumetric, screw-type doser, that will be fed from a hopper mounted below the storage building floor level. The feeder will discharge onto a high-slope (36º) conveyor belt that will transport the salt to the existing ore-feed box, in the agglomeration drum.
- A new mixer–settler will be needed for the washing stage. A new decanter, with primary and secondary mixers, similar to existing equipment, will be used. The

piping requirements needed to support the mixer were included in design considerations, as were connections to existing piping.

- Coalescer units are planned to be constructed adjacent to the tank farm, between the farm and the cathode storage area. The water supply for backwash and an air supply line are included in the plant design. Replacement of part of the steel pumps and valves by titanium equipment is a requirement.

1.24.5 Project Infrastructure

The major infrastructure exists for the current mining operation and for planned expansions, which consist of:

- Access roads
- Process plant
- Administration, warehousing, emergency, and maintenance facilities
- Power and water supply and related distribution infrastructure
- Water management infrastructure for the underground operations
- Waste management
- Explosives storehouse (magazine)

Mine zone development and accesses will be required, as detailed in Table 1-9. These accesses are the only additional infrastructure considered for the PEA, and its expenditures are shown in the capital expenditure sub-section.

Table 1-9: Breakdown for PEA Underground Development Accesses.

Mine Zone	Development (m)
Don Gabriel Manto	-
Don Gabriel Vetas	3,750
Papomono Masivo IBC	3,837
Papomono Masivo FC	180
Papomono Cumbre	-
Papomono Mantos Conexión	270
Papomono Sur	1,564
Epitermal	1,580
Papomono Norte	200
Manto Norte	181
Total	11,562

Note: IBC = inclined block cave; FC = front cave.

1.24.6 Environmental, Permitting and Social Considerations

Section 20 of the Report summarizes the current environmental, permitting and social licence status.

For the PEA, some additional requirements are necessary, which are detailed below:

- Papomono Cumbres: requires permission to expand the waste rock storage facility.
- Don Gabriel Vetas: A conceptual design option is proposed to access Don Gabriel Vetas, but more studies are required in order to define the optimal location for the access.

For Papomono Masivo, Papomono Norte, Don Gabriel Manto, Papomono Mantos Conexión, Papomono Sur and Manto Norte, all the required permits can be addressed inside the general permit for the Papomono deposit underground operation.

The existing base case mine closure plan would need to be updated to the authority according to a new scope, however the closure costs will not change because all mine zones within the PEA mine plan were contemplated in the existing closure plan presented in Section 20.

1.24.7 Capital Costs

The summary of the capital investment expenditure for the 2018 PEA Mine Plan is presented in Table 1-10, which shows planned drilling and development costs.

Table 1-10: Capital Expenditure Required for PEA Mining Zones

Property-Wide		PEA Mining Zones									
Year	Drilling Campaign (MUS$)	Papomono Norte (MUS$)	Don Gabriel Manto (MUS$)	Papomono Masivo (MUS$)	Papomono Sur (MUS$)	Papomono Mantos Conexión (MUS$)	Manto Norte (MUS$)	Epitermal (MUS$)	Papomono Cumbre (MUS$)	Don Gabriel Vetas (MUS$)	Total (MUS$)
2018	0.45	0.76	0.00	1.71	0.00	0.00	0.11	0.00	0.00	0.00	3.03
2019	1.64	0.00	0.00	6.07	3.76	0.00	0.00	0.00	0.00	0.00	11.47
2020	1.40	0.00	0.00	1.79	0.00	0.00	0.00	2.76	0.00	0.00	5.95
2021	0.49	0.00	0.00	3.97	0.00	0.00	0.00	0.00	0.00	0.00	4.45
2022	0.00	0.00	0.00	0.78	0.00	0.98	0.00	0.00	0.00	2.01	3.77
2023	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.51	1.51
2024	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.11	2.11
2025	0.00	0.00	0.00	0.13	0.00	0.00	0.00	0.00	0.00	2.11	2.24
2026	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.30	0.30
Total	3.97	0.76	0.00	14.45	3.76	0.98	0.11	2.76	0.00	8.03	34.81

1.24.8 Operating Costs

Open pit mining total unit costs per tonne of are based on the following details for the PEA mine operation, and material to be processed or waste haulage:

- Material to be processed, mining per tonne, for all open pits US$2.45/t
- Material to be processed, haulage, Papomono Norte US$1.90/t
- Material to be processed, haulage, Papomono Cumbre US$1.76/t
- Material to be processed, haulage, Don Gabriel Manto US$2.21/t
- Waste haulage US$1.89/t

Open pit process plant feed material mining, waste mining, and material to be processed, haulage is based on contractor quotes.

Table 1-11 provides the unit mining costs. In this table, the underground mining costs are provided by zone.

Table 1-11: Operating Costs for PEA Zones

Operation	Units	Unit Cost	Nominal Production	Fixed Cost (kUS$/month)
Mine				
Papomono Sur	US$/t	18.00		
Mantos Conexión	US$/t	18.00		
Manto Norte	US$/t	20.00		
Epitermal	US$/t	18.00		
Don Gabriel Vetas	US$/t	20.00		
Papomono Norte Process Feed	US$/t	4.35		
Papomono Norte Waste	US$/t	1.89		
Papomono Cumbres Process Feed	US$/t	4.21		
Papomono Cumbres Waste	US$/t	1.89		
Don Gabriel Manto Process Feed	US$/t	4.66		
Don Gabriel Manto Waste	US$/t	1.89		
Plant, Leaching		US$/t	t plant feed material/month	MUS$/month
Leaching Variable, Underground	US$/t	5.10		
Leaching Variable, open pit	US$/t	5.19		
Leaching ENAMI tolling, Variable	US$/t	1.20		
Leaching, Fixed	US$/t	4.54	150,000	0.68
Plant, SX-EW		US$/lb	t Cu/month	MUS$/month
SX - EW, Variable	US$/lb	0.12		
SX - EW, Fixed	US$/lb	0.07	1,550	0.24
General and Administration		US$/lb	t Cu/month	MUS$/month
G&A, Fixed	US$/lb	0.22	1,550	0.77
Total Plant and G&A Fixed Cost				1.69

1.24.9 Economic Analysis

Table 1-12 presents the cash flow analysis for the PEA based on the production schedule. The results were obtained using a monthly mine plan and cash flows discounted on the same monthly basis. The table shows payable copper tonnes and net revenue, which includes premiums and discounts. Costs for mining of material to be processed (including transport), waste mining, processing, G&A, and SX/EW are shown and are based on conceptual cost studies benchmarking to similar operations.

The pre-stripping costs for the Don Gabriel Manto are carried as operating costs for this analysis, i.e. they are included in the mining operating costs.

The Papomono Masivo inclined block cave underground operation is planned to start in September 2019, and the Papomono Masivo front cave operation is planned to continue until before the start-up of the inclined block caving operation

The evaluation considers cash flows starting in July 2018 (month one). Net present values are obtained on the basis of discounting cash flows monthly, but the tables present annual figures.

These favourable PEA economic results reflect the fact that capital investment for the process plant is considered as a sunk cost, as it was during the original Vale project.

