



**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS  
AND  
MANAGEMENT INFORMATION CIRCULAR**

**March 22, 2019**

**Thursday, May 9, 2019 at 12:00 p.m. (Toronto time)  
Offices of Blake, Cassels & Graydon LLP  
199 Bay Street, Suite 4000, Commerce Court West  
Toronto, Ontario**

**SPROTT RESOURCE HOLDINGS INC.**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual meeting (the "**Meeting**") of the holders of common shares of **SPROTT RESOURCE HOLDINGS INC.** (the "**Corporation**") will be held at the offices of Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 4000, Commerce Court West, Toronto, Ontario, Canada on Thursday, May 9, 2019 at 12:00 p.m. (Toronto time), for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the year ended December 31, 2018, together with the auditors' report thereon;
2. to elect the directors of the Corporation to hold office until the close of the next annual meeting of shareholders;
3. to appoint PricewaterhouseCoopers LLP, Chartered Accountants, as auditors of the Corporation for the ensuing year and to authorize the board of directors to fix the remuneration to be paid to the auditors; and
4. to transact such further and other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The Circular provides additional information relating to the matters to be dealt with at the Meeting and forms part of this notice.

Whether or not you expect to attend the Meeting, please exercise your right to vote by completing and returning the form of proxy. Please complete, date and sign the enclosed form of proxy and return it in the enclosed envelope to TSX Trust Company, by mail or by hand delivery at 100 Adelaide Street West, Suite 301, Toronto, Ontario, Canada, M5H 4H1, or by facsimile at (416) 595-9593, Attention: Proxy Department. If you are a beneficial shareholder and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or intermediary. To be effective, a proxy must be received by TSX Trust Company, not later than 12:00 p.m. (Toronto time) on May 7, 2019, or in the case of any adjournment of the meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the adjournment.

**BY ORDER OF THE BOARD**

Toronto, Ontario  
March 22, 2019

*"Stephen Yuzpe"*  
Stephen Yuzpe  
President and Chief Executive Officer

**SPROTT RESOURCE HOLDINGS INC.**  
**MANAGEMENT INFORMATION CIRCULAR FOR THE ANNUAL MEETING OF SHAREHOLDERS**  
**TO BE HELD ON MAY 9, 2019**

**GENERAL PROXY INFORMATION**

**Solicitation of Proxies**

This management information circular (this "Circular") dated March 22, 2019 is furnished in connection with the solicitation by or on behalf of management of Sprott Resource Holdings Inc. (the "Corporation") of proxies to be used at the annual meeting of the holders of common shares ("shareholders") of the Corporation (the "Meeting") to be held at the offices of Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 4000, Commerce Court West, Toronto, Ontario, Canada on Thursday, May 9, 2019 at 12:00 p.m. (Toronto time), and at all adjournments thereof, for the purposes set forth in the notice of the Meeting that accompanies this Circular (the "Notice of Meeting"). It is expected that the solicitation will be made primarily by mail but proxies may also be solicited personally, by advertisement or by telephone, by directors, officers or regular employees of the Corporation. Such persons will not receive any extra compensation for such activities. The Corporation may also retain, and pay a fee to, one or more proxy solicitation firms to solicit proxies from the shareholders of the Corporation in favour of the matters set forth in the Notice of Meeting. The Corporation may pay brokers or other persons holding common shares of the Corporation ("Common Shares") in their own names, or in the names of nominees, for their reasonable expenses for sending proxies and the Circular to beneficial owners of Common Shares and obtaining proxies therefor. The total cost of the solicitation will be borne by the Corporation.

**Appointment of Proxyholder**

The persons named by management in the enclosed form of proxy accompanying this Circular are directors of the Corporation. **A shareholder of the Corporation has the right to appoint a person other than the persons designated by management of the Corporation in such form of proxy (who need not be a shareholder of the Corporation) to attend and act for such shareholder and on behalf of such shareholder at the Meeting or at any adjournment thereof.** Such right may be exercised by inserting the name of the person to be appointed in the blank space provided or by completing another proper form of proxy.

In the case of **registered shareholders**, the completed, dated and signed form of proxy should be sent in the enclosed envelope or otherwise to the Corporation's registrar and transfer agent, TSX Trust Company, by mail or by hand delivery at 100 Adelaide Street West, Suite 301, Toronto, Ontario, Canada, M5H 4H1, or by facsimile at (416) 595-9593, Attention: Proxy Department. In the case of **Beneficial Shareholders** (as defined below) who receive these materials through their broker or other intermediary, the shareholder should complete and send the form of proxy or voting instruction form ("**VIF**"), as applicable, in accordance with the instructions provided by their broker or other intermediary (see "*Advice to Beneficial Holders of Common Shares*"). **To be effective, a proxy must be received by TSX Trust Company not later than 12:00 p.m. (Toronto time) on May 7, 2019, or in the case of any adjournment of the Meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the adjournment.**

**Revocation of Proxy**

A shareholder who has given a proxy may revoke it: (i) by depositing an instrument in writing signed by the shareholder or by the shareholder's attorney, who is authorized in writing, or by transmitting, by telephonic or electronic means, a revocation signed by electronic signature by the shareholder or by the shareholder's attorney, who is authorized in writing, if by mail or if in person, with TSX Trust Company at 100 Adelaide Street West, Suite 301, Toronto, Ontario, Canada, M5H 4H1 or at the registered office of the Corporation up to 5:00 p.m. (Toronto time) on the last business day preceding the date of the Meeting, or in the case of any adjournment of the Meeting, the last business day preceding the day of the adjournment; (ii) by depositing such instrument in writing with the Chair of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment thereof; or (iii) in any other manner permitted by law.

**Voting of Proxies**

The persons named in the enclosed form of proxy will vote for, against or withhold from voting the Common Shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions contained therein and

if the shareholder specifies a choice with respect to any matter to be acted on, the Common Shares will be voted accordingly. **In the absence of such specifications, such Common Shares will be voted "for" each of the matters referred to herein.**

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments to or variations of matters identified in the Notice of Meeting and with respect to other matters, if any, which may properly come before the Meeting or any adjournment thereof. **At the date of the Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting. However, if any other matters that are not now known to management should properly come before the Meeting, the Common Shares represented by properly executed proxies given in favour of the persons designated by management of the Corporation in the enclosed form of proxy will be voted on such matters in accordance with the judgment of the named proxy.**

#### **Advice to Beneficial Holders of Common Shares**

**The information set forth in this section is of significant importance to many holders of Common Shares, as a substantial number of shareholders do not hold Common Shares in their own name.** Shareholders who do not hold their Common Shares in their own name (referred to herein as "**Beneficial Shareholders**") should note that only proxies deposited by shareholders whose names appear on the records of the Corporation as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If Common Shares are listed in an account statement provided to a shareholder by a broker, then, in almost all cases, those Common Shares will not be registered in the shareholder's name on the records of the Corporation. Such Common Shares will more likely be registered under the name of the shareholder's broker or an agent of that broker. In Canada, most of such Common Shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depository Services Inc., which acts as nominee for many Canadian brokerage firms). Common Shares held by brokers or their agents or nominees can only be voted (for or against resolutions), or withheld from voting, upon the instructions of the Beneficial Shareholder. In Canada, without specific instructions, a broker and its agents and nominees are prohibited from voting shares for the broker's clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their Common Shares are properly communicated to the appropriate person within the required timeframe.**

Applicable securities laws require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders' meetings. In accordance with the requirements of applicable securities laws, the Corporation has distributed copies of the Notice of Meeting, this Circular and the form of proxy to the intermediaries/brokers for onward distribution to Beneficial Shareholders. The Corporation will not be sending the Circular or other proxy-related materials directly to non-objecting Beneficial Shareholders but rather will instruct an intermediary to complete such mailing. In addition, the Corporation intends to pay for an intermediary to deliver to objecting Beneficial Shareholders the Circular, other proxy-related materials and the request for voting instructions made by an intermediary. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Common Shares are voted at the Meeting. Often, the form of proxy or VIF, as applicable, supplied to a Beneficial Shareholder by its broker (or the agent of the broker) is identical to the form of proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder (the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. In Canada, the majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. ("**Broadridge**"). Broadridge typically asks Beneficial Shareholders to return the proxy forms or VIFs, as applicable, to Broadridge. Alternatively, Beneficial Shareholders can either call their toll free telephone number to vote their Common Shares, or access Broadridge's dedicated voting web site at [www.proxyvote.com](http://www.proxyvote.com) to deliver their voting instructions. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the applicable meeting. **A Beneficial Shareholder receiving a Broadridge proxy or VIF, as applicable, cannot use that proxy or VIF to vote Common Shares directly at the Meeting. The proxy or VIF, as applicable, must be returned to Broadridge well in advance of the Meeting in order to have the Common Shares voted.**

Although a Beneficial Shareholder may not be recognized directly at the Meeting for the purposes of voting Common Shares registered in the name of his or her broker (or an agent of the broker), a beneficial shareholder may attend the Meeting as proxyholder for the registered shareholder and vote the Common Shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Common Shares as proxyholder for the registered shareholder should appoint themselves as proxy by entering their own names in the blank space on the form of proxy or VIF, as applicable, provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker (or agent), well in advance of the Meeting.

## Record Date

The Corporation's board of directors (the "**Board**" or the "**directors**") have fixed March 28, 2019 as the record date for the determination of shareholders entitled to receive notice of the Meeting. Only shareholders of record at the close of business on such record date are entitled to vote at the Meeting.

## GENERAL INFORMATION

Reference herein to \$ is to Canadian dollars.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The authorized capital of the Corporation consists of an unlimited number of Common Shares. As of March 22, 2019, there were 34,082,992 Common Shares issued and outstanding. Each Common Share has the right to one vote on each matter at the Meeting.

As of the date hereof, no persons or companies known by the Corporation beneficially owned, or controlled or directed, directly or indirectly, more than 10% of the Common Shares.

## BUSINESS OF THE MEETING

### Financial Statements

The audited consolidated financial statements of the Corporation for the financial year ended December 31, 2018, together with the auditors' report thereon, will be presented to the shareholders at the Meeting for their consideration.

### Election of Directors

At the Meeting, it is proposed that seven directors be elected. Each nominee for election as a director, with the exception of Mr. Bo Liu, is currently a director of the Corporation. The term of office of each director currently in office will expire at the close of the Meeting and all directors elected at the Meeting will hold office until the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed, unless he or she resigns, is removed or becomes disqualified in accordance with the Corporation's by-laws or governing legislation.

Pursuant to the management services agreement between the Corporation and Sprott Consulting LP ("**SCLP**") effective February 9, 2017 (as amended effective February 1, 2018 as a result of the Corporation's transition to a diversified holding company, the "**MSA**"), SCLP shall nominate three directors for election to the Board at each meeting of shareholders of the Corporation during the term of the MSA. SCLP has nominated (the "**SCLP Nominees**") Mr. Stephen Yuzpe (Chief Executive Officer ("**CEO**"), President and a Director of the Corporation and Senior Managing Director, Private Resource Investment of Sprott Inc. ("**SII**")) and Mr. Arthur Richards Rule IV (Chief Investment Officer ("**CIO**") and a Director of the Corporation, President, CEO and a Director of Sprott U.S. Holdings Inc. ("**Sprott U.S.**") and a Director of SII) for election to serve as directors of the Corporation. SCLP has determined (and the Corporation has accepted such determination) not to nominate a third individual for election to the Board at this time, but has reserved its rights to do so at a later date, subject to compliance with applicable laws and the MSA.

Pursuant to a subscription agreement (the "**Subscription Agreement**") dated February 15, 2011 between the Corporation and WISCO International Resources Development & Investment Limited ("**WISCO**"), WISCO is entitled (but not obligated) to nominate one individual (the "**WISCO Nominee**") 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 Corporation (as is not the case at the Meeting), WISCO would be also entitled to nominate one additional individual for election to the Board (such individual, also a WISCO Nominee). Any WISCO Nominee must have a close connection to WISCO or its material affiliates. WISCO's prior nominee, Mr. Xinting (Tony) Wang, resigned as director of the Board effective November 8, 2017 and WISCO has nominated Mr. Bo Liu (Senior Manager of Resources Development with Baosteel Resources Holding (Shanghai) Co. ("**Baosteel**"), an affiliate of WISCO) for election to serve as a director of the Corporation.

