

## STRATA INVESTMENT HOLDINGS PLC TO ACQUIRE SCP RESOURCE FINANCE

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### HIGHLIGHTS

- Strata Investment Holdings Plc (SRT) to acquire the parent company of SCP Resource Finance LP and SCP Resource Finance GP Inc. (collectively, SCP), originally established as Sprott Capital Partners prior to a management-led buyout in May 2023
  - SCP is a leading independent investment dealer specialising in the global mining sector.
  - Total purchase price is on debt free cash free basis of US\$21.25 million to be settled through the issue of new equity in Strata calculated on a 4-month backward looking average of net tangible assets (NTA) as at closing.
  - The purchase price will be augmented by a cash adjustment estimated to be US\$8-10 million on close to be paid for through issue of new equity in SRT at closing.
  - SRT plans to raise up to US\$10 million to support the transaction at the same value as the acquisition.
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Strata Investment Holdings PLC (ASX: **SRT**) (**Strata** or the **Company**) is pleased to announce it has entered into a binding letter agreement (**Letter Agreement**) to acquire 1000433639 Ontario Inc. (**Holdco**), the parent company of SCP Resource Finance LP and SCP Resource Finance GP Inc. (**Acquisition**). SCP Resource Finance LP is a leading and independent investment dealer specialising in the global mining sector. (<https://www.scp-rf.com/>).

SCP, originally established as Sprott Capital Partners, completed a management-led buyout from Sprott Inc. in May 2023. Since the buyout, SCP has maintained and strengthened its focus on precious and energy transition metals, supported by one of the broadest and most experienced investment teams in the mining industry.

The Acquisition is aligned with SRT's strategy of building income-generating investments in the resource sector, including making acquisitions that deliver long-term value. This initial deal is one of several transactions which SRT is considering within the global resource finance sector.

### SRT CEO Michael McNeilly commented:

*"The acquisition of SCP Resource Finance is a first step for Strata Investment Holdings. Integrating SCP's experienced team and deep industry knowledge aligns with our long-term strategy. We remain focused on acquiring complementary businesses in the global resource*

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*finance industry, ensuring that our investments align with our long-term strategic and financial objectives. We are confident that the partnership with SCP will create significant value for our shareholders.”*

**SCP Chairman Peter Grosskopf commented:**

*“SCP welcomes the opportunity to grow our business with Strata. In linking with Strata, our investor and corporate clients will benefit from the increased reach and investment presence contributed by Strata and its shareholders. We believe the mining sector is still in the early stages of a long-term growth phase which is required to sustain and improve the production of critical and precious metals. We and Strata will together pursue synergistic opportunities which have the potential to bring capital and other financial services to our global client base.”*

**SCP Resource Finance Background**

Since its formation in 2017 as Sprott Capital Partners, the firm has raised more than \$5.3 billion in capital for mining sector clients and provided strategic advisory services to dozens of mining companies and transactions.

In May 2023, Sprott Capital Partners announced the completion of a management-led buyout from Sprott Inc., resulting in the establishment of SCP Resource Finance LP. The transition marked SCP's evolution into an independent entity, continuing its focus on providing capital markets advisory, investment banking, and private client services to the global mining sector.

With one of the broadest investment teams in the mining industry, SCP specialises in a range of sub-specialties from base and energy transition metals to precious metals and uranium. The firm is distinguished by its independence, specialised knowledge, and strong financial backing, positioning it to maintain its leadership as a resource-focused broker-dealer.

SCP Resource Finance Chairman Peter Grosskopf has more than 35 years of experience in the financial services industry. As the former CEO of Sprott Inc., Peter led the company's growth from \$5 billion to over \$20 billion in assets under management between 2010 and 2022. SCP Directors Dave Wargo and Fil Martins bring decades of investment, research, and investment banking experience to the combined Strata team.

**Transaction Details**

The proposed Acquisition will result in the Company changing the nature of its activities for the technical purposes of ASX Listing Rule 11.1. *However, the Company will continue with its existing business model of being an investment entity and pursuant to its shareholder approved investment policy. As such, the Company will continue to focus on investing in a range of portfolio companies or assets in accordance with its investment policy, as it has done to date but to effect the Acquisition, the Company will be required to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules.*

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In conjunction with the Acquisition, Strata is proposing to undertake the Strata Financing, which is outlined in Section 2. Further details of the Strata Financing are set out in Sections 2 and 4.