Table 1-12: Production and Economic Results for PEA Mine Zones, Pre-Tax Evaluation

Year	Production (kt)	Cathode Cu (t)	Capex Total (kUS$)	Mine Opex (kUS$)	Plant Opex (kUS$)	G&A Opex (kUS$)	Opex Total (kUS$)	Revenue (kUS$)	Cash Flow (kUS$)	DCF (kUS$)*
2018	612	4,709	8,628	10,613	9,456	4,613	24,682	24,661	-8,649	-8,417
2019	1,831	12,235	13,362	30,053	23,075	9,226	62,354	68,395	-7,321	-7,163
2020	2,119	17,684	6,483	26,198	25,984	9,226	61,408	102,316	34,425	29,466
2021	2,079	17,406	4,950	24,145	25,668	9,226	59,040	100,615	36,626	28,884
2022	2,129	18,477	4,300	22,408	26,205	9,226	57,840	107,178	45,038	33,106
2023	2,136	16,501	2,002	19,301	25,711	9,226	54,239	95,065	38,824	26,276
2024	2,032	16,819	2,619	21,488	25,264	9,226	55,978	97,014	38,416	24,230
2025	897	8,239	2,664	10,128	13,816	6,882	30,827	44,519	11,028	6,503
2026	74	1,176	7,266	887	1,915	2,114	4,916	4,860	-7,322	-3,965
Total	13,909	113,246	52,273	165,222	177,094	68,968	411,284	644,623	181,067	128,922

Note: (*) The evaluation considers cash flows (DCFs) starting in July 2018 (month one). Net present values are obtained on the basis of discounting cash flows monthly, but the tables present annual figures. The Mineral Resources in the PEA mine plan are not Mineral Reserves and do not have demonstrated economic viability. The PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the PEA based on these Mineral Resources will be realized. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Table 1-13: PEA Production, Cash Flow Summary and Economic Indicators Pre-Tax

Item	Production (Mlbs Cu)	Capital Costs (MUS$)	Operating Costs (US$/lb Cu)	Revenue Pre-Tax (MUS$)	Cash Flow (MUS$)
Cumulative Production and Cash Flows	250	52	1.65	645	181
Cashflow 8% discount rate (valuation start-off-month July 2018)	NPV Pre-Tax (MUS$)		IRR (% year)	Payback (months)	Payback (years)
	129		131	18	1.5

The analysis indicates an undiscounted pre-tax cashflow of US$181.1 million and an operating cost of US$411.3 million. At a 0.64% monthly discount rate (8% annual equivalent), the NPV is US$ 128.9 million. The internal rate of return, IRR is 131% per annum. With a total capital investment of US$52.3 million, the NPV to capital cost ratio is 2.5. The projected payback period is 18 months. Table 1-14 provides the post-tax evaluation.

Table 1-14: Production and Economic Results for PEA Mine Zones, Post-Tax Evaluation

Year	Production (kt)	Cathode Cu (t)	Taxes (kUS$)	Capex Total (kUS$)	Mine Opex (kUS$)	Plant Opex (kUS$)	G&A Opex (kUS$)	Opex Total (kUS$)	Revenue (kUS$)	Cash Flow (kUS$)	DCF (kUS$)*
2018	612	4,709	0.0	8,628	10,613	9,456	4,613	24,682	24,661	-8,649	-8,417
2019	1,831	12,235	0.0	13,362	30,053	23,075	9,226	62,354	68,395	-7,321	-7,163
2020	2,119	17,684	81.5	6,483	26,198	25,984	9,226	61,408	102,235	34,344	29,399
2021	2,079	17,406	83.7	4,950	24,145	25,668	9,226	59,040	100,531	36,542	28,820
2022	2,129	18,477	119.9	4,300	22,408	26,205	9,226	57,840	107,058	44,919	33,021
2023	2,136	16,501	69.4	2,002	19,301	25,711	9,226	54,239	94,996	38,755	26,230
2024	2,032	16,819	74.3	2,619	21,488	25,264	9,226	55,978	96,940	38,342	24,185
2025	897	8,239	0.0	2,664	10,128	13,816	6,882	30,827	44,519	11,028	6,503
2026	74	1,176	0.0	7,266	887	1,915	2,114	4,916	4,860	-7,322	-3,965
Total	13,909	113,246	428.7	52,273	165,222	177,094	68,968	411,284	644,195	180,638	128,615

Note: (*) The evaluation considers cash flows starting in July 2018 (month one). Net present values are obtained on the basis of discounting cash flows (DCFs) monthly, but the tables present annual figures. The Mineral Resources in the PEA mine plan are not Mineral Reserves and do not have demonstrated economic viability. The PEA is preliminary in nature and includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the PEA based on these Mineral Resources will be realized. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

Table 1-15: Production, Cash Flow Summary and Economic Indicators Post-Tax

Item	Production (Mlbs Cu)	Capital Costs (MUS$)	Operating Costs (US$/lb Cu)	Revenue Pre-Tax (MUS$)	Cash Flow (MUS$)
Cumulative Production and Cash Flows	250	52	1.65	644	181
Cashflow 8% discount rate (valuation start-off-month July 2018)	NPV Post-Tax (MUS$)	IRR (% year)		Payback (months)	Payback (years)
	129	131		14	1.2

The analysis indicates an undiscounted post-tax cashflow of US$180.6 million and an operating cost of US$411.3 million. At a 0.64% monthly discount rate (8% annual equivalent), the NPV is US$ 128.6 million. The internal rate of return, IRR is the 131.4% per annum. With a total capital investment of US$52.3 million, the NPV to capital cost ratio at the 8% used, is 3.1. The projected payback period is 14 months.

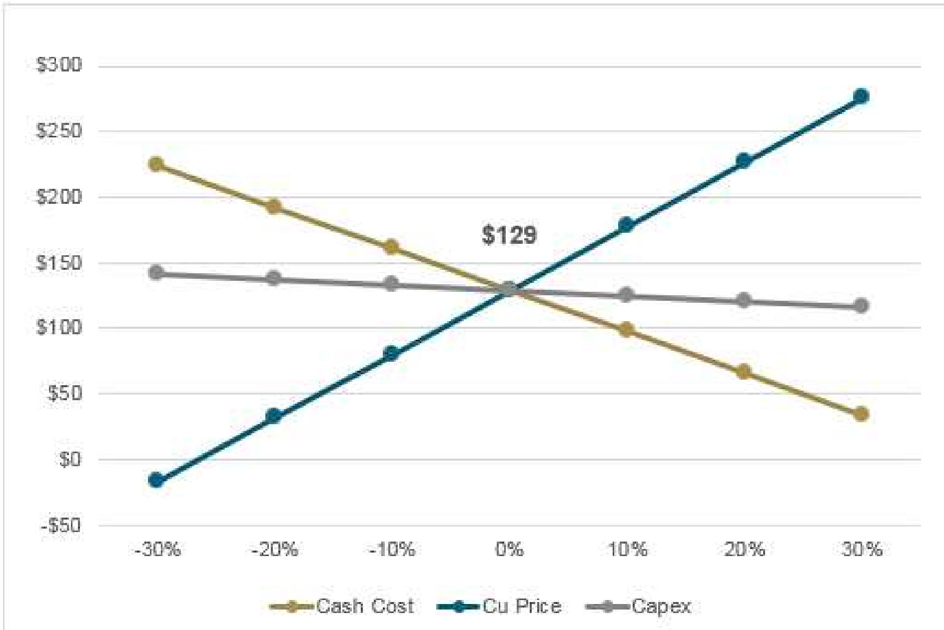
1.24.10 Sensitivity Analysis

Sensitivity analysis was performed considering variations in metal prices, operating costs and capital costs. The copper grade sensitivity is not explicitly included, since for the purposes of the sensitivity analysis it is fair to assume that the sensitivity to changes in copper grades is mirrored by the sensitivity to changes in the copper price.

The results for NPV sensitivity to these variables are shown in Figure 1-9.