The Corporation's by-laws provide for advance notice of nominations of directors ("**Advance Notice Provisions**") in circumstances where nominations of persons for election to the Board are made by shareholders other than pursuant to a requisition of a meeting

or a shareholder proposal, in each case made pursuant to the provisions of the *Canada Business Corporations Act* ("**CBCA**"). The Advance Notice Provisions fix deadlines by which a shareholder must notify the Corporation of nominations of persons for election to the Board, as follows: such notice must be provided to the Secretary of the Corporation (i) in the case of an annual meeting of shareholders, at any time not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date (the "**Notice Date**") on which the first public announcement of the date of the annual meeting was made, notice by the nominating shareholder may be given not later than the close of business (Toronto time) on the tenth day following the Notice Date; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business (Toronto time) on the fifteenth day following the day on which the first public announcement of the date of the special meeting of shareholders was made. The Advance Notice Provisions also stipulate that certain information about any proposed nominee be included in such a notice in order for it to be valid. The purpose of the Advance Notice Provisions is to ensure that all shareholders, including those participating in a meeting by proxy rather than in person, receive adequate prior notice of director nominations, as well as sufficient information concerning the nominees, and can thereby exercise their voting rights in an informed manner. In addition, the Advance Notice Provisions should assist in facilitating an orderly and efficient meeting process. A copy of the Corporation's by-laws is available under its profile on SEDAR at [www.SEDAR.com](http://www.SEDAR.com).

The Board recommends a vote "for" the election of each of the proposed nominees named in the form of proxy, to serve on the Corporation's board of directors until the next annual meeting of shareholders. **Unless the shareholder who has given such proxy has directed that the Common Shares be "withheld" from voting in the election of directors, the persons named by management of the Corporation in the enclosed form of proxy intend to cast the votes to which the Common Shares represented by such proxy are entitled "for" the election of each of the nominees whose names are set forth below.** Management of the Corporation does not contemplate that any nominee will be unable to serve as a director, but if that should occur for any reason at or prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

The Board has adopted a majority voting policy for director elections providing that, in an uncontested election of directors, any nominee who does not receive a greater number of votes "for" than votes "withheld" will tender a resignation to the Board immediately following the Corporation's annual meeting of shareholders. The Conflict Resolution, Corporate Governance and Nominating Committee of the Board will consider the offer of resignation and, except in exceptional circumstances, will recommend that the Board accept the resignation. The Board will make its decision and will accept the resignation, absent exceptional circumstances. The Board will announce its decision in a press release within 90 days following the Meeting, including the reasons for rejecting the resignation, if applicable. Subject to the terms of the policy, a director who tenders a resignation pursuant to the policy will not participate in any meeting of the Board or the Conflict Resolution, Corporate Governance and Nominating Committee at which the resignation is considered.

The following table sets forth information with respect to each person proposed to be nominated for election as a director, including membership on standing committees of the Board and the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction was exercised, by such person. Residential and share ownership information concerning the nominees has been furnished by the respective proposed nominees.

Name, Province and Country of Residence	Director Since <sup>(1)</sup>	Common Shares Beneficially Owned or over which Control or Direction is Exercised, Directly or Indirectly
Terrence A. Lyons, ICD.D <sup>(2)(3)(4)(5)</sup> British Columbia, Canada	2005	99,046 <sup>(9)</sup>
Stephen Yuzpe, ICD.D <sup>(6)</sup> Ontario, Canada	2013	236,317 <sup>(10)</sup>
Lenard F. Boggio, ICD.D <sup>(3)(4)(7)</sup> British Columbia, Canada	2012	90,068 <sup>(11)</sup>
Joan E. Dunne, ICD.D <sup>(3)(4)(5)(7)</sup> Alberta, Canada	2014	88,636 <sup>(12)</sup>

Name, Province and Country of Residence	Director Since <sup>(1)</sup>	Common Shares Beneficially Owned or over which Control or Direction is Exercised, Directly or Indirectly
Bo Liu <sup>(6)</sup> Shanghai, China	N/A	Nil.
Arthur Richards Rule IV <sup>(6)</sup> California, United States	2017	297,683
David Smith, C.DIR <sup>(5)(7)</sup> Ontario, Canada	2018	Nil. <sup>(13)</sup>

Notes:

- (1) Includes service on the board of directors of Sprott Resource Corp. ("**SRC**") (the reverse take-over acquirer of Adriana Resources Inc. ("**ADI**"), the predecessor of the Corporation).
- (2) Chair of the Board.
- (3) Member of the Conflict Resolution, Corporate Governance and Nominating Committee.
- (4) Member of the Compensation Committee.
- (5) Member of the Environment, Health and Safety Committee.
- (6) SCLP Nominee.
- (7) Member of the Audit Committee.
- (8) WISCO Nominee. WISCO beneficially owns 1,510,824 of the outstanding Common Shares (or approximately 4.43% of the issued and outstanding Common Shares). Mr. Liu does not beneficially own or exercise control over, directly or indirectly, the Common Shares held by WISCO.
- (9) 83,791 of such Common Shares have been designated for the account of Mr. Lyons under the Corporation's employee profit sharing plan and such plan of SRC assumed by the Corporation (collectively, the "**LTIP**"). In addition, Common Shares with a grant date value of \$75,000 are to be designated for the account of Mr. Lyons under the LTIP. As at the date hereof, 23,810 of the Common Shares designated under the LTIP (the "**LTIP Shares**") were not yet vested. For further information concerning the LTIP, see "*Securities Authorized for Issuance under Equity Compensation Plans - LTIP*" below.
- (10) 221,317 of such Common Shares have been designated for the account of Mr. Yuzpe under the LTIP and, as at the date hereof, all of such LTIP Shares are vested.
- (11) 83,791 of such Common Shares have been designated for the account of Mr. Boggio under the LTIP. In addition, Common Shares with a grant date value of \$75,000 are to be designated for the account of Mr. Boggio under the LTIP. As at the date hereof, 23,810 of the LTIP Shares were not yet vested.
- (12) 83,791 of such Common Shares have been designated for the account of Ms. Dunne under the LTIP. In addition, Common Shares with a grant date value of \$75,000 are to be designated for the account of Ms. Dunne under the LTIP. As at the date hereof, 23,810 of such LTIP Shares were not yet vested.
- (13) Common Shares with a grant date value of \$150,000 are to be designated for the account of Mr. Smith under the LTIP.

**Terrence A. Lyons** - Mr. Lyons is a corporate director and is the Chair of the Board. He is also a director of several public and private corporations and currently serves as lead director, Chairman of the audit committee and as a member of the corporate governance and compensation committee of Canaccord Genuity Group Inc. (TSX:CF), a financial services firm. He also serves as Chairman of the board of directors, Chairman of the corporate governance and compensation committee and as a member of the audit committee of Canaccord Genuity Ltd (UK) and as a member of the board of directors, Chairman of the corporate governance and compensation committee and Chairman of the audit committee of Canaccord Genuity Wealth Management Group. Mr. Lyons is FCA approved with respect to such roles at Canaccord Genuity Ltd. (UK) and Canaccord Genuity Wealth Management Group. Mr. Lyons also serves on Canaccord's subsidiary boards in the US, Australia and Hong Kong, and as a director of Martinrea International Inc. and Chairman of its audit committee. Prior to November 2017, Mr. Lyons was the Chairman of Polaris Materials Corporation, a supplier of construction aggregates, and, prior to October 2013, Mr. Lyons was the Chairman of EACOM Timber Corporation, a lumber company. Mr. Lyons is a civil engineer (University of British Columbia) with an MBA from the University of Western Ontario. He has also received his ICD.D certification from the Institute of Corporate Directors. He is a past Governor of the Olympic Foundation of Canada, past Chairman of the Mining Association of BC and in 2007 was awarded the INCO Medal by the Canadian Institute of Mining and Metallurgy for distinguished service to the mining industry.

Mr. 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.

**Steve Yuzpe** - Mr. Yuzpe is President and CEO of the Corporation and Senior Managing Director, Private Resource Investment of SII. From October 2013 to February 2017, he was President and CEO of SRC and from April 2009 to December 2013 was the Chief Financial Officer (“**CFO**”) of SRC. He has over 16 years of executive and financial management experience with public and private corporations. Over his career, Mr. Yuzpe has developed specific expertise in financings, restructurings, financial and internal reporting, strategic development and business planning, corporate governance, investor relations, regulatory compliance and treasury management. Mr. Yuzpe is the chairman of Beretta Farms Inc. (formerly "One Earth Farms Corp.") and a director of InPlay Oil Corp. (TSX:IPO). Mr. Yuzpe is also Chair of the York School, is on the board of directors of Save the Children Canada, a charity focused on youth at risk and was previously the Treasurer, member of the executive committee and board of directors of Street Kids International for more than 10 years. Mr. Yuzpe holds a Bachelor of Science, Engineering (Mechanical) degree from Queen’s University along with the Professional Engineering designation (P.Eng.) and a Masters in Business Administration from the Richard Ivey School of Business in London, Ontario. Mr. Yuzpe also holds a Chartered Financial Analyst (CFA) and the ICD.D designation from the Institute of Corporate Directors.

**Lenard Boggio** - Mr. Boggio is a corporate director. He has served as an independent director for several mineral resource companies since retiring from PricewaterhouseCoopers LLP, an accounting firm, in May 2012, following a 30 year career as an auditor and partner with the firm. At the time of his retirement he was the leader of the firm’s BC Region mining sector practice. He currently serves on the board of directors of Equinox Gold Corp (TSX-V:EQX), Pure Gold Mining Inc. (TSX-V:PGM), Titan Mining Corporation (TSX:TI) and provincially owned BC Hydro and Power Authority. He has served as the president of the Institute of Chartered Accountants of British Columbia and as the Chair of the Canadian Institute of Chartered Accountants. In 2007 he was conferred with a Fellow’s designation by the Institute of Chartered Accountants of BC (“**ICABC**”, now “**CPA BC**”) for his 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. Mr. Boggio is a member of the Institute of Corporate Directors and holds the ICD.D designation.

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.

**Joan E. Dunne** - Ms. Dunne is a corporate director and, in addition to the Corporation, currently 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**”) (TSX: PONY), a natural gas producer, where she chairs the Audit and Risk Committee. In 2016, Ms. Dunne was appointed to the board of directors of the Capital Markets Authority Implementation Organization. Ms. Dunne joined the board of directors of Webber Academy (a private school) on January 9, 2019. Ms. Dunne graduated from the University of Calgary with a Bachelor of Commerce degree in 1979 and joined the Canadian Institute of Chartered Accountants (now CPA Canada) in 1983. Ms. Dunne received her 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 since 2012, and is currently the Chair. She was a member and Chair of CPA Canada’s Small Company Advisory Group of CPA Canada from 2011 until February 2017. Ms. Dunne was Vice President, Finance and CFO of Painted Pony Ltd. from start-up in February 2007 until retiring in September 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.

**Bo Liu** - Mr. Liu has held the position of Senior Manager of Resources Development with Baosteel, a mineral resource investment, trade and logistic services company, since September 2017. Previously, Mr. Liu held several positions within Baosteel Resources International Co. Ltd and Baosteel Resources Co. Ltd, mineral resource investment, trade and logistic services companies, including Senior Manager of Global Resources Development (November 2010 to August 2017), Senior Manager of



Resources Planning and Developing Department (August 2008 to October 2010) and Senior Manager of Alloys Trading and Developing (August 2006 to July 2008). Mr. Liu joined the Baosteel group of companies in 2001. Mr. Liu currently serves on the board of directors of Noront Resources Ltd. (TSX-V:NOT). Mr. Liu graduated from Tongji University in Shanghai, China with a Master Degree of Business Management.

**Arthur Richards "Rick" Rule IV** - Mr. Rule is CIO of the Corporation, Vice Chair of the Board, President and CEO of Sprott U.S., an asset management company, and a member of the board of directors of SII. Mr. Rule began his career in the securities business in 1974, and has been principally involved in natural resource security investments ever since. He is a leading resource investor specializing in mining, energy, water utilities, forest products and agriculture and has originated and participated in hundreds of debt and equity transactions with private, pre-public and public companies. Mr. Rule founded Global Resource Investments, Ltd. (now called Sprott Global Resources Investments, Ltd. ("**SGRIL**")), a full service U.S. brokerage firm that specializes in natural resource companies, in 1993, Resource Capital Investment Corp. ("**RCIC**"), a manager of pooled investment vehicles that invest in natural resource companies, in 1998, and Terra Resource Investment Management (now Sprott Asset Management USA Inc. ("**SAM USA**")), a registered investment advisor that provides segregated managed accounts, in 2006. SGRIL, RCIC and SAM USA were acquired by SII in 2011.