NB: The Company is incorporated in England and Wales, and its shares are quoted and settled on ASX in the form of CHESS Depository Interests (**CDIs**), with one (1) CDI representing one (1) ordinary share of £0.001 par value. Ordinary shares of the Company to be issued which are referred to in this Announcement will be issued to their holders in the form of CDIs unless otherwise noted. All references to dollar amounts or "\$" as used in this announcement are expressed in United States currency (USD).

### 1. **Letter Agreement**

The Letter Agreement has been entered into between the Company and Holdco, pursuant to which the Company has agreed, subject to the parties reaching agreement on final terms in a long form sale agreement (**Sale Agreement**), to acquire all of the issued and outstanding equity securities of Holdco from the shareholders of Holdco (collectively the **Sellers**). Once executed, the Sale Agreement shall supersede in its entirety all of the terms and conditions of the Letter Agreement.

Upon completion of the Acquisition, the Company will be the indirect 100% owner of SCP.

A summary of the purchase price and payment schedule is set out at Section 3 below. Further details in respect in respect of SCP are set out under "*SCP Resource Finance Background*" above.

### 2. **Capital Raising**

In connection with the Acquisition, the Company is proposing to undertake a public offering or private placement in an amount up to \$10 million (or such other amount which, when aggregated with any cash acquired pursuant to its acquisition of Holdco (and SCP), would result in total additional available cash of circa \$20 million), consisting of the issue of new SRT ordinary shares or such other securities (including convertible securities) as may be determined by the Company in its sole discretion (**Strata Financing**).

Concurrent with execution and delivery of the Sale Agreement, Holdco or SCP will use commercially reasonable efforts to purchase a convertible note in Strata, subject to SCP having available funds to enable it to purchase such convertible note, in an amount and on such other terms and conditions to be mutually agreed by the parties.

### 3. **Summary of Purchase Price and Payment Schedule**

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Subject to customary purchase price adjustments, the purchase price payable by Strata for the Acquisition will be equal to the product of 5x EBIT, as agreed in the Sale Agreement (**Purchase Price**).

The Purchase Price will be paid by Strata as follows:

- (a) An amount equal to 2x EBIT (**Initial Payment**) will be payable on Closing by the issue by Strata to the Sellers of ordinary shares in the capital of Strata or, alternatively, newly-issued exchangeable shares (collectively, **SRT Shares**), such number of SRT Shares issued to be determined by dividing the Initial Payment by the average net tangible assets (**NTA**) of Strata (on a per share basis), subject to adjustment, during the four (4)-month period prior to Closing.
- (b) An amount equal to 1x EBIT to be satisfied by the issue of SRT Shares on each of the first, third and fifth anniversary of Closing (for a total value of 3x EBIT) such number of SRT Shares to be determined by dividing each such payment by the average NTA of Strata (on a per share basis) during the four (4)-month period prior to Closing.

For the purposes of calculating the SRT Shares to be issued, the NTA of Strata on a per share basis in GBP will be converted to USD at the spot rate on the day of Closing. The SRT Shares to be issued will be fully paid ordinary shares in Strata ranking *pari passu* with the existing issued and outstanding ordinary shares of Strata at Closing. Strata may (subject to definitive tax advice for individual Sellers) satisfy the Purchase Price through the issuance of exchangeable shares that shall contain customary provisions for an exchangeable share structure. All SRT Shares issued to satisfy the Purchase Price shall participate equally in dividends.

The individual sellers of SCP will be subject to customary lock ups and non-competes.

The Sale Agreement will contain such representations, warranties, covenants, conditions of Closing and indemnities in relation to Holdco, SCP and Strata and the business conducted by SCP and Strata as are considered customary for a transaction of this size and nature.

#### 4. Use of Funds

The Company intends to apply funds raised under the Strata Financing, together with existing cash reserves, over the first two years following re-admission of the Company to the Official List of ASX as follows:

Use of funds	Amount
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Pursuant to its investment policy Working Capital	All the cash proceeds
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The above table is a statement of current intentions as of the date of this announcement. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

## 5. Board

It is intended that the Board composition upon completion of the Acquisition and re-compliance with Chapters 1 and 2 of the Listing Rules will be as below:

### **Peter Grosskopf**

*Non-Executive Chairman*

Peter Grosskopf brings over 35 years of financial services experience to his role as Non-Executive Chairman of SCP Resource Finance. As the former CEO of Spratt Inc., he led the company's growth from \$5 billion to over \$20 billion in assets under management. Peter has also served as President of Cormark Securities and was a co-founder of Newcrest Capital, later acquired by TD Bank Financial Group. He holds a CFA® designation and earned both an Honours Degree in Business Administration and an MBA from the Richard Ivey School of Business at the University of Western Ontario.