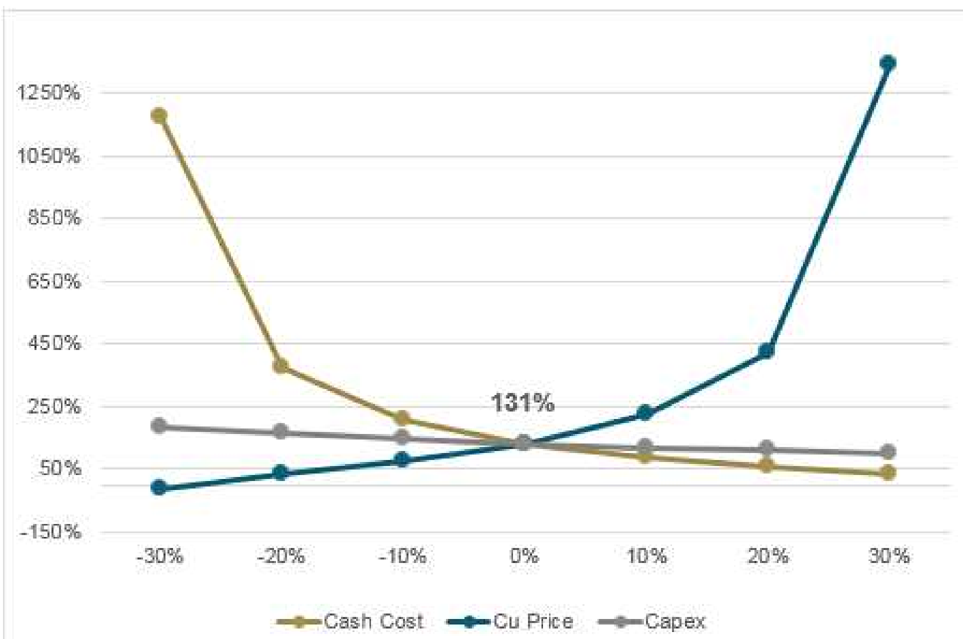
IRR sensitivities were evaluated using the same variables. The results for IRR sensitivity to variations in copper price, operating costs, and capital costs are shown in Figure 1-10. Note that the IRR function can give more than one answer to the same calculation, or some meaningless values, in cases where the investment pattern is out of the usual distribution of capital expenses heavily concentrated at the beginning of the Project. This is the case here, which causes some anomalous sensitivity results.

Figure 1-9: Sensitivity Analysis (PEA Case NPV; MUS$)



Note: Figure prepared by Wood, 2018.

Figure 1-10: Sensitivity Analysis (PEA Case IRR; %)



Note: Figure prepared by Wood, 2018.

1.25 Interpretation and Conclusions

The Project is in a jurisdiction friendly to mining and has operated in the past and is currently operating. The following main risks that may affect the Project were identified:

- Commodity market conditions and pricing;
- Changes to the estimated Mineral Resources used to generate the mine plan;
- Changes in the metallurgical recovery factors;
- Changes in the geotechnical assumptions used to determine the overall slope angles or selected underground mining methods;
- Changes to the operating cut-off assumptions for heap leach feed;
- Ability to maintain social and environmental license to operate.

Under the assumptions in this Report, the Project has positive economics.

1.26 Recommendations

- According to the Preliminary Feasibility Study Wood recommends developing the detailed engineering and an early start of the construction of the Papomono Masivo works to ensure its operation start-up during the third quarter of 2019.
- The QPs recommend execution of the in-fill drilling campaign and related works for the sectors Cumbres, Papomono Sur, Papomono Mantos Conexión, Papomono Mantos Norte, Papomono Norte, Epitermal and Don Gabriel Vetas to improve the confidence of its Mineral Resources and facilitate the early development of pre-feasibility studies that allow the transformation of these resources into mineral reserves. This further advancement of the PEA mine plan make the most of the installed capacity and associated assets of the MTV property.
- Use the results of the new contracts for material movement for the Don Gabriel open pit to optimize the exploitation plan of this deposit in order to capitalize these economic advantages in its mine plan.
- Modify the processing plant to apply the salt leaching process.
- Develop a long-term exploration strategy in order to extend the economic sustainability to the available assets and the mining business of MTV.

APPENDIX "C"

RISKS RELATING TO CORSA COAL

The following is an extract from Corsa Coal's annual information form dated February 21, 2019 (the "Corsa Coal AIF").

Risk Factors Relating to Operations and Production

Production

Corsa Coal's revenues depend on its level of coal mining production and the sales price for the coal it has mined. Production targets include Corsa Coal's current operating mines and those that are in the permitting stage, under development or under option. As a result, Corsa Coal may not achieve its production projections. Corsa Coal may then need to lease and/or option additional properties which may take time and may be subject to the same uncertainties inherent in mining. In addition, Corsa Coal's production levels are no guarantee that Corsa Coal will be able to obtain sales contracts or orders for the coal it produces and as a result sales may be below its production capabilities and Corsa Coal may reduce actual production to reflect actual customer demand and sales orders received. Also, there is no guarantee as to the price for the coal sales.

Resource Exploration, Development and Production Risks

Corsa Coal is engaged in the business of exploring, acquiring and developing coal resource properties. Coal exploration is speculative in nature and there can be no assurance that any coal discovered or acquired will result in an increase in Corsa Coal's resource base. Such exploration and development as well as acquisitions involves a high degree of financial and other risks over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. Substantial expenses will be required to expand its resource base and to design and construct mining and processing facilities. Whether a resource deposit will be commercially viable depends on a number of factors, including the particular attributes of the deposit (i.e., coal quality, size, access and proximity to infrastructure), financing costs, the cyclical nature of commodity prices and government regulations (including those relating to environmental protection).

A future increase in Corsa Coal's reserves will depend on its ability to select and acquire suitable properties. No assurance can be given that Corsa Coal will be able to locate or acquire control over satisfactory properties for acquisition that will be economically viable in the current market.

Resource and Reserves

To achieve its projected level of production, a significant portion of Corsa Coal's resources will need to be upgraded to reserves. Such upgrade in classification will require additional data and establishing the economic feasibility of mineralization currently classified as resources. There can be no assurance that Corsa Coal will be able to successfully upgrade its resources to reserves.

Reserve Estimates and Replacement of Reserves

Estimating reserves and resources involves a determination of economic recovery of minerals that are in the ground, which in turn requires that assumptions be made regarding its future price and the cost of recovery. There are numerous uncertainties inherent in estimating the quantities and qualities of, and costs to mine, recoverable reserves, including many factors beyond Corsa Coal's control. Such factors include: improvements to mining technology; changes to government regulation; geologic and mining conditions, which may not be fully identified by available exploration data or may differ from Corsa Coal's experience in current operations; historical production from the area compared with production from other producing areas; future coal prices; operating costs; capital expenditures; taxes; royalties and development and reclamation costs; preparation plant recovery levels and mine recovery levels; all of which may vary considerably from actual results.

Corsa Coal's actual production experience may require the revision of production estimates because actual mineral tonnage recovered from an identified reserve or property may vary materially from estimates. Coal reserves disclosed by Corsa Coal should not be interpreted as assurance of mine life or of the profitability of current or future operations. In addition, revenues and expenditures with respect to Corsa Coal's reserves may vary materially from estimates. The estimates of reserves may not accurately reflect Corsa Coal's actual reserves and may need to be restated in the future. Any inaccuracy in Corsa Coal's estimates could result in lower than expected revenues or higher than expected costs. Corsa Coal's recoverable reserves will decline as it produces coal and Corsa Coal may not be able to mine all of its reserves. Corsa Coal's future success may depend on conducting successful exploration and development activities or acquiring properties containing economically recoverable reserves. There can be no assurance that Corsa Coal will succeed in developing additional mines in the future.