**David Smith** - Mr. Smith is the Senior Vice-President, Finance and CFO of Agnico Eagle Mines Limited ("**Agnico**") (TSX:AEM; NYSE:AEM), a gold mining business, 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 (C.DIR) 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.

### **Appointment and Remuneration of Auditors**

Shareholders will be asked to vote for the appointment of PricewaterhouseCoopers LLP ("**PwC**") as independent auditors of the Corporation to hold office until the next annual meeting of shareholders or until a successor is appointed, and to authorize the Board to fix the auditors' remuneration, which resolution will be approved if passed by a majority of votes cast at the Meeting, or at any adjournment thereof.

The Board recommends a vote "for" the appointment of PwC as independent auditors for the Corporation until the next annual meeting of shareholders or until a successor is appointed and the authorization of the Board to fix the auditors' remuneration. **Unless the shareholder who has given such proxy has directed that the shares be "withheld" from voting in the appointment of auditors, the persons named by management of the Corporation in the enclosed form of proxy intend to cast the votes to which the Common Shares represented by such proxy are entitled "for" the appointment of PwC as auditors of the Corporation to hold office until the next annual meeting of shareholders, and to authorize the directors to fix the remuneration of the auditors.**

### **Other Matters**

The Corporation knows of no other matters to be submitted to the shareholders at the Meeting. If any other matters properly come before the Meeting, it is the intention of the persons named by management of the Corporation in the enclosed form of proxy to vote the Common Shares they represent in accordance with their judgment on such matters.

## **EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

In connection with the services provided to the Corporation by SCLP under the MSA (as described below under "Management Contracts - MSA"), SCLP supplies the services of persons to serve as President and CEO and CFO of the Corporation. SCLP also supplies the services of persons to serve as CIO, Associate General Counsel and Corporate Secretary, and Managing Directors (an officer title) and, until January 17, 2019, General Counsel of the Corporation (collectively, the President and CEO, CFO, CIO, Associate General Counsel and Corporate Secretary, Managing Directors and General Counsel, the "**SCLP Executives**").

Management Services Fees paid under the MSA are designed to pay SCLP for the management of the Corporation. The President and CEO and Managing Directors (except the General Counsel, who is also a Managing Director) are employed by SII and the Corporation, the CIO is employed by Sprott U.S., the Associate General Counsel and Corporate Secretary and the General Counsel

are employed by SII and the CFO is an independent contractor of SCLP and the Corporation. The compensation paid by the Corporation to the SCLP Executives is and will be determined by SCLP in consultation with the Compensation Committee.

### Incentive Awards

The Corporation may award options under the Corporation's stock option plan (the "**Option Plan**") or LTIP Shares under the LTIP to employees and independent directors of the Corporation.

As noted above, SCLP, in consultation with the Compensation Committee, determines the compensation paid to the SCLP Executives. As part of this determination, following such consultation with the Compensation Committee, SCLP decides what portion of the SCLP Executives' compensation will be paid in cash and what portion will be paid as an equity grant. SCLP then requests that the Compensation Committee make a recommendation to the Board to award options or designate LTIP Shares with respect to such portion of the compensation. Based on SCLP's recommendation, the Compensation Committee then recommends that the Board make awards to the SCLP Executives under the Option Plan and/or LTIP.

In 2017, as part of the SII restructured long-term incentive plan ("**SII LTIP**"), SII (the sole limited partner of SCLP) determined to also grant certain SCLP Executives common shares of SII ("**SII Shares**") under SII's 2011 Employee Profit Sharing Plan (the "**SII EPSP**") with respect to the services such SCLP Executives provide to SRHI.

### Summary Compensation Table

The following Summary Compensation Table sets forth the compensation earned during each of the last three fiscal years by each of the named executive officers of the Corporation (the "**NEOs**"). In addition to the Corporation's CEO and CFO, only one further individual was determined to be a NEO for 2018 pursuant to applicable securities laws.

Name and Principal Occupation	Year	Salary (\$)	Share-based Awards (\$)	Option-based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)		Pension Value (\$)	All Other Compensation (\$) <sup>(1)</sup>	Total Compensation (\$)
					Annual Incentive Plans	Long-Term Incentive Plans			
Stephen Yuzpe, President and CEO <sup>(2)</sup>	2018	—	—	—	—	—	—	267,750	267,750
	2017	—	—	—	—	—	—	936,400	936,400
	2016	—	—	—	—	—	—	392,765	392,765
Michael Staresinic, CFO and Managing Director <sup>(3)</sup>	2018	—	—	—	—	—	—	175,000	175,000
	2017	—	—	—	—	—	—	440,000	440,000
	2016	—	—	—	—	—	—	209,050	209,050
Michael Harrison, Managing Director <sup>(4)</sup>	2018	—	—	—	—	—	—	213,750	213,750
	2017	—	—	—	—	—	—	543,793	543,793
	2016	225,000 <sup>(5)</sup>	—	—	100,000 <sup>(5)</sup>	—	—	—	325,000

#### Notes:

- (1) Each of the NEOs in the above chart was an SCLP Executive and received compensation paid by SCLP or, at the request of SCLP, by the Corporation, including salary, bonus and other compensation attributable to services provided to the Corporation by such persons, however such amounts were determined by SCLP and not by the Corporation. The amounts allocated in the table were determined by SCLP solely for the purposes of this table, based on the role, responsibility and time spent by the respective NEO to fulfill the requirements of their office, which allocation changes from year to year. Such compensation comprised a portion of the management compensation, which is deducted from the Management Services Fee paid by the Corporation; provided that any such deduction could not be greater than 0.5% of the Quarterly Net Asset Value for such fiscal quarter (see "*Management Contracts - MSA*" for the definitions of the foregoing capitalized terms).
- (2) During the year ended December 31, 2018, Mr. Yuzpe voluntarily opted to receive \$87,493 of his 2018 compensation in the form of fully vested LTIP Shares (44,172 LTIP Shares) rather than in cash. The value of such LTIP Shares was determined based upon the closing price of the Common Shares on the last trading day immediately preceding, or on the date of, designation of such LTIP Shares. In 2017, as part of the SII LTIP, 220,000 SII Shares were granted to Mr. Yuzpe under the SII EPSP with respect to the services he provides to the Corporation. The SII Shares have an adjusted cost base of \$2.20 per share and vest over 5 years, with 15% of the grant vesting on August 31, 2017 and 21.25% for each year thereafter through to December 31, 2021. Vesting of each annual tranche is also conditional upon the achievement of certain performance conditions determined by SII, including with respect to the performance of SRHI.
- (3) In 2017, as part of the SII LTIP, 75,000 SII Shares were granted to Mr. Staresinic under the SII EPSP with respect to the services he provides to the Corporation. The SII Shares have an adjusted cost base of \$2.20 per share and vest over 5 years, with 15% of the grant vesting on August 31, 2017 and 21.25% for each year thereafter through to December 31, 2021. Vesting of each annual tranche is also conditional upon the achievement of certain performance conditions determined by SII, including with respect to the performance of SRHI.
- (4) Mr. Harrison has been provided by SCLP to serve as a Managing Director of the Corporation since February 9, 2017. Previously, Mr. Harrison was the CEO of ADI (the predecessor of the Corporation). In 2018, as part of the SII LTIP, 110,000 SII Shares were granted to Mr. Harrison under the SII EPSP

with respect to the services he provides to Corporation. The SII Shares have an adjusted cost base of \$2.20 per share and vest over 5 years, with 15% of the grant vesting on August 31, 2017 and 21.25% for each year thereafter through to December 31, 2021. Vesting of each annual tranche is also conditional upon the achievement of certain performance conditions determined by SII, including with respect to the performance of SRHI.

- (5) Discloses compensation paid or granted to Mr. Harrison by ADI in his capacity as CEO of ADI prior to the reverse take-over of ADI by SRC.

### Incentive Plan Awards

As noted above, SCLP, in consultation with the Compensation Committee, determines the compensation paid to the NEOs. As part of this determination, SCLP decides what portion of the SCLP Executive's compensation is paid in cash and what portion, if any, is paid as an equity grant. If a portion will be paid as an equity grant, SCLP requests that the Compensation Committee recommend that the Board designate LTIP Shares with respect to that portion of the compensation that SCLP determined should be paid in LTIP Shares. See "Securities Authorized for Issuance under Equity Compensation Plans - LTIP" below. Based on SCLP's recommendation, the Compensation Committee recommends that the Board make awards to the NEOs under the LTIP. The Compensation Committee does not otherwise consider designating LTIP Shares to the SCLP Executives. During the year ended December 31, 2018, SCLP determined that compensation paid to the NEOs should be paid fully in cash. However, Mr. Yuzpe voluntarily opted to receive a portion of his 2018 compensation in the form of fully vested LTIP Shares rather than in cash.

It is currently the Corporation's policy not to award options under the Option Plan to NEOs.

### Outstanding Option-Based and Share-Based Awards

The following table provides information regarding all option based and share-based awards of the Corporation held by each of the NEOs outstanding as of December 31, 2018, including LTIP Shares designated for the accounts of the NEOs for the financial year ended December 31, 2018.

	Option Based Awards				Share-Based Awards <sup>(1)</sup>		
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$) <sup>(2)</sup>	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share-Based Awards that have not vested (\$)	Market or Payout Value of Vested Share-Based Awards not Paid or Distributed (\$) <sup>(3)</sup>
Stephen Yuzpe	—	—	—	—	—	—	232,718 <sup>(4)</sup>
Michael Staresinic	—	—	—	—	—	—	26,064
Michael Harrison	150,000 <sup>(5)</sup>	3.80	November 17, 2020	—	—	—	—

Notes:

- (1) As disclosed in the Notes to the Summary Compensation Table, certain NEOs also hold SII Shares granted by SII under the SII EPSP, which SII Shares are subject to vesting conditions.  
(2) Calculated as the difference (if positive) between the December 31, 2018 closing price on the TSX of \$1.12 per Common Share and the exercise price of the options.  
(3) Calculated based on the December 31, 2018 closing price on the TSX of \$1.12 per Common Share.  
(4) See Note 2 to the Summary Compensation Table above for further details regarding Mr. Yuzpe's share-based awards granted in 2018.  
(5) Granted to Mr. Harrison by ADI (the predecessor of the Corporation) in his capacity as CEO of ADI prior to the reverse take-over of ADI by SRC.

### Value Vested or Earned Under Incentive Plan Awards During the Financial Year ended December 31, 2018

The following table provides information regarding the value on vesting of incentive plan awards of the Corporation for each of the NEOs for the financial year ended December 31, 2018.

Name	Option-Based Awards - Value Vested During the Year	Share-Based Awards - Value Vested During the Year (\$) <sup>(1)(2)</sup>	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$)
Stephen Yuzpe, President and CEO <sup>(3)</sup>	—	87,493 <sup>(3)</sup>	—

Name	Option-Based Awards - Value Vested During the Year	Share-Based Awards - Value Vested During the Year (\$) <sup>(1)(2)</sup>	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$)
Michael Staresinic, CFO and Managing Director	—	—	—
Michael Harrison, Managing Director	—	—	—

Notes:

- (1) Summarizes the aggregate value of those share-based awards that vested during the year ended December 31, 2018 that would have been realized if LTIP Shares had been sold on their vesting date during the year ended December 31, 2018.
- (2) As disclosed in the Notes to the Summary Compensation Table, certain NEOs also hold SII Shares granted by SII under the SII EPSP, which SII Shares are subject to vesting conditions.
- (3) See Note 2 to the Summary Compensation Table above for further details regarding Mr. Yuzpe's share-based awards granted in 2018.

### Equity-Based Anti-Hedging Policy

On March 3, 2017, the Corporation adopted a Share Trading Policy, which prohibits the Corporation's directors, officers and employees (the "**Corporation Personnel**") from, among other things, purchasing financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities of the Corporation (or equivalents such as share units, the value of which is derived from equity securities) granted as compensation or held, directly or indirectly, by the Corporation Personnel. This prohibition also applies to equity securities (or equivalents such as share units, the value of which is derived from equity securities) of publicly traded subsidiaries of the Corporation held, directly or indirectly, by Corporation Personnel.

