

Extractive Sector Transparency Measures Act - Annual Report



Reporting Entity Name: Sprott Resource Holdings Inc.

Reporting Year: From 1/1/2018 To: 12/31/2018 Date submitted

Reporting Entity ESTMA Identification Number: E936832

Original Submission
 Amended Report

Other Subsidiaries Included (optional field): Minera Tres Valles SpA

Not Consolidated

Not Substituted

Attestation by Reporting Entity

In accordance with the requirements of the ESTMA, and in particular section 9 thereof, I attest I have reviewed the information contained in the ESTMA report for the entity(ies) listed above. Based on my knowledge, and having exercised reasonable diligence, the information in the ESTMA report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Full Name of Director or Officer of Reporting Entity: Michael Staresinic Date: 5/15/2019

Position Title: CFO

Extractive Sector Transparency Measures Act - Annual Report

Reporting Year	From:	1/1/2018	To:	12/31/2018	
Reporting Entity Name	Sprott Resource Holdings Inc.			Currency of the Report	USD
Reporting Entity ESTMA Identification Number	E936832				
Subsidiary Reporting Entities (if necessary)					

Payments by Payee

Country	Payee Name ¹	Departments, Agency, etc... within Payee that Received Payments ²	Taxes	Royalties	Fees	Production Entitlements	Bonuses	Dividends	Infrastructure Improvement Payments	Total Amount paid to Payee	Notes ³⁴
Chile	TESORERIA GENERAL DE LA REPUBLICA				310,000					310,000	Payment made in Chilean Peso
Chile	TESORERIA MUNICIPAL DE ILLAPEL				110,000					110,000	Payment made in Chilean Peso
Chile	TESORERIA MUNICIPAL DE SALAMANCA				140,000					140,000	Payment made in Chilean Peso
					560,000					560,000	

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

SPROTT RESOURCE HOLDINGS INC. - ESTMA BASIS OF PRESENTATION

INTRODUCTION

Sprott Resource Holdings Inc. and its subsidiaries (collectively the “Company” or “SRHI”) has prepared the following consolidated report (the “Report”) of payments made to government entities for the year ended December 31, 2018 as required by the Extractive Sector Transparency Measures Act S.C. 2014, c.39, s.376 (“ESTMA” or the “Act”).

BASIS OF PRESENTATION

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

Payee

For purposes of the Act, a payee is:

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

Payees include governments at any level, including national, regional, state/provincial or local/municipal levels. Payees include Crown corporations and other state-owned enterprises that are exercising or performing a power, duty or function of government. Aboriginal groups and organizations within Canada and in other jurisdictions may be regarded as governments for purposes of qualifying as a payee under the Act. However, the Act defers the requirement to report on payments made to Aboriginal governments in Canada, with reporting on these payments beginning on June 1, 2017. For the year ended December 31, 2018, there were no reportable payments to an Aboriginal payee.

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

Activities Within the Scope of the Report

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

Project

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

Cash and In-kind Payments

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

Payment Categories

The information is reported under the following payment categories.

Taxes

This category may include taxes paid by SRHI on its income, profits or production. Taxes reported include property taxes, business taxes and certain provincial resource surcharges. Consumption taxes and personal income taxes are excluded. For the year ended December 31, 2018, there were no reportable tax payments to a payee.

Royalties

These are payments for the rights to extract oil and gas resources, typically at a set percentage of revenue less any deductions that may be taken. Royalties paid in kind are also reported under this category. For the year ended December 31, 2018, there were no reportable royalty payments to a payee.

Fees

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

Production entitlements

A payee’s share of oil, gas or mineral production under a production sharing agreement or a similar contractual or legislated arrangement is reported under this category. For the year ended December 31, 2018, there were no reportable production entitlement payments to a payee.

Bonuses

Signing, discovery, production and any other type of bonuses paid to a payee are reported under this category. For the year ended December 31, 2018, there were no reportable bonus payments to a payee.

Dividends

These are dividend payments other than dividends paid to a payee as an ordinary shareholder of SRHI. For the year ended December 31, 2018, there were no reportable dividend payments to a payee.

Infrastructure improvement payments

These are payments which relate to the construction of infrastructure that do not relate primarily to the operational purposes of SRHI. For the year ended December 31, 2018, there were no reportable infrastructure improvement payments to a payee.