Permitting Matters

Mining companies must obtain numerous permits, licenses and approvals that strictly regulate access, environmental and health and safety and other matters in connection with coal mining. Permitting rules are complex and may change over time, which may make securing additional permits or modification to existing permits and compliance difficult.

Regulatory agencies have considerable discretion in whether or not to issue permits or grant consents and they may choose not to issue permits or grant consents to Corsa Coal or renew existing permits, licenses or consents as they come due. There can be no assurance that Corsa Coal will be able to acquire, maintain, amend or renew all necessary licenses, permits, mining rights or surface rights for its anticipated exploration and development. If Corsa Coal is to be granted a permit, it may be some time before those new permits are issued. Accordingly, new permits, licenses and approvals required by Corsa Coal to operate the mines may not be issued at all, or if issued, may not be issued in a timely fashion, or may contain requirements which restrict its ability to conduct its mining operations or subject it to additional constraints or costs.

Government Regulation

Government authorities regulate the coal mining industry to a significant degree, in connection with, among other things, exploration and development activities, employee health and safety, labor standards, air quality standards, toxic substances, water pollution, groundwater quality and availability, plant and wildlife protection, the reclamation and restoration of mining properties and the discharge of materials into the environment. Corsa Coal is subject to extensive U.S. federal and state laws and regulations controlling not only the mining of and exploration of mineral properties, but also the possible effects of such activities upon the environment. For example, government regulatory agencies may order certain of Corsa Coal's mines to be closed temporarily or permanently. Future legislation and regulations or amendments could cause additional expense, capital expenditures, reclamation obligations, revocation of licenses, restrictions and delays in the development of Corsa Coal's properties, the extent of which cannot be predicted. Government regulations in the U.S. and the countries where Corsa Coal's international export customers are located including regulations relating to the environment, prices, taxes (including tariffs or similar duties on steel, of which metallurgical coal is an essential requirement for production), royalties, land tenure, land use and importing and exporting of coal also impact on the marketability of the coal owned by Corsa Coal.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions against Corsa Coal, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Operating Risks

Corsa Coal's coal mining operations are and will continue to be subject to operating risks that could result in decreased coal production. Such operating risks may increase Corsa Coal's cost of mining and delay or halt production at particular mines, either permanently or for varying lengths of time. These conditions and events include but are not limited to:

- the lack of availability of qualified labor;
- inability to acquire, maintain, amend or renew necessary permits or mining or surface rights in a timely manner, if at all;
- failure of resource and reserve estimates to prove correct;
- interruptions due to transportation delays or unavailability;
- changes in governmental regulation of the coal industry, including the imposition of additional taxes, fees or actions to suspend or revoke its permits or changes in the manner of enforcement of existing regulations;
- limited availability of mining and processing equipment and parts from suppliers;
- the lack of availability of the necessary equipment of the type and size required to meet production expectations;
- mining and processing equipment failures and unexpected maintenance problems;
- unfavorable changes or variations in geologic conditions, such as the thickness of the coal deposits, irregularity in coal seams and the amount of rock embedded in or overlying the coal deposit and other conditions that can make underground or open pit mining difficult or impossible;
- severe and adverse weather and natural disasters, such as heavy rains and flooding;

- increased or unexpected reclamation and/or water treatment costs;
- unfavorable fluctuations in the cost or availability of necessary commodities or commodities-based products such as diesel fuel, lubricants, explosives, electric cables and steel;
- unexpected mine safety accidents, including fires and explosions from methane; and
- failure of coal mined to meet expected quality specifications.

These conditions and events may increase Corsa Coal's cost of mining and delay or halt production at particular mines either permanently or for varying lengths of time. Corsa Coal's planned exploration and development projects and acquisition activities may not result in the acquisition of significant additional coal deposits and Corsa Coal may not have continuing success developing its current or additional mines.

Mining Operations and Insurance

Mining operations generally involve a high degree of risk. Corsa Coal's operations will be subject to all of the hazards and risks normally encountered in resource exploration, development and exploitation that are beyond the control of Corsa Coal. Such risks include pit wall slides, pit flooding, unusual and unexpected geological formations, seismic activity, rock bursts, ground failure and other conditions involved in the drilling or cutting and removal of material, environmental hazards, industrial accidents, periodic interruptions due to adverse weather conditions, labor disputes, political unrest, threats of war, terrorist threats and theft of production. The occurrence of any of the foregoing could result in damage to, or destruction of, resource properties or interests, production facilities, personal injury, damage to life or property, environmental damage, delays or interruption of operations, increases in costs, monetary losses, legal liability and adverse government action. Although Corsa Coal maintains liability insurance in an amount and scope that it considers consistent with industry practice, covered liabilities could exceed policy limits resulting in Corsa Coal incurring significant costs. The potential costs associated with liabilities not covered by insurance or excess insurance coverage may cause substantial delays and require significant capital outlays.

The climatic conditions of Corsa Coal's activities will have an impact on operations and, in particular, severe weather such as heavy precipitation and flooding could disrupt the delivery of supplies, equipment and fuel. Exploration and mining activity levels could fluctuate. Unscheduled interruptions in Corsa Coal's operations due to mechanical or other failures or industrial relations related issues or problems or issues with the supply of goods or services could have a serious impact on the performance of those operations. Other operating risks include unfavorable changes or variations in geological conditions such as the thickness of the coal deposits and the amount of rock embedded in or overlying the coal deposit and other conditions that can make underground mining difficult or impossible; mining and processing equipment failures and unexpected maintenance problems; increased water entering mining areas and increased or accidental mine water discharges; unfavorable fluctuations in commodities-based products such as diesel fuel, reagents for processing, lubricants, electric cables, rubber, explosives, steel, copper, and other raw materials; and unexpected mine safety accidents, including fires and explosions from methane. There can be no assurance that Corsa Coal will be able to manage effectively the expansion of its operations or that its current personnel, systems, procedures and controls will be adequate to support operations.

Fatality or Severe Injury to Employees or Contractors

The business of coal mining is inherently risky. During construction of the mine, maintaining the mine or during mining operations, employees and contractors may be subject to risks and hazards, including environmental hazards, industrial accidents, human error, weather events, light vehicle incidents or other events. The occurrence of any of the foregoing could result in personal injury, permanent disabilities or fatalities to one or more employees or contractors. These incidents could lead to investigation delays, criminal or civil proceedings, investigation costs, monetary damages and reputation damage to Corsa Coal.

Uninsured Risks

Corsa Coal may become subject to liability for hazards that cannot be insured against or against which it may elect not to be so insured because of high premium costs. Furthermore, Corsa Coal may incur liability to third parties (in excess of any insurance coverage) arising from negative environmental impacts or any other damage or injury.

Coal Transportation and Costs

Coal producers depend upon rail, barge, trucking, overland conveyor and other systems to deliver coal to customers and transportation costs are a significant component of the total cost of supplying coal. While domestic coal customers often arrange and pay for transportation of coal from the mine to the point of use, Corsa Coal is required to transport the coal to the port of vessel loading. Disruption of these transportation services because of weather-related problems, insurgency, strikes, lock-outs, transportation delays, excessive demand for their services or other events could temporarily impair Corsa Coal's ability to supply coal to customers and expose Corsa Coal to liability for vessel and rail demurrage which could adversely affect Corsa Coal's revenue and results of operations.

Disruption in capacity of, or increased costs of, transportation services could make coal a less competitive source of energy or could make Corsa Coal's coal less competitive than other sources of coal. In addition, increases in the cost of fuel, or changes in other costs relative to transportation costs for coal produced by competitors, could adversely affect Corsa Coal's operations. To the extent such increases are sustained, Corsa Coal could experience losses and may decide to discontinue certain operations forcing Corsa Coal to incur closure or care and maintenance costs, as the case may be.

