



Sprout Resource Corp. Proposed Business Combination with Adriana Resources Inc.

December 6, 2016

Forward-Looking Information and Statements

Forward-Looking Information

Certain statements in this presentation contain forward-looking information (collectively referred to herein as the “Forward-Looking Statements”) within the meaning of applicable securities laws. The use of any of the words “expect”, “anticipate”, “continue”, “estimate”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends” and similar expressions are intended to identify Forward-Looking Statements. In particular, but without limiting the forgoing, this presentation contains Forward-Looking Statements pertaining to: (i) the completion of the proposed transaction with ADI and expected timing thereof; (ii) the anticipated benefits of such transaction to SRC and its securityholders and to ADI and its securityholders; (iii) the timing and anticipated receipt of required stock exchange, court and securityholder approvals for the proposed transactions; (iv) the ability of SRC and ADI to satisfy the other conditions to, and to complete, the transaction; (v) the anticipated mailing of the joint information circular regarding the transaction; (vi) the intended transition from a private equity firm to a diversified holding company and anticipated benefits therefrom (vii) Corsa’s upside leverage in rising met coal environment; (viii) InPlay’s sustainability and high torque to upside with oil pricing; (ix) statements regarding pro forma projections and future oriented financial information; and (x) similar statements concerning anticipated future events, results, circumstances, performance or expectations, that reflect management’s current expectations and are based on information currently available to management of SRC, ADI and their respective subsidiaries. Forward-Looking Statements are based on a number of expectations or assumptions which have been used to develop such statements and information but which may prove to be incorrect. Although SRC and ADI believe that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements and should not be unduly relied upon. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: (i) energy markets and the price of oil, natural gas liquids and natural gas and other commodities will be higher in the future; (ii) the price of met coal will be higher in the future; (iii) the effects of regulation and tax laws of governmental agencies will not materially change; and (iv) the availability of capital on acceptable terms. Actual results, performance or achievements could vary materially from those expressed or implied by the Forward-Looking Statements should assumptions underlying the Forward-Looking Statements prove incorrect or should one or more risks or other factors materialize, including: (i) general economic, market and business conditions; (ii) market volatility that would affect the ability to enter or exit investments; (iii) commodity price fluctuations and uncertainties; (iv) risks associated with the portfolio companies’ industries; and (v) those risks described under the heading “Risk Factors” in SRC’s annual information form dated March 4, 2016 and those listed under the heading “Risks and Uncertainties” in ADI’s Management’s Discussion and Analysis for the Year Ended December 31, 2015 dated February 26, 2016. The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and each of SRC and ADI do not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable Canadian securities laws.

Speakers

Steve Yuzpe

Chief Executive Officer

Michael Staresinic

Chief Financial Officer

Guest:

Michael Harrison

CEO, Adriana Resources

Sprott Resource Business Combination with Adriana Resources: A Transformative Transaction

- Proposed transaction will create a unique resource-focused vehicle with strong portfolio of core assets
- Sprott Inc. (“Sprott”), a fund managed by a subsidiary of Sprott, and Term Oil Inc. (a corporation controlled by Rick Rule) will make an aggregate \$15MM equity investment in Sprott Resource Holdings Inc. (“SRH”) via private placements
- Following business combination and private placement, SRH will be debt free with ample capital to make new investments
 - Total cash of \$55MM
 - ~\$150MM in investable capital
- SRH will benefit from additional resource investing expertise at Board and Management level

Transaction Overview

- SRC will become a wholly-owned subsidiary of ADI
- ADI shareholders will be asked to approve a name change to SRH
- Rick Rule will become Vice-Chairman of the Board of Directors and CIO of SRH
- Donald Charter will join the board of directors of SRH
- Michael Harrison, President and CEO of ADI, will join the executive team of SRH as Managing Director
- Subsequent to the completion of the proposed transactions, SRH intends to operate as a diversified holding company focused on the natural resource sector

Transaction Details

- Exchange ratio of 3 ADI shares per SRC share
- On the business day prior to the completion of the proposed transactions, ADI shareholders of record would receive 1 common share purchase warrant in respect of every 4 ADI shares held (strike price of \$0.33 per ADI share)
- On closing Sprott would invest \$10MM in SRH shares at a price of \$0.23 per share representing a significant premium to both SRC and ADI market prices
- On closing, a subsidiary of Sprott together with Term Oil Inc., would invest \$5MM in SRH units, consisting of a share and a warrant, at a price of \$0.25 per unit, representing a significant premium to both SRC and ADI market prices
- After giving effect to the transaction, total NAV will increase from \$106MM to \$150MM
- Under an MSA between Sprott and SRH, annual management fees plus Adjusted Annual Operating Expenses of SRH will be capped at 3.25% of average NAV in 2017 (on a pro-rata basis from closing of the Arrangement) and then capped at 3.0% of average NAV for 2018 onwards

Benefits to SRC Shareholders

- Increases scale
- Immediate liquidity and capital to support new and existing investments
- Increased investment from Sprott and new investment from a subsidiary of Sprott and Term Oil Inc.
- Strengthened Board of Directors and management team
- Expected narrowing of discount to NAV

Benefits to ADI Shareholders

- Alignment with Sprott, a well-known resource investment firm
- Transaction is immediately accretive to the NAV per ADI common share
- Future NAV growth through diversified portfolio of investments
- Larger capital base to invest in a diversified portfolio reducing single project, single commodity risk
- Warrants to provide further value upside to ADI shareholders
- Retained ownership of existing interest in Lac Otelnuuk Project

A Stronger Company Positioned for Growth

(\$ Millions)	Pre-Transaction	Post-Transaction
Debt	\$0	\$0
Cash ¹	\$14	\$55
Public Company Holdings ²	\$56	\$56
Private Company Holdings ³	\$38	\$44
Net Asset Value	\$106	\$150

¹ Pre-transaction cash balance adjusted for remaining proceeds from ICD sale. Post-transaction cash balance includes \$15MM investment from the private placements and \$28MM of cash from ADI.

² Public holdings as of December 5, 2016. Adjusted for sale of ICD shares and public listing of InPlay Oil.

³ As of September 30, 2016, other than InPlay adjusted for \$10MM investment and public listing. Post-transaction includes \$6MM for ADI's iron ore joint venture.

SRC Business Update

- SRC repaid its debt facility in full on October 13, 2016
- SRC has exited 100% of its position in Independence Contract Drilling, generating net proceeds of approximately \$30MM to repay debt in full
- SRC sold its remaining position in its Royalty investment for gross proceeds of \$0.6MM
- SRC invested \$10.7MM in InPlay Oil Corp. (“InPlay”) as part of their \$70MM private placement, strategic asset acquisition and business combination with Anderson Energy Inc.
 - InPlay’s continuing business is a well-capitalized, low debt, high netback, Cardium focused oil producer with a large drilling inventory
 - InPlay commenced trading on the TSX on November 10, 2016
 - SRC owns approximately 11% of InPlay
- In October, SRC invested an additional \$1MM in Corsa Coal as part of a \$23MM financing
 - Net proceeds of the financing will be primarily used by Corsa Coal for mine development, general corporate and working capital purposes
 - SRC owns 17.2% of Corsa Coal

Summary

- Creates unique resource-focused vehicle with ~\$150MM in investable capital
- Team has repositioned portfolio to focus on strong core holdings
- No debt
- Increased support from Sprott
- Strengthened Board and management team