### Pension Plan Benefits

The Corporation does not, provide a pension or savings plan for its NEOs or Corporation Personnel.

### Termination and Change in Control Benefits

The Corporation has not entered into an agreement with any current officer of the Corporation that provides for benefits on termination, resignation, retirement, change of control or change in responsibility (collectively, "**termination entitlements**"). The Corporation is also not responsible for any termination entitlements payable by SCLP to the officers of the Corporation. See also "*Management Contracts*".

## DIRECTOR COMPENSATION

The Compensation Committee recommends, and the Board approves, the compensation of the independent directors of the Corporation. The Compensation Committee believes that the independent directors of the Corporation should be compensated in a form and amount which is appropriate and which is customary for comparable organizations, having regard for such matters as time commitment, responsibility and trends in director compensation.

Non-independent directors are provided by SCLP in accordance with the terms of the MSA and are not entitled to any additional compensation from the Corporation, SCLP or any other entity for serving as directors of the Corporation.

For the period January 1, 2018 to January 31, 2018, independent directors of the Corporation were entitled to the following compensation for serving on the Board and the standing committees of the Board:

- Annual retainer fee for each independent director: \$33,333 (an independent director of the Corporation who served as the Chair of the Board received an additional annual retainer fee of \$35,000, for a total annual retainer fee of \$68,333).
- Annual retainer fee for each independent director serving on the Audit Committee: \$10,000 (the Chair of this committee received an additional annual committee retainer fee of \$10,000, for a total annual committee retainer fee of \$20,000).
- Annual retainer fee for each independent director serving on the Compensation Committee or the Conflict Resolution, Corporate Governance and Nominating Committee: \$5,000 (the Chairs of each of these committees received an additional annual committee retainer fee of \$5,000, for a total annual committee retainer fee of \$10,000).
- An annual equity award in the amount of \$50,000.

- Reimbursement for travel expenses relating to meeting attendance.

Effective February 1, 2018, independent directors of the Corporation were entitled to the following compensation for serving on the Board and the standing committees of the Board:

- Annual retainer fee for each independent director: \$50,000 (an independent director of the Corporation who serves as the Chair of the Board receives an additional annual retainer fee of \$25,000, for a total annual retainer fee of \$75,000).
- Annual retainer fee for each independent director serving on the Audit Committee: \$10,000 (the Chair of this committee receives an additional annual committee retainer fee of \$10,000, for a total annual committee retainer fee of \$20,000).
- Annual retainer fee for each independent director serving on the Compensation Committee, the Conflict Resolution, Corporate Governance and Nominating Committee or the Environment, Health and Safety Committee (a new Committee of the Corporation formed on February 1, 2018): \$5,000 (the Chairs of each of these committees receives an additional annual committee retainer fee of \$5,000, for a total annual committee retainer fee of \$10,000).
- An annual equity award in the amount of \$75,000.
- Reimbursement for travel expenses relating to meeting attendance.

Directors may also, from time to time, receive further retainers and/or meeting fees for participation on *ad hoc* committees of the Board.

### Equity Ownership Policy for Independent Directors

The Compensation Committee has determined that future equity awards to independent directors will be made pursuant to the LTIP.

The Board adopted an equity ownership policy for independent directors (the "**Ownership Policy**") effective February 9, 2017. The objective of the Ownership Policy is to ensure that each independent director of the Corporation holds a meaningful equity ownership interest in the Corporation. The Corporation believes that equity ownership by independent directors focuses the attention of independent directors on the long-term interests of the Corporation and its shareholders and also aligns the interests of independent directors with that of the Corporation's shareholders. Pursuant to the Ownership Policy, each independent director is required during his or her term of office as a director to hold Common Shares with an aggregate cost of not less than five times the annual retainer awarded to each independent director. The current independent directors of the Corporation must comply with the Ownership Policy by no later than February 9, 2021 and each new person assuming office as a director must comply with the Ownership Policy by no later than four years from the date of assuming office. If a director elects to receive all or part of his or her cash compensation in LTIP Shares, such LTIP Shares are counted towards compliance with the Ownership Policy. However, Common Shares issuable pursuant to any unexercised options held by a director are not counted towards compliance with the policy. The Compensation Committee is responsible for monitoring and ensuring compliance with the Ownership Policy.

### Director Compensation Table

The following table provides information regarding compensation paid to individuals for services as a director of the Corporation during the financial year ended December 31, 2018.

Name <sup>(1)</sup>	Fees Earned (\$)	Share-based Awards (\$) <sup>(2)</sup>	Option-based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$) <sup>(3)</sup>
Terrence A. Lyons	96,779	75,000	—	—	—	—	171,779
Lenard F. Boggio	83,134	75,000	—	—	—	—	158,134
Joan Dunne	71,348	75,000	—	—	—	—	146,348
John Embry <sup>(4)(5)</sup>	—	—	—	—	—	—	—
Ron Hochstein <sup>(6)</sup>	25,556	—	—	—	—	—	25,556
Arthur Richards Rule IV <sup>(4)</sup>	—	—	—	—	—	—	—
David Smith	41,785	75,000	—	—	—	—	116,785

Notes:

(1) Stephen Yuzpe, President and CEO, also served as a director of the Corporation. Mr. Yuzpe's compensation in respect of the Corporation is fully disclosed

in the Summary Compensation Table above dealing with compensation for the NEOs. Mr. Yuzpe did not receive any additional compensation from the Corporation, SCLP or any other entity for serving as a director of the Corporation.

- (2) \$75,000 in value of LTIP Shares (26,786 LTIP Shares at \$2.80 per LTIP Share) were designated for the accounts of each of Messrs. Lyons and Boggio and Ms. Dunne in 2018 with respect to the year ended December 31, 2018. One-third of such LTIP Shares were fully vested at December 31, 2018 and the remaining two-thirds will vest equally over two years commencing on December 31, 2019. The value of such LTIP Shares was determined based upon the closing price of the Common Shares on the last trading day immediately preceding designation of such LTIP Shares. On August 10, 2018, the Board designated Common Shares for the account of David Smith in the amount of \$75,000 with respect to the year ended December 31, 2018 in accordance with the LTIP. The obligation to fulfill such LTIP Shares designated for David Smith remains outstanding and when such obligation is fulfilled, the quantum of such LTIP Shares will be determined.
- (3) Does not include amounts paid as reimbursement for expenses.
- (4) Messrs. Rule's and Embry's services were provided by SCLP under the MSA and neither of them received compensation from the Corporation, SCLP or any other entity for serving as a director of the Corporation. SCLP is wholly-owned by SII. Mr. Rule owned 26,338,887 of the outstanding shares of SII (or approximately 10.84%) as at December 31, 2018. 242,023 of such SII Shares have been designated for the account of Mr. Rule under SII's equity incentive plan and, as of the date hereof, all of these designated SII Shares were vested.
- (5) Mr. Embry is not standing for re-election at the Meeting.
- (6) Mr. Hochstein resigned as a director of the Corporation effective May 10, 2018.

## Option-Based Awards and Share-Based Awards

### Outstanding Option-Based Awards and Share-Based Awards

The following table provides information regarding all option-based and share-based awards to each of the Corporation's directors outstanding as of December 31, 2018, including awards granted and LTIP Shares designated for the accounts of the Corporation's directors before the financial year ended December 31, 2018. No option-based awards were granted to the directors during the financial year ended December 31, 2018.

Name <sup>(1)</sup>	Option-Based Awards				Share-Based Awards		
	Number of Securities underlying Unexercised Options	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-The-Money Options (\$)	Number of Shares or Units of Shares that have not Vested	Market or Payout Value of Share-Based Awards that have not vested (\$) <sup>(2)</sup>	Market or Payout Value of Vested Share-Based Awards not Paid or Distributed (\$) <sup>(2)</sup>
Terrence A. Lyons	—	—	—	—	23,810	26,667	74,474
Lenard F. Boggio	—	—	—	—	23,810	26,667	73,597
Joan Dunne	—	—	—	—	23,810	26,667	67,180
John Embry <sup>(3)</sup>	—	—	—	—	—	—	—
Ron Hochstein <sup>(4)</sup>	—	—	—	—	—	—	51,766
Arthur Richards Rule IV	—	—	—	—	—	—	—
David Smith	—	—	—	—	—	—	—

Notes:

- (1) Non-independent directors were not entitled to option-based awards, share-based awards or other compensation from the Corporation.
- (2) Calculated based on a December 31, 2018 closing price on the TSX of \$1.12 per Common Share.
- (3) Mr. Embry is not standing for re-election at the Meeting.
- (4) Mr. Hochstein resigned as a director of the Corporation effective May 10, 2018.

### Value Vested or Earned Under Incentive Plan Awards During the Financial Year ended December 31, 2018

The following table provides information regarding the value on pay-out or vesting of incentive plan awards for each of the directors for the financial year ended December 31, 2018.

Name <sup>(1)</sup>	Option-based Awards - Value Vested During the Year (\$)	Share-based Awards - Value Vested During the Year (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$)
Terrence A. Lyons	—	24,166	—
Lenard F. Boggio	—	24,166	—

Name <sup>(1)</sup>	Option-based Awards - Value Vested During the Year (\$)	Share-based Awards - Value Vested During the Year (\$) <sup>(2)</sup>	Non-Equity Incentive Plan Compensation - Value Earned During the Year (\$)
Joan Dunne	—	24,166	—
John Embry <sup>(3)</sup>	—	—	—
Ron Hochstein <sup>(4)</sup>	—	—	—
Arthur Richards Rule IV	—	—	—
David Smith	—	—	—

Notes:

- (1) Non-independent directors were not entitled to option-based awards, share-based awards or other compensation from the Corporation.
- (2) Summarizes the aggregate value of those share-based awards that vested during the year ended December 31, 2018 that would have been realized if LTIP Shares had been sold on their vesting date during the year ended December 31, 2018. See Note 2 to the Director Compensation Table above for details regarding the share-based awards.
- (3) Mr. Embry is not standing for re-election at the Meeting.
- (4) Mr. Hochstein resigned as a director of the Corporation effective May 10, 2018

### Equity-Based Anti-Hedging Policy

The directors are subject to the Share Trading Policy. See "*Executive Compensation - Equity-Based Anti-Hedging Policy*".

## SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

### Equity Compensation Plan Information

The following table sets forth certain information as at December 31, 2018 regarding the equity compensation plans of the Corporation pursuant to which Common Shares may be issuable from the Corporation's treasury:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities remaining Available for Future Issuance under Equity Compensation Plans [excluding common shares reflected in column (a)] (c)
Equity compensation plans approved by security holders - Former ADI Rolling Option Plan	175,000	3.74	Nil. <sup>(1)</sup>
Equity compensation plans approved by security holders - Option Plan	Nil.	Nil.	3,233,299
Equity compensation plans not approved by security holders	Nil.	Nil.	Nil.

Notes:

- (1) Effective May 9, 2016, the Board adopted a new Incentive Stock Option Plan (the "**Former ADI Fixed Option Plan**") to replace the "rolling" Incentive Option Plan previously adopted by the Corporation (the "**Former ADI Rolling Option Plan**") and resolved to not issue further stock options under the Former ADI Rolling Option Plan. Options granted under the Former ADI Rolling Option Plan continue to be governed by the terms of the Former ADI Rolling Option Plan, except that Options outstanding under the Former ADI Rolling Option Plan that expire unexercised shall not be available for re-issuance. The Board terminated the Former ADI Fixed Option Plan on March 22, 2017, at which time no options were outstanding thereunder.

### Option Plan

At the Corporation's annual and special meeting of shareholders on May 3, 2017, shareholders approved the Option Plan. The aggregate number of Common Shares reserved for issuance upon the exercise of all options granted under the Option Plan together with the Common Shares issuable under all other securities based compensation arrangements shall not exceed 10% of the issued and outstanding Common Shares as at the date of such grant (currently being a reserve of 3,233,299 Common Shares). As a result, if the Corporation issues additional Common Shares in the future, the number of Common Shares issuable under the Corporation's securities based compensation arrangements will increase accordingly. If any option is terminated, cancelled or has expired without being fully exercised, any unissued Common Shares which have been reserved to be issued upon the exercise of the option shall become available to be issued upon the exercise of options subsequently granted under the Option Plan. In addition, if any option is exercised, an equivalent number of Common Shares may be reserved for issuance pursuant to the grant of additional

options in replacement for such exercised options. No fractional Common Shares may be purchased or issued under the Option Plan. This summary of the principal terms of the Option Plan is qualified in its entirety by reference to the complete text of the Option Plan, a copy of which is filed under the Corporation's profile on SEDAR at [www.SEDAR.com](http://www.SEDAR.com). You are urged to carefully read the full text of the Option Plan.