Dependence on Third Party Suppliers and Loss of Customer Base

Corsa Coal may enter into coal supply agreements which may require the delivery of coal on a regular basis to its customers. If Corsa Coal's own mining production does not reach capacity, Corsa Coal may have to enter into coal supply agreements with third party suppliers in order to meet its customers' demands. There can be no assurance that the third parties will, from time to time, be able to supply the requisite quantities of coal on the schedule negotiated with Corsa Coal. Such third party suppliers may be subject to the same risks relating to mining, engineering, weather, labor, materials and equipment as Corsa Coal.

Changes in purchasing patterns in the coal industry may make it difficult for Corsa Coal to enter into long term supply agreements with new customers. The execution of a satisfactory coal supply agreement may be the basis on which Corsa Coal will undertake the development of coal reserves required to be supplied under the agreement. When Corsa Coal's current agreements with customers expire or are otherwise renegotiated, Corsa Coal's customers may decide to purchase fewer tons of coal than in the past or on different terms, including pricing terms less favorable to Corsa Coal, or may choose to purchase from other suppliers. Coal contracts may also contain force majeure or other provisions which may allow for the temporary suspension of performance by Corsa Coal or its customers during the duration of specified events beyond the control of the affected party.

Quality Specifications

Most of Corsa Coal's coal supply agreements will contain provisions requiring the delivery of coal meeting quality specifications for certain characteristics such as sulfur content, ash content, hardness, ash fusion temperature, FSI, volatile matter and reflectance and other matters such as phosphorous. Failure to meet these specifications could result in economic penalties, including price adjustments, the rejection of deliveries or, in the extreme, termination of the contracts. Corsa Coal could also be obligated to pay the additional costs incurred by the buyer to purchase compliant coal.

Title to Assets

Corsa Coal has leased or optioned mineral rights in order to conduct a number of its mining operations. If defects in title or boundaries are found to exist after Corsa Coal commences mining, its right to mine may be limited or prohibited. No assurance can be given that there are no title defects affecting Corsa Coal's, or its third-party suppliers, coal properties or those which it proposes to acquire or those upon which it has operations. The coal or operations properties may be subject to prior unregistered liens, agreements or transfers or other undetected title defects. There can be no assurance that title to Corsa Coal's coal properties or those on which it has operations will not be challenged or impugned or defeated by a holder of superior title or registered liens or adverse claims. Third parties may have valid claims underlying portions of Corsa Coal's interests and the permits or tenures may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects. If a title defect exists, it is possible that Corsa Coal may lose all or part of its interest in the properties to which such defects relate. If there are title defects with respect to any properties, Corsa Coal might be required to compensate other persons or perhaps reduce its interest in the property. Also, in any such case, the investigation and resolution of title issues may divert management's time from on-going exploration and development programs.

Acquisition Risks

Corsa Coal's future success may depend upon it conducting successful exploration and development activities and acquiring properties containing additional economic coal reserves. Corsa Coal may also be required to generate capital, either through its operations or through outside financing, to mine these additional reserves. Corsa Coal may increase its coal reserve base through acquisitions of other mineral rights, leases, or producing properties or continuing to use its existing leased properties.

Acquisitions involve a number of inherent risks, any of which could cause Corsa Coal to not realize the anticipated benefits. Corsa Coal may be unable to successfully integrate the companies, businesses or properties it acquires. Acquisition transactions involve various inherent risks, including:

- uncertainties in assessing the value, strengths, and potential profitability of, and identifying the extent of all weaknesses, risks, contingent and other liabilities (including environmental or mine safety liabilities) of, acquisition candidates;
- the potential loss of key customers, management and employees of an acquired business;
- the ability to achieve identified operating and financial synergies anticipated to result from an acquisition;
- problems that could arise from the integration of the acquired business; and
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying Corsa Coal's rationale for pursuing the acquisition.

Any one or more of these factors could cause Corsa Coal not to realize the benefits anticipated to result from an acquisition. Any acquisition opportunities Corsa Coal may pursue could materially affect its liquidity and capital resources and may require Corsa Coal to incur indebtedness, seek equity capital or both. In addition, future acquisitions could result in Corsa Coal assuming more long-term liabilities relative to the value of the acquired assets.

Surety Bonds

U.S. federal and state laws require Corsa Coal to obtain surety bonds to secure payment of certain long-term obligations such as mine closure or reclamation costs, federal and state workers' compensation costs, coal leases and other obligations. These bonds are typically renewable annually. Surety bond issuers and holders may not continue to renew the bonds or may demand additional collateral or other less favorable terms upon those renewals. The ability of surety bond issuers and holders to demand additional collateral or other less favorable terms has increased as the number of companies willing to issue these bonds has decreased over time. Failure to obtain or renew surety bonds on acceptable terms could affect Corsa Coal's ability to secure reclamation and coal lease obligations in the United States and its ability to mine or lease coal properties. That failure could result from a variety of factors, including, without limitation: (i) lack of availability, higher expense or unfavorable market terms of new bonds; (ii) restrictions on availability of collateral for current and future third-party surety bond issuers under the terms of Corsa Coal's current debt instruments; and (iii) the exercise by third-party surety bond issuers of their right to refuse to renew the surety.

Risk Factors Relating to Capital Resources

Additional Funding Requirements

Capital expenditures for the exploration, development, production, and acquisition of coal reserves in the future may depend in part on funds not entirely raised by internally generated cash flow. As a result, Corsa Coal may need external equity or debt financing and there is no assurance that it will be able to secure either kind of external financing at an economically viable cost and under reasonable conditions, if at all.

Additional equity financing could be dilutive to shareholders and could substantially decrease the trading price of Corsa Coal's securities. Corsa Coal may issue common shares of Corsa Coal or other equity securities in the future for a number of reasons. Additional debt financing, if secured, could involve restrictions being placed on financing and operating activities which could reduce the scope of Corsa Coal's operations or anticipated expansion, or involve forfeiting its interest in some or all of its properties and licenses, incurring financial penalties, or reducing or terminating its operations.

Taxation in Canada and the United States

Corsa Coal, a Canadian corporation, is subject to income tax under Canadian tax rules. The principal business operations of Corsa Coal in the United States are conducted through its wholly owned direct U.S. subsidiary, Wilson Creek Holdings, Inc. ("WCH"), which owns approximately 81.0% of Wilson Creek Energy, LLC ("WCE"), a U.S. limited liability company and 100% of Mincorp Acquisition Corp. ("MAC"), a U.S. corporation. WCE owns Maryland Energy ("MER"), a U.S. limited liability company. MAC owns Mincorp, Inc., PBS Coals, Inc., Rox Coal, Inc., Norwich Services, Inc. Quecreek Mining, Inc., Croner, Inc. and Elk Lick Energy, Inc., all of which are U.S. Corporations. Corsa Coal's subsidiaries are U.S. companies and subject to taxation under U.S. tax rules. WCE and MER are treated as disregarded entities for U.S. tax purposes, and as such, their income and losses will be treated as incurred directly by WCH (on a pro rata basis based on its ownership interest in WCE), their parent company, which is subject to U.S. tax laws. WCH will file a consolidated tax return which will include MAC and all of its subsidiaries. The payment of dividends from Corsa Coal's subsidiaries to Corsa Coal will be subject to U.S. withholding tax in certain circumstances.