### **Michael McNeilly**

*Executive Director and Co-President*

Michael McNeilly has been the Chief Executive Officer of Strata Investment Holdings plc since December 2016. He played a pivotal role in the acquisition that allowed Strata to secure its primary royalty holdings, including facilitating the A\$167 million Sandfire Resources NL offer for MOD. Michael has served as a Non-Executive Director on several boards, including Greatland Gold plc, Arkle Resources plc. He currently holds directorships at Cobre Limited, Armada Limited, and serves as Chairman of Iondrive Limited. He brings a wealth of experience from his previous roles in corporate finance at Allenby Capital and Arden Partners plc, as well as his work in early-stage blockchain ventures.

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**David Wargo***Chief Executive Officer*

David Wargo is the CEO and Head of Investment Banking for SCP Resource Finance and a Non-Executive Director of Strata Investment Holdings PLC since October 2020. With over 25 years of experience in the mining and banking industries, David previously served as Managing Director of Investment Banking at Sprott Capital Partners before leading the management buyout that established SCP Resource Finance. His extensive background includes senior roles at GMP Securities L.P. and a decade of experience as a chemical engineer in the mining and oil and gas sectors. David holds an Executive MBA and a Masters of Business Administration.

**Charles Hall***Independent Non-Executive Director*

Charles Hall has served as Non-Executive Chairman of Strata Investment Holdings since December 2016. With over 30 years of experience at HSBC, his roles included CEO & MD of HSBC Private Bank (Luxembourg) S.A. Charles specialises in strategy and corporate restructuring, with a focus on aligning businesses with their core revenue streams. He holds a BA (Hons) from the University of Sussex and is an Associate of the Hong Kong Institute of Bankers and a Fellow of the Royal Geographical Society.

**Two additional Non-Executive Director's will be appointed to the Board as part of the re-compliance.**

**6. Timetable**

A timetable for the Acquisition and associated re-compliance is set out below:<sup>1</sup>

<b>Event</b>	<b>Date</b>
Binding Letter Agreement signed	23 August 2024
ASX announcement (and media release)	23 August 2024
Suspension of trading in SRT	Market open on Mon 24 August 2024
Submission of suitability application to ASX	As soon as practicable after signing & announcement

<sup>1</sup> **Note:** Dates to be updated, as required.

Long form Sale Agreement is signed and further ASX announcement released confirming same	By 30 September 2024
Preparation of independent expert report	As soon as practicable after Sale Agreement signed
Notice of General Meeting sent to the Company's shareholders	As soon as practicable after Sale Agreement signed
Submission of Appendix 1A application to ASX	As soon as practicable after Sale Agreement signed
General Meeting to approve Acquisition (on the terms of the Sale Agreement)	Approx 4 weeks after NoM dispatched
Expected date for re-instatement to quotation SRT securities on ASX	By January 2025

**Note:** The above timetable is indicative only and has not been endorsed by ASX. Actual dates will be subject to all relevant regulatory requirements including the Corporations Act 2001 (Cth), the ASX Listing Rules, the Companies Act 2006 (UK) (as applicable) and the requirements of the Canadian Investment Regulatory Organization and the Canadian Securities Administrator, and the Company reserves the right to vary any and all of the above dates without notice. Timing for the Strata Financing is to be confirmed in conjunction with finalisation of the Sale Agreement and indicative timing will be shared following signing of the Sale Agreement.

## 7. **Activities and business model on completion of the Acquisition**

As noted above, the proposed Acquisition will result in the Company changing the nature of its activities for the technical purposes of ASX Listing Rule 11.1 *However, the Company will continue with its existing business model of being an investment entity and pursuant to its shareholder approved investment policy. As such, the Company will continue to focus on investing in a range of portfolio investments and assets in accordance with its investment policy, as it has done to date.* The Company intends to allocate funds raised from the Strata Financing, together with the Company's existing cash reserves as set out in Section 4 above.

## 8. **Key risks and dependencies**

The key risks of the Acquisition and following completion of the Acquisition are:

### (a) **Risks relating to the change in nature and scale of activities**

#### (i) **Completion risk**

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Pursuant to the Letter Agreement, the Company has agreed to acquire all of the issued and outstanding equity securities of Holdco, completion of which is subject to the fulfilment of certain conditions, including the approval of applicable securities regulators. There is a risk that the Conditions Precedent cannot be fulfilled and, in turn, that completion of the Acquisition does not occur.