The Corporation has established the Option Plan for the benefit of full-time and part-time employees, directors, officers and service providers (each, an "**Eligible Person**") of the Corporation and affiliated companies, which may be designated from time to time by the Board.

The Board shall have the power, where consistent with the general purpose and intent of the Option Plan:

- a. to establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Option Plan;
- b. to interpret and construe the Option Plan and to determine all questions arising out of the Option Plan or any option, and any such interpretation, construction or determination made shall be final, binding and conclusive for all purposes;
- c. to determine the number of Common Shares underlying each option;
- d. to determine the Option Price (as defined in the Option Plan) of each option;
- e. to determine the time or times when options will be granted and exercisable;
- f. to determine if the Common Shares which are issuable on the exercise of an option will be subject to any restrictions upon the exercise of such option;
- g. to determine vesting periods for the options; and
- h. to prescribe the form of the instruments relating to the grant, exercise and other terms of options.

The Option Price of each option shall be determined by the Board and shall not be lower than the Market Price (as defined in the Option Plan) on the date on which the Board approves the grant of the option and no option term shall exceed 10 years. The Board fixes the vesting terms it deems appropriate when granting options under the Option Plan. If an option would otherwise expire during a blackout period or within ten business days following the end of such period, the expiry date of the option will be automatically extended to the tenth business day following the end of the blackout period. The options are subject to earlier termination under certain circumstances, including up to 180 days following death and up to 90 days following ceasing to be an employee, officer or director. Options and rights related thereto held by an optionee are not assignable or transferable except to a related Eligible Corporation (as defined in the Option Plan) or on the death of the optionee.

The Board may amend, suspend or discontinue the Option Plan or amend options granted under the Option Plan at any time without shareholder approval; provided, however, that:

- a. shareholder approval shall be obtained for any: (i) amendment for which, under the requirements of the TSX or any applicable law, shareholder approval is required; (ii) increase to the maximum percentage of securities issuable under the Option Plan; (iii) reduction of the Option Price, or cancellation and reissuance of options or other entitlements, of options granted under the Option Plan; (iv) extension of the term of options beyond the original Expiry Date (as defined in the Option Plan); (v) allowance of options granted under the Option Plan to be transferable or assignable other than for estate settlement purposes; or (vi) amendment to the Option Plan's amendment provisions; and
- b. the consent of the optionee is obtained for any amendment which materially adversely affects the optionee's rights with respect to, or impairs any option previously granted to an optionee under the Option Plan.

No amendment, suspension or discontinuance of the Option Plan may contravene the requirements of the TSX or any securities commission or regulatory body to which the Option Plan or the Corporation is or may be subject.

No options shall be granted to any optionee under the Option Plan if, at the time of such grant, such grant could result, at any time, in: (i) the number of Common Shares reserved for issuance to Insiders (as defined in the Option Plan) pursuant to options under the Option Plan, together with Common Shares reserved for issuance to Insiders under all other securities based compensation arrangements exceeding 10% of the issued and outstanding Common Shares, or (ii) the issuance to Insiders, within a one-year



period, of a number of Common Shares under the Option Plan, together with Common Shares that may be issued to Insiders under all other securities based compensation arrangements exceeding 10% of the issued and outstanding Common Shares.

The equity award value (based on grant date fair value) of any grants of options to Non-Employee Directors (as defined in the Option Plan) under the Option Plan shall not exceed \$100,000 to each Non-Employee Director per year.

The Corporation's "burn rate" (calculated by dividing the number of awards granted during the applicable year, by the weighted average number of basic securities outstanding for the applicable year) under the Option Plan for 2018 was 0% as no options have been awarded under the Option Plan since its adoption on May 3, 2017.

## **LTIP**

Participation in the LTIP is limited to the Corporation's directors and eligible full-time employees of the Corporation and any affiliated entity which has adopted the LTIP (collectively, the "**Members**"). The Corporation and such affiliated entities are collectively referred to as the "**Participating Entities**".

The selection of Members (other than the Corporation's directors, who are deemed to be Members under the LTIP) and the specific terms of any benefits granted to a Member, including the number of LTIP Shares, vesting schedule and timing of distributions (after discharge of debt owing in respect of LTIP Shares) in cash or Common Shares will be determined by the Compensation Committee or the general partner or other controlling person of a Participating Entity, as applicable. Management of the Corporation is responsible for administering the LTIP.

Pursuant to the LTIP, Common Shares may be purchased in the open market or from a third party by the independent trustee(s) under the LTIP (the "**Trustee**") and the Common Shares so purchased shall be designated for the account of the particular Member in accordance with the Corporation's written direction. The Member shall have no interest in nor entitlement to such Common Shares until such time as the Common Shares have been distributed to him or her or disposed of by the LTIP, in accordance with the terms of the LTIP and the Member's applicable employment or other contract entitling him or her to benefits under the LTIP (the "**Members' Contract**"). All or a part of the LTIP Shares in a Member's account will vest in the Member from time to time in accordance with the Member's Contract. From time to time the Trustee will, upon written direction from the Corporation, allocate to the Member the contributions, profits, capital gains and capital losses incurred, realized, received or accrued in respect of the vested LTIP Shares in the Member's account. Subject to the terms of the Members' Contract and the *Income Tax Act* (Canada) ("**Tax Act**"), distributions of allocated cash or LTIP Shares, may be made to the Member at any time upon the written direction of the Corporation provided that the Trustee shall distribute only the net amount available for distribution to the Member and only upon the discharge of any debt owing by the LTIP trust in respect of the LTIP Shares at the time of distribution. Any applicable taxes or interest shall be the sole responsibility of the Members.

In the event that a Member's employment with a Participating Entity is terminated for cause or, if the Member's Contract provides for forfeiture as a result of the Member resigning employment to provide services to a competitor, all LTIP Shares unvested, vested and allocated to the Member under the LTIP shall be forfeited and the amounts thereof shall be reallocated to the other Members of the LTIP at the end of the taxation year of the LTIP trust as the Corporation shall direct.

## **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Other than as disclosed elsewhere in this Circular or otherwise not required to be disclosed herein, no "informed person" or nominee for election as a director of the Corporation, or any associate or affiliate of an informed person or proposed director, has or had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's most recently completed financial year or in any proposed transaction that has materially affected or would materially affect the Corporation or any of its subsidiaries. The term "informed person" as defined in NI 51-102 means (i) director or officer of the Corporation; (ii) a director or executive officer or a person or corporation that is itself an informed person or subsidiary of the Corporation; (iii) any person or corporation who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Corporation or a combination of both, carrying more than 10% of the voting rights attached to all outstanding voting securities of the Corporation, other than voting securities held by the person or corporation as underwriter in the course of a distribution; and (iv) the Corporation if it has purchased, redeemed or otherwise acquired any of its own securities, for so long as it holds any such securities.

## MANAGEMENT CONTRACTS

### The MSA

The MSA was most recently amended effective February 1, 2018, as a result of the Corporation's transition to a diversified holding company.

Under the MSA, SCLP manages or, subject to certain restrictions, engages others to manage, all of the undertaking, affairs and assets of the Corporation and provides all necessary or advisable administrative services and facilities. Without limiting the generality of the foregoing, under the terms of the MSA, subject to the directions and orders of the Corporation from time to time, SCLP is responsible for:

- (a) administering the day-to-day business and affairs of the Corporation, including identifying and making investment decisions relating to the Corporation (in consultation with the Corporation), the preparation of all written and printed material for distribution to shareholders of the Corporation and assisting the Corporation in compliance with securities laws, applicable stock exchange matters or other applicable regulatory matters;
- (b) providing all internal accounting, asset valuation (in consultation with the Corporation), audit and legal services in respect of the Corporation and other usual and ordinary office services as may be necessary;
- (c) nominating at least four separate individuals to serve in the following capacities: two as directors of the Corporation, one as a director, President and CEO of the Corporation, and one as CFO of the Corporation;
- (d) providing services in respect of the Corporation's daily operations;
- (e) distributing all securities which the Corporation may decide to issue during the term of the MSA and to take all actions as SCLP reasonably considers necessary or desirable in the sale of securities of the Corporation;
- (f) authorizing payment on behalf of the Corporation of expenses incurred on behalf of the Corporation and negotiating contracts with third-party providers of services;
- (g) maintaining the books and records of the Corporation and supervising compliance by the Corporation with record-keeping requirements under applicable law;
- (h) dealing with banks, insurance companies and custodians, including the maintenance of bank records and the negotiation and securing of bank financing or refinancing and insurance policies;
- (i) monitoring relationships with the custodians, registrar and transfer agents, auditors, legal counsel, insurance agents and other organizations or professionals serving the Corporation;
- (j) from time to time, or when requested by the Corporation, making reports to the Corporation and/or its shareholders of SCLP's performance of the services provided under the MSA;
- (k) preparing accounting, management and other reports, including reports of the Corporation's performance to shareholders, interim and annual reports to shareholders and financial statements;
- (l) providing all other administrative services and facilities required by the Corporation in relation to its shareholders, including the preparation for and holding of meetings of shareholders; and
- (m) providing such other managerial and administrative services and carrying out such other duties as may be reasonably required for the ongoing business and administration of the Corporation.

The MSA 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 Corporation, other than for reasons described in the remainder of this paragraph, the Corporation 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 Corporation. The Corporation 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 Corporation. 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 Corporation (a "**Change of Control**"), SCLP may elect, in its sole discretion, to terminate the MSA by giving the Corporation 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 Corporation 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 Corporation 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 Corporation'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 Corporation's total assets less its total liabilities, all as at such date as set forth in the Management's Discussion and Analysis of the Corporation 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 Corporation pursuant to the MSA, the Corporation 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 Corporation to all persons nominated by SCLP as employees, officers or directors of the Corporation who provide investment management services to the Corporation (the "**Management Personnel**") but excluding any expenses recorded as a result of the granting of stock options under the Corporation'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 Corporation 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 Corporation is also responsible for all reasonable expenses incurred by SCLP in connection with its duties pursuant to the MSA provided that the Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation'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 Corporation 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 Corporation's annualized Adjusted Annual Operating Expense was more than 3% and the Management Services Fee payable was reduced accordingly. "**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 Corporation as set forth in this Agreement, *less*: (i) costs resulting from servicing debt of the Consolidated Corporation; (ii) costs incurred in the purchasing or selling of the Consolidated Corporation's direct or indirect investments; (iii) initial and ongoing expenses recorded as a result of the granting of stock options under the Corporation's stock option plan other than those granted to directors of the Corporation; (iv) mark-to-market stock-based compensation paid by the Consolidated Corporation; (v) any taxes imposed on the Consolidated Corporation by government authorities; and (vi) any other amounts as approved by the Conflict Resolution, Corporate Governance and Nominating Committee. "**Consolidated Corporation**" means the Corporation 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 Corporation 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 Corporation.

The Corporation's Board has determined it to be expedient and in the best interests of the Corporation 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 Corporation 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 Corporation's profile on SEDAR and can be found at [www.SEDAR.com](http://www.SEDAR.com).

For the year ended December 31, 2018, the Corporation paid or accrued to SCLP a Management Services Fee in the amount of approximately \$3.1 million for services SCLP rendered to the Corporation in accordance with the terms of the applicable MSA (such amount includes the management compensation amount of approximately \$749 thousand and also includes a reduction of \$84 thousand resulting from the Company's Adjusted Annual Operating Expense exceeding 3%).