Risk Factors Relating to Equipment and Labor

Availability of Equipment and Access Restrictions

Natural resource exploration, development and exploitation activities are dependent on the availability of particular types of drilling, cutting, conveying and other excavating equipment and related supplies and equipment in the particular areas where such activities will be conducted as well as their parts in the case that maintenance is needed on such equipment. Demand for or restrictions on access to such limited equipment and supplies may affect the availability of such equipment and may delay exploration, development and exploitation activities. Future operations could be adversely affected if Corsa Coal encounters difficulty obtaining equipment, tires and other supplies on a timely basis, or such equipment and supplies are available only at significantly increased prices.

Labor

If either the rail, truck or barge carrier or port facilities upon which Corsa Coal will be dependent to deliver coal to its customers are or will become unionized, there is potential for strikes, lockouts or other work stoppages or slow-downs involving the unionized employees of its key service suppliers which could have a material adverse effect on Corsa Coal. There is competition for qualified personnel in the Appalachian coal mining industry and there can be no assurance that Corsa Coal will be able to continue to attract and retain all personnel necessary for the development and operations of its business. Coal mining is a labor-intensive industry. From time to time, Corsa Coal may encounter a shortage of experienced mine workers. In addition, the employees of Corsa Coal may choose to unionize, which may disrupt operations on account of contract negotiations, grievances, arbitrations, strikes, lockouts or other work stoppages or actions. As a result, Corsa Coal may be forced to substantially increase labor costs to remain competitive in terms of attracting and retaining skilled laborers. Furthermore, it is possible that a decreased supply of skilled labor may cause a delay in Corsa Coal's operations and negatively affect its ability to expand production.

Equipment Breakdown

Breakdowns of equipment, difficulties or delays in obtaining replacement shovels and other equipment, natural disasters, industrial accidents or other causes could temporarily disrupt Corsa Coal's operations, which in turn may also materially and adversely affect its business, prospects, financial condition and results of operations.

Risk Factors Relating to Market Conditions

Competition

The resource exploration and coal mining business is competitive in all of its phases. Competitive factors in the distribution and marketing of coal include price and methods and reliability of delivery. Corsa Coal will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for and the acquisition of attractive resource properties. The principal factors that determine the price for which Corsa Coal's coal can be sold are demand, competition, coal quality, efficiency in extracting and transporting coal, and proximity to customers. Increases in transportation costs could make Corsa Coal's coal less competitive as a source of energy or could make some of Corsa Coal's operations less competitive than other sources of coal. An oversupply of coal will also likely adversely affect the price of coal on the market. There can be no assurance that Corsa Coal will be able to compete successfully with other coal producers and suppliers and its failure to compete effectively could adversely affect its operations and performance.

In recent years, the competitive environment for coal was impacted by sustained growth in a number of the largest markets in the world, including the U.S., China, Japan and India, where demand for steel has supported pricing for metallurgical coal. The economic stability of these markets has a significant effect on the demand for coal and the level of competition in supplying these markets. The cost of ocean transportation and the value of the U.S. dollar in relation to foreign currencies significantly impact the relative attractiveness of Corsa Coal's coal as it competes on price with other foreign coal producing sources. During the last several years, the U.S. coal industry has experienced increased consolidation, which has contributed to the industry becoming more competitive. Increased competition by competing coal producers in the markets in which Corsa Coal serves could cause a decrease in demand and/or pricing for Corsa Coal's coal.

Foreign Currency Exchange

Corsa Coal reports its financial results in U.S. dollars; however, it incurs certain costs and expenses in Canadian dollars. As a result Corsa Coal's operating results and cash flows could be negatively affected by currency exchange rates between the Canadian and U.S. dollars.

Foreign Currency Fluctuations

Corsa Coal may compete in international markets against coal produced in other countries. Coal is sold internationally in U.S. dollars. As a result, mining costs in competing producing countries may be reduced in U.S. dollar terms based on currency exchange rates, providing an advantage to coal producers in other countries. Currency fluctuations among countries purchasing and selling coal could adversely affect the competitiveness of Corsa Coal's coal in international markets.

Commodity Prices

Commodity prices, including coal prices, fluctuate widely and may be affected by numerous factors beyond the control of Corsa Coal such as the sale or purchase by various dealers, central banks and financial institutions, interest rates, exchange rates, inflation or deflation, currency exchange fluctuation, global and regional supply and demand, production and consumption patterns, speculative activities, increased production due to improved mining and production methods, government regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of resources, environmental protection and international political and economic trends, conditions and events. The price of commodities, including coal, has fluctuated widely in recent years, and future serious price declines could cause continued development of Corsa Coal's properties to be impracticable. Further, reserve calculations and life-of-mine plans using significantly lower commodity prices could result in material write downs of Corsa Coal's investment in mining properties and increased amortization, reclamation and closure charges.

In addition to adversely affecting reserve estimates and its financial condition, declining commodity prices could impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Coal Price and Volume Volatility

Coal demand and price are determined by numerous factors beyond the control of Corsa Coal including the domestic and international demand for steel and steel products; coal consumption by the domestic utility industry; the demand for electricity; the availability of competitive coal supplies; the supply and demand for domestic and foreign coal; seasonal changes in the demand for Corsa Coal's coal; interruptions due to transportation delays; proximity to, and capacity and cost of, transportation facilities; air emission standards for coal fired power plants; inflation; political and economic conditions; global or regional political events and trends; international events and trends; international exchange rates; the cost implications to Corsa Coal in response to regulatory changes, administrative and judicial decisions; production costs in major coal producing regions; the price and availability of alternative fuels, including the effects of technology developments; the effect of worldwide energy conservation efforts; future limitations on utilities' ability to use coal as an energy source due to the regulation and/or taxation of greenhouse gases under climate change initiatives; and various other market forces.

An increase in demand for coal could attract new investors to the coal industry, which could result in the development of new mines and increased production capacity throughout the industry. An oversupply in world markets could occur. The general downturn in the economies of Corsa Coal's significant markets occurred in 2012 and continued throughout 2013, 2014, 2015 and part of 2016. A significant reduction in the demand for steel products has reduced and could continue to reduce the demand for metallurgical coal. Similarly, if less expensive ingredients could be used in substitution for metallurgical coal in the integrated steel mill process, the demand for metallurgical coal would materially decrease. The combined effects of any or all of these factors on coal price or volume cannot be predicted.

Corsa Coal's results of operations may also be dependent upon the prices it charges for its coal as well as its ability to improve productivity and control costs. Decreased demand would cause spot prices to decline and require an increase in productivity and lower costs in order to maintain margins. Corsa Coal may not be able to maintain its margins. Declining prices may adversely affect operating results for future periods and Corsa Coal's ability to generate cash flows necessary to improve productivity and invest in operations.

Financial Market Fluctuations

In recent years, the securities markets in Canada and elsewhere have experienced a high level of price and volume volatility, and the market prices of securities of many public companies have experienced significant fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. It may be anticipated that any quoted market for Corsa Coal's securities will be subject to such market trends and that the value of such securities may be affected accordingly. The turmoil in the global financial markets has had and may continue to have an impact on Corsa Coal. Numerous factors, including many over which Corsa Coal has no control, may have a significant impact on the market price of its securities.

In addition, the current economic environment has reduced the availability of credit in the marketplace. Volatility and disruption of financial markets could limit Corsa Coal's customers' ability to obtain adequate financing to maintain operations and result in a decrease in sales volumes that could have a negative impact on operational results.

Volatility in Market Price

The market price of the common shares of Corsa Coal has experienced and may experience significant volatility. Numerous factors, including many over which Corsa Coal has no control, may have a significant impact on the market price of the common shares of Corsa Coal.