If the Acquisition is not completed, the Company will incur costs relating to advisors and other costs without any material benefit being achieved.

(ii) **Re-quotation of Shares on ASX**

As noted above the proposed Acquisition will result in the Company changing the nature of its activities for the technical purposes of ASX listing Rule 1.1. The Company consequentially will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the Official List of ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its securities on the ASX. Should this occur, the securities will not be able to be traded on the ASX until such time as those requirements can be met, if at all. Shareholders may be prevented from trading their Shares should the Company be suspended until such time as it does re-comply with the ASX Listing Rules.

The above list of risk factors should not be taken as exhaustive of the risks faced by the Company or investors in the Company. The above risk factors, and others not specifically mentioned may in the future materially affect the financial performance of the Company and the value of securities in the Company. Securities in the Company carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities. Any investment in the Company is highly speculative.

The key dependencies influencing the viability of the Acquisition are the Company's capacity to:

- (a) re-comply with Chapters 1 and 2 of the ASX Listing Rules to enable re-admission to quotation of the Company's securities; and
- (b) meet the objectives of the Company and implementation of the strategy detailed in Section 7.

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## 9. **Accounts**

Copies of the audited accounts of the Company for the financial year ended 31 December 2023 are available on the Company's website at [Stratapl.com - Results & Reports](https://www.stratapl.com).

## 10. **Re-compliance with ASX Listing Rules Chapters 1 and 2**

Since the Acquisition will result in a significant change to the nature of the Company's activities, the Acquisition will require the Company's shareholders' approval under ASX Listing Rule 11.1.2 and will also require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3.

## 11. **Shareholder approvals**

A notice of meeting seeking shareholder approval for the resolutions required to give effect to the Acquisition, will be sent to the Company's shareholders in due course. It is currently expected that the Company will convene a general meeting in November or December 2024 to facilitate Shareholder approval for matters in respect of the Acquisition. Those approvals will include:

- (a) the change in nature and scale of the Company's activities; the issue of the SRT Shares to the Sellers;
- (b) the issue of new SRT ordinary shares or, alternatively, newly-issued exchangeable shares in connection with the Strata Financing;<sup>2</sup>
- (c) approvals required under the Companies Act 2006 (UK) to increase the number of equity securities that the Company is authorised to issue.

The Company's securities are currently suspended from quotation on ASX and, subject to shareholder approval being obtained, will remain suspended until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and the Acquisition has been completed. The Company has not yet made an application to ASX regarding its suitability for readmission under Listing Rule 1.1 condition 1 and Listing Rule 1.19 in connection with the Acquisition (which is a requirement of the process for re-compliance with Chapters 1 and 2 of the Listing Rules). An application will be made to ASX in due course. Should ASX not be satisfied for the purposes of Listing Rule 1.1 condition 1 and Listing Rule 1.19 and the Company is unable to meet ASX's concerns or requirements for relisting, the Acquisition will not proceed.

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<sup>2</sup> **Note:** To confirm if the shareholder meeting will contemplate approvals for both the Acquisition and the Strata Financing.

## 12. **Regulatory approvals and waivers required**

The Company intends to seek any requisite waivers and confirmations from ASX and will actively engage with the ASX to confirm the extent to which any such waivers may be required. The completion of the Acquisition is also subject to the approval of applicable Canadian securities regulators, including from the Canadian Investment Regulatory Organization and the Ontario Securities Commission.

## 13. **Regulatory requirements generally**

The Company notes that:

- (a) the Acquisition requires shareholder approval under the ASX Listing Rules and therefore may not proceed if that approval is not forthcoming;
- (b) the Company is required to re-comply with ASX's requirements for admission and quotation and therefore the Acquisition may not proceed if those requirements are not met;
- (c) ASX has an absolute discretion in deciding whether or not to re-admit the Company to the Official List and to quote its securities and therefore the Acquisition may not proceed if ASX exercises that discretion;
- (d) the completion of the Acquisition is also subject to the approval of applicable Canadian securities regulators, including from the Canadian Investment Regulatory Organization and the Ontario Securities Commission; and
- (e) investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's securities.

Furthermore, the Company:

- (f) notes that ASX takes no responsibility for the contents of this announcement; and
- (g) confirms that it is in compliance with its continuous disclosure obligations under ASX Listing Rule 3.1.

*This ASX release was authorised on behalf of the Board by: David Michael McNeilly, Chief Executive Officer.*

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-ENDS-

**For further information, please contact:**

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