



May 10, 2016

Dear Shareholders,

The environment for resource investments continued to be challenging during the first quarter of 2016 but April and into May we witnessed signs of optimism developing. While the April meeting of major oil producers in Doha failed to provide any meaningful results, the outlook for energy looks modestly positive. According to Baker Hughes, rig counts have now fallen to the lowest level since World War II and crude appears to have found its footing in the US\$40 per barrel range. Some other factors contributing to a more stable oil price include the recent oil workers' strike in Kuwait, continued demand growth from China, the declaration of force majeure in Nigeria, as well as generally declining fears of a global recession.

Chinese investors continue to demonstrate an appetite for strategic oil assets in Canada and, pending approval from Industry Canada, we expect Calgary Sinoenergy Investment Corp.'s acquisition of Long Run Exploration Ltd. to close by the end of May. This transaction will generate approximately \$12 million in proceeds for Spratt Resource Corp. ("SRC"), the majority of which will be used to pay down our debt facility with Spratt Resource Lending Corp. ("SRLC"), which now stands at \$17.5 million. SRLC also agreed to modify and extend the debt facility until November 11, 2016 providing SRC with additional repayment flexibility.

In other portfolio developments, during the first quarter of 2016 SRC participated in a financing through which Corsa Coal Corp. ("Corsa Coal") raised US\$8 million from existing investors. Through this transaction, SRC invested US\$2 million to acquire an additional 52 million shares of Corsa Coal, increasing our ownership position to 19.7%. All of Corsa Coal's key shareholders participated in the financing, which we expect will provide Corsa Coal with adequate capital to continue operations for at least the next 12 months.

In an environment where the majority of its competitors have filed for bankruptcy or begun asset sales, Corsa Coal is now well positioned to continue to ride out the brutal bear market for metallurgical coal. We believe a supply response is inevitable and we will eventually see an overcorrection in the coal markets. When this occurs, Corsa Coal will be well-positioned to capture additional market share and help meet the resulting increase in demand.

In the energy services segment, Independence Contract Drilling, Inc. ("ICD") also completed a successful financing in April, raising US\$46 million. The financing strengthened ICD's balance sheet and positions the company well to endure the ongoing weakness in the energy space.

In the agriculture segment, we continue to see a secular shift towards organic and natural foods as consumers adopt increasingly healthy lifestyles. Our investment in One Earth Farms remains well positioned to benefit from this trend, notwithstanding the market volatility that has lowered values for cattle over recent quarters.

While we continue to operate in a challenging environment, we are pleased that the resource sector appears to be showing early signs of recovery. Looking ahead, we will remain focused on closing our discount to NAV and, where appropriate, improving our liquidity by monetizing mature investments.

On behalf of our Board of Directors and employees, I thank you for your continued support and look forward to reporting to you on our progress at the end of the third quarter.

Sincerely,

(signed) "Steve Yuzpe"

President and Chief Executive Officer