Raw Material Costs

Unexpected increases in raw material costs could greatly impair Corsa Coal's operations. The coal mining operations of Corsa Coal use significant amounts of steel, petroleum products and other raw materials for mining equipment, supplies and materials. If the price of steel, petroleum products and other commodities such as rubber products and liquid fuels increase, Corsa Coal's operational expenses will increase.

Coal Hedging Risk

Corsa Coal may, in the future, hedge its projected future coal production by entering into customer contracts that require it to deliver coal with established pricing over a period of time. If the price of coal increases, Corsa Coal may be materially adversely affected by having hedged its future production pursuant to these contracts. Alternatively, should coal prices decrease below the levels stated in the contracts, Corsa Coal could be materially adversely affected should these contracts not be honored.

Terrorist Attacks and Threats, Escalation of Military Activity in Response to Such Attacks or Acts of War

Corsa Coal's business will be affected by general economic conditions, fluctuations in consumer confidence and spending, and market liquidity, which may decline as a result of numerous factors outside of Corsa Coal's control, such as terrorist attacks and acts of war. Future terrorist attacks against U.S. targets, rumors or threats of war, actual conflicts involving the U.S. or its allies, or military or trade disruptions affecting customers may materially adversely affect operations. As a result, there could be delays or losses in transportation and deliveries of coal to customers, decreased sales of coal and extension of time for payment of accounts receivable from customers. Strategic targets such as energy-related assets may be at greater risk of future terrorist attacks than other targets in the U.S. In addition, such disruption may lead to significant increases in energy prices that could result in government-imposed price controls. It is possible that any, or a combination, of these occurrences could have a material impact on cash flows, results of operations or financial condition.

Foreign currency risk

Corsa Coal's foreign exchange risk arises primarily with respect to the U.S. dollar as a result of its activities evaluating potential opportunities and the development and operation of its assets in the United States. Corsa Coal has elected not to actively manage its foreign exchange exposure at this time.

Price risk

Corsa Coal is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on Corsa Coal's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. Corsa Coal closely monitors commodity prices of resources, individual equity movements, and the stock market to determine the appropriate course of action to be taken by Corsa Coal.

Risk Factors Relating to Legal Matters

Litigation

Due to the nature of mining operations, it is possible for legal proceedings to arise from time to time in the course of Corsa Coal's business and operations. There is always the potential that an individual matter or the aggregation of many matters could adversely affect Corsa Coal.

Environmental Risks, Hazards and Liabilities

Corsa Coal's operations may inadvertently and substantially impact the environment or cause exposure to hazardous materials, either of which could result in material liabilities to Corsa Coal. Corsa Coal may be subject to claims under U.S. federal and state statutes, and/or common law doctrines, for toxic torts, natural resource damages, and other damages as well as the investigation and clean-up of soil, surface water and groundwater. Such claims may arise, for example, out of current, former or future activities at sites that Corsa Coal owns or operates, as well as at sites that Corsa Coal or its predecessor entities owned or operated in the past, or at contaminated sites that have always been owned or operated by third parties. Mining operations can also impact flows and water quality in surface water bodies and remedial measures may be required, such as lining of stream beds, to prevent or minimize such impacts. Many of Corsa Coal's mining operations take place in the vicinity of streams, and similar impacts could be asserted or identified at other streams in the future. Corsa Coal's liability for such claims may be joint and several, so that it may be held responsible for more than its share of the remediation costs or other damages, or even for the entire share.

Corsa Coal has reclamation, water treatment and may have mine closure obligations. It is difficult to determine the exact amounts which may be required to complete all reclamation activities in connection with their properties. Estimates of total reclamation, water treatment and mine-closure liabilities are based upon permit requirements and its experience. The amounts recorded are dependent upon a number of variables, including the estimated future retirement and treatment costs, estimated proven reserves, assumptions involving profit margins and inflation rates. If these accruals are insufficient or liability in a particular year becomes greater than may be anticipated, Corsa Coal's operating results could be adversely affected.

Environmental Regulation

All phases of the natural resources business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of international conventions and Canadian and U.S. laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emission of various substances produced in association with operations. The legislation also requires that facility sites and mines be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, and in some cases, enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed or permits revoked and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Corsa Coal's total compliance with the full spectrum of U.S. environmental regulation may not always be possible, and significant penalties may be incurred as a result of violations of environmental laws.

Environmental legislation has evolved in a manner that resulted in stricter standards and enforcement, larger fines and liability and increased capital expenditures and operating costs, however, with changes in the state and U.S. Administration, there may be changes in the promulgation of stricter regulation. The environmental issues affecting Corsa Coal's mining operations include permitting and reclamation requirements, air pollution laws and regulations, regulations relating to climate change, water pollution laws and regulations, including the United States Clean Water Act, hazardous waste regulation, Comprehensive Environmental Response, Compensation, and Liability Act, and similar state superfund statutes, Endangered Species Act, U.S. mine safety regulations and restrictions against greenhouse gas emissions. The discharge of pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Corsa Coal to incur costs to remedy such discharge. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect Corsa Coal's financial condition, results of operations or prospects. Corsa Coal may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances that may exist on or under or near any of its properties or that may be produced as a result of its operations.

Black Lung Laws (pneumoconiosis)

Under U.S. federal black lung benefits laws, businesses that conduct current mining operations must make payments of black lung benefits to coal miners diagnosed with black lung disease and to certain survivors of a miner who dies from the disease. To fund these benefits, a tax is levied on coal production per ton for underground-mined and surface-mined coal to compensate miners who are diagnosed with black lung disease and certain survivors of miners who died from the disease, who worked after 1970, but no responsible coal mine operators were identified for the claims. In addition, some claims for which coal operators had previously been responsible will be obligations of the government trust funded by the tax. The Revenue Act of 1987 extended the termination date of this tax from January 1, 1996, to January 1, 2014, or the date on which the government trust becomes solvent. The majority of benefits are paid by coal mine operators to miners and survivors through self-insurance or commercial insurance policies.

The U.S. Patient Protection and Affordable Care Act of 2010 includes significant changes to the federal black lung program. These changes include provisions, retroactive to 2005, which (1) provide an automatic survivor benefit paid upon the death of a miner with an awarded black lung claim, without requiring proof that the death was due to pneumoconiosis and (2) establish a rebuttable presumption that miners with 15 or more years of coal mine employment are disabled due to pneumoconiosis. These legislative changes could have a material impact on Corsa Coal's costs expended in association with the federal black lung program.

Corsa Coal may be liable under state statutes for black lung payments and is covered through insurance policies, self-insurance or state programs. U.S. Congress and state legislatures regularly consider various items of black lung legislation, which, if enacted, could adversely affect Corsa Coal's business, results of operations and financial position.

Land Use Regulation and Conflicting Land Uses

Land use regulation on the U.S. federal, state and local level may negatively impact the ability to begin or carry out mining operations in particular locations. Zoning laws control land use and often prohibit mining entirely. New land use restrictions may be enacted in areas of current or planned mining operations by new legislation or regulation. Existing U.S. federal and state surface mining statutes also allow citizens to file petitions deeming certain land unsuitable for surface mining for a variety of reasons. It is difficult to predict when a "lands unsuitable" petition will be filed, and even more difficult to determine in advance whether the petition will be granted.