## Other

Sprott Consulting GP Inc. ("**SCGP**") (Ontario) is the general partner of SCLP. As of the date hereof, the directors and officers of SCGP are: Peter Grosskopf, Ontario (CEO and director), Stephen Yuzpe, Ontario (President), Michael Staresinic, Ontario (CFO), Arthur Einav, Ontario (Managing Director, General Counsel and Corporate Secretary) and Andrew Stronach, Ontario (Managing Director). The sole limited partner of SCLP, and the sole shareholder of Sprott Consulting GP Inc., is SII (Ontario). As of the date hereof, the directors and officers of SII are: Jack C. Lee, Alberta (Chair), Peter Grosskopf, Ontario (CEO and director), Ronald Dewhurst, Australia (director), Sharon Ranson, Ontario (director), Arthur Richards Rule IV, California (director), Rosemary Zigrossi, Ontario (director), Kevin Hibbert, Ontario (CFO, Senior Managing Director and Co-Head of the Enterprise Shared Services Group) and Arthur Einav, Ontario (General Counsel, Corporate Secretary, Senior Managing Director and Co-head of the Enterprise Shared Services Group). SII is a publicly traded corporation on the TSX (TSX:SII).

None of SCLP or its associates or affiliates has been indebted to the Corporation or its subsidiaries since January 1, 2018.

Aside from the transactions described in this Circular, none of SCLP or its associates or affiliates has had any significant transactions with the Corporation or its subsidiaries at any time since January 1, 2018.

## STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board has adopted:

- a written mandate for the Board;
- a written charter for each of the Audit Committee, the Compensation Committee, the Conflict Resolution, Corporate Governance and Nominating Committee and the Environment, Health and Safety Committee;
- a written code of business conduct and ethics (the "**Code**");
- a written position description for the CEO;
- a written position description for the CIO;
- a written position description for the Chair of the Board;
- a written position description for the Vice-Chair of the Board;
- a written majority voting policy for director elections;
- a written policy for pre-approval of audit and non-audit services;
- a written corporate disclosure policy;
- a written share trading policy;
- a written whistleblower policy;
- a written policy for investment approval authority limits;

- a written surplus cash investment policy;
- a written charitable donations and sponsorship policy;
- a written related party transactions policy;
- a written diversity policy;
- a written environmental and sustainability policy; and
- the Ownership Policy.

## Board of Directors

### **Composition of the Board**

The Board currently comprises seven directors. The Board has concluded that four directors (Messrs. Boggio, Lyons and Smith and Ms. Dunne), being a majority, are "independent" for purposes of board membership, as defined in the Canadian Securities Administrators' National Instrument 58-101 - *Disclosure of Corporate Governance Practices* ("**NI 58-101**"). The remaining three directors are not independent: Mr. Yuzpe is President and CEO of the Corporation, Mr. Embry was the Chief Investment Strategist of Sprott Asset Management LP, a wholly-owned subsidiary of SII, and Mr. Rule is President and CEO of Sprott U.S., a wholly-owned subsidiary of SII, and a director of SII. As such, the Board is currently constituted with a majority of independent directors.

Of the seven individuals nominated for election as directors of the Corporation at the Meeting, the Board has concluded that five directors (Messrs. Boggio, Lyons, Liu and Smith and Ms. Dunne) are "independent" for purposes of board membership, as defined in NI 58-101.

To facilitate its exercise of independent judgment in carrying out its responsibilities, the Board has an independent Chair of the Board and has adopted policies and other informal mechanisms described elsewhere in this Circular, including at "*Statement of Corporate Governance Practices - Board of Directors - Board Meetings and Attendance*", "*Statement of Corporate Governance Practices - Board of Directors - Chair of the Board*", "*Statement of Corporate Governance Practices - Board Committees - Conflict Resolution, Corporate Governance and Nominating Committee*" and "*Statement of Corporate Governance Practices - Ethical Business Conduct*". Additionally, the Audit Committee, the Compensation Committee, the Conflict Resolution, Corporate Governance and Nominating Committee and the Environment, Health and Safety Committee are each composed entirely of "independent" directors.

### **Other Directorships**

Certain nominees for election as a director of the Corporation are also directors of other public companies. Information as to such other directorships is set out in the chart below.

<b>Director</b>	<b>Public Company</b>
Lenard F. Boggio	Equinox Gold Corp. Pure Gold Mining Inc. Titan Mining Corporation
Joan E. Dunne	Painted Pony Energy Ltd.
Bo Liu	Noront Resources Ltd.
Terrence A. Lyons	Canaccord Genuity Group Inc. Martinrea International Inc.
Arthur Richards Rule IV	SII
David Smith	eCobalt Solutions Inc.
Stephen Yuzpe	InPlay Oil Corp.

### **Board Meetings and Attendance**

The Board meets regularly to review the activities and financial results of the Corporation and as necessary to review and consider significant impending actions of the Corporation.

The Board met formally ten times during 2018 and twice between January 1, 2019 and March 22, 2019.

The independent directors of the Board did not hold regularly scheduled meetings at which non-independent directors and members

of management were not in attendance. However, open and candid discussion among the independent directors was facilitated by the small size of the Board and the fact that the Chair of the Board is independent. Additionally, the independent directors had the opportunity to hold ad hoc meetings that were not attended by the non-independent directors and members of management and they availed themselves of this opportunity, at their entire discretion, whenever they deemed necessary. At such ad hoc meetings, non-independent directors, executive officers who are not members of the Board and other guests attending these meetings were asked to withdraw for a certain period in order to allow the independent directors to discuss issues freely amongst themselves. In 2018, four such meetings were held. Further, the independent directors of the Board had informal discussions amongst themselves outside of formal Board meetings as the need arose and, when determined to be appropriate by the independent directors, matters considered in such discussions were raised at the next formal Board meeting.

The attendance record of each director for all meetings of the Board and its standing committees held during the year ended December 31, 2018 was as follows:

Name	Board Meetings (Attended/Held)	Audit Committee Meetings (Attended/Held)	Compensation Committee Meetings (Attended/Held)	Conflict Resolution, Corporate Governance and Nominating Committee Meetings (Attended/Held)	Environment, Health and Safety Committee <sup>(1)</sup> (Attended/Held)
Lenard F. Boggio <sup>(2)</sup>	10/10	5/5	3/3	2/2	~
Joan E. Dunne <sup>(3)</sup>	10/10	5/5	2/2	3/3	3/3
John P. Embry <sup>(4)</sup>	4/10	~	~	~	~
Ron F. Hochstein <sup>(5)</sup>	5/5	3/3	1/1	1/1	1/1
Terrence A. Lyons	10/10	~	3/3	3/3	3/3
Arthur Richards Rule IV	9/10	~	~	~	~
David Smith <sup>(6)</sup>	4/5	2/2	~	~	1/2
Stephen Yuzpe	10/10	~	~	~	~

Notes:

(1) The Environment, Health and Safety Committee was established on February 1, 2018.

(2) Mr. Boggio was appointed to the Conflict Resolution, Corporate Governance and Nominating Committee effective May 10, 2018.

(3) Ms Dunne was appointed to the Compensation Committee effective May 10, 2018.

(4) Mr. Embry is not standing for re-election at the Meeting.

(5) Mr. Hochstein resigned as a director of the Board effective May 10, 2018.

(6) Mr. Smith was elected as a director of the Board on May 10, 2018 and appointed to the Audit Committee and Environment, Health and Safety Committee effective the same date.

### **Chair of the Board**

The Chair of the Board is currently Terrence A. Lyons, who is an independent director.

The Board has adopted a position description for the Chair of the Board. The Chair's key responsibilities include duties relating to: overseeing the operations and affairs of the Board; providing leadership to foster the effectiveness of the Board; ensuring there is an effective relationship between the Board and senior management of the Corporation; ensuring that appropriate structures and procedures are in place so that the Board may function independently of management; recommending, where necessary, the holding of meetings of independent directors; leading the process by which the independent directors seek to ensure that the Board represents and protects the interest of the Corporation's securityholders; ensuring the directors receive the information required for the proper performance of their duties, including information relevant to each meeting of the Board; and chairing all meetings of the Board and shareholders.

See also "*Position Descriptions*" below.

### **Board Mandate**

The mandate of the Board is to supervise the management of the business and affairs of the Corporation and to act in the best interests of the Corporation. The Board discharges its responsibilities either directly or through the Audit Committee, the Compensation Committee, the Conflict Resolution, Corporate Governance and Nominating Committee or the Environment, Health and Safety Committee. The Board approves all significant decisions that affect the Corporation before they are implemented and

is ultimately responsible for the approval and implementation of the Corporation's strategic plan. The text of the Board's mandate is set out in Appendix "A" to this Circular.

## **Board Committees**

The Board currently has four standing committees (each a "**Committee**"): the Audit Committee, the Compensation Committee, the Conflict Resolution, Corporate Governance and Nominating Committee, and the Environment, Health and Safety Committee. All four of these Committees are presently composed entirely of "independent" directors. Each of these Committees has enacted a charter, as approved by the Board. The Board may establish other ad hoc committees from time to time for specific initiatives. On February 11, 2019 the Corporation announced the establishment of a special committee of the Board comprised solely of independent directors (Messrs. Boggio, Lyons (Chair) and Smith and Ms. Dunne) to review and evaluate potential measures to address the Corporation's market valuation.

### ***Audit Committee***

Currently, the Audit Committee is composed of the following three directors: Messrs. Boggio (Chair) and Smith and Ms. Dunne. All three members are considered "independent" and "financially literate" (as such terms are defined in Multilateral Instrument 52-110 - *Audit Committees ("MI 52-110")*). The education and experience of each member of the Audit Committee that is relevant to his or her performance of responsibilities as an audit committee member are noted in each such person's biography at "*Business of the Meeting - Election of Directors*" and, with respect to Mr. Boggio and Ms. Dunne, also at "*Statement of Corporate Governance Practices - Compensation Committee*".

The Audit Committee is responsible for, among other things:

- reviewing the annual financial statements and the interim financial statements, management's discussion and analysis and related news releases and recommending their approval by the full Board;
- reviewing the proposed audit plan and proposed audit fees;
- evaluating the performance of the external auditors and recommending the appointment and compensation of the independent accountants;
- identifying the principal business risks and reviewing related risk management policies; and
- pre-approving all non-audit services.

The Board has adopted a charter for the Audit Committee which sets out the mandate and purpose of the Audit Committee, as well as its duties and responsibilities. A copy of the Corporation's Audit Committee Charter is set out in Appendix "A" in the Corporation's Annual Information Form dated March 6, 2019.

### ***Compensation Committee***

The Compensation Committee is composed of the following three directors: Messrs. Boggio (Chair) and Lyons and Ms. Dunne and, as such, is composed entirely of independent directors.

In addition to their general business background, senior management experience and involvement with other companies, each Compensation Committee member also had experience on the Compensation Committee. The following experience of the members of the Compensation Committee was also relevant to their responsibilities and the members of the Compensation Committee drew upon this experience, as well as the skills gained with this experience, to enable them to make decisions on the suitability of the Corporation's compensation policies and practices.

Name	Education and Experience
Lenard F. Boggio, ICD.D (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 ICABC. 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 Dunne, ICD.D	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, 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.
Terrence A. Lyons, ICD.D	Mr. Lyons is a director of several public and private corporations and currently serves as lead director, Chairman of the audit committee and as a member of the corporate governance and compensation committee of Canaccord Genuity Group Inc. He also serves as Chairman of the board of directors and Chairman of the corporate governance and compensation committee of Canaccord Genuity Ltd (UK) and is FCA approved with respect to such roles. Mr. Lyons also serves on Canaccord's subsidiary boards in the US, Australia and Hong Kong and as a director of Martinrea International Inc. Mr. Lyons is a civil engineer (University of British Columbia) with an MBA from the University of Western Ontario. He has also received his ICD.D certification from the Institute of Corporate Directors. He is a past Governor of the Olympic Foundation of Canada, past Chairman of the Mining Association of BC and in 2007 was awarded the INCO Medal by the Canadian Institute of Mining and Metallurgy for distinguished service to the mining industry.

The Board has adopted a charter for the Compensation Committee which sets out the mandate, purpose and powers of the Compensation Committee, as well as its duties and responsibilities. The Compensation Committee is responsible for, among other things:

- evaluating the CEO's performance;
- in consultation with the CEO and the Conflict Resolution, Corporate Governance and Nominating Committee, overseeing the evaluation of the Corporation's senior officers and, other than the SCLP Executives, determining their compensation;



- in consultation with the Conflict Resolution, Corporate Governance and Nominating Committee, reviewing and making recommendations with respect to director compensation;
- reviewing and making recommendations concerning the Corporation's share-based compensation arrangements; and
- reviewing the total compensation of each of the SCLP Executives.

The compensation paid by the Corporation to the SCLP Executives will be determined by SCLP and not by the Corporation.

#### ***Conflict Resolution, Corporate Governance and Nominating Committee***

The Conflict Resolution, Corporate Governance and Nominating Committee is composed of the following three directors: Messrs. Lyons (Chair) and Boggio and Ms. Dunne and, as such, is composed entirely of independent directors.

The Board has adopted a charter for the Conflict Resolution, Corporate Governance and Nominating Committee which sets out the mandate, purpose and powers of such Committee, as well as its duties and responsibilities. The Conflict Resolution, Corporate Governance and Nominating Committee is responsible for, among other things:

- reviewing and, where appropriate, reporting and making recommendations to the Board regarding matters in respect of which SCLP Nominees may have a conflict of interest due to their relationship with SII and its affiliates;
- developing a long-term plan for the composition of the Board that takes into consideration the current strengths, competencies, skills, diversity and experiences of the Board, retirement dates and the strategic direction of the Corporation;
- in consultation with the Compensation Committee, recommending to the Board the remuneration to be paid to and the benefits to be provided to directors;
- ensuring that an appropriate system is in place to evaluate the effectiveness of the Board and its Committees;
- monitoring conflicts of interests (real or perceived) of both the Board and management in accordance with the Code (as defined below);
- annually or as required, in consultation with the Chair of the Board and the CEO, recruiting and identifying individuals qualified to become new Board members and recommending to the Board new director nominees for the next annual meeting of shareholders;
- considering whether or not a new nominee to the Board can devote sufficient time and resources to his or her duties as a Board member;
- annually reviewing the effectiveness of the Board appointment/nomination process and senior management appointment process at achieving the Corporation's diversity objectives (see "*Statement of Corporate Governance Practices - Diversity on the Board and in Executive Officer Positions*" below);
- considering on an annual basis and, if determined advisable, recommending to the Board for adoption, measurable objectives for achieving diversity on the Board and in senior management;
- reviewing, monitoring and making recommendations regarding new director orientation and the ongoing development of existing directors;
- periodically reviewing the Corporation's corporate governance policies and formulating policy recommendations aimed at enhancing the Board's and Committees' effectiveness; and
- reviewing investigations and any resolutions of complaints received under the Code and reporting annually to the Board thereon.

#### ***Environment, Health and Safety Committee***

The Environment, Health and Safety Committee is composed of the following three directors: Messrs. Lyons (Chair) and Smith and Ms. Dunne and, as such, is composed entirely of independent directors.

The Board has adopted a charter for the Environment, Health and Safety Committee which sets out the mandate, purpose and powers of such Committee, as well as its duties and responsibilities. The Environment, Health and Safety Committee is responsible for, among other things:

- periodically reviewing environmental, health and safety policies ("**EHS Policies**") for the Corporation;

- reviewing and monitoring the management of the implementation of systems necessary for compliance with EHS Policies and applicable legislation, with the specific direction to bring any material non-compliance with such policies and legislation to the attention of the Board in a timely fashion;
- monitoring the effectiveness of EHS Policies, and the systems and monitoring processes which are in place to manage the safety and health of employees, contractors, visitors and the general public and to manage environmental impacts;
- receiving reports from management on significant environmental, health and safety issues;
- reviewing and monitoring the environmental, health and safety performance of the Corporation through regular updates by management;
- receiving regular updates from management regarding compliance with environmental, health and safety legislation, licenses, and the policies and systems in place to monitor such compliance; and
- reporting and, where appropriate, making recommendations to the Board with respect to environmental, health and safety matters.

### **Position Descriptions**

The Board has developed written position descriptions for the CEO, CIO, Chair of the Board and Vice-Chair of the Board. The Board has not currently developed written position descriptions for the Chairs of the Committees because it believes that the roles and responsibilities of each such position are sufficiently delineated through the Committee charters. Each Committee Chair's role is to ensure that such Committee effectively assumes and follows its charter and, in consultation with the CEO and other senior officers, as necessary, such Chair sets the agenda for Committee meetings, chairs all Committee meetings, and encourages the input of all Committee members at such meetings.

See also "*Chair of the Board*" above.

### **Orientation and Continuing Education**

To provide orientation to new directors regarding the role of the Board and its Committees, the Board provides copies of its mandate and the charters of the Committees to new directors. To orient new directors on the nature and operation of the Corporation's business, the Board provides new directors with copies of the most recent public filings of the Corporation. New directors also meet with the CEO to review in detail the business of the Corporation. With respect to continuing education, the Board and the Conflict Resolution, Corporate Governance and Nominating Committee do not currently have a formal continuing education program. From time to time, the CEO meets with individual directors to update them on issues relating to the business, and, in between Board meetings, the CEO also provides updates (in writing and verbally) to the directors regarding the Corporation's business to ensure that the directors maintain the level of knowledge regarding the Corporation and its industry necessary for them to meet their obligations as directors. Directors are individually responsible for updating their skills necessary to meet their obligations as directors and the Corporation reimburses directors who opt to take third party provided continuing education courses. Several directors have either public company CEO experience or extensive experience on other boards.

### **Ethical Business Conduct**

The Board has adopted a written Code that applies to all directors, officers and employees of the Corporation and its subsidiaries. A copy of the Code is available on the Corporation's website at [www.sprott.com/investment-strategies/sprott-resource-holdings](http://www.sprott.com/investment-strategies/sprott-resource-holdings) and under the Corporation's profile on SEDAR at [www.SEDAR.com](http://www.SEDAR.com). The Board is responsible for monitoring compliance with the Code. To facilitate this, the Code requires all Corporation personnel to promptly report any problems or concerns and any actual or potential violations of the Code to the CEO or, if that is not possible or does not resolve the matter, to the Chair of the Audit Committee. The Conflict Resolution, Corporate Governance and Nominating Committee will receive reports from the CEO regarding breaches of the Code, and will in turn report those breaches to the Board. The Conflict Resolution, Corporate Governance and Nominating Committee will review investigations and any resolutions of complaints under the Code and report annually to the Board thereon. Concerns or complaints can be reported on an anonymous basis in writing to the Chair of the Audit Committee. A waiver of the Code will be granted only in exceptional circumstances and by the Board only.

To ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest, the Code requires directors and executive officers who have a material interest in any transaction that the Corporation proposes to enter into, to disclose such interest to the Board and to comply with the applicable laws, rules and policies which govern conflicts of interest in connection with such transaction or agreement. The Conflict Resolution,

Corporate Governance and Nominating Committee monitors conflicts of interest (real or perceived) of both the Board and management in accordance with the Code.

The Corporation'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 Corporation 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 Corporation'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.

### **Nomination of Directors**

The Conflict Resolution, Corporate Governance and Nominating Committee, which is composed entirely of independent directors, in consultation with the Chair of the Board and the CEO, annually or as required, recruits and identifies individuals qualified to become new Board members and recommends to the Board new director nominees (other than the SCLP Nominees who are nominated by SCLP pursuant to the MSA and the WISCO Nominee(s) nominated by WISCO pursuant to the Subscription Agreement) for the next annual meeting of shareholders. Prior to nominating individuals as directors, the Conflict Resolution, Corporate Governance and Nominating Committee: (a) considers what competencies and skills the Board, as a whole, should possess; (b) assesses what competencies and skills each existing director possesses (including the personality and other qualities of each director); (c) reviews the qualifications of candidates suggested by members of the Board, shareholders, management and others and assesses what competencies and skills each new nominee will bring to the boardroom; (d) considers the appropriate size of the Board, with a view to facilitating effective decision-making; and (e) considers whether or not a new nominee can devote sufficient time and resources to his or her duties as a Board member.

In order to promote the Corporation's objective of gender diversity, the Conflict Resolution, Corporate Governance and Nominating Committee compiles a short-list identifying potential candidates for appointment/nomination that includes at least one female candidate for each available Board seat. If, at the end of the selection process, no female candidates are selected, the committee must satisfy itself that there are objective reasons to support this determination. Also see "*Statement of Corporate Governance Practices - Diversity on the Board and in Executive Officer Positions*" below.

At present, the full Board, in consultation with the Conflict Resolution, Corporate Governance and Nominating Committee, is responsible for nominating directors, other than the SCLP Nominees and the WISCO Nominee(s). In carrying out this process, the Board applies the same guidelines as the Conflict Resolution, Corporate Governance and Nominating Committee referred to in (a) to (e) above.

### **Majority Voting for Election of Directors**

The Board has adopted a policy regarding majority voting for the election of directors. This policy is described under the heading "*Business of the Meeting - Election of Directors*".

### **Compensation**

For more information regarding compensation of the Corporation's Named Executive Officers, please see "*Statement of Executive Compensation - Compensation Discussion and Analysis*". For more information regarding compensation of the Corporation's Directors, please see "*Statement of Executive Compensation - Director Compensation*".

### **Board Assessment**

The Conflict Resolution, Corporate Governance and Nominating Committee, in consultation with the Chair of the Board, is responsible for ensuring that an appropriate system is in place to evaluate the effectiveness of the Board, as a whole as well as its Committees, with a view to ensuring that they are fulfilling their respective responsibilities and duties. In connection with these evaluations, on an annual basis, each director is requested to provide his or her assessment of the effectiveness of the Board and each Committee as well as the performance of the individual directors. If appropriate, the Conflict Resolution, Corporate Governance and Nominating Committee then considers procedural or substantive changes to increase the effectiveness of the Board and its Committees and recommends that the Board approve any recommended changes.

In addition to the above formal process, the Board is sufficiently small to permit all directors to have input on matters on a regular basis and to informally assess the performance, effectiveness and contribution of directors of the Corporation throughout the year. When needed, time is set aside at a meeting of the Board for a discussion regarding the effectiveness of the Board and its Committees. If appropriate, the Board then considers procedural or substantive changes to increase the effectiveness of the Board

and its Committees and oversees implementation of any desired changes. On an informal basis, the Chair of the Board is also responsible for reporting to the Board on areas where improvements can be made.

### **Director Term Limits and Other Mechanisms of Board Renewal**

The Corporation has not adopted term limits for members of the Board, but facilitates Board renewal by assessing, annually or as required, potential candidates for nomination to the Board in light of, amongst other things, the competencies and skills possessed by each existing director and the appropriate size of the Board. See "*Statement of Corporate Governance Practices - Nomination of Directors*". In addition, the Board also facilitates Board renewal by reviewing and evaluating the performance and independence of directors and committees at least annually and seeking to foster a balance between new perspectives and the experience of seasoned Board members.

At present, the full Board, in consultation with the Conflict Resolution, Corporate Governance and Nominating Committee, is responsible for nominating directors, other than the SCLP Nominees and WISCO Nominee(s).

### **Diversity on the Board and in Executive Officer Positions**

The Board has adopted a written diversity policy, which recognizes that diversity is important to ensure that members of the Board and the Corporation's senior management provide the necessary range of perspectives, experience and expertise required to achieve the Corporation's objectives. Pursuant to the Subscription Agreement, WISCO is entitled to nominate one or two individuals for appointment or election to the Board and, pursuant to the MSA, SCLP is entitled to nominate three directors for election to the Board at each meeting of shareholders of the Corporation and also supplies the services of persons to serve as the executive officers of the Corporation. As such, the Corporation is not in a position to impact the diversity of candidates for such offices. However, the Corporation strives to meet its diversity objectives with respect to the other Board nominees and employees of the Corporation.

It is an objective of the Corporation's diversity policy that diversity be considered in determining the optimal composition of the Board and, when possible, the Board should be balanced appropriately. In reviewing Board composition and identifying suitable candidates for Board appointment or nomination for election to the Board, candidates will be selected based on merit and against objective criteria. Accordingly the Corporation does not have a formal target regarding women on the Board, but due regard will be given within the appointment or nomination process to the benefits of diversity in order to enable the Board to discharge its duties and responsibilities effectively.

The Corporation recognizes that gender diversity is a significant aspect of diversity and acknowledges the role that women with the appropriate competencies and skills can play in contributing to diversity of perspective in the boardroom. Although the Corporation does not have a formal target regarding women on the Board, the selection process for new Board nominees, other than the SCLP Nominees and the WISCO Nominee(s), involves ensuring at least one female candidate is included on the short-list identifying potential Board nominees. If, at the end of the selection process, no female candidates are selected, the Conflict Resolution, Corporate Governance and Nominating Committee must be satisfied that there are objective reasons to support this determination. The Board current has one female member, representing approximately 14% of the Board.

It is also an objective of the Corporation's diversity policy that diversity be considered in connection with succession planning and the appointment of members of the Corporation's senior management. The Corporation recognizes that gender diversity is a significant aspect of diversity and acknowledges the role that women with the appropriate competencies and skills can play in contributing to diversity of perspective in senior management positions. The Corporation does not have a formal target regarding women in executive positions because the Corporation's executive officers are supplied by SCLP and other candidates for employment are selected based on merit and against objective criteria. However, the Corporation (i) regularly reviews the proportion of women at all levels of the Corporation; (ii) monitors effectiveness of, and continues to expand on, existing initiatives designed to identify, support and develop talented women with leadership potential; and (iii) continues to identify new ways to entrench diversity as a cultural priority across the Corporation.

Currently, SCLP supplies the services of persons to serve as the executive officers of the Corporation. Upon adoption of the Corporation's diversity policy, no women served as executive officers of the Corporation. Currently, one woman serves as an executive officer of the Corporation, representing 20% of the executive officers of the Corporation; one of the two employees of the Corporation is a woman; the one consultant of the Corporation is a woman; and two of the seven employees or consultants provided by SCLP pursuant to the MSA (including the female executive officer noted at the outset) are women.

The Conflict Resolution, Corporate Governance and Nominating Committee is responsible for annually (i) assessing the effectiveness of the Board appointment/nomination process and senior management appointment process at achieving the

Corporation's diversity objectives and (ii) considering and, if determined advisable, recommending to the Board for adoption, measurable objectives for achieving diversity on the Board and in senior management.

### **SHAREHOLDER PROPOSALS FOR NEXT MEETING**

In accordance with the current provisions of the *CBCA*, which governs the Corporation, shareholder proposals must be received by December 23, 2019, to be considered for inclusion in the proxy statement and the form of proxy for the 2020 annual meeting of shareholders.

### **ADDITIONAL INFORMATION**

Additional information relating to the Corporation is available on SEDAR at [www.SEDAR.com](http://www.SEDAR.com) or the Corporation's website at [www.sprott.com/investment-strategies/sprott-resource-holdings](http://www.sprott.com/investment-strategies/sprott-resource-holdings). Financial information is provided in the Corporation's comparative financial statements and management's discussion and analysis for the year ended December 31, 2018.

In addition, copies of the Corporation's financial statements and management's discussion and analysis, may be obtained upon request to the President and CEO of the Corporation at 416-977-7333 or [info@sprottresource.com](mailto:info@sprottresource.com). The Corporation may require the payment of a reasonable charge if the request is made by a person who is not a shareholder of the Corporation.

### **DIRECTORS' APPROVAL**

The directors of the Corporation have approved the contents and the sending of this Circular.

### **BY ORDER OF THE BOARD**

Toronto, Ontario  
March 22, 2019

***"Stephen Yuzpe"***  
Stephen Yuzpe  
President and CEO

## APPENDIX "A"

### BOARD OF DIRECTORS MANDATE

(Adopted by the Board effective February 9, 2017, as amended on March 2, 2018)

#### I. Mandate

The board of directors (the "**Board**") of Sprott Resource Holdings Inc. (the "**Company**") is responsible for the stewardship of the Company and discharges such responsibility by supervising the management of the business and affairs of the Company, with a view to preserving and enhancing shareholder value.

#### II. Expectations and Responsibilities of Directors

The Board expects that each director will, among other things:

- (a) act honestly, in good faith with a view to the best interests of the Company;
- (b) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
- (c) commit the time and energy necessary to properly carry out his or her duties;
- (d) attend all Board and committee meetings, as applicable; and
- (e) review in advance all meeting materials and otherwise adequately prepare for all Board and committee meetings, as applicable.

Directors who experience a significant change in their personal circumstances, including a change in their principal occupation, that may impact their ability to perform their duties and responsibilities as a director are expected to notify the chair of the Conflict Resolution, Corporate Governance and Nominating Committee.

The Board expects that the chief executive officer ("**CEO**") and the other executive officers of the Company will conduct themselves with integrity and that the CEO and other executive officers will create a culture of integrity throughout the Company.

#### III. Authority

The Board is responsible for implementing a system which enables an individual director, the Board or a committee to engage an external advisor at the expense of the Company in appropriate circumstances. Unless otherwise specified in a committee charter, the engagement of the external advisor shall be subject to the approval of the Board.

The Board has the authority to delegate to individual members or committees of the Board where appropriate.

The Board shall have complete access to appropriate Company personnel in order to secure all information necessary to fulfill its duties.

#### IV. Composition

To the extent feasible, the Board shall be composed of a majority of "independent" directors as such term is defined under applicable securities legislation.

The Board shall appoint one director to act as a Chair of the Board. Where the Chair is not independent, an independent director may be appointed as "lead director", to act as the effective leader of the Board and ensure that the Board's agenda will enable it to successfully carry out its duties. If in any year the Board does not appoint a Chair or lead director, if applicable, the incumbent Chair and lead director, if applicable, will continue in office until a successor is appointed. If the Chair or lead director, if applicable, is absent from any meeting, the Board shall select one of the other directors present to preside at that meeting.

#### V. Meetings

The Board shall meet at least four times per year, including at least once in each quarter to carry out its responsibilities under this Mandate, including a review of the business operations and financial results of the Company, and as many additional times as the Board deems necessary to carry out its duties. The Chair or lead director, if applicable, shall develop and set the Board's agenda, in consultation with other members of the Board and senior management.

Notice of the time and place of every meeting shall be given in writing to each director, at least 24 hours (excluding holidays) prior to the time fixed for such meeting.

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

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

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

Minutes of the meetings of the Board shall be recorded and maintained by the Secretary of the Company or, if the Secretary of the Company is not present at the meeting, by another person appointed by the Board to act as Secretary, and shall be subsequently presented to the Board for review and approval.

#### VI. **Board and Mandate Review**

The Board shall conduct an annual review and assessment of its composition, performance and effectiveness in such manner as it deems appropriate. Such an assessment will consider: (i) compliance with its mandate; and (ii) in the case of an individual director, the applicable position description(s), as well as the competencies and skills each individual director is expected to bring to the Board. In making such assessment, the Board shall consider any recommendations or reports, if applicable, of the Conflict Resolution, Corporate Governance and Nominating Committee concerning the Company's approach to corporate governance.

With the assistance of the Conflict Resolution, Corporate Governance and Nominating Committee, the Board shall also review and assess the adequacy of this mandate on an annual basis, taking into account all legislative and regulatory requirements applicable to the Board, as well as any guidelines recommended by securities regulatory authorities or the Toronto Stock Exchange.

#### VII. **Duties and Responsibilities**

The Board is responsible for:

- (a) designating the offices of the Company, appointing such officers, specifying their duties and delegating to them the power to manage the day-to-day business and affairs of the Company;
- (b) in consultation with the Compensation Committee and Conflict Resolution, Corporate Governance and Nominating Committee, reviewing the officers' performance and effectiveness;
- (c) reviewing the performance and effectiveness of Sprott Consulting Limited Partnership ("**SCLP**") pursuant to the management services agreement entered into between SCLP and the Company;
- (d) acting in a supervisory role, such that any duties and powers not delegated to the officers of the Company remain with the Board and its committees;
- (e) to the extent feasible, satisfying itself as to the integrity of the CEO and other senior officers and that the CEO and other senior officers create a culture of integrity throughout the Company;
- (f) discussing a strategic plan which takes into account, among other things, the opportunities and risks of the Company's business;
- (g) identifying the principal risks of the Company's business, and ensuring the implementation of appropriate systems to manage these risks;
- (h) with the assistance of the Conflict Resolution, Corporate Governance and Nominating Committee, supervising and assessing the performance and effectiveness of management of the Company on an ongoing basis;
- (i) with the assistance of the Conflict Resolution, Corporate Governance and Nominating Committee, succession planning (including appointing, training and monitoring senior management);
- (j) adopting a corporate disclosure policy that ensures that the Company communicates effectively with its shareholders, other stakeholders and the public in general;
- (k) with the assistance of the Audit Committee, ensuring the integrity of the Company's internal control and management information systems;

- (l) with the assistance of the Conflict Resolution, Corporate Governance and Nominating Committee, developing the Company's approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to the Company;
- (m) establishing procedures to ensure that the Company, through management, provides timely information to current and potential security holders and responds to their inquiries;
- (n) in conjunction with the CEO and with the assistance of the Conflict Resolution, Corporate Governance and Nominating Committee, developing a clear position description for the CEO, which includes delineating management's responsibilities and developing or approving the corporate goals and objectives the CEO is responsible for meeting;
- (o) with the assistance of management, developing environmental policies, as applicable from time to time, and ensuring their compliance with them; and
- (p) with the assistance of management, developing health and safety practices and ensuring compliance with them.

#### VIII. **Committees of the Board**

To assist it in discharging its responsibilities, the Board has established four standing committees of the Board: the Audit Committee, the Compensation Committee, the Conflict Resolution, Corporate Governance and Nominating Committee and the Environmental, Health and Safety Committee. The Audit Committee is comprised entirely of "independent" directors (as such term is defined in Multilateral Instrument 52-110 - *Audit Committees*). The Compensation Committee, the Conflict Resolution, Corporate Governance and Nominating Committee and the Environmental, Health and Safety Committee are each comprised entirely of independent directors. The Board may establish other standing committees from time to time.

Each committee shall have a written charter that clearly establishes the committee's purpose, responsibilities, member qualifications, member appointment and removal, structure and operations (including any authority to delegate to individual members and subcommittees), and manner of reporting to the Board. Each charter shall be reviewed by the Board (or a committee thereof) on at least an annual basis.

The Board is responsible for appointing directors to each of its committees in accordance with the charter for each committee.

As required by applicable law, by applicable committee charter or as the Board may consider advisable, the Board shall consider for approval the specific matters delegated for review to Board committees.

#### IX. **Nomination of Directors**

In consultation with the Conflict Resolution, Corporate Governance and Nominating Committee, the Board is responsible for nominating or appointing individuals as directors. Prior to nominating or appointing individuals as directors, the Board shall:

- (a) consider what competencies and skills the Board, as a whole, should possess;
- (b) assess what competencies and skills each existing director possesses (including the personality and other qualities of each director);
- (c) review the qualifications of candidates recommended by the Conflict Resolution, Corporate Governance and Nominating Committee or suggested by members of the Board, shareholders, management and others and assess what competencies and skills each new nominee will bring to the boardroom; and
- (d) consider the appropriate size of the Board, with a view to facilitating effective decision-making.

#### X. **Orientation and Continuing Education**

With the assistance of the Conflict Resolution, Corporate Governance and Nominating Committee, the Board is responsible for ensuring that all new directors receive a comprehensive orientation enabling them to fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make, and the nature and operation of the Company's business.

With the assistance of the Conflict Resolution, Corporate Governance and Nominating Committee, the Board shall provide continuing education opportunities for all directors, so individuals may maintain or enhance their skills and abilities as directors, as well as to ensure that their knowledge and understanding of the Company's business remains current.



XI. **Code of Business Conduct and Ethics**

The Board is responsible for adopting and maintaining a written code of business conduct and ethics (the “**Code**”) applicable to all directors, officers and employees of the Company and its subsidiaries. The Code shall constitute written standards that are reasonably designed to promote integrity and deter wrongdoing and shall address the following issues:

- (a) conflicts of interest, including transactions and agreements in respect of which a director or executive officer has a material interest;
- (b) protection and proper use of corporate assets and opportunities;
- (c) confidentiality of corporate information;
- (d) fair dealing with the Company’s security holders, suppliers, competitors and employees;
- (e) compliance with laws, rules and regulations; and
- (f) reporting of any illegal or unethical behaviour.

With the assistance of the Conflict Resolution, Corporate Governance and Nominating Committee, the Board is responsible for monitoring compliance with the Code. Any waivers from the Code shall be granted by the Board only.

XII. **Compensation Matters**

The Board is responsible for overseeing compensation matters, including (i) director compensation, incentive-compensation plans and equity-based plans, after consideration of the recommendations of the Compensation Committee; and (ii) compensation for officers and other senior management personnel (except such management personnel whose compensation is determined by SCLP).