Corsa Coal's properties may be affected by oil and gas development that may impact coal development by increasing the cost of coal recovery and decreasing the amount of coal recoverable. As determinations that lands are unsuitable are awarded more frequently, the amount of land available for mining declines and the risk that mining in planned areas will be prohibited increases. There is a risk that certain lands will not be open for mining, decreasing the number of operations Corsa Coal can maintain or acquire in the future. Even in areas where mining may not be prohibited outright, the presence of other land uses restricts the ability of mining companies to operate efficiently. Residential structures, other buildings, gas wells, pipelines, roads, electric transmission lines, and numerous land uses other than mining are commonly located in areas where Corsa Coal operates. These land uses may inhibit Corsa Coal's operations, and negative impacts on these land uses that may result from Corsa Coal's operations could create liability exposure. Additionally, the need to accommodate other land uses may result in a less efficient use of the mining property.

U.S. Mine Safety Regulation

Employee safety and health regulation in the U.S. mining industry is comprehensive and pervasive. The cost of complying with numerous state and federal safety and health laws applicable to the mining industry is substantial. Negative publicity surrounding a series of tragic accidents in the U.S. mining industry over the past decade has resulted in expensive new safety requirements and substantially increased penalties for failure to comply with these regulations. Given the complexity of the mine safety and health regulations, there is a risk that Corsa Coal's business operations will be affected by these regulations.

Climate Change

Climate change continues to attract considerable public and scientific attention. There is widespread concern about the contributions of human activity to such changes, especially through the emission of greenhouse gasses ("GHGs"). There are three primary sources of GHGs associated with the coal industry. First, the end use of our coal by our customers in electricity generation, coke plants, and steel making is a source of GHGs. Second, combustion of fuel by equipment used in coal production and to transport our coal to our customers is a source of GHGs. Third, coal mining itself can release methane, which is considered to be a more potent GHG than CO_2, directly into the atmosphere. These emissions from coal consumption, transportation and production are subject to pending and proposed regulation as part of initiatives to address global climate change.

There are many legal and regulatory approaches currently in effect or being considered to address GHGs, including international treaty commitments, new foreign, federal and state legislation that may impose a carbon emissions tax or establish a "cap and trade" program, and regulation by the United States Environmental Protection Agency. As a result, numerous proposals have been made and are likely to continue to be made at the international, national, regional and state levels of government to monitor and limit emissions of GHGs. Collectively, these initiatives could result in higher electric costs to our customers or lower the demand for coal used in electric generation, which could in turn adversely impact our business.

At present, Corsa Coal is principally focused on metallurgical coal production, which is not used in connection with the production of power generation. However, Corsa Coal may produce and sell coal into the power-generation market. The market for Corsa Coal's coal may be adversely impacted if comprehensive legislation or regulations focusing on GHG emission reductions are adopted, or if Corsa Coal's customers are unable to obtain financing for their operations.

Restriction against Greenhouse Gas Emissions

U.S. federal and state laws restricting the emissions of greenhouse gases in areas where Corsa Coal will conduct its business or sell its coal could adversely affect its operations and demand for coal. Corsa Coal may be subject to regulation of greenhouse gas emissions from stationary sources as well as mobile sources such as cars and trucks. Current and proposed laws, regulations and trends, electricity generators may influence the switch to other fuels that generate less greenhouse gas emissions, possibly further reducing demand for coal.

Anti-Corruption Legislation

Corsa Coal is subject to anti-corruption legislation including the Corruption of Foreign Public Officials Act (Canada) and other similar acts (collectively "AC Legislation"), which prohibit Corsa Coal or any of its officers, directors, employees or agents acting on its behalf from paying, offering to pay or authorizing the payment of anything of value to any foreign government official, government staff member, political party or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an office capacity. The AC Legislation also requires public companies to make and keep books and records that accurately and fairly reflect their transactions and to devise and maintain an adequate system of internal accounting controls. Corsa Coal's international activities create the risk of unauthorized payments or offers of payments by its employees, consultants or agents, even though they may not always be subject to its control. Corsa Coal strictly prohibits these practices by its employees and agents. However, Corsa Coal's existing safeguards and any future improvements may provide to be less than effective, and its employees, consultants and agents may engage in conduct for which Corsa Coal may be held responsible. Any failure by Corsa Coal to adopt appropriate compliance procedures and to ensure that its employees and agents comply with AC Legislation and applicable laws and regulations in foreign jurisdictions could result in substantial penalties or restrictions on its ability to conduct its business, which may have a material adverse impact on Corsa Coal or its share price.

Risk Factors Relating to Corporate Governance

The Interests of Corsa Coal's Principal Shareholder May Differ From Those of Other Shareholders

As of date of the Corsa Coal AIF, assuming the tender for redemption of all units of WCE and exchange for common shares of Corsa Coal, the general partner of Quintana Energy Partners, L.P. and its affiliated investment funds (collectively, "Quintana") would exercise control or direction over an aggregate of 46,877,551 common shares of Corsa Coal, representing approximately 45.4% of Corsa Coal's then issued and outstanding common shares. The interests of Quintana may conflict with the interests of other shareholders and there is no assurance that Quintana would vote its common shares of Corsa Coal in a way that benefits minority shareholders. Accordingly, unless applicable laws or regulations would require approval by the minority shareholders, Quintana is in a position to: (i) control Corsa Coal's policies, management and affairs; (ii) subject to applicable laws, regulations and Corsa Coal's articles and by-laws, adopt amendments to certain provisions of Corsa Coal's articles; and (iii) otherwise determine the outcome of most corporate actions, including a change in control, merger or sale of all or substantially all of Corsa Coal's assets.

Potential Conflicts of Interest

Certain directors and officers of Corsa Coal are, and may continue to be, involved in the mining and resource exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of members of Corsa Coal. As a result, situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of members of Corsa Coal. Directors and officers of Corsa Coal with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

Dividends

Corsa Coal has no dividend record and is unlikely to pay any dividends in the foreseeable future as it may employ available funds for resource exploration and development. Any future determination to pay dividends will be at the discretion of the board of directors of Corsa Coal and will depend on Corsa Coal's financial condition, results of operations, capital requirements and such other factors as the board of directors of Corsa Coal then deems relevant.

Reliance on Key Employees and Experience of Management

Corsa Coal will be dependent on the experience of key executives and a small number of highly skilled and experienced executive officers, consultants and personnel, whose contributions to the immediate and future operations of Corsa Coal and the implementation of Corsa Coal's business plan are of great importance. Locating resource deposits depends on a number of factors, not the least of which is the technical skill of the exploration personnel involved. Given the competition for qualified management personnel in the coal industry, the loss of the services of any key management personnel may have an adverse effect on Corsa Coal's business and prospects. Corsa Coal may not be able to retain some or all of its key management personnel, and even if replaceable, it may be time consuming and costly to recruit qualified replacements. Corsa Coal does not currently have any key man insurance policies on key employees and therefore there is a risk that the death or departure of any member of management or any key employee could have an adverse effect on Corsa Coal.

Forward-Looking Information May Prove Inaccurate

Corsa Coal's shareholders and prospective investors are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Historical Resource Estimates and U.S. Disclosure Standards

The Corsa Coal AIF sets forth certain historical estimates of "reserves" (the "Reserves Presentation") based on methodologies acceptable in Canada pursuant to NI 43-101, which are not compliant with the SEC Industry Guide 7 as discussed below.

NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes in Canada of scientific and technical information concerning mineral projects. Of note to U.S. investors, these standards differ significantly from the requirements of the SEC (including under its Industry Guide 7).

Under U.S. standards, mineralization may not be classified as a "reserve" unless the determination has been made that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. U.S. investors are cautioned not to assume that all or any part of historical estimates of "reserves" in the Reserves Presentation will ever be converted into reserves, or if converted, what actual poundage and grade they may have. Accordingly, information concerning descriptions or mineralization, "resources" and "reserves" contained in the Reserves Presentation are not comparable to information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC.