Sprott Inc. Second Quarter Report 2015

Sprott INC.

Table of Contents

Letter to Shareholders	2
Management's Discussion and Analysis	3
Consolidated Financial Statements	31
Notes to the Consolidated Financial Statements	37

August 11, 2015

Dear Shareholders,

The investment management changes we have made over the past two years are beginning to generate results and we are generally pleased with our funds' investment performance in the first half of 2015. We have introduced a number of new products and generated net sales across the platform. The continued weakness in natural resources during the second quarter of 2015 had a negative impact on our specialty funds in that sector, which contributed to our Assets Under Management ("AUM") remaining flat for the period at $7.8 billion.

In light of the depressed conditions in the precious metals area, the development of our diversified business has become more important for Sprott. The majority of our actively-managed funds have delivered solid results on a year-to-date basis, with the Sprott Canadian Equity Fund and the Sprott Energy Fund generating performance near the top of their respective sectors. We recently expanded our Enhanced product offerings, managed by John Wilson, with the launch of the Sprott Enhanced U.S. Equity Class. The Enhanced funds represent more than $1 billion of total AUM and are well positioned to deliver further growth. In July, we introduced the Sprott Global REIT & Property Equity Fund, which is sub-advised by Michael Underhill of Capital Innovations LLC. Together, these funds will provide new avenues to build scale in our diversified asset management business.

While gold and silver prices have been under pressure in the face of a strengthening U.S. dollar and the expectation of interest rate increases, we remain committed to our goal of becoming the leading global manager of precious metals investments. The downturn in the sector presents opportunities to consolidate and grow our strong base in this area and position the business for a recovery. We have exerted considerable effort in re-tooling our gold strategies and currently have available, or in development, next generation funds in gold equities, alternative lending and ETF formats.

Our passive products business is a key growth area for Sprott and one that helps to generate brand recognition for our resource franchise in the U.S. and internationally. We are committed to expanding this business by growing the asset bases of our existing Physical Trust and ETF products; through new product development; and, when suitable opportunities present themselves, by exploring potential acquisitions. In April, Sprott Asset Management ("SAM"), together with Sprott Physical Gold Trust and Sprott Physical Silver Trust, initiated exchange offers for Central GoldTrust and Silver Bullion Trust, two products with similar structures and mandates to the Sprott Physical Gold Trust and Sprott Physical Silver Trust, respectively. In addition, SAM has requisitioned a meeting of Central Fund of Canada ("CEF") shareholders and proposed certain resolutions including the replacement of CEF's administrator with Sprott. We will continue to build our brand for passive products management through direct marketing and new product launches.

Finally, the management team and professionals at Sprott believe that we have successfully put in place a platform capable of delivering superior results to our clients and shareholders. The investments we have made in our firm have not yet been recognized in our financial results or share price, despite relative outperformance in our resource funds and the repositioning of our diversified business. We believe that our shares now represent a compelling investment and we are confident that our performance will be properly valued by the marketplace in the long term.

It would be difficult to overstate the impact that the five year resource bear market has had on the firm. Our experience, which extends over 30 years in this business, is that given the severity of the decline, we are on the cusp of a tremendous opportunity. We are grateful for the continued support and resilience of our clients, shareholders and employees during these trying times. We look forward to reporting to you on our progress in the quarters ahead.

Sincerely,

Peter Grosskopf
Chief Executive Officer

Management's Discussion and Analysis

Three and six months ended June 30, 2015

FORWARD LOOKING STATEMENTS

Certain statements in this MD&A, and in particular the "Business Highlights and Growth Initiatives" and "Outlook" sections, 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 MD&A contains Forward-Looking Statements pertaining to: (i) expectations regarding foreign exchange gains; (ii) expectations related to the exchange offers for the Central Gold Trust and Silver Bullion Trust by Sprott Physical Gold Trust and Sprott Physical Silver Trust, expectations related to the meeting of Central Fund of Canada shareholders requisitioned by SAM (as defined below), the expected costs associated with the forgoing initiatives and the expected benefits from the outreach program associated with the forgoing initiatives; (iii) expectations regarding the benefits of the new funds launched by SAM; (iv) positioning of the business for growth when prices recover; (v) continued development of meaningful scale in the Company's diversified business and the associated anticipated benefits; (vi) the Company's belief that management fees and interest income will continue to be sufficient to satisfy ongoing operational needs and the Company's belief that it holds sufficient cash and liquid securities to meet any other operating and capital requirements; and (vii) the declaration, payment and designation of dividends.

Although the Company believes that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: (i) the impact of increasing competition in each business in which the Company operates will not be material; (ii) quality management will be available; (iii) the effects of regulation and tax laws of governmental agencies will be consistent with the current environment; and (iv) those assumptions disclosed herein under the heading "Significant Accounting Judgments and Estimates". 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) difficult market conditions; (ii) changes in the investment management industry; (iii) risks related to regulatory compliance; (iv) failure to deal appropriately with conflicts of interest; (v) failure to continue to retain and attract quality staff; (vi) competitive pressures; (vii) corporate growth may be difficult to sustain and may place significant demands on existing administrative, operational and financial resources; (viii) failure to execute the Company's succession plan; (ix) foreign exchange risk relating to the relative value of the U.S. dollar; (x) litigation risk; (xi) employee errors or misconduct could result in regulatory sanctions or reputational harm; (xii) failure to implement effective information security policies, procedures and capabilities; (xiii) failure to develop effective business resiliency plans; (xiv) failure to obtain or maintain sufficient insurance coverage on favourable economic terms; (xv) historical financial information is not necessarily indicative of future performance; (xvi) the market price of common shares of the Company may fluctuate widely and rapidly; (xvii) those risks described under the heading "Risk Factors" in the Company's annual information form dated March 4, 2015; and (xviii) those risks described under the headings "Managing Risk - Financial" and "Managing Risk - Other" in this MD&A. In addition, the payment of dividends is not guaranteed and the amount and timing of any dividends payable by the Company will be at the discretion of the Board of Directors of the Company and will be established on the basis of the Company's earnings, the satisfaction of solvency tests imposed by applicable corporate law for the declaration and payment of dividends, and other relevant factors. The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and the Company does 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion & Analysis ("MD&A") of financial condition and results of operations, dated August 11, 2015, presents an analysis of the consolidated financial condition of Sprott Inc. (the "Company", "we", "us", "our") and its subsidiaries as at June 30, 2015 compared with December 31, 2014, and the consolidated results of operations for the three and six months ended June 30, 2015, compared with the three and six months ended June 30, 2014. The Board of Directors approved this MD&A on August 11, 2015. All note references in this MD&A are to the notes to the Company's June 30, 2015 unaudited interim condensed consolidated financial statements ("interim financial statements"), unless otherwise noted. The Company was incorporated under the Business Corporations Act (*Ontario*) on February 13, 2008.

PRESENTATION OF FINANCIAL INFORMATION

These interim financial statements, including the required comparative information, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically IAS 34 *Interim Financial Reporting* which relates to interim financial reporting as issued by the International Accounting Standards Board ("IASB"). Financial results, including related historical comparatives contained in this MD&A, unless otherwise specified herein, are based on the interim financial statements. The Canadian dollar is the Company's functional and reporting currency for purposes of preparing the interim financial statements given that the Company conducts most of its operations in that currency. Accordingly, all dollar references in this MD&A are in Canadian dollars, unless otherwise specified. The use of the term "prior periods" refers to the quarter and year-to-date ended June 30, 2014 as applicable.

KEY PERFORMANCE INDICATORS (NON-IFRS FINANCIAL MEASURES)

The Company measures the success of its business using a number of key performance indicators that are not measurements in accordance with IFRS and should not be considered as an alternative to net income (loss) or any other measure of performance under IFRS. Non-IFRS financial measures do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Our key performance indicators include:

Assets Under Management

Assets Under Management ("AUM") refers to the total net assets managed by the Company through its various investment product offerings, managed accounts and managed companies.

Assets Under Administration

Assets Under Administration ("AUA") refers to assets administered by us, which are beneficially owned by clients in the form of client accounts at broker-dealer subsidiaries of the Company.

Investment Performance

Investment performance is a key driver of AUM. Growth in AUM resulting from positive investment performance increases the value of the assets managed for clients and the Company, in turn, benefits from higher management fees and the potential for performance fees.

Net Sales

Sales, net of redemptions, is another key driver of AUM as the amount of new assets being added to the total AUM of the Company will lead to higher management fees and can potentially lead to increased performance fee generation given that AUM is also the basis upon which performance fees and carried interests are calculated.

EBITDA, Adjusted EBITDA and Adjusted base EBITDA

EBITDA in its most basic form is defined as earnings before interest expense, income taxes, depreciation and amortization. The Company further adjusts EBITDA ("adjusted base EBITDA") by eliminating the following items to derive a more meaningful measure of its core operations and cash generating ability: (i) impairment charges (or recoveries of prior period impairments) on intangible assets and goodwill; (ii) gains and losses on proprietary investments and loans (however, loan loss provisions are not excluded from adjusted base EBITDA); (iii) non-cash stock-based compensation; (iv) other; and (v) performance fees and performance fee related expenses. See table below.

	For the three months ended		For the six months ended	
($ in thousands)	**June 30, 2015**	June 30, 2014	**June 30, 2015**	June 30, 2014
Net income for the period	**6,726**	5,011	**13,663**	15,250
Adjustments:				
Interest expense	**—**	—	**84**	—
Provision for income taxes	**1,614**	2,659	**3,422**	4,086
Depreciation and amortization	**1,582**	1,555	**3,126**	3,125
EBITDA	**9,922**	9,225	**20,295**	22,461
Other adjustments:				
Impairment of intangible assets	**—**	—	**631**	—
Impairment of goodwill	**—**	—	**—**	—
(Gains) losses on proprietary investments and loans	**(3,449)**	(2,267)	**(707)**	(6,747)
Non-cash stock based compensation	**(528)**	104	**(1,139)**	610
Other	**(72)**	—	**57**	—
Adjusted EBITDA	**5,873**	7,062	**19,137**	16,324
Less:				
Performance fees	**(1)**	(460)	**(128)**	(730)
Performance fee related expenses	**—**	214	**40**	282
Adjusted base EBITDA	**5,872**	6,816	**19,049**	15,876

Stock-based compensation other than the Company's Employee Profit Sharing Plan ("EPSP") is eliminated when calculating adjusted EBITDA and adjusted base EBITDA. EBITDA and adjusted EBITDA include performance fees and performance fee related expenses, whereas adjusted base EBITDA does not. The Company believes that adjusted base EBITDA is the most relevant measure as it allows the Company to assess its ongoing business without the impact of interest expense, income taxes, depreciation, amortization as well as other non-cash items and items that, while being cash, may be ancillary to the Company's core business operations or not be indicative of a run-rate cash flow from operations (such as performance fees and related expenses). Adjusted base EBITDA is a useful indicator of the Company's ability to pay sustainable dividends and invest in the business and continuing operations.

From time-to-time, we may make adjustments to our EBITDA methodology to better reflect our results from core operations on a run-rate basis. Recent volatility in foreign exchange rates have led to equally volatile EBITDA impacts on translation of U.S. Dollar-denominated cash and loan balances. These fluctuations have necessitated a review of our historical practice of including these effects in our EBITDA measurements with the ultimate goal of ensuring the ongoing usefulness of this key performance measure. As a result, we may begin excluding these effects from EBITDA beginning with our third quarter 2015 report.

EBITDA in various forms is a measure commonly used in the investment industry by management, investors and investment analysts in understanding and comparing results by factoring out the impact of different financing methods, capital structures, amortization techniques and income tax rates between companies in the same industry. While other companies, investors or investment analysts may not utilize the same method of calculating EBITDA (or adjustments thereto), the Company believes its adjusted base EBITDA metric, in particular, results in a better comparison of the Company's underlying operations against its peers.

Neither EBITDA, adjusted EBITDA or adjusted base EBITDA have standardized meaning under IFRS. Consequently, they should not be considered in isolation, nor should they be used in substitute for, measures of performance prepared in accordance with IFRS.

BUSINESS OVERVIEW

We are, first and foremost, a global independent alternative asset management company dedicated to achieving superior returns for our clients over the long-term. The Company manages and reports its wholly-owned subsidiaries across the five reporting segments noted below. For a detailed description of our key operating segments and their related revenues and expenses, refer to the Company's *Annual Information Form* and Note 2 of the annual audited financial statements, both of which are available on SEDAR at www.sedar.com.

SAM:

The SAM segment offers discretionary portfolio management as well as asset management services to the Company's branded funds and managed accounts. The majority of the Company's revenues are earned through SAM in the form of management and performance fees.

- Sprott Asset Management LP ("SAM")
- Sprott Genpar Ltd.

Global Companies:

The Global Companies segment provides asset management services to the Company's branded funds and managed accounts in the U.S. and also provides securities trading and other transactional services to clients.

- Sprott U.S. Holdings Inc. ("SUSHI")
- Rule Investments Inc. ("RII")
- Sprott Global Resource Investments Ltd. ("SGRIL")
- Sprott Asset Management USA Inc. ("SAM US")
- Resource Capital Investment Corporation ("RCIC")

SRLC:

SRLC is a lender to companies in the mining and energy sectors. Through this business, the Company provides lending services in addition to its core business of asset management.

- Sprott Resource Lending Corp. ("SRLC")

Consulting:

The Consulting segment manages the Company's private investment strategies, the majority of which, are held within Sprott Resource Corp. ("SRC").

- Sprott Consulting LP ("SC")
- Toscana Energy Corporation ("TEC") manager of Toscana Energy Income Corporation ("TEIC") and Toscana Capital Corporation ("TCC") former manager of Toscana Financial Income Trust ("TFIT"), which was unwound during the second quarter of 2014 (Collectively, "Sprott Toscana")
- Sprott Korea Corporation ("Sprott Korea")

Corporate & Other:

The Corporate segment provides treasury and shared services to the Company's business units. The Other segment includes the activities of SPW, the private wealth business of the Company.

- Sprott Inc. (non-consolidated; "SII")
- SAMGENPAR Ltd.
- Sprott Private Wealth LP ("SPW")
- Sprott Asia LP ("Sprott Asia")
- Sprott Inc. 2011 Employee Profit Sharing Plan Trust (the “Trust”)

BUSINESS HIGHLIGHTS AND GROWTH INITIATIVES

Investment Performance

During the quarter, a weakening U.S. dollar offset some of the market value appreciation we enjoyed in the first quarter of 2015. At the halfway mark of this year, market value appreciation was approximately $291 million across our various funds and managed company portfolios. Beginning mid-way through the second quarter, the U.S. dollar strengthened significantly against the Canadian dollar and, if this trend holds, we expect some improved investment performance as a result of foreign exchange gains in U.S. dollar denominated funds.

Product and Business Line Expansion

During the quarter SAM, together with *Sprott Physical Gold Trust* and *Sprott Physical Silver Trust,* initiated exchange offers for *Central GoldTrust* and *Silver Bullion Trust,* two products with similar mandates to the *Sprott Physical Gold Trust* and *Sprott Physical Silver Trust,* respectively. In addition, SAM has requisitioned a meeting of *Central Fund of Canada* ("CEF") shareholders and proposed certain resolutions including the replacement of CEF's current administrator with SAM. If all of these actions are successful, they would add a total of approximately US$4.0 billion to our passive product AUM. The main costs associated with these initiatives include legal, proxy solicitation, investor relations and transfer agent fees. Since the initiatives were launched on April 23, 2015 to June 30, 2015, these fees have totaled approximately $2.6 million. While there is no guarantee that any or all of the initiatives will be successful, it is expected that the total cost of pursuing them could reach more than $5.0 million.

During the quarter, we also launched the Sprott Credit Income Opportunities Fund, which unlike traditional bond funds, will seek to generate higher yield with significantly less duration and concentration risk.

Subsequent to the quarter, SAM announced the expansion of its Enhanced products line with the launch of the *Sprott Enhanced U.S. Equity Class*, managed by John Wilson. SAM also launched the *Sprott Global REIT* & *Property Equity Fund*, which is sub-advised by Michael Underhill of Capital Innovations LLC. Together, these funds will broaden our product shelf and provide new avenues for continued AUM growth in our diversified asset management business.

OUTLOOK

Precious metals and their related equities have faced strong headwinds through much of 2015 as the U.S. dollar has strengthened against global currencies and the U.S. Federal Reserve has taken a more hawkish stance on future interest rate hikes. These factors, combined with waning Chinese demand, have hurt the prices of most commodities, including precious metals. While the current downturn in gold and silver prices has had a negative impact on our AUM, we remain committed to our goal of becoming the leading global manager of precious metals investments. In addition to the obvious challenges, the current downturn in the sector presents opportunities, such as those discussed in the section above, for Sprott to consolidate and grow our base in this area and position the business for growth when prices recover. We currently have available or in development, next generation funds in the gold equities, alternative lending and ETF formats. At the same time, continuing to develop meaningful scale in our diversified business is important, as it enables us to lower the volatility associated with commodities investments.

FINANCIAL HIGHLIGHTS

For the three and six months ended June 30, 2015

- AUM was $7.8 billion, reflecting a nominal decrease from June 30, 2014 and March 31, 2015 and an increase of $0.8 billion (11.0%) from December 31, 2014. Average AUM for the three and six months ended was $7.8 billion and $7.7 billion, respectively, which was up slightly from average AUM for the three and six months ended June 30, 2014.
- AUA was $2.1 billion, reflecting a decrease of $0.5 billion (19.5%) from June 30, 2014, a decrease of $0.1 billion (3.6%) from March 31, 2015 and an increase of $0.1 billion (7.3%) from December 31, 2014.
- Total revenues were $28.6 million on a three months ended basis and $61.9 million on a six months ended basis, reflecting a decrease of $1.7 million (5.7%) and $1.3 million (2.1%), respectively, from the prior periods.
- Total expenses were $20.3 million on a three months ended basis and $44.8 million on a six months ended basis, reflecting a decrease of $2.4 million (10.6%) and an increase of $0.9 million (2.1%), respectively, from the prior periods.
- Net income was $6.7 million ($0.03 per share) on a three months ended basis and $13.7 million ($0.06 per share) on a six months ended basis, reflecting an increase of $1.7 million (34.2%) and a decrease of $1.6 million (10.4%), respectively, from the prior periods.
- Adjusted base EBITDA was $5.9 million on a three months ended basis and $19.0 million on a six months ended basis, reflecting a decrease of $0.9 million (13.8%) and an increase of $3.2 million (20.0%), respectively, from the prior periods.
- Invested capital stood at $331.1 million, reflecting a $12.1 million (3.6%) decrease from December 31, 2014. The decrease was mainly due to the repayment of the credit facility outstanding in 2014 and the payout of dividends, partially offset by proprietary investment gains, the partial reversal of previous loan loss provisions and operating cash generation and retention. The annualized return on invested capital (excluding restricted cash and line of credit availability) was 10.2% and on investable capital (excluding only line of credit availability) was 8.4%.

SUMMARY FINANCIAL INFORMATION

For the three and six months ended June 30, 2015

Key Performance Indicators	As at and for the three months ended June 30		As at and for the six months ended June 30	
($ in thousands, except per share amounts)	**2015**	2014	**2015**	2014
Assets Under Management	**7,800,786**	7,842,005	**7,800,786**	7,842,005
Assets Under Administration	**2,088,279**	2,593,434	**2,088,279**	2,593,434
Net Sales (Redemptions)	**82,345**	73,014	**93,846**	196,417
EBITDA	**9,922**	9,225	**20,295**	22,461
EBITDA Per Share - basic and diluted	**0.04**	0.04	**0.08**	0.09
Adjusted EBITDA	**5,873**	7,062	**19,137**	16,324
Adjusted base EBITDA	**5,872**	6,816	**19,049**	15,876
Adjusted base EBITDA Per Share - basic and diluted	**0.02**	0.03	**0.08**	0.06

Summary Balance Sheets	As at	
	June 30	December 31
($ in thousands)	**2015**	2014
Total Assets	**497,818**	481,277
Total Liabilities	**74,537**	62,665
Shareholders' Equity	**423,281**	418,612

Summary Statements of Operations and Reconciliation to Adjusted Base EBITDA

($ in thousands, except per share amounts)	For the three months ended June 30		For the six months ended June 30	
	2015	2014	**2015**	2014
Management fees	**19,492**	20,116	**38,055**	39,488
Performance fees	**1**	460	**128**	730
Commissions	**1,478**	2,500	**3,553**	4,424
Interest income	**3,807**	3,816	**10,639**	9,170
Gains on proprietary investments and loans	**3,581**	2,650	**707**	7,000
Other income	**250**	809	**8,815**	2,410
Total revenue	**28,609**	30,351	**61,897**	63,222
Compensation and benefits	**7,492**	9,854	**17,991**	18,983
Stock-based compensation	**186**	787	**433**	2,267
Trailer fees	**3,163**	3,184	**6,265**	6,192
Sub-advisor and referral fees	**908**	752	**1,742**	1,322
General and administrative	**6,072**	6,549	**12,261**	11,997
Amortization of intangibles	**1,389**	1,352	**2,749**	2,726
Impairment of intangibles	**—**	—	**631**	—
Amortization of property and equipment	**193**	203	**377**	399
Other expenses	**866**	—	**2,363**	—
Total expenses	**20,269**	22,681	**44,812**	43,886
Income before income taxes	**8,340**	7,670	**17,085**	19,336
Provision for income taxes	**1,614**	2,659	**3,422**	4,086
Net income	**6,726**	5,011	**13,663**	15,250
Adjustments:				
Interest expense	**—**	—	**84**	—
Provision for income taxes	**1,614**	2,659	**3,422**	4,086
Depreciation and amortization	**1,582**	1,555	**3,126**	3,125
EBITDA	**9,922**	9,225	**20,295**	22,461
Other adjustments:				
Impairment of intangible assets	**—**	—	**631**	—
(Gains) losses on proprietary investments and loans	**(3,449)**	(2,267)	**(707)**	(6,747)
Non-cash stock based compensation	**(528)**	104	**(1,139)**	610
Other	**(72)**	—	**57**	—
Adjusted EBITDA	**5,873**	7,062	**19,137**	16,324
Less:				
Performance fees	**(1)**	(460)	**(128)**	(730)
Performance fee related expenses	**—**	214	**40**	282
Adjusted base EBITDA	**5,872**	6,816	**19,049**	15,876
Dividends declared	**0.03**	0.03	**0.12**	0.12
Earnings Per Share - basic and diluted	**0.03**	0.02	**0.06**	0.06
EBITDA Per Share - basic and diluted	**0.04**	0.04	**0.08**	0.09
Adjusted EBITDA Per Share - basic and diluted	**0.02**	0.03	**0.08**	0.07
Adjusted base EBITDA Per Share - basic and diluted	**0.02**	0.03	**0.08**	0.06

RESULTS OF OPERATIONS

For the three and six months ended June 30, 2015

Assets Under Management, Investment Performance and Net Sales

AUM as at June 30, 2015 was $7.8 billion, which was down slightly from March 31, 2015 as well as from the prior period, but up $0.8 billion (11.0%) from December 31, 2014. The slight decline on a three months ended basis was due to market value depreciation in the quarter (primarily due to foreign exchange losses in our bullion funds) that was partially offset by net sales growth in mutual fund and alternative investment strategies and the on-boarding of additional managed accounts in the quarter. On a six months ended basis, our AUM growth was due to year-to-date market value appreciation (primarily foreign exchange gains in bullion funds during the first quarter of the year) along with favourable market returns on good securities selection in our mutual fund products that were further bolstered by ongoing product line expansion efforts in our mutual funds and alternative investment strategies. Average AUM for the three and six months ended June 30, 2015 was $7.8 billion and $7.7 billion, respectively, which was up slightly from the prior period.

Breakdown of AUM by investment product type:

	June 30, 2015		June 30, 2014	
Product Type	**$ (in millions)**	**% of AUM**	$ (in millions)	% of AUM
Bullion Funds	**3,240**	**41.5%**	3,603	46.0%
Mutual Funds	**2,140**	**27.4%**	1,908	24.3%
Alternative Investment Strategies	**929**	**11.9%**	866	11.0%
Exchange Traded Funds	**216**	**2.8%**	—	—
Managed Companies	**756**	**9.7%**	938	12.0%
Managed Accounts	**172**	**2.2%**	136	1.7%
Fixed Term Limited Partnerships	**348**	**4.5%**	391	5.0%
Total	**7,801**	**100%**	7,842	100%

Breakdown of AUM movements on a three months ended basis by investment product type:

$ (in millions)	**AUM March 31, 2015**	**Net Sales / (Redemptions)**	**Net Market Value Change**	**Acquisitions / (Divestitures)**	**AUM June 30, 2015**
Bullion Funds	3,429	(39)	(150)	—	3,240
Mutual Funds	2,096	27	17	—	2,140
Alternative Investment Strategies	832	77	1	19	929
Exchange Traded Funds	230	(1)	(13)	—	216
Managed Companies	775	—	(19)	—	756
Managed Accounts	106	18	(5)	53	172
Fixed Term Limited Partnerships	349	—	(1)	—	348
Total	**7,817**	**82**	**(170)**	**72**	**7,801**

Breakdown of AUM movements on a six months ended basis by investment product type:

$ (in millions)	**AUM December 31, 2014**	**Net Sales / (Redemptions)**	**Net Market Value Change**	**Acquisitions / (Divestitures)**	**AUM June 30, 2015**
Bullion Funds	3,185	(127)	182	—	3,240
Mutual Funds	1,705	44	151	240	2,140
Alternative Investment Strategies	783	45	5	96	929
Exchange Traded Funds	133	115	(32)		216
Managed Companies	770	—	(14)	—	756
Managed Accounts	111	17	(9)	53	172
Fixed Term Limited Partnerships	340	—	8	—	348
Total	**7,027**	**94**	**291**	**389**	**7,801**

Revenues

Management fees were $19.5 million on a three months ended basis and $38.1 million on a six months ended basis, reflecting a decrease of $0.6 million (3.1%) and $1.4 million (3.6%), respectively, from the prior periods. The decrease was largely due to a decline in the average AUM of bullion funds, managed companies and fixed term-limited partnerships compared to the prior periods. Management fees as a percentage of average AUM were 1.0% on a three and six months ended basis and were unchanged from the prior periods. Management fees include fees earned from precious metal physical trusts which amounted to $3.0 million on a three months ended basis and $6.2 million on a six month ended basis, reflecting a decrease of $0.2 million (6.7%) and $0.4 million (6.2%), respectively, from the prior periods.

Performance fees were nominal on a three months ended basis and $0.1 million on a six months ended basis, reflecting a decrease of $0.5 million (99.8%) and $0.6 million (82.5%), respectively, from the prior periods. The decrease was due to a decline in performance fees earned by Sprott Toscana and to a lesser extent SAM.

Commission revenues were $1.5 million on a three months ended basis and $3.6 million on a six months ended basis, reflecting a decrease of $1.0 million (40.9%) and $0.9 million (19.7%), respectively, from the prior periods. The decrease was due to weaker private placement activity in SGRIL and SPW.

Interest income was $3.8 million on a three months ended basis and $10.6 million on a six months ended basis, which was largely unchanged on a three months ended basis, but up $1.5 million (16.0%) on a six months ended basis. The increase on a six months ended basis was due to the accelerated recognition of deferred fees on the early termination of a loan facility, and to a lesser extent, higher average loan balances of SRLC during the first quarter of 2015.

Gains on proprietary investments and loans were $3.6 million on a three months ended basis and $0.7 million on a six months ended basis, reflecting an increase of $0.9 million (35.1%) and a decrease of $6.3 million (89.9%), respectively, from the prior periods. The increase on a three months ended basis was due to the appreciation of certain equity and seeded investment fund holdings in the quarter. The decrease on a six months ended basis was due to a combination of market value depreciation in certain seeded funds and equity holdings along with the losses on redemption of certain seeded fund products, which were only partially offset by realized and unrealized gains from the equity holding previously described.

Other income was $0.3 million on a three months ended basis and $8.8 million on a six months ended basis, reflecting a decrease of $0.6 million (69.1%) and an increase of $6.4 million (265.8%), respectively, from the prior periods. The decrease on a three months ended basis was mainly due to royalty income on seeded energy investments being more than offset by foreign exchange losses in the quarter coupled with the recording of a $1.5 million break-fee on termination of the TFIT management contract in the prior period. The increase on six months ended basis was largely due to a combination of royalty income generation during the first half of the year and strong foreign exchange gains during the first quarter of the year that more than offset the prior period break-fee.

Expenses

Changes in specific expense categories are described below:

Compensation and benefits

The table below summarizes the components of compensation and benefits:

($ in thousands)	For the three months ended June 30		For the six months ended June 30	
	2015	2014	**2015**	2014
Salaries and benefits	**5,562**	5,993	**11,488**	12,442
Discretionary bonus-cash component	**1,069**	1,975	**4,912**	3,996
Commissions	**776**	957	**1,214**	1,609
Transition expenses	**85**	166	**377**	173
Other compensation expense (1)	**—**	763	**—**	763
Compensation and benefits (2)	**7,492**	9,854	**17,991**	18,983

(1) Other compensation expense relates to the $1.5 million break-fee received on termination of the TFIT management contract.

(2) Discretionary bonus-equity of $0.7 million on a three months ended basis (June 30, 2014 - $0.5 million) and of $1.5 million (June 30, 2014 - $1.3 million) on a six months ended basis is included as part of stock-based compensation on the statement of operations.

Total reported compensation and benefits were $7.5 million on a three months ended basis and $18.0 million on a six months ended basis, reflecting a decrease of $2.4 million (24.0%) and $1.0 million (5.2%), respectively, from the prior periods. The decrease was mainly due to: (i) the prior period results including a one-time compensation expense related to the TFIT break-fee; and (ii) a reduction in earn-out expense relating to Sprott Toscana on re-measurement of earn-out obligations as the Company has now reached the end of the vesting period. The cash portion of the earn-out is captured as part of the salaries and benefits line above, while the equity portion is captured as part of stock-based compensation (and is discussed below).

Stock-based compensation

Reported stock-based compensation was $0.2 million on a three months ended basis and $0.4 million on a six months ended basis, reflecting a decrease of $0.6 million (76.4%) and $1.8 million (80.9%), respectively, from the prior periods. The decline was the result of: (i) a reduction in earn-out shares relating to Sprott Toscana as previously described above; and (ii) a reduction in stock-based compensation expense relating to past employee grants that are amortized on a graded vesting basis.

Trailer fees

Trailer fees were $3.2 million on a three months ended basis and $6.3 million on a six months ended basis, which was largely unchanged on a three months ended basis, but up $0.1 million (1.2%) on a six months ended basis. Although there was a drop in trailer fee paying AUM over the period, that decline was more than offset by continuing declines in the amount of trailers being paid intercompany by SAM to SPW.

Sub-advisor and referral fees

Sub-advisor and referral fees were $0.9 million on a three months ended basis and $1.7 million on a six months ended basis, reflecting an increase of $0.2 million (20.7%) and $0.4 million (31.8%), respectively, from the prior periods. The increases were mainly due to higher sub-advisory fees paid as a result of additional sub-advised product offerings in the SAM segment that were launched during the second half of 2014.

General and administrative

General and administrative expenses were $6.1 million on a three months ended basis and $12.3 million on a six months ended basis, reflecting a decrease of $0.5 million (7.3%) and an increase of $0.3 million (2.2%), respectively, from the prior periods. The decrease on a three months ended basis was primarily the result of a reduction in professional fees, partially offset by an increase in marketing and technology costs. The increase on a six months ended basis was primarily the result of year-to-date increases in marketing and technology costs that were only partially offset by the lower professional fees previously discussed.

Amortization of intangibles

Amortization of intangibles was $1.4 million on a three months ended basis and $2.7 million on a six months ended basis, and was largely unchanged from the prior periods. Amortization of intangibles consists of: (i) the amortization of deferred sales commissions; and (ii) the amortization of finite life fund management contracts and carried interests.

Impairment (reversals) of goodwill and intangibles

There were no indicators of goodwill impairment for the three and six months ended (three and six months ended June 30, 2014 - $Nil), no indicators of management contract impairment during the three and six months ended (three and six months ended June 30, 2014 - $Nil) and no indicators of deferred sales commission impairments during the three and six months ended (three and six months ended June 30, 2014 - $Nil). There were no indicators of carried interest impairment during the three months ended June 30, 2015 (three months ended June 30, 2014 - $Nil), however, an impairment charge of $0.6 million was recognized for carried interests in the Global Companies business segment for the quarter ended March 31, 2015.

The underlying inputs and assumptions that determine the recoverable amounts of goodwill, fund management contracts and carried interests are related to the resource sector and commodity prices which can exhibit significant volatility. As a result, recoverable amounts may demonstrate significant fluctuations in value over the year. Management will continue to monitor the recoverable amount of these intangible assets on a quarterly basis, and if appropriate, may record future impairment losses or reversals.

Amortization of property and equipment

Amortization of property and equipment was $0.2 million on a three months ended basis and $0.4 million on a six months ended basis, largely unchanged from the prior periods.

Other expenses

Other expenses were $0.9 million on a three months ended basis and $2.4 million on a six months ended basis (three and six months ended, June 30, 2014 - $Nil). This expense line relates to operating expenses on seeded energy assets held as part of proprietary investments.

Net Income and Adjusted base EBITDA

Net income was $6.7 million on a three months ended basis and $13.7 million on a six months ended basis, reflecting an increase of $1.7 million (34.2%) and a decrease of $1.6 million (10.4%), respectively, from the prior periods.

On a three months ended basis, higher net income was due to: (i) increased proprietary investment gains; (ii) lower general and administrative expenses; and (iii) reductions in cash and stock-based earn-out expenses. These lower expenses were only partially offset by: (i) lower management and performance fees; and (ii) lower commission income.

On a six months ended basis, excluding impairment charges on intangible assets, lower net income was due to: (i) lower management and performance fees; (ii) lower commission income; (iii) lower proprietary investment gains; and (iv) higher discretionary bonus, general and administrative expenses and sub-advisor fees. These lower revenue and higher expense items were only partially offset by: (i) higher interest income; (ii) foreign exchange gains on U.S. dollar denominated cash deposits, receivables and loans; and (iii) reductions in cash and stock-based earn-out expenses.

Adjusted base EBITDA was $5.9 million on a three months ended basis and $19.0 million on a six months ended basis, reflecting a decrease of $0.9 million (13.8%) and an increase of $3.2 million (20.0%), respectively, from the prior periods. The decrease on a three months ended basis was due to a combination of lower management fees and commissions coupled with the inclusion of the TFIT break-fee in the prior period results. This lower performance year-over-year more than offset lower foreign exchange losses and bonus accruals in the period. The increase on a six months ended basis was largely the result of strong foreign exchange gains and interest income (primarily during the first quarter of the year), which more than offset lower management fees and commissions, higher sub-advisor fees and higher general and administrative expenses.

Balance Sheet

Cash and cash equivalents were $145.4 million, an increase of $24.6 million (20.4%) from December 31, 2014. The increase was primarily due to: (i) the receipt of net proceeds on the sale of proprietary investments and loan repayments; and (ii) cash received from a managed company pursuant to a performance fee internalization (see Note 4 of the interim financial statements). These increases more than offset the repayment of the credit facility outstanding in 2014, the payment of dividends during the period and the transfer of principal and interest repayments to loan syndicate partners of SRLC.

Fees receivable were $10.0 million, reflecting a decrease of $3.1 million (23.9%) from December 31, 2014. The decrease was primarily due to the timing of year-end management fee receipts in 2015.

Loans receivable (both current and long-term) were $89.3 million, reflecting a decrease of $32.6 million (26.8%) from December 31, 2014. The decrease was due to a series of net loan repayments during the period.

Proprietary investments were $134.8 million, reflecting an increase of $22.3 million (19.8%) from December 31, 2014. The increase was due to the purchase of certain equity positions, which were only partially offset by the sale of certain fixed income positions and the redemption of certain alternative investment products.

Other assets (both current and long-term) were $19.9 million, reflecting an increase of $8.8 million (79.6%) from December 31, 2014. The increase was primarily due to receivables on the redemption of certain seeded funds held as part of proprietary investments, and the capitalization of certain deferred transaction costs (see Note 6 of the interim financial statements).

Intangible assets were $27.3 million, reflecting a decrease of $4.9 million (15.3%) from December 31, 2014. The decrease was primarily a result of: (i) the partial disposal of the TEIC management contract pursuant to a performance fee internalization transaction during the quarter (see Note 4 of the interim financial statements); and (ii) an impairment charge on carried interests in RCIC during the first quarter of 2015. Which more than offset the purchase of an indefinite life management contract during the quarter.

Goodwill was $54.0 million, reflecting an increase of $3.6 million (7.0%) from December 31, 2014. The increase was due entirely to foreign exchange gains on translation of the Company's U.S. dollar denominated goodwill.

Deferred income tax liabilities (net of deferred income tax assets) were $2.0 million, reflecting a decrease of $1.2 million (38.0%) from December 31, 2014. The net decrease was primarily caused by: (i) the ongoing recognition of previously deferred taxable partnership income; (ii) temporary timing differences relating to finite life fund management contracts; and (iii) the write-off of certain deferred tax loss assets relating to our U.S. businesses.

Accounts payable and accrued liabilities were $22.4 million, reflecting a decrease of $5.9 million (20.9%) from December 31, 2014. The decrease was the result of syndicate fee payments by SRLC to its loan syndicate partners as well as the payment of previously accrued sub-advisor fees.

Compensation and employee bonuses payable were $5.6 million, reflecting a decrease of $3.7 million (39.7%) from December 31, 2014. The decrease was due to: (i) the payment of year-end employee transition expenses; and (ii) lower bonus and commissions payable due to the payout of 2014 bonus and commissions during the first half of 2015.

Obligations related to securities sold short were $37.9 million (December 31, 2014 - $Nil). The Company is currently seeding $36.8 million (December 31, 2014 - $Nil) of investment strategies and fund product offerings on a market-neutral basis by short-selling $37.1 million (December 31, 2014 - $Nil) of related securities positions. In addition, there are short securities positions in the amount of $0.8 million (December 31, 2014 - $Nil) relating to the seeding of a potential new alternative investment product.

There was no loan payable at June 30, 2015 (December 31, 2014 - $15.0 million). During the fourth quarter of 2014, the Company drew down on its credit facility. The loan was repaid in full during the first quarter of 2015.

RESULTS OF OPERATIONS - REPORTABLE SEGMENTS

SAM Segment

The SAM segment provides asset management services to the Company's branded funds and managed accounts.

Results of operations:

	For the three months ended		For the six months ended	
($ in thousands)	**June 30, 2015**	June 30, 2014	**June 30, 2015**	June 30, 2014
Revenue				
Management fees	**16,392**	15,504	**31,594**	30,648
Performance fees	**1**	160	**1**	160
Interest income	**10**	35	**16**	54
Gains (losses) on proprietary investments and loans	**(565)**	408	**(2,603)**	1,780
Other income	**235**	(28)	**1,179**	388
Total revenue	**16,073**	16,079	**30,187**	33,030
Expenses				
Compensation and benefits	**4,334**	4,622	**8,708**	8,949
Stock-based compensation	**433**	468	**984**	1,227
Trailer fees	**3,608**	3,740	**7,168**	7,366
Sub-advisor and referral fees	**859**	752	**1,636**	1,322
General and administrative	**3,541**	2,741	**6,616**	5,480
Depreciation, amortization and impairment	**577**	583	**1,142**	1,187
Total expenses	**13,352**	12,906	**26,254**	25,531
Income before income taxes	**2,721**	3,173	**3,933**	7,499
Adjustments:				
Interest expense	**—**	—	**—**	—
Provision for income taxes	**—**	—	**—**	—
Depreciation and amortization	**577**	583	**1,142**	1,187
EBITDA	**3,298**	3,756	**5,075**	8,686
Other adjustments:				
Impairment of intangible assets	**—**	—	**—**	—
Impairment of goodwill	**—**	—	**—**	—
(Gains) losses on proprietary investments and loans	**565**	(408)	**2,603**	(1,780)
Non-cash stock based compensation	**—**	—	**—**	—
Other	**(99)**	—	**(165)**	—
Adjusted EBITDA	**3,764**	3,348	**7,513**	6,906
Less:				
Performance fees	**(1)**	(160)	**(1)**	(160)
Performance fee related expenses	**—**	139	**9**	139
Adjusted base EBITDA	**3,763**	3,327	**7,521**	6,885

For the three and six months ended June 30, 2015

Revenues

Management fees were $16.4 million on a three months ended basis and $31.6 million on a six months ended basis, reflecting an increase of $0.9 million (5.7%) and $0.9 million (3.1%), respectively, from the prior periods, consistent with the higher average AUM balances in those periods.

Performance fees were nominal on a three and six months ended basis, reflecting a decrease of $0.2 million (99.4%) from the prior periods, which contained crystallized performance fees from an alternative investment fund.

Interest income continues to be nominal and primarily generated from cash deposits with banks and brokerages.

Losses on proprietary investments were $0.6 million on a three months ended basis and $2.6 million on a six months ended basis, reflecting a decrease of $1.0 million (238.5%) and $4.4 million (246.2%), respectively, from the prior periods. The majority of these losses were realized on: (i) the redemption of a seed investment in a particular mutual fund we managed during the quarter; and (ii) the wind up of an alternative investment fund in the first quarter of the year.

Other income was $0.2 million on a three months ended basis and $1.2 million on a six months ended basis, reflecting an increase of $0.3 million (939.3%) and $0.8 million (203.9%), respectively, from the prior periods. The increase was a result of foreign exchange gains on U.S. dollar denominated cash deposits and receivables in the current periods compared to foreign exchange losses in the prior periods.

Expenses

Compensation and benefits were $4.3 million on a three months ended basis and $8.7 million on a six months ended basis, reflecting a decrease of $0.3 million (6.2%) and $0.2 million (2.7%), respectively, from the prior periods. The decline was mainly due to a reduction in salary and benefits expense as a result of previously departed employees.

Stock-based compensation was $0.4 million on a three months ended basis and $1.0 million on a six months ended basis, which was down slightly on a three months ended basis, but down $0.2 million (19.8%) on a six months ended basis. The declines relate to stock grants to employees hired in prior periods that are amortized against income on a graded vesting basis.

Trailer fees were $3.6 million on a three months ended basis and $7.2 million on a six months ended basis, reflecting a decrease of $0.1 million (3.5%) and $0.2 million (2.7%), respectively, from the prior periods. The decline was a result of lower average trailer fee paying AUM over the periods.

Sub-advisor fees were $0.9 million on a three months ended basis and $1.6 million on a six months ended basis, reflecting an increase of $0.1 million (14.2%) and $0.3 million (23.8%), respectively, from the prior periods. The increase was a result of additional sub-advised product offerings launched during the second half of 2014.

General and administrative expenses were $3.5 million on a three months ended basis and $6.6 million on a six months ended basis, reflecting an increase of $0.8 million (29.2%) and $1.1 million (20.7%), respectively, from the prior periods. The increase was primarily the result of higher professional fees, higher fund related operating costs, higher technology and marketing costs, partially offset by lower intercompany shared services cost allocations from the Corporate segment.

Amortization charges were $0.6 million on a three months ended basis and $1.1 million on a six months ended basis, largely unchanged from the prior periods.

Adjusted base EBITDA

Adjusted base EBITDA was $3.8 million on a three months ended basis and $7.5 million on a six months ended basis, reflecting an increase of $0.4 million (13.1%) and $0.6 million (9.2%), respectively, from the prior periods. The increase was mainly due to higher management fees, foreign exchange gains and lower compensation and benefits, partially offset by higher sub-advisor fees along with higher general and administrative expenses.

Global Companies Segment

The Global Companies segment provides asset management services to the Company's funds and managed accounts in the U.S. and also provides securities trading and other transactional services to its clients. This segment includes the operating results of SGRIL, RCIC and SAM USA.

Results of operations:

	For the three months ended		For the six months ended	
(in $ thousands)	**June 30, 2015**	June 30, 2014	**June 30, 2015**	June 30, 2014
Revenue				
Management fees	**1,668**	2,326	**3,709**	4,685
Commissions	**1,342**	1,862	**2,045**	3,415
Interest income	**20**	14	**40**	24
Gains (losses) on proprietary investments and loans	**(88)**	190	**(428)**	671
Other income	**—**	37	**(106)**	25
Total revenue	**2,942**	4,429	**5,260**	8,820
Expenses				
Compensation and benefits	**1,570**	1,970	**3,063**	3,865
Stock-based compensation	**—**	1	**—**	406
Sub-advisor and referral fees	**14**	72	**92**	143
General and administrative	**729**	807	**1,607**	1,588
Depreciation, amortization and impairment	**991**	948	**2,590**	1,894
Total expenses	**3,304**	3,798	**7,352**	7,896
Income (loss) before income taxes	**(362)**	631	**(2,092)**	924
Adjustments:				
Interest expense	**—**	—	**—**	—
Provision (recovery) for income taxes	**—**	—	**—**	—
Depreciation and amortization	**991**	948	**1,959**	1,894
EBITDA	**629**	1,579	**(133)**	2,818
Other adjustments:				
Impairment of intangible assets	**—**	—	**631**	—
Impairment of goodwill	**—**	—	**—**	—
(Gains) losses on proprietary investments and loans	**88**	(190)	**428**	(671)
Non-cash stock based compensation	**—**	—	**—**	403
Other	—	—	—	—
Adjusted EBITDA	**717**	1,389	**926**	2,550
Less:				
Performance fees	**—**	—	**—**	—
Performance fee related expenses	**—**	—	**—**	—
Adjusted base EBITDA	**717**	1,389	**926**	2,550

For the three and six months ended June 30, 2015

<u>Revenues</u>

Management fees were $1.7 million on a three months ended basis and $3.7 million on a six months ended basis, reflecting a decrease of $0.7 million (28.3%) and $1.0 million (20.8%), respectively, from the prior periods. The decrease was mainly a result of lower average AUM in RCIC.

Commission revenues were $1.3 million on a three months ended basis and $2.0 million on a six months ended basis, reflecting a decrease of $0.5 million (27.9%) and $1.4 million (40.1%), respectively, from the prior periods. Lower commission income was the result of continued weakness in private placement and client trading activities in SGRIL.

Interest income continues to be nominal and primarily generated from cash deposits with banks and brokerages.

Losses on proprietary investments were $0.1 million on a three months ended basis and $0.4 million on a six months ended basis, reflecting a decrease of $0.3 million (146.3%) and $1.1 million (163.8%), respectively, from the prior periods. The majority of losses were a result of market value depreciation in public equities and share purchase warrants held as part of proprietary investments.

Other income continues to be nominal and primarily generated from foreign exchange gains and losses on Canadian dollar balances.

<u>Expenses</u>

Compensation and benefits were $1.6 million on a three months ended basis and $3.1 million on a six months ended basis, reflecting a decrease of $0.4 million (20.3%) and $0.8 million (20.8%), respectively, from the prior periods. Lower compensation and benefits expense was consistent with weaker commission revenues and lower discretionary bonus accruals.

Stock-based compensation was $Nil on a three and six months ended basis as earn-out shares were fully amortized by February 3, 2014.

Sub-advisor fees on a three and six months ended basis were nominal and paid by RCIC to the SRLC segment. This intercompany expense is eliminated on consolidation against the related sub-advisor revenue in SRLC.

General and administrative expenses were $0.7 million on a three months ended basis and $1.6 million on a six months ended basis, reflecting a decrease of $0.1 million (9.7%) on a three months ended basis and remained largely flat on a six months ended basis. The period changes were due largely to a reduction in professional fees and lower intercompany shared services cost allocations from the Corporate segment.

Amortization and impairment charges on a three months ended basis were $1.0 million, which remained largely unchanged from the prior period. The recoverable amount of goodwill and fund management contracts aligned with their respective carrying values on a three months ended basis, consequently, no impairment charges (or impairment charge reversals) were recognized for the quarter. Amortization and impairment charges on a six months ended basis were $2.6 million, reflecting an increase of $0.7 million (36.7%) from the prior period. The increase on a six months ended basis was mainly due to an impairment charge of $0.6 million (June 30, 2014 - $Nil) recognized in the first quarter of 2015 on carried interests as the recoverable amount of carried interests was lower than the carrying value at that point in time.

The underlying inputs and assumptions that determine the recoverable amounts of goodwill, finite life fund management contracts and carried interests for the Global Companies are related to the resource sector and commodity prices which can exhibit significant volatility. As a result, the recoverable amounts of intangible assets may demonstrate significant fluctuations in value over the year. Management will continue to monitor the recoverable amount of these intangible assets on a quarterly basis, and if appropriate, record future impairment losses or reversals.

<u>Adjusted base EBITDA</u>

Adjusted base EBITDA was $0.7 million on a three months ended basis and $0.9 million on a six months ended basis, reflecting a decrease of $0.7 million (48.4%) and $1.6 million (63.7%), respectively, from the prior periods. The decrease was primarily due to a decline in private placement and client trading activities in SGRIL and a reduction in average AUM in RCIC, which was only partially offset by lower employee compensation and benefits expense.

SRLC

The SRLC segment provides loans to companies in the mining and energy sectors.

Results of operations:

	For the three months ended		For the six months ended	
($ in thousands)	**June 30, 2015**	June 30, 2014	**June 30, 2015**	June 30, 2014
Revenue				
Interest income	**3,375**	3,203	**9,731**	8,103
Gains (losses) on proprietary investments and loans	**654**	204	**(335)**	1,691
Other income	**(338)**	(538)	**3,590**	496
Total revenue	**3,691**	2,869	**12,986**	10,290
Expenses				
Compensation and benefits	**817**	885	**3,527**	2,126
Stock-based compensation	**129**	69	**260**	141
Sub-advisor and referral fees	**—**	(72)	**—**	(143)
General and administrative	**244**	1,036	**377**	1,577
Total expenses	**1,190**	1,918	**4,164**	3,701
Income before income taxes	**2,501**	951	**8,822**	6,589
Adjustments:				
Interest expense	**—**	—	**—**	—
Provision for income taxes	**—**	—	**—**	—
Depreciation and amortization	**—**	—	**—**	—
EBITDA	**2,501**	951	**8,822**	6,589
Other adjustments:				
Impairment of intangible assets	**—**	—	**—**	—
Impairment of goodwill	**—**	—	**—**	—
(Gains) losses on proprietary investments and loans	**(522)**	179	**335**	(1,438)
Non-cash stock based compensation	**—**	—	**—**	—
Other	**(226)**	—	**(480)**	—
Adjusted EBITDA	**1,753**	1,130	**8,677**	5,151
Less:				
Performance fees	**—**	—	**—**	—
Performance fee related expenses	**—**	—	**—**	—
Adjusted base EBITDA	**1,753**	1,130	**8,677**	5,151

For the three and six months ended June 30, 2015

Revenues

Interest income was $3.4 million on a three months ended basis and $9.7 million on a six months ended basis, reflecting an increase of $0.2 million (5.4%) and $1.6 million (20.1%) respectively, from the prior periods. The increase on a three months ended basis was the result of slightly higher average loan balances. The increase on a six months ended basis was due to the accelerated recognition of deferred fees on the early termination of a loan facility, and to a lesser extent, higher average loan balances of SRLC during the six months of 2015.

Gains on proprietary investments and loans were $0.7 million on a three months ended basis and losses of $0.3 million resulted on a six months ended basis, reflecting an increase of $0.5 million (220.6%) and a decrease of $2.0 million (119.8%), respectively, from the prior periods. Improvements to our three months ended results were due to the partial reversal of a loan loss provision on a resource debenture, which was offset somewhat by market value depreciation of certain equity holdings. Losses on a six months ended basis were due to year-to-date market value depreciation in our equity holdings more than offsetting the impact of the current quarter loan loss provision reversal previously discussed.

Other revenues were negative $0.3 million on a three months ended basis and $3.6 million on a six months ended basis, reflecting an increase of $0.2 million (37.2%) and $3.1 million (623.8%) respectively, from the prior period. The increase on a three months ended basis was mostly from higher standby fees and the increase on a six months ended basis was due to strong first quarter foreign exchange gains on U.S. dollar denominated loans and cash deposits.

Expenses

Compensation and benefits were $0.8 million on a three months ended basis and $3.5 million on a six months ended basis, reflecting a decrease of $0.1 million (7.7%) and an increase of $1.4 million (65.9%), respectively, from the prior periods. The decrease on a three months ended basis was due to a discretionary bonus adjustment in the prior period. The increase on a six months ended basis was due to an increase in discretionary bonus due to higher earnings.

Stock-based compensation was $0.1 million on a three months ended basis and $0.3 million on a six months ended basis, reflecting an increase of $0.1 million (87.0%) and $0.1 million (84.4%), respectively, from the prior periods. The increase in stock-based compensation relates to higher discretionary equity bonus allocations to SRLC employees.

General and administrative expenses were $0.2 million on a three months ended basis and $0.4 million on a six months ended basis, reflecting a decrease of $0.8 million (76.4%) and $1.2 million (76.1%), respectively, from the prior periods. The decrease on a three and six months ended basis was due primarily to property taxes on legacy foreclosed properties and other non-recurring operating costs in the prior periods. No such costs were incurred in the current periods.

Adjusted base EBITDA

Adjusted base EBITDA was $1.8 million on a three months ended basis and $8.7 million on a six months ended basis, reflecting an increase of $0.6 million (55.1%) and $3.5 million (68.5%) from the prior periods. The increases were due to a combination of accelerated deferred fee recognition on early loan terminations and higher average loan balances (which led to higher interest income), coupled with lower general and administrative expenses year-over-year.

Consulting Segment

The Consulting segment includes the operations of SC, Sprott Toscana, and Sprott Korea, the consulting businesses of the Company.

Results of operations:

	For the three months ended		For the six months ended	
($ in thousands)	**June 30, 2015**	June 30, 2014	**June 30, 2015**	June 30, 2014
Revenue				
Management fees	**1,380**	2,211	**2,649**	3,992
Performance fees	**—**	300	**127**	570
Interest income	**6**	15	**12**	30
Other income	**371**	1,634	**1,201**	1,748
Total revenue	**1,757**	4,160	**3,989**	6,340
Expenses				
Compensation and benefits	**218**	1,561	**405**	2,261
Stock-based compensation	**(518)**	118	**(1,112)**	245
Sub-advisor and referral fees	**49**	—	**96**	—
General and administrative	**338**	403	**674**	592
Depreciation, amortization and impairment	**6**	17	**13**	26
Other expenses	**866**	—	**2,363**	—
Total expenses	**959**	2,099	**2,439**	3,124
Income before income taxes	**798**	2,061	**1,550**	3,216
Adjustments:				
Interest expense	**—**	—	**—**	—
Provision for income taxes	**—**	—	**—**	—
Depreciation and amortization	**6**	17	**13**	26
EBITDA	**804**	2,078	**1,563**	3,242
Other adjustments:				
Impairment of intangible assets	**—**	—	**—**	—
Impairment of goodwill	**—**	—	**—**	—
(Gains) losses on proprietary investments and loans	**—**	—	**—**	—
Non-cash stock based compensation	**(528)**	104	**(1,139)**	207
Other	**336**	—	**922**	—
Adjusted EBITDA	**612**	2,182	**1,346**	3,449
Less:				
Performance fees	**—**	(300)	**(127)**	(570)
Performance fee related expenses	**—**	75	**31**	143
Adjusted base EBITDA	**612**	1,957	**1,250**	3,022

For the three and six months ended June 30, 2015

Revenues

Management fees were $1.4 million on a three months ended basis and $2.6 million on a six months ended basis, reflecting a decrease of $0.8 million (37.6%) and $1.3 million (33.6%), respectively, from the prior periods. The decreases on a three and six months ended basis were due to ongoing reductions in average AUM in SRC and the second quarter 2014 unwind of TFIT in Sprott Toscana. The decreases were partially offset by management fees from Sprott Korea.

Performance fees were $Nil on a three months ended basis and $0.1 million on a six months ended basis, reflecting a decrease of $0.3 million (100.0%) and $0.4 million (77.7%), respectively, from the prior periods. The decrease was mainly due to weaker performance in Sprott Toscana.

Interest income continues to be nominal and primarily generated from cash deposits with banks and brokerages.

Other revenues were $0.4 million on a three months ended basis and $1.2 million on a six months ended basis, reflecting a decrease of $1.3 million (77.3%) and $0.5 million (31.3%), respectively, from the prior periods. The decreases were mainly due to the inclusion of the TFIT break-fee in the prior period results, which were only partially offset by current period royalty income on seeded energy related assets in proprietary investments.

Expenses

Compensation and benefits were $0.2 million on a three months ended basis and $0.4 million on a six months ended basis, reflecting a decrease of $1.3 million (86.0%) and $1.9 million (82.1%), respectively, from the prior periods. The decreases were due to: (i) the inclusion of compensation expense related to the TFIT break-fee in the prior period results; and (ii) a reduction in cash based earn-out expense relating to Sprott Toscana as the Company has now reached the end of the vesting period, and as such, historical earn-out accruals are being re-measured to actuals as of June 30, 2015.

Stock-based compensation was negative $0.5 million on a three months ended basis and negative $1.1 million on a six months ended basis, reflecting a decrease of $0.6 million (539.0%) and $1.4 million (553.9%), respectively, from the prior periods. The decline was the result of the Sprott Toscana earn-out re-measurement adjustments described above.

Referral fees were nominal. Referral fees are now being paid on management fees from Sprott Korea as this business continues to develop over time.

General and administrative expenses were $0.3 million on a three months ended basis and $0.7 million on a six months ended basis, reflecting a decrease of $0.1 million (16.1%) and an increase of $0.1 million (13.9%), respectively, from the prior periods. The decrease on a three months ended basis was mainly due to a reduction in professional fees. The increase on a six months ended basis was primarily due to interest expense and higher rent expense, only partially offset by the lower professional fees previously described.

Other expenses were $0.9 million on a three months ended basis and $2.4 million on a six months ended basis. These are new expenses related to seeded energy assets in the proprietary investments of Sprott Toscana. They consist primarily of operating expenses and depletion charges associated with non-operated working interests.

Depreciation and amortization expense was nominal for the quarter.

Adjusted base EBITDA

Adjusted base EBITDA for the quarter was $0.6 million on a three months ended basis and $1.3 million on a six months ended basis, reflecting a decrease of $1.3 million (68.7%) and $1.8 million (58.6%), respectively, from the prior periods. The decreases were mainly due to lower management fees and other income, which were only partially offset by a reduction in cash based earn-out expense relating to Sprott Toscana.

Corporate and Other Segment

The Corporate segment provides treasury and shared services to the Company's business units and includes the operating results of Sprott Inc. without the effect of consolidating certain subsidiaries. The Other segment includes the activities of SPW, the private wealth business of the Company.

Results of operations:

	For the three months ended		For the six months ended	
($ in thousands)	**June 30, 2015**	June 30, 2014	**June 30, 2015**	June 30, 2014
Revenue				
Management fees	**52**	75	**103**	163
Commissions	**136**	638	**1,508**	1,009
Interest income	**396**	552	**840**	962
Trailer fee income	**537**	650	**1,081**	1,350
Gains (losses) on proprietary investments and loans	**3,580**	1,848	**4,073**	2,858
Other income	**(96)**	(309)	**2,866**	(262)
Total revenue	**4,605**	3,454	**10,471**	6,080
Expenses				
Compensation and benefits	**553**	843	**2,288**	1,809
Stock-based compensation	**142**	131	**301**	248
Sub-advisor and referral fees	**—**	—	**11**	—
General and administrative	**1,220**	1,619	**2,987**	2,897
Depreciation, amortization and impairment	**8**	7	**12**	18
Total expenses	**1,923**	2,600	**5,599**	4,972
Income (loss) before income taxes	**2,682**	854	**4,872**	1,108
Adjustments:				
Interest expense	**—**	—	**84**	—
Provision for income taxes	**—**	—	**—**	—
Depreciation and amortization	**8**	7	**12**	18
EBITDA	**2,690**	861	**4,968**	1,126
Other adjustments:				
Impairment (reversal) of intangible assets	**—**	—	**—**	—
Impairment of goodwill	**—**	—	**—**	—
(Gains) losses on proprietary investments and loans	**(3,580)**	(1,848)	**(4,073)**	(2,858)
Non-cash stock based compensation	**—**	—	**—**	—
Other	**(83)**	—	**(220)**	—
Adjusted EBITDA	**(973)**	(987)	**675**	(1,732)
Less:				
Performance fees	**—**	—	**—**	—
Performance fee related expenses	**—**	—	**—**	—
Adjusted base EBITDA	**(973)**	(987)	**675**	(1,732)

For the three and six months ended June 30, 2015

Revenues

Management fees continue to be nominal.

Commission revenues were $0.1 million on a three months ended basis and $1.5 million on a six months ended basis, reflecting a decrease of $0.5 million (78.7%) and an increase of $0.5 million (49.5%), respectively, from the prior periods. The decrease and increase, respectively, is directly related to the level of private placement activity in SPW, which was particularly strong in the first quarter of 2015, thereby benefiting the 2015 six month results.

Interest income was $0.4 million on a three months ended basis and $0.8 million on a six months ended basis, reflecting a decrease of $0.2 million (28.3%) and $0.1 million (12.7%), respectively, from the prior periods. The decrease was due to lower amounts of cash being retained in interest earning cash deposits with banks and brokerage.

Trailer fee income was $0.5 million on a three months ended basis and $1.1 million on a six months ended basis, reflecting a decrease of $0.1 million (17.4%) and $0.3 million (19.9%), respectively, from the prior periods. The decrease was due to continuing declines in the average trailer paying AUA of SPW. Trailer fee income received by SPW from the SAM segment is an intercompany revenue, and as such, is eliminated on consolidation against the related trailer fee expense in SAM.

Gains on proprietary investments were $3.6 million on a three months ended basis and $4.1 million on a six months ended basis, reflecting an increase of $1.7 million (93.7%) and $1.2 million (42.5%), respectively, from the prior periods. The gains were generated in certain equity investments, only partially offset by losses from certain seeded investment fund holdings.

Other income for the quarter was negative $0.1 million on a three months ended basis and $2.9 million on a six months ended basis, reflecting an increase of $0.2 million (68.9%) and $3.1 million, respectively, from the prior periods. The increases were due to: (i) lower foreign exchange losses on U.S. dollar denominated cash deposits and receivables on a three months ended basis; and (ii) higher foreign exchange gains on a six months ended basis.

Expenses

Compensation and benefits were $0.6 million on a three months ended basis and $2.3 million on a six months ended basis, reflecting a decrease of $0.3 million (34.4%) and an increase of $0.5 million (26.5%), respectively from the prior periods. The decrease on a three months ended basis was due to a reduction in discretionary bonus which more than offset higher salaries and benefits. The increase on a six months ended basis was due to higher salaries and benefits and higher discretionary bonus accruals.

Stock-based compensation was $0.1 million on a three months ended basis and $0.3 million on a six months ended basis, which was largely unchanged on a three months ended basis, but up $0.1 million (21.4%) on a six months ended basis. The increase in stock-based compensation relates to higher discretionary equity bonus allocations to Corporate segment employees.

Referral fees were $Nil for the quarter and nominal on a six months ended basis. Referral fees are incurred by SPW on private placement activities, and hence, are entirely transaction based.

General and administrative expenses were $1.2 million on a three months ended basis and $3.0 million on a six months ended basis, reflecting a decrease of $0.4 million (24.6%) and an increase of $0.1 million (3.1%), respectively, from the prior periods. The decrease on a three months ended basis was mainly due to lower professional fees, which more than offset lower intercompany shared services cost recoveries charged by the Corporate segment to other segments of the Company (due to a change in intercompany cost allocation methodology that took effect January 1, 2015). The increase on a six months ended basis was primarily due to lower intercompany shared services cost recoveries mentioned above. Intercompany shared services costs are eliminated on consolidation.

Depreciation and amortization was nominal for the quarter.

Adjusted base EBITDA

Adjusted base EBITDA was negative $1.0 million on a three months ended basis and $0.7 million on a six months ended basis, which was largely unchanged on a three months ended basis, but up $2.4 million (139.0%) on a six months ended basis. The increase was mainly due to higher foreign exchange gains coupled with lower professional fees, which were only partially offset by higher compensation and benefits expenses and lower intercompany shared services cost charge backs.

SUMMARY OF QUARTERLY RESULTS

($ in thousands)	**As at 30-Jun-15**	As at 31-Mar-15	As at 31-Dec-14	As at 30-Sept-14	As at 30-Jun-14	As at 31-Mar-14	As at 31-Dec-13	As at 30-Sept-13
Assets Under Management	**7,801,186**	7,817,389	7,027,390	7,363,019	7,842,005	7,694,545	6,966,524	7,335,625

($ in thousands, except per share amounts)	**3 Months ended 30-Jun-15**	3 Months ended 31-Mar-15	3 Months ended 31-Dec-14	3 Months ended 30-Sept-14	3 Months ended 30-Jun-14	3 Months ended 31-Mar-14	3 Months ended 31-Dec-13	3 Months ended 30-Sept-13
Income Statement Information								
Revenue								
Management fees	**19,492**	18,563	18,674	20,273	20,116	19,372	17,792	19,497
Performance fees	**1**	127	9,493	470	460	270	6,613	892
Commissions	**1,478**	2,075	1,400	2,013	2,500	1,924	1,191	1,477
Interest income	**3,807**	6,832	5,687	5,327	3,816	5,354	4,815	3,306
Gains (losses) on proprietary investments and loans	**3,581**	(2,874)	(7,292)	(4,291)	2,650	4,350	(3,286)	1,323
Other income	**250**	8,565	4,702	4,304	809	1,601	2,923	13,697
Total revenue	**28,609**	33,288	32,664	28,096	30,351	32,871	30,048	40,192
Net income (loss)	**6,726**	6,937	(363)	4,502	5,011	10,239	(90,111)	13,470
EBITDA	**9,922**	10,373	3,774	8,110	9,225	13,236	(87,706)	11,565
Adjusted base EBITDA	**5,872**	13,757	10,778	11,409	6,816	9,060	9,483	5,944
Basic and diluted earnings (loss) per share	**0.03**	0.03	0.00	0.02	0.02	0.04	(0.37)	0.06
Basic and diluted EBITDA per share	**0.04**	0.04	0.02	0.03	0.04	0.05	(0.36)	0.05
Basic and diluted adjusted base EBITDA per share	**0.02**	0.06	0.04	0.05	0.03	0.04	0.04	0.03

Dividends

See Note 11 of the interim financial statements.

Capital Stock

Including the 1.8 million unvested common shares currently held in the EPSP Trust (December 31, 2014 - 2.3 million), total capital stock issued and outstanding was 248.3 million (December 31, 2014 - 248.3 million).

Earnings per share for the current and prior periods have been calculated using the weighted average number of shares outstanding during the respective periods. Basic and diluted earnings per share for the quarter was $0.03 compared to $0.02 in the prior period. Diluted earnings per share reflects the dilutive effect of in-the-money stock options, shares held for the equity incentive plan, estimated earn-out shares being accrued over the earn-out vesting period, and outstanding restricted stock units.

A total of 2.7 million stock options have been issued pursuant to our stock option plan, all of which are exercisable, however none of these options are in the money.

Liquidity and Capital Resources

Management fees and interest income can be projected and forecasted with a higher degree of certainty than performance fees and carried interests, and are therefore used as a base for budgeting and planning by the Company. Management fees are collected monthly or quarterly and interest income collected monthly, which aids the Company's ability to manage cash flow. The Company believes that management fees and interest income will continue to be sufficient to satisfy ongoing operating needs, including expenditures on corporate infrastructure, business development and information systems. In addition, the Company holds sufficient cash and liquid securities to meet any other operating and capital requirements, if any, including its contractual commitments. The nature of the Company's operations ensures that the largest outflows, such as trailer fees and monthly compensation, are correlated with cash inflows such as management fees and interest income.

The Company has an undrawn credit facility with a major Canadian chartered bank in the amount of $35 million. Amounts may be borrowed under the facility through prime rate loans, or bankers' acceptances. Amounts may also be borrowed in U.S. dollars through base rate loans.

SPW and SAM are required to maintain a minimum amount of regulatory capital calculated in accordance with the rules of the Investment Industry Regulatory Organization of Canada ("IIROC") and of the Ontario Securities Commission ("OSC"), respectively. In addition, SGRIL is registered with the Financial Industry Regulatory Authority ("FINRA") in the United States and is required to maintain a minimum amount of regulatory capital calculated in accordance with the rules of FINRA.

Commitments

Besides the Company's long-term lease agreements, there may be commitments to provide loans arising from the SRLC business segment or commitments to make investments in the proprietary investments portfolio of the Company. As at June 30, 2015, the Company had $20.1 million of loan commitments arising from SRLC (December 31, 2014 - $46.0 million) and there were $4.6 million of investment purchase commitments in the proprietary investments portfolio (December 31, 2014 - $0.8 million).

Contingency

Pursuant to the exchange offer noted in the "Business Highlights and Growth Initiatives" section of this MD&A, *Central GoldTrust* and *Silver Bullion Trust* have commenced an action to, among other things, enjoin the *Sprott Physical Gold Trust* and *Sprott Physical Silver Trust* from completing the offer to exchange. Management of the Company believes that the claims in the action are without merit.

Significant Accounting Judgments and Estimates

The interim financial statements have been prepared in accordance with IFRS standards in effect as at June 30, 2015, specifically, IAS 34 *Interim Financial Reporting*.

Compliance with IFRS requires the Company to exercise judgment, make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary. Significant accounting judgments and estimates are described in Note 2 of the December 31, 2014 annual financial statements and have been applied consistently to the interim financial statements as at June 30, 2015.

Managing Risk - Financial

Market risk

The Company separates market risk into three categories: price risk, interest rate risk and foreign currency risk.

Price risk

Price risk arises from the possibility that changes in the price of the Company's proprietary investments will result in changes in carrying value. The Company's revenues are also exposed to price risk since management fees, performance fees and carried interests are correlated with AUM, which fluctuates with changes in the market values of the assets in the funds and managed accounts managed by the Company. Commodity price risk refers to uncertainty of future market values caused by fluctuation in the price of a commodity. The Company may, from time to time: (i) hold certain investments linked to the market prices of precious metals or energy assets; and (ii) enter into certain precious metal loans, where loan repayments are notionally tied to a specific commodity spot price.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will adversely affect the value of, or cash flows from, financial instrument assets. The Company's earnings, particularly through its SRLC segment are exposed to volatility as a result of sudden changes in interest rates.

Foreign currency risk

Foreign currency risk arises from foreign exchange rate movements that could negatively impact either the carrying value of financial assets and liabilities or the related cash flows when translating those balances into Canadian dollars. The Company's primary foreign currency is the United States dollar ("USD"). The Company may employ certain hedging strategies to mitigate foreign currency risk.

Credit risk

Credit risk is the risk that a borrower will not honor its commitments and a loss to the Company may result. Credit risk generally arises in the Company's loans receivable and proprietary investments areas.

Loans receivable

The Company incurs credit risk primarily in the loan portfolio of SRLC. In addition to the relative default probability of SRLC borrowers, credit risk is also dependent on loss given default, which can increase credit risk if the values of the underlying assets securing the Company's loans decline to levels approaching or below the loan amounts. A decrease in commodity prices may delay the development of the underlying security or business plans of the borrower and could adversely affect the value of the Company's security against a resource loan or resource debenture. Additionally, the value of the Company's underlying security in a resource loan or resource debenture can be negatively affected if the actual amount or quality of the commodity proves to be less than originally estimated, or the ability to extract the commodity proves to be more difficult or more costly than originally estimated. During the resource loan and resource debenture origination process, management takes into account a number of factors and is committed to several processes to ensure that this risk is appropriately mitigated.

Proprietary investments

The Company incurs credit risk when entering into, settling and financing various proprietary transactions.

Other

The majority of accounts receivable relate to management and performance fees receivable from the funds, managed accounts and managed companies managed by the Company. These receivables are short-term in nature and any credit risk associated with them is managed by dealing with counterparties that the Company believes to be creditworthy and by actively monitoring credit exposure and the financial health of the counterparties.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company's exposure to liquidity risk is minimal as it maintains sufficient levels of liquid assets to meet its obligations as they come due. As part of its cash management program, the Company primarily invests in short-term debt securities issued by the Government of Canada with maturities of less than three months.

The Company's exposure to liquidity risk as it relates to loans receivable arise from fluctuations in cash flows from making loan advances and receiving loan repayments. The Company manages its loan commitment liquidity risk through the ongoing monitoring of scheduled loan fundings and repayments.

Financial liabilities, including accounts payable and accrued liabilities and compensation and employee bonuses payable, are short-term in nature and are generally due within a year.

The Company's management team is responsible for reviewing resources to ensure funds are readily available to meet its financial obligations (e.g. dividend payments) as they come due, as well as ensuring adequate funds exist to support business strategies and operations growth. The Company manages liquidity risk by monitoring cash balances on a daily basis. To meet any liquidity shortfalls, actions taken by the Company could include: syndicating a portion of its loans; slowing its lending activities; cutting its dividend; drawing on available loan facilities; liquidating proprietary investments; and/or issuing common shares.

Concentration risk

A significant portion of the Company's AUM as well as its proprietary investments and loans are focused on the natural resource sector.

Managing Risk - Other

Confidentiality of Information

Confidentiality is essential to the success of the Company's business, and it strives to consistently maintain the highest standards of trust, integrity and professionalism. Account information is kept under strict control in compliance with all applicable laws, and physical, procedural, and electronic safeguards are maintained in order to protect this information from access by unauthorized parties. The Company keeps the affairs of its clients confidential and does not disclose the identities of clients (absent expressed client consent to do so). If a prospective client requests a reference, the Company will not provide the name of an existing client before receiving permission from that client to do so.

Conflicts of Interest

The Company established a number of policies with respect to employee personal trading. Employees may not trade any of the securities held or being considered for investment by any of the Company's funds without prior approval. In addition, employees must receive prior approval before they are permitted to buy or sell securities. Speculative trading is strongly discouraged. While employees are permitted to have investments managed by third parties on a discretionary basis, they generally choose to invest in funds managed by the Company. All employees must comply with the Company's Code of Ethics. The code establishes strict rules for professional conduct including the management of conflicts of interest.

Disclosure Controls and Procedures ("DC&P") and Internal Control over Financial Reporting ("ICFR")

Management is responsible for the design and operational effectiveness of DC&P and ICFR in order to provide reasonable assurance regarding the disclosure of material information relating to the Company. This includes information required to be disclosed in the Company's annual filings, interim filings and other reports filed under securities legislation, as well as the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Consistent with *National Instrument 52-109*, the Company's CEO and CFO evaluate quarterly the DC&P and ICFR. As at June 30, 2015, the Company's CEO and CFO concluded that the Company's DC&P and ICFR were properly designed and were operating effectively.

Independent Review Committee

National Instrument 81-107 - *Independent Review Committee for Investment Funds* ("NI 81-107") requires all publicly offered investment funds to establish an independent review committee ("IRC") to whom all conflicts of interest matters must be referred for review and approval. The Company established an IRC for its public funds. As required by NI 81-107, the Company established written policies and procedures for dealing with conflict of interest matters and maintains records in respect of these matters and provides assistance to the IRC in carrying out its functions. The IRC is comprised of three independent members, and is subject to requirements to conduct regular assessments and provide reports to the Company and to the holders of interests in public mutual funds in respect of its functions.

Insurance

The Company maintains appropriate insurance coverage for general business and liability risks as well as insurance coverage required by regulation. Insurance coverage is reviewed periodically to ensure continued adequacy.

Internal Controls and Procedures

Several of the Company's subsidiaries operate in regulated environments and are subject to business conduct rules and other rules and regulations. The Company has internal control policies related to business conduct. They include controls required to ensure compliance with the rules and regulations of relevant regulatory bodies including the OSC, IIROC, FINRA and the U.S. Securities and Exchange Commission ("SEC").

Additional information relating to the Company, including the Company's Annual Information Form is available on SEDAR at www.sedar.com.

Consolidated Financial Statements

Three and six months ended June 30, 2015

Sprott INC.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

As at *($ in thousands of Canadian dollars)*		**June 30 2015**	December 31 2014
Assets			
Current			
Cash and cash equivalents		**145,366**	120,774
Fees receivable		**10,027**	13,176
Loans receivable	*(Note 5)*	**58,624**	51,317
Proprietary investments	*(Note 3)*	**134,849**	—
Other assets	*(Note 6)*	**13,192**	6,975
Income taxes recoverable		**5,935**	6,133
Total current assets		**367,993**	198,375
Loans receivable	*(Note 5)*	**30,655**	70,592
Proprietary investments	*(Note 3)*	**—**	112,592
Other assets	*(Note 6)*	**6,717**	4,108
Property and equipment, net		**6,049**	6,270
Intangible assets	*(Note 4)*	**27,270**	32,190
Goodwill	*(Note 4)*	**53,980**	50,427
Deferred income taxes	*(Note 9)*	**5,154**	6,723
		129,825	282,902
Total assets		**497,818**	481,277
Liabilities and Shareholders' Equity			
Current			
Accounts payable and accrued liabilities		**22,420**	28,340
Compensation and employee bonuses payable		**5,621**	9,324
Obligations related to securities sold short	*(Note 3)*	**37,944**	—
Loan payable	*(Note 7)*	**—**	15,000
Income taxes payable		**1,365**	—
Total current liabilities		**67,350**	52,664
Deferred income taxes	*(Note 9)*	**7,187**	10,001
Total liabilities		**74,537**	62,665
Shareholders' equity			
Capital stock	*(Note 8)*	**418,696**	414,668
Contributed surplus	*(Note 8)*	**37,354**	42,199
Retained earnings (deficit)		**(59,854)**	(58,655)
Accumulated other comprehensive income		**27,085**	20,400
Total shareholders' equity		**423,281**	418,612
Total liabilities and shareholders' equity		**497,818**	481,277
Commitments	*(Note 13)*		

See accompanying notes

Eric Sprott
Director

James Roddy
Director

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

		For the three months ended		*For the six months ended*	
		June 30	June 30	**June 30**	June 30
($ in thousands of Canadian dollars, except for per share amounts)		**2015**	2014	**2015**	2014
Revenue					
Management fees		**19,492**	20,116	**38,055**	39,488
Performance fees		**1**	460	**128**	730
Commissions		**1,478**	2,500	**3,553**	4,424
Interest income		**3,807**	3,816	**10,639**	9,170
Gains on proprietary investments and loans		**3,581**	2,650	**707**	7,000
Other income	*(Note 6)*	**250**	809	**8,815**	2,410
Total revenue		**28,609**	30,351	**61,897**	63,222
Expenses					
Compensation and benefits		**7,492**	9,854	**17,991**	18,983
Stock-based compensation	*(Note 8)*	**186**	787	**433**	2,267
Trailer fees		**3,163**	3,184	**6,265**	6,192
Sub-advisor and referral fees		**908**	752	**1,742**	1,322
General and administrative		**6,072**	6,549	**12,261**	11,997
Amortization of intangibles	*(Note 4)*	**1,389**	1,352	**2,749**	2,726
Impairment of intangibles	*(Note 4)*	**—**	—	**631**	—
Amortization of property and equipment		**193**	203	**377**	399
Other expenses	*(Note 6)*	**866**	—	**2,363**	—
Total expenses		**20,269**	22,681	**44,812**	43,886
Income before income taxes for the period		**8,340**	7,670	**17,085**	19,336
Provision for income taxes	*(Note 9)*	**1,614**	2,659	**3,422**	4,086
Net income for the period		**6,726**	5,011	**13,663**	15,250
Basic and diluted earnings per share	*(Note 8)*	**0.03**	0.02	**$ 0.06**	$ 0.06

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	For the three months ended		*For the six months ended*	
	June 30	June 30	**June 30**	June 30
($ in thousands of Canadian dollars)	**2015**	2014	**2015**	2014
Net income for the period	**6,726**	5,011	**13,663**	15,250
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation gain (loss) on foreign operations (taxes of $Nil)	**(1,250)**	(3,015)	**6,685**	280
Total other comprehensive income (loss)	**(1,250)**	(3,015)	**6,685**	280
Comprehensive income	**5,476**	1,996	**20,348**	15,530

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

($ in thousands of Canadian dollars, other than number of shares)		Number of Shares Outstanding	Capital Stock	Contributed Surplus	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income	Total Equity
At December 31, 2014		**246,021,326**	**414,668**	**42,199**	**(58,655)**	**20,400**	**418,612**
Shares acquired for equity incentive plan	*(Note 8)*	**(475,838)**	**(808)**	**(442)**	**—**	**—**	**(1,250)**
Shares released on vesting of equity incentive plan	*(Note 8)*	**947,908**	**4,832**	**(4,832)**	**—**	**—**	**—**
Foreign currency translation gain on foreign operations		**—**	**—**	**—**	**—**	**6,685**	**6,685**
Stock-based compensation	*(Note 8)*	**—**	**—**	**433**	**—**	**—**	**433**
Shares issued from treasury	*(Note 8)*	**1,400**	**4**	**(4)**	**—**	**—**	**—**
Dividends declared	*(Note 11)*	**—**	**—**	**—**	**(14,862)**	**—**	**(14,862)**
Net income		**—**	**—**	**—**	**13,663**	**—**	**13,663**
Balance, June 30, 2015		**246,494,796**	**418,696**	**37,354**	**(59,854)**	**27,085**	**423,281**
At December 31, 2013		245,945,857	410,420	45,664	(48,244)	12,458	420,298
Shares released on vesting of equity incentive plan		672,205	3,915	(3,888)	—	—	27
Foreign currency translation gain on foreign operations		—	—	—	—	280	280
Additional purchase consideration		177,500	1,223	(1,614)	—	—	(391)
Stock-based compensation		—	—	2,267	—	—	2,267
Shares issued from treasury		225,764	796	(2)	—	—	794
Dividends declared		—	—	—	(14,900)	—	(14,900)
Net income		—	—	—	15,250	—	15,250
Balance, June 30, 2014		247,021,326	416,354	42,427	(47,894)	12,738	423,625

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

For the six months ended June 30 ($ in thousands of Canadian dollars)	**2015**	2014
Operating Activities		
Net income for the period	**13,663**	15,250
Add (deduct) non-cash items:		
Gains on proprietary investments and loans receivable	**(707)**	(7,000)
Stock-based compensation	**433**	2,267
Amortization of property, equipment and intangible assets	**3,126**	3,125
Impairment of intangible assets	**631**	—
Deferred income taxes (recovery)	**(828)**	402
Current income tax expense	**4,250**	3,684
Other items	**(10,432)**	(1,728)
Income taxes paid	**(2,267)**	(2,035)
Changes in:		
Fees receivable and other assets	**3,255**	15,395
Loans receivable	**31,345**	(17,366)
Accounts payable, accrued liabilities, compensation and employee bonuses payable	**(7,035)**	(2,975)
Other assets	**(9,470)**	—
Cash provided by operating activities	**25,964**	9,019
Investing Activities		
Purchase of proprietary investments	**(26,062)**	(30,455)
Sale of proprietary investments	**48,541**	29,335
Purchase of property and equipment	**(116)**	(5)
Deferred sales commissions paid	**(589)**	(1,088)
Internalization of performance fees	**3,474**	—
Purchase of intangible assets	**(404)**	(3,455)
Cash provided by (used in) investing activities	**24,844**	(5,668)
Financing Activities		
Acquisition of common shares for equity incentive plan	**(808)**	—
Shares issued from treasury	**—**	792
Loan payable	**(15,000)**	—
Dividends paid	**(14,862)**	(14,900)
Cash used in financing activities	**(30,670)**	(14,108)
Effect of foreign exchange on cash balances	**4,454**	7
Net increase (decrease) in cash and cash equivalents during the period	**24,592**	(10,750)
Cash and cash equivalents, beginning of the period	**120,774**	115,670
Cash and cash equivalents, end of the period	**145,366**	104,920
Cash and cash equivalents:		
Cash	**141,520**	83,581
Short-term deposits	**3,846**	21,339
	145,366	104,920
Supplementary disclosure of cash flow information		
Amount of interest received during the period	**4,881**	5,250

See accompanying notes

1. CORPORATE INFORMATION

Sprott Inc. (the "Company") was incorporated under the Business Corporations Act (Ontario) on February 13, 2008. Its registered office is at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario M5J 2J2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2015 ("interim financial statements") have been prepared in accordance with IAS 34, *Interim Financial Reporting*. Consequently, they should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2014 ("annual financial statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These interim financial statements were authorized for issue by a resolution of the Board of Directors of the Company on August 11, 2015.

Basis of presentation

These interim financial statements have been prepared on a going concern basis and on a historical cost basis, except for financial assets and financial liabilities classified as held-for-trading ("HFT"), designated as fair value through profit or loss ("FVTPL"), or available-for-sale ("AFS"), all of which have been measured at fair value. The financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand ($000), except when indicated otherwise.

Principles of consolidation

These interim financial statements of the Company are prepared on a consolidated basis so as to include the accounts of all limited partnerships and corporations the Company is deemed to control under IFRS. Controlled limited partnerships and corporations ("subsidiaries") are consolidated from the date the Company obtains control. All intercompany balances with subsidiaries are eliminated upon consolidation. Subsidiary financial statements are prepared over the same reporting period as the Company's and are based on accounting policies consistent with that of the Company.

Control exists if the Company has power over the entity, exposure or rights to variable returns from its involvement with the entity and the ability to use its power over the entity to affect the amount of returns the Company receives. In many, but not all instances, control will exist when the Company owns more than one half of the voting rights of a corporation, or is the sole limited and general partner of a limited partnership.

The Company currently controls the following subsidiaries:

- Sprott Asset Management LP ("SAM");
- Sprott Private Wealth LP ("SPW");
- Sprott Consulting LP ("SC");
- Sprott Asia LP ("Sprott Asia");
- Sprott Korea Corporation ("Sprott Korea");
- Sprott U.S. Holdings Inc., parent company of: (i) Rule Investments Inc. (the parent of Sprott Global Resource Investments Ltd. ("SGRIL")); (ii) Sprott Asset Management USA Inc. ("SAM US"); and (iii) Resource Capital Investment Corporation ("RCIC"). Collectively, the interests of Sprott U.S. Holdings Inc. are referred to as the "Global Companies" in these financial statements;
- Sprott Resource Lending Corp. ("SRLC");
- Toscana Energy Corporation ("TEC") and Toscana Capital Corporation ("TCC") (Collectively, "Sprott Toscana");
- Sprott Genpar Ltd.;
- SAMGENPAR Ltd.; and
- Sprott Inc. 2011 Employee Profit Sharing Plan Trust (the "Trust").

Investments in funds

Investments in funds managed by the Company and included in proprietary investments, are assessed to determine whether the Company has control, joint control or significant influence. This determination includes consideration of all facts and circumstances relevant to a fund, including the extent of the Company's direct and indirect interests in a fund, the level of compensation to be received from a fund for management and other services provided to it, kick out rights available to other investors and other indicators of power the Company has over a fund. If a fund is determined to be controlled, it will be consolidated by the Company. If a fund is determined to be subject to significant influence, the Company may designate the investment at fair value through profit or loss in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* and as permitted by IAS 28 *Investments in Associates and Joint Ventures*.

The Company manages a range of funds that take the form of public mutual funds, alternative investment strategies, exchange traded funds, bullion funds and fixed-term limited partnerships, all of which meet the definition of structured entities under IFRS. The principal place of business of the funds is Toronto, Ontario. As at June 30, 2015, assets under management in public mutual funds was $2.1 billion (December 31, 2014 - $1.7 billion); alternative investment strategies was $0.9 billion (December 31, 2014 - $0.8 billion); exchange traded funds was $0.2 billion (December 31, 2014 - $0.1 billion); bullion funds was $3.2 billion (December 31, 2014 - $3.2 billion); and fixed-term limited partnerships was $0.3 billion (December 31, 2014 - $0.3 billion). The Company had investments in 16 funds (December 31, 2014 - 22) with an average ownership interest of 7.21% (December 31, 2014 - 8.95%) across its total fund universe. The Company provides no guarantees against the risk of financial loss to the investors of these investment funds.

Other accounting policies

All other accounting policies, judgments, and estimates described in the annual financial statements have been applied consistently to these interim financial statements unless otherwise noted.

3. PROPRIETARY INVESTMENTS AND OBLIGATIONS RELATED TO SECURITIES SOLD SHORT

Proprietary investments and obligations related to securities sold short consist of the following ($ in thousands):

	June 30, 2015	December 31, 2014
Gold bullion	**—**	4,843
Public equities and share purchase warrants	**26,480**	10,705
Mutual funds and alternative investment strategies*	**82,597**	71,858
Fixed income securities	**3,374**	8,590
Private holdings**	**22,398**	16,596
Total proprietary investments	**134,849**	112,592
Obligations related to securities sold short* **	**37,944**	—

* Investments in mutual funds and alternative investment strategies are primarily managed by SAM or RCIC. As at June 30, 2015, the underlying holdings in these mutual funds and alternative investment strategies primarily consisted of cash and short-term investments of $11.0 million (December 31, 2014 - $13.5 million), equities of $29.6 million (December 31, 2014 - $32.1 million), short equity positions of $49.4 million (December 31, 2014 - $111.4 million), fixed income securities of $58.4 million (December 31, 2014 - $125.6 million), bullion of $3.8 million (December 31, 2014 - $3.8 million), loans of $Nil (December 31, 2014 - $3.3 million) and derivatives of $0.1 million (December 31, 2014 - $4.4 million).

** Private holdings consist of the following investments: (i) private company investments classified as HFT, which have their changes in fair value recorded on the statements of operations; (ii) energy royalties of $6.2 million (December 31, 2014 - $6.1 million) classified as AFS investments, which have their changes in fair value recorded as part of other comprehensive income, which is based on the estimated future cash flows and expected return from future royalty payments; (iii) working interests in energy properties of $9.6 million (December 31, 2014 - $7.3 million) which are recorded at cost, net of depletion and/or impairment charges; and (iv) a foreclosed property. As at June 30, 2015, the Company assessed the carrying amount of its working interest in energy properties by considering changes in future prices, future costs and reserves. The Company identified no indicators of impairment as at the end of the period.

*** On occasion, the Company may employ market-neutral investment strategies that involve an investment in our funds or other publicly listed entities and related securities short sales. Currently, these strategies have employed $36.8 million (December 31, 2014 - $Nil) of long positions in mutual funds and alternative investment strategies and $37.1 million (December 31, 2014 - $Nil) of short positions. In addition, there are short securities positions in the amount of $0.8 million (December 31, 2014 - $Nil) relating to the seeding of a potential new alternative investment product.

4. GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets consist of the following ($ in thousands):

	Goodwill	Fund management contracts - indefinite life	Fund management contracts - finite life	Carried interests	Deferred sales commissions	Total
Cost						
At December 31, 2013	143,149	14,327	24,879	33,344	6,310	222,009
Net additions	—	2,660	—	1,676	1,716	6,052
Net exchange differences	12,286	—	2,052	3,164	—	17,502
At December 31, 2014	155,435	16,987	26,931	38,184	8,026	245,563
Net additions and (disposals)	—	(3,184)	—	114	589	(2,481)
Net exchange differences	10,781	—	1,801	2,878	—	15,460
At June 30, 2015	**166,216**	**13,803**	**28,732**	**41,176**	**8,615**	**258,542**
Accumulated amortization and impairment losses						
At December 31, 2013	(96,771)	—	(12,142)	(30,342)	(3,779)	(143,034)
Amortization charge for the year	—	—	(3,245)	(530)	(1,680)	(5,455)
Net impairment charge for the year	—	—	—	(2,308)	—	(2,308)
Net exchange differences	(8,237)	—	(1,024)	(2,888)	—	(12,149)
At December 31, 2014	(105,008)	—	(16,411)	(36,068)	(5,459)	(162,946)
Amortization charge for the period	—	—	(1,813)	(117)	(819)	(2,749)
Net impairment charge for the period	—	—	—	(631)	—	(631)
Net exchange differences	(7,228)	—	(1,031)	(2,707)	—	(10,966)
At June 30, 2015	**(112,236)**	**—**	**(19,255)**	**(39,523)**	**(6,278)**	**(177,292)**
Net book value at:						
December 31, 2014	50,427	16,987	10,520	2,116	2,567	82,617
June 30, 2015	**53,980**	**13,803**	**9,477**	**1,653**	**2,337**	**81,250**

Impairment assessment of goodwill

The Company identified six CGUs for goodwill impairment assessment and testing purposes: SAM; Global Companies; SRLC; Corporate; SC; and SPW. Operating segments of the Company are a separate but related concept under IFRS and are described in Note 12.

As at June 30, 2015, the Company allocated goodwill across the CGUs as follows ($ in thousands):

	June 30, 2015	December 31, 2014
SAM	**23,900**	22,300
Global Companies	**26,880**	24,927
SRLC	**—**	—
Corporate	**—**	—
SC	**3,200**	3,200
SPW	**—**	—
	53,980	50,427

Goodwill is tested for impairment at least annually, which for the Company is during the fourth quarter of each year. During the first, second and third quarters, goodwill is assessed for indicators of impairment. As at June 30, 2015, there were no indicators of impairment of goodwill for any of the Company's CGUs.

Impairment assessment of indefinite life fund management contracts

As at June 30, 2015, the Company had indefinite life fund management contracts within the SAM CGU of $4.5 million (December 31, 2014 - $4.2 million) and within the SC CGU of $9.3 million (December 31, 2014 - $12.8 million). There were no indicators of impairment. The reduction in management contract value in the SC CGU was due to the partial disposal of the TEIC management contract pursuant to a performance fee internalization transaction during the quarter.

Impairment assessment of finite life fund management contracts

As at June 30, 2015, the Company had finite life fund management contracts of $9.5 million within the Global Companies CGU (December 31, 2014 - $10.5 million). There were no indicators of impairment.

Impairment assessment of carried interests

The recoverable amount of carried interests within the Global companies CGU was determined using a VIU calculation by discounting at 20% (pre-tax), the most recent expected future net cash flows (pre-tax) to the Company from fixed-term limited partnerships. As at March 31, 2015, the Company determined that the recoverable amount of carried interests was lower than the carrying value. Consequently, an impairment charge of $0.6 million (December 31, 2014 - $2.3 million) was recorded in the first quarter of 2015. As at June 30, 2015, the Company had carried interests (net of impairment described above) of $1.7 million within the Global Companies CGU (December 31, 2014 - $2.1 million).

Impairment assessment of deferred sales commissions

As at June 30, 2015, the Company had deferred sales commissions of $2.3 million within the SAM CGU (December 31, 2014 - $2.6 million). There were no indicators of impairment.

5. LOANS RECEIVABLE

Components of loans receivable

Loans receivable are reported along with debentures at their amortized cost using the effective interest method, other than precious metal loans that are designated as FVTPL which are reported at fair value and included in resource loans. Total carrying value consists of the following ($ in thousands):

	June 30, 2015	December 31, 2014
Resource loans *		
Loan principal	**94,547**	118,079
Accrued interest	**71**	132
Deferred revenue	**(6,339)**	(6,711)
Mark-to-market	**—**	608
Amortized cost, before loan loss provisions	**88,279**	112,108
Loan loss provisions	**—**	—
Carrying value of resource loans receivable	**88,279**	112,108
Less: current portion	**(58,624)**	(46,928)
Total non-current resource loans receivable	**29,655**	65,180
Resource debentures		
Debenture principal	**1,000**	7,500
Accrued interest	**—**	259
Deferred revenue	**—**	(100)
Amortized cost, before impairments	**1,000**	7,659
Impairments	**—**	(2,247)
Carrying value of resource debentures receivable	**1,000**	5,412
Less: current portion	**—**	—
Total non-current resource debentures receivable	**1,000**	5,412
Real estate loans		
Loan principal	**—**	4,389
Accrued interest	**—**	754
Amortized cost, before loan loss provision	**—**	5,143
Loan loss provision	**—**	(754)
Carrying value of real estate loans receivable	**—**	4,389
Less: current portion	**—**	(4,389)
Total non-current real estate loans receivable	**—**	—
Total carrying value of loans receivable	**89,279**	121,909
Less: current portion	**(58,624)**	(51,317)
Total carrying value of non-current loans receivable	**30,655**	70,592

*As at June 30, 2015, $Nil (December 31, 2014 - $4.8 million) of precious metal loan principal was designated as FVTPL and $Nil (December 31, 2014 - $0.8 million) was classified as HTM.

Impaired loans, debentures and loan loss provisions

When a loan or debenture is classified as impaired, the original expected timing and amount of future cash flows may be revised to reflect new circumstances. These revised cash flows are discounted using the original effective interest rate to determine the net realizable value of the loan or debenture. Interest income is thereafter recognized on this net realizable value using the effective interest rate. Additional changes to the amount or timing of future cash flows could result in further losses, or the reversal of previous losses, which would also impact the amount of subsequent interest income recognized.

As at June 30, 2015, the Company performed a comprehensive review of each loan and debenture measured at amortized cost in its portfolio to determine the requirement for specific loan loss provisions and debenture impairment charges. The carrying values of the Company's impaired loan and debenture are as follows:

	June 30, 2015		December 31, 2014	
	Number of Loans	**($ in thousands)**	Number of Loans	($ in thousands)
Resource debenture				
Amortized cost, before impairments	—	—	1	5,400
Impairments	—	—	—	(2,247)
Total carrying value of impaired debenture	—	—	1	3,153
Real estate loan				
Amortized cost, before loan loss provision	—	—	1	5,143
Loan loss provision	—	—	—	(754)
Total carrying value of real estate loan, net of loan loss provision	—	—	1	4,389
Total carrying value of impaired debenture and real estate loan, net of loan loss provisions	—	—	2	7,542

Interest income on the Company's impaired real estate loan and debenture and the changes in loan loss provision and impairment are as follows ($ in thousands):

	For the six months ended	
	June 30, 2015	June 30, 2014
Interest on impaired loan and debenture	**172**	132
Loan loss provision on real estate loan and impairment on resource debenture		
Balance, beginning of period	**3,001**	354
Recovery of resource debenture	**(1,746)**	—
Disposal of resource debenture	**(501)**	—
Loan loss provision (disposal) on real estate loan	**(754)**	132
Balance, end of period	**—**	354

Sector distribution of loan principal

The following table summarizes the distribution of all of the Company's outstanding loan principal balances by sector:

	June 30, 2015		December 31, 2014	
	Number of Loans	**($ in thousands)**	Number of Loans	($ in thousands)
Resource loans				
Metals and mining *	**8**	**42,051**	9	71,957
Energy and other	**5**	**52,496**	5	46,122
Total resource loans principal	**13**	**94,547**	14	118,079
Resource debentures				
Energy and other	**1**	**1,000**	2	7,500
Total resource debentures principal	**1**	**1,000**	2	7,500
Real estate loan				
Land under development	**—**	**—**	1	4,389
Total real estate loan principal	**—**	**—**	1	4,389
Total loan principal	**14**	**95,547**	17	129,968

*As at June 30, 2015, $Nil (December 31, 2014 - $4.8 million) of precious metal loan principal was designated as FVTPL and $Nil (December 31, 2014 - $0.8 million) was classified as HTM.

Geographic distribution of loan principal

The following table summarizes the distribution of all of the Company's outstanding loan principal balances by geographic location of the underlying security:

	June 30, 2015		December 31, 2014	
	Number of Loans	**($ in thousands)**	Number of Loans	($ in thousands)
Resource loans				
Canada *	**7**	**67,477**	8	80,496
United States of America	**1**	**4,372**	1	4,066
Mexico	**1**	**6,384**	1	13,000
Australia	**1**	**4,619**	1	7,083
Chile	**1**	**6,246**	2	8,845
Brazil	**1**	**3,700**	1	4,589
Peru	**1**	**1,749**	—	—
Total resource loan principal	**13**	**94,547**	14	118,079
Resource debentures				
Canada	**1**	**1,000**	1	2,000
United States of America	**—**	**—**	1	5,500
Total resource debenture principal	**1**	**1,000**	2	7,500
Real estate loans				
Canada	**—**	**—**	1	4,389
Total real estate loan principal	**—**	**—**	1	4,389
Total loan principal	**14**	**95,547**	17	129,968

*As at June 30, 2015, $Nil (December 31, 2014 - $4.8 million) of precious metal loan principal was designated as FVTPL and $Nil (December 31, 2014 - $0.8 million) was classified as HTM.

Priority of security charges

All of the Company's loans and debentures are senior secured with the exception of two resource loans, which have a carrying value of $13.7 million and are second secured (December 31, 2014 - $15.4 million).

Past due loans that are not impaired

Loans are considered past due once the borrower has failed to make payments within 30 days of the contractual due date. As at June 30, 2015 and December 31, 2014, all past due loans were assessed for impairment.

Loan commitments

As at June 30, 2015, the Company had $20.1 million in loan commitments (December 31, 2014 - $46.0 million).

6. OTHER ASSETS, INCOME AND EXPENSES

Other assets consist primarily of: (i) proceeds receivable on the redemption of certain seeded funds held as part of proprietary investments; (ii) a $3.5 million (December 31, 2014 - $3.5 million) non-interest bearing related party demand note; and (iii) receivables from funds and managed companies for which the Company has incurred expenses on their behalf. Other assets also include $2.6 million (December 31, 2014 - $Nil) of deferred costs pertaining to a potential transaction with *Central GoldTrust* and *Silver Bullion Trust*. These deferred costs will be expensed if the transaction is unsuccessful.

Other income on a three months ended basis primarily includes: (i) foreign exchange losses of $0.8 million (June 30, 2014 - $1.3 million); and (ii) royalty income on energy related assets in proprietary investments of $0.6 million (June 30, 2014 - $Nil). Other income on a six months ended basis includes: (i) foreign exchange gains of $6.0 million (June 30, 2014 - foreign exchange loss of $0.3 million); and (ii) royalty income on energy related assets in proprietary investments of $1.5 million (June 30, 2014 - $Nil).

Other expenses relate to energy assets held as part of proprietary investments. Specifically: (i) operating expenses of $0.2 million (June 30, 2014 - $Nil), on a three months ended basis and $1.0 million (June 30, 2014 - $Nil), on a six months ended basis; and (ii) depletion charges of $0.7 million (June 30, 2014 - $Nil), on a three months ended basis and $1.4 million (June 30, 2014 - $Nil), on a six months ended basis.

7. LOAN PAYABLE

The Company has a revolving credit facility with a Canadian chartered bank (the "Bank"). The amount that may be borrowed under this facility is $35.0 million. Amounts may be borrowed under the facility through prime rate loans, which bear interest at the Bank's prime rate, or bankers' acceptances, which bear interest at bankers' acceptance rates plus 1.375%. Amounts may also be borrowed in U.S. dollars through base rate loans, which bear interest at the greater of the Bank's reference rate for loans made by it in Canada in U.S. funds and the federal funds effective rate plus 1.00%, or LIBOR loans which bear interest at LIBOR plus 1.375%.

Loans are made by the Bank under a two-year revolving credit facility, the terms of which may be extended annually at the Bank's option. If the Bank elects not to extend the term, all outstanding principal, interest and fees are due at the maturity date.

The credit facility is fully and unconditionally guaranteed by SAM. The credit facility contains a number of financial covenants that require the Company to meet certain financial ratios and financial condition tests. The Company continues to be in compliance with all financial covenants of the credit facility, which require that the funded debt-to-Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) ratio be less than or equal to 2:1, the funded debt-to-SAM EBITDA ratio be less than or equal to 1.5:1 and that the Company's Assets under Management (AUM) not fall below $5.5 billion, calculated on the last day of each fiscal quarter.

There was no loan payable as at June 30, 2015 (December 31, 2014 - $15.0 million).

8. SHAREHOLDERS' EQUITY

Capital stock and contributed surplus

The authorized and issued share capital of the Company consists of an unlimited number of common shares, without par value.

	Number of shares	Stated value ($ in thousands)
At December 31, 2013	245,945,857	410,420
Additional purchase consideration	177,500	1,223
Issuance of share capital on purchase of management contracts	224,363	792
Issuance of share capital on conversion of RSU	1,401	4
Acquired for equity incentive plan	(1,000,000)	(1,686)
Released on vesting of equity incentive plan	672,205	3,915
At December 31, 2014	246,021,326	414,668
Issuance of share capital on conversion of RSU	1,400	4
Acquired for equity incentive plan	(475,838)	(808)
Released on vesting of equity incentive plan	947,908	4,832
At June 30, 2015	**246,494,796**	**418,696**

Contributed surplus consists of: stock option expense; earn-out shares expense; equity incentive plans' expense; and additional purchase consideration.

	Stated value ($ in thousands)
At December 31, 2013	45,664
Expensing of EPSP / EIP shares over the vesting period	3,262
Expensing of earn-out shares over the vesting period	111
Issuance of shares relating to additional purchase consideration	(1,613)
Issuance of share capital on conversion of RSU	(2)
Excess on repurchase of common shares for equity incentive plan *	(1,315)
Released on vesting of common shares for equity incentive plan	(3,908)
At December 31, 2014	42,199
Expensing of EPSP / EIP shares over the vesting period	1,572
Expensing of earn-out shares over the vesting period	(1,139)
Issuance of share capital on conversion of RSU	(4)
Excess on repurchase of common shares for equity incentive plan *	(442)
Released on vesting of common shares for equity incentive plan	(4,832)
At June 30, 2015	**37,354**

* The excess on repurchase of common shares represents amounts paid to shareholders by the Company on repurchase of their shares in excess of the book value of those shares.

Stock option plan

The Company has an option plan (the "Plan") intended to provide incentives to directors, officers, employees and consultants of the Company and its wholly-owned subsidiaries. The aggregate number of shares issuable upon the exercise of all options granted under the Plan and under all other stock-based compensation arrangements including the Trust and Equity Incentive Plan ("EIP") cannot exceed 10% of the issued and outstanding shares of the Company as at the date of grant. The options may be granted at a price that is not less than the market price of the Company's common shares at the time of grant. The options vest annually over a three-year period and may be exercised during a period not to exceed 10 years from the date of grant.

There were no stock options issued during the period ended June 30, 2015 (June 30, 2014 - Nil).

For valuing share option grants, the fair value method of accounting is used. The fair value of option grants is determined using the Black-Scholes option-pricing model, which takes into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Compensation expense is recognized over the three-year vesting period, assuming an estimated forfeiture rate, with an offset to contributed surplus. When exercised, amounts originally recorded against contributed surplus as well as any consideration paid by the option holder is credited to capital stock.

A summary of the changes in the Plan is as follows:

	Number of options (in thousands)	Weighted average exercise price ($)
Options outstanding, December 31, 2013	2,650	9.71
Options exercisable, December 31, 2013	2,650	9.71
Options outstanding, December 31, 2014	2,650	9.71
Options exercisable, December 31, 2014	2,650	9.71
Options outstanding, June 30, 2015	**2,650**	**9.71**
Options exercisable, June 30, 2015	**2,650**	**9.71**

Options outstanding and exercisable as at June 30, 2015 are as follows:

Exercise price ($)	Number of outstanding options (in thousands)	Weighted average remaining contractual life (years)	Number of options exercisable (in thousands)
10.00	2,450	2.9	2,450
4.85	50	4.5	50
6.60	150	5.4	150
4.85 to 10.00	**2,650**	**3.0**	**2,650**

Equity incentive plan

For employees in Canada, the Trust has been established and the Company will fund the Trust with cash, which will be used by the trustee to purchase: (i) on the open market, common shares of the Company that will be held in the Trust until the awards vest and are distributed to eligible members; or (ii) from treasury, common shares of the Company that will be held in the Trust until the awards vest and are distributed to eligible employees. For employees in the U.S. under the EIP plan, the Company will allot common shares of the Company as either: (i) restricted stock; (ii) unrestricted stock; or (iii) restricted stock units ("RSUs"), the resulting common shares of which will be issued from treasury.

There were no RSUs issued during the three and six months ended June 30, 2015 (three and six months ended June 30, 2014 - Nil). The Trust purchased 0.4 million and 0.5 million common shares for the three and six months ended June 30, 2015 (three and six months ended June 30, 2014 - $Nil).

	Number of common shares
Common shares held by the Trust, December 31, 2013	1,981,198
Acquired	1,000,000
Released on vesting	(672,205)
Unvested common shares held by the Trust, December 31, 2014	2,308,993
Acquired	475,838
Released on vesting	(947,908)
Unvested common shares held by the Trust, June 30, 2015	**1,836,923**

Earn-out shares

In connection with the acquisition of the Global Companies, up to an additional 8.0 million common shares of the Company may be issued with the achievement of certain earnings targets by the Global Companies. In accordance with IFRS 2 *Share-based Payment* ("IFRS 2"), this potential award carries a service condition without a performance condition of equal term. As a result, the accounting guidance under IFRS 2 required the Company to estimate the fair value of the potential share-based award on the business acquisition date. The fair value determined by the Company of $13.0 million was determined using an acceptable valuation model that utilized several significant assumptions including the probability of continued employment of a senior employee on or after February 4, 2014, the stock price of the Company on February 4, 2016 and the cumulative earnings of the Global Companies for the five year period ending February 4, 2016. The fair value of this share-based award has been charged to the consolidated statements of operations equally over the period of the service condition, being 3 years, which ended February 4, 2014.

In connection with the acquisition of Sprott Toscana, up to an additional 0.1 million common shares of the Company may be issued with the achievement of certain earnings targets by Sprott Toscana. In accordance with IFRS 2 *Share-based Payment*, this potential award carries a service condition with a market performance condition of equal term. As a result, the accounting guidance under IFRS 2 required the Company to initially estimate the number of equity instruments expected to ultimately vest and to assess the fair value of the equity instrument on the grant date. The fair value for each equity instrument was determined using an acceptable valuation model that utilized several significant assumptions including the probability of future dividends, options pricing and discounts for lock-up restrictions. In addition, the valuation model contemplated cash flow assumptions related to future AUM levels and cumulative earnings. The fair value of this share-based award is being charged to the consolidated statements of operations over the period of the service condition, being 3 years and is adjusted each reporting period to reflect the best available estimate of the number of equity instruments expected to ultimately vest.

Additional purchase consideration

In connection with the acquisition of the Global Companies, an additional 532,500 common shares of the Company were committed for issuance to employees of the Global Companies. The common shares were not considered compensation but formed part of the business acquisition. This additional consideration was recorded at fair value based on the market price of the Company's common shares as at February 4, 2011. Upon issuance of the common shares, the amount originally recorded against contributed surplus will be credited to capital stock. On February 6, 2012, February 4, 2013 and February 4, 2014, 177,500 common shares of the Company were issued to employees of the Global Companies.

For the three and six months ended June 30, 2015, the Company recorded share-based compensation expense of $0.2 million and $0.4 million, (three and six months ended June 30, 2014 - $0.8 million and $2.3 million, respectively) with a corresponding increase to contributed surplus ($ in thousands).

	For the three months ended		For the six months ended	
	June 30, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014
Earn-out shares	**(528)**	104	**(1,139)**	610
EPSP / EIP	**714**	683	**1,572**	1,657
	186	787	**433**	2,267

Basic and diluted earnings per share

The following table presents the calculation of basic and diluted earnings per common share:

	For the three months ended		For the six months ended	
	June 30, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014
Numerator ($ in thousands):				
Net income - basic and diluted	**6,726**	5,011	**13,663**	15,250
Denominator (Number of shares in thousands):				
Weighted average number of common shares	**247,395**	248,337	**247,400**	248,192
Weighted average number of unvested shares purchased by the Trust	**(1,731)**	(1,312)	**(1,559)**	(1,441)
Weighted average number of common shares - basic	**245,664**	247,025	**245,841**	246,751
Weighted average number of additional purchase consideration	**—**	—	**—**	33
Weighted average number of unvested shares purchased by the Trust	**1,731**	1,312	**1,559**	1,441
Weighted average number of outstanding RSU	**—**	1	**—**	2
Weighted average number of shares issuable under acquisition consideration payable	**136**	652	**136**	652
Weighted average number of common shares - diluted	**247,531**	248,990	**247,536**	248,879
Net income per common share				
Basic	**0.03**	0.02	**0.06**	0.06
Diluted	**0.03**	0.02	**0.06**	0.06

Capital management

The Company's objectives when managing capital are:

- to meet regulatory requirements and other contractual obligations;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders;
- to provide financial flexibility to fund possible acquisitions;
- to provide adequate seed capital for the Company's new product offerings; and
- to provide an adequate return to shareholders through growth in assets under management, growth in management fees and performance fees and return on the Company's invested capital that will result in dividend payments to shareholders.

The Company's capital is comprised of equity, including capital stock, contributed surplus, retained earnings (deficit) and accumulated other comprehensive income (loss). SPW is a member of the Investment Industry Regulatory Organization of Canada ("IIROC"), SAM is a registrant of the Ontario Securities Commission ("OSC") and the U.S. Securities and Exchange Commission ("SEC"), SAM US is registered with the SEC and SGRIL is a member of the Financial Industry Regulatory Authority ("FINRA"). As a result, all of these entities are required to maintain a minimum level of regulatory capital. To ensure compliance, management monitors regulatory and working capital on a regular basis. As at June 30, 2015 and 2014, all entities were in compliance with their respective capital requirements.

In the normal course of business, the Company, through its limited partnerships and wholly-owned subsidiaries, generates adequate operating cash flow and has limited capital requirements.

9. INCOME TAXES

The major components of income tax expense are as follows ($ in thousands):

	For the six months ended	
	June 30, 2015	June 30, 2014
Current income tax expense		
Based on taxable income of the current year	**4,357**	3,842
Other	**(107)**	(158)
	4,250	3,684
Deferred income tax expense (recovery)		
Total deferred income tax expense	**3,716**	2,978
Total deferred income tax recovery	**(4,544)**	(2,576)
	(828)	402
Income tax expense reported in the statements of operations	**3,422**	4,086

Taxes calculated on Company earnings differs from the theoretical amount that would arise using the weighted average tax rate applicable to earnings of the Company as follows ($ in thousands):

	For the six months ended	
	June 30, 2015	June 30, 2014
Income before income taxes	**17,085**	19,336
Tax calculated at domestic tax rates applicable to profits in the respective countries	**4,243**	5,237
Tax effects of:		
Non-deductible stock-based compensation	**—**	100
Non-taxable capital (gains) and losses	**(128)**	(893)
Capital losses not benefited	**2,093**	—
Adjustments in respect of previous years	**58**	—
Other temporary differences not benefited	**(505)**	60
Non-capital losses not previously benefited	**(1,847)**	(267)
Rate differences and other	**(492)**	(151)
Tax charge	**3,422**	4,086

The weighted average applicable tax rate was 24.8% (June 30, 2014 - 27.1%). The change was caused primarily by an increase in the profitability of the Company's Canadian subsidiaries partially offset by a decrease in the profitability of the Company's U.S. subsidiaries.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The ability to realize the tax benefits of these losses is dependent upon a number of factors, including the future profitability of operations in the jurisdictions in which the tax losses arose. The movement in significant components of the Company's deferred income tax assets and liabilities is as follows ($ in thousands):

For the six months ended June 30, 2015

	At December 31, 2014	Recognized in income	Recognized in other comprehensive income	Recognized in equity	At June 30, 2015
Deferred income tax assets					
Prepaid taxes and unrealized losses	8,835	(2,048)	660	—	7,447
Other stock-based compensation	3,663	(239)	1	—	3,425
Non-capital losses	1,174	(889)	—	—	285
Other	1,633	(540)	70	—	1,163
Total deferred income tax assets	**15,305**	**(3,716)**	**731**	**—**	**12,320**
Deferred income tax liabilities					
Fund management contracts	7,890	(1,608)	314	—	6,596
Deferred sales commissions	680	(61)	—	—	619
Unrealized gains	625	159	—	—	784
Transitional partnership income	6,624	(2,944)	—	—	3,680
Proceeds receivable	1,396	—	—	—	1,396
Other	1,368	(90)	—	—	1,278
Total deferred income tax liabilities	**18,583**	**(4,544)**	**314**	**—**	**14,353**
Net deferred income tax assets (liabilities)	**(3,278)**	**828**	**417**	**—**	**(2,033)**

For the year ended December 31, 2014

	At December 31, 2013	Recognized in income	Recognized in other comprehensive income	Recognized in equity	At December 31, 2014
Deferred income tax assets					
Unrealized losses	14,537	(7,294)	1,592	—	8,835
Additional purchase consideration	672	—	28	(700)	—
Other stock-based compensation	2,802	865	(4)	—	3,663
Non-capital losses	7,709	(6,502)	(33)	—	1,174
Other	449	1,219	(8)	(27)	1,633
Total deferred income tax assets	**26,169**	**(11,712)**	**1,575**	**(727)**	**15,305**
Deferred income tax liabilities					
Fund management contracts	8,793	(1,322)	419	—	7,890
Carried interests	335	(349)	14	—	—
Deferred sales commissions	671	9	—	—	680
Unrealized gains	(241)	878	(12)	—	625
Transitional partnership income	9,645	(3,021)	—	—	6,624
Proceeds receivable	1,223	173	—	—	1,396
Other	518	724	126	—	1,368
Total deferred income tax liabilities	**20,944**	**(2,908)**	**547**	**—**	**18,583**
Net deferred income tax assets (liabilities)	**5,225**	**(8,804)**	**1,028**	**(727)**	**(3,278)**

10. FAIR VALUE MEASUREMENTS

The following tables present the Company's recurring fair value measurements within the fair value hierarchy. The Company did not have non-recurring fair value measurements as at June 30, 2015 and December 31, 2014 ($ in thousands).

June 30, 2015	Level 1	Level 2	Level 3	Total
Recurring measurements:				
Cash and cash equivalents	145,366	—	—	145,366
Public equities and share purchase warrants	17,019	9,461	—	26,480
Mutual funds and alternative investment strategies	49,442	33,155	—	82,597
Fixed income securities	—	2,394	980	3,374
Private holdings*	—	—	12,792	12,792
Obligations related to securities sold short	(37,944)	—	—	(37,944)
Total net recurring fair value measurements	**173,883**	**45,010**	**13,772**	**232,665**

December 31, 2014	Level 1	Level 2	Level 3	Total
Recurring measurements:				
Cash and cash equivalents	120,774	—	—	120,774
Precious metal loans	—	—	5,662	5,662
Gold bullion	4,843	—	—	4,843
Public equities and share purchase warrants	8,363	2,342	—	10,705
Mutual funds and alternative investment strategies	18,324	53,534	—	71,858
Fixed income securities	—	7,609	981	8,590
Private holdings*	—	—	9,280	9,280
Total recurring fair value measurements:	**152,304**	**63,485**	**15,923**	**231,712**

* Private holdings measured using fair value techniques include: (i) private company investments classified as HFT and foreclosed properties, which have their changes in fair value recorded on the statements of operations; and (ii) energy royalties classified as AFS investments, which have their changes in fair value recorded as part of other comprehensive income.

The following tables provides a summary of changes in the fair value of Level 3 financial assets ($ in thousands):

Changes in the fair value of Level 3 measurements - June 30, 2015

	December 31, 2014	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Net unrealized gains included in OCI	Net realized gains (losses) included in net income	Net realized gains (losses) included in other income	Net realized gains (losses) included in interest income	June 30, 2015
Private holdings	9,280	4,385	(757)	(116)	—	—	—	—	12,792
Precious metal loans	5,662	—	(5,854)	—	—	377	248	(433)	—
Fixed income securities	981	—	—	(1)	—	—	—	—	980
	15,923	**4,385**	**(6,611)**	**(117)**	**—**	**377**	**248**	**(433)**	**13,772**

Changes in the fair value of Level 3 measurements - December 31, 2014

	December 31, 2013	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Net unrealized gains included in OCI	Net realized gains (losses) included in net income	Net realized gains (losses) included in other income	Net realized gains (losses) included in interest income	December 31, 2014
Private holdings	5,353	8,996	(7,768)	(120)	—	2,812	7	—	9,280
Precious metal loans	11,658	3,435	(11,854)	126	—	(119)	515	1,901	5,662
Fixed income securities	—	981	—	—	—	—	—	—	981
	17,011	**13,412**	**(19,622)**	**6**	**—**	**2,693**	**522**	**1,901**	**15,923**

During the six months ended June 30, 2015, $1.0 million of assets were transferred from Level 2 to Level 1 (December 31, 2014 - $0.1 million).

Financial instruments not carried at fair value

For fees receivable, other assets, accounts payable and accrued liabilities and compensation and employee bonuses payable, the carrying amount represents a reasonable approximation of fair value due to their short term nature.

Loans receivable and debentures (excluding precious metal loans that were designated as FVTPL) had a carrying value of $89.3 million (December 31, 2014 - $116.2 million) and a fair value of $94.4 million (December 31, 2014 - $120.0 million). Loans receivable and debentures (excluding precious metal loans that were designated as FVTPL) lack an available trading market, are not typically exchanged, and have been recorded at amortized cost. The fair value of resource loans and debentures are measured based on changes in the market price of comparable bonds since the average date that the loans were originated. The Company adjusts the fair value to take into account any significant changes in credit risks using observable market inputs in determining counterparty credit risk. The fair value of loans are not necessarily representative of the amounts realizable upon immediate settlement. The valuation techniques used for amortized cost loans and debentures for which a fair value has been disclosed would fall under Level 3 of the fair value hierarchy.

11. DIVIDENDS

The following dividends were declared and paid by the Company during the six months ended June 30, 2015:

Record date	Payment Date	Cash dividend per share ($)	Total dividend amount ($ in thousands)
May 22, 2015 - regular dividend Q1 - 2015	June 8, 2015	0.03	7,450
March 16, 2015 - regular dividend Q4 - 2014	March 30, 2015	0.03	7,412
Dividends paid (1)			14,862

(1) On August 11, 2015, a dividend of $0.03 per common share was declared for the quarter ended June 30, 2015. This dividend is payable on September 4, 2015 to shareholders of record at the close of business on August 20, 2015.

12. SEGMENTED INFORMATION

For management purposes, the Company is organized into business units based on its products, services and geographical location and has five reportable segments as follows:

- SAM, which provides asset management services to the Company's branded funds and managed accounts;
- Global Companies, which provides asset management services to the Company's branded funds and managed accounts in the U.S. and also provides securities trading services to its clients;
- SRLC, which provides loans to companies in the mining and energy sectors;
- The Consulting segment includes the operations of SC, Sprott Toscana and Sprott Korea, the consulting businesses of the Company; and
- Corporate and Other. The Corporate segment provides treasury and shared services to the Company's business units and includes the operating results of Sprott Inc. without the effect of consolidating certain subsidiaries. The Other segment includes the activities of SPW, the private wealth business of the Company.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on earnings before interest expense, income taxes, amortization and impairment of intangible assets and goodwill, gains and losses on proprietary investments (as if such gains and losses had not occurred), non-cash stock-based compensation and performance fees and performance fee related expenses (adjusted base EBITDA). Income taxes are managed on a consolidated basis and are not allocated to operating segments.

Transfer pricing between operating segments is performed on an arm's length basis in a manner similar to transactions with third parties.

Adjusted base EBITDA is not a measurement in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS.

The following tables present the operations of the Company's reportable segments ($ in thousands):

For the three months ended	June 30, 2015						
	SAM	Global Companies	SRLC	Consulting	Corporate and Other	Adjustments and Eliminations	Consolidated
Revenue							
Management fees	16,392	1,668	—	1,380	52	—	19,492
Performance fees	1	—	—	—	—	—	1
Commissions	—	1,342	—	—	136	—	1,478
Interest income	10	20	3,375	6	396	—	3,807
Trailer fee income	—	—	—	—	537	(445)	92
Gains (losses) on proprietary investments and loans	(565)	(88)	654	—	3,580	—	3,581
Other income	235	—	(338)	371	(96)	(14)	158
Total revenue	**16,073**	**2,942**	**3,691**	**1,757**	**4,605**	**(459)**	**28,609**
Expenses							
Compensation and benefits	4,334	1,570	817	218	553	—	7,492
Stock-based compensation	433	—	129	(518)	142	—	186
Trailer fees	3,608	—	—	—	—	(445)	3,163
Sub-advisor and referral fees	859	14	—	49	—	(14)	908
General and administrative	3,541	729	244	338	1,220	—	6,072
Depreciation, amortization and impairment	577	991	—	6	8	—	1,582
Other expenses	—	—	—	866	—	—	866
Total expenses	**13,352**	**3,304**	**1,190**	**959**	**1,923**	**(459)**	**20,269**
Income (loss) before income taxes for the period	**2,721**	**(362)**	**2,501**	**798**	**2,682**	**—**	**8,340**
Provision for income taxes							1,614
Net income for the period							**6,726**
Adjustments:							
Interest expense	—	—	—	—	—	—	—
Provision for income taxes	—	—	—	—	—	—	1,614
Depreciation and amortization	577	991	—	6	8	—	1,582
EBITDA	**3,298**	**629**	**2,501**	**804**	**2,690**	**—**	**9,922**
Other adjustments:							
Impairment (reversal) of intangible assets	—	—	—	—	—	—	—
Impairment of goodwill	—	—	—	—	—	—	—
(Gains) losses on proprietary investments and loans	565	88	(522)	—	(3,580)	—	(3,449)
Non-cash stock based compensation	—	—	—	(528)	—	—	(528)
Other	(99)	—	(226)	336	(83)	—	(72)
Adjusted EBITDA	**3,764**	**717**	**1,753**	**612**	**(973)**	**—**	**5,873**
Less:							
Performance fees	(1)	—	—	—	—	—	(1)
Performance fee related expenses	—	—	—	—	—	—	—
Adjusted base EBITDA	**3,763**	**717**	**1,753**	**612**	**(973)**	**—**	**5,872**

For the three months ended	June 30, 2014						
	SAM	Global Companies	SRLC	Consulting	Corporate and Other	Adjustments and Eliminations	Consolidated
Revenue							
Management fees	15,504	2,326	—	2,211	75	—	20,116
Performance fees	160	—	—	300	—	—	460
Commissions	—	1,862	—	—	638	—	2,500
Interest income	35	14	3,203	15	552	(3)	3,816
Trailer fee income	—	—	—	—	650	(556)	94
Gains (losses) on proprietary investments and loans	408	190	204	—	1,848	—	2,650
Other income	(28)	37	(538)	1,634	(309)	(81)	715
Total revenue	**16,079**	**4,429**	**2,869**	**4,160**	**3,454**	**(640)**	**30,351**
Expenses							
Compensation and benefits	4,622	1,970	885	1,561	843	(27)	9,854
Stock-based compensation	468	1	69	118	131	—	787
Trailer fees	3,740	—	—	—	—	(556)	3,184
Sub-advisor and referral fees	752	72	(72)	—	—	—	752
General and administrative	2,741	807	1,036	403	1,619	(57)	6,549
Depreciation, amortization and impairment	583	948	—	17	7	—	1,555
Impairment of goodwill	—	—	—	—	—	—	—
Other expenses	—	—	—	—	—	—	—
Total expenses	**12,906**	**3,798**	**1,918**	**2,099**	**2,600**	**(640)**	**22,681**
Income (loss) before income taxes for the period	**3,173**	**631**	**951**	**2,061**	**854**	**—**	**7,670**
Provision for income taxes							2,659
Net income for the period							**5,011**
Adjustments:							
Interest expense	—	—	—	—	—	—	—
Provision for income taxes	—	—	—	—	—	—	2,659
Depreciation and amortization	583	948	—	17	7	—	1,555
EBITDA	**3,756**	**1,579**	**951**	**2,078**	**861**	**—**	**9,225**
Other adjustments:							
Impairment of intangible assets	—	—	—	—	—	—	—
Impairment of goodwill	—	—	—	—	—	—	—
(Gains) losses on proprietary investments and loans	(408)	(190)	179	—	(1,848)	—	(2,267)
Non-cash stock based compensation	—	—	—	104	—	—	104
Other	—	—	—	—	—	—	—
Adjusted EBITDA	**3,348**	**1,389**	**1,130**	**2,182**	**(987)**	**—**	**7,062**
Less:							
Performance fees	(160)	—	—	(300)	—	—	(460)
Performance fee related expenses	139	—	—	75	—	—	214
Adjusted base EBITDA	**3,327**	**1,389**	**1,130**	**1,957**	**(987)**	**—**	**6,816**

For the six months ended	June 30, 2015						
	SAM	Global Companies	SRLC	Consulting	Corporate and Other	Adjustments and Eliminations	Consolidated
Revenue							
Management fees	31,594	3,709	—	2,649	103	—	38,055
Performance fees	1	—	—	127	—	—	128
Commissions	—	2,045	—	—	1,508	—	3,553
Interest income	16	40	9,731	12	840	—	10,639
Trailer fee income	—	—	—	—	1,081	(903)	178
Gains (losses) on proprietary investments and loans	(2,603)	(428)	(335)	—	4,073	—	707
Other income	1,179	(106)	3,590	1,201	2,866	(93)	8,637
Total revenue	**30,187**	**5,260**	**12,986**	**3,989**	**10,471**	**(996)**	**61,897**
Expenses							
Compensation and benefits	8,708	3,063	3,527	405	2,288	—	17,991
Stock-based compensation	984	—	260	(1,112)	301	—	433
Trailer fees	7,168	—	—	—	—	(903)	6,265
Sub-advisor and referral fees	1,636	92	—	96	11	(93)	1,742
General and administrative	6,616	1,607	377	674	2,987	—	12,261
Depreciation, amortization and impairment	1,142	2,590	—	13	12	—	3,757
Other expenses	—	—	—	2,363	—	—	2,363
Total expenses	**26,254**	**7,352**	**4,164**	**2,439**	**5,599**	**(996)**	**44,812**
Income (loss) before income taxes for the period	**3,933**	**(2,092)**	**8,822**	**1,550**	**4,872**	**—**	**17,085**
Provision for income taxes							3,422
Net income for the period							**13,663**
Adjustments:							
Interest expense	—	—	—	—	84	—	84
Provision for income taxes	—	—	—	—	—	—	3,422
Depreciation and amortization	1,142	1,959	—	13	12	—	3,126
EBITDA	**5,075**	**(133)**	**8,822**	**1,563**	**4,968**	**—**	**20,295**
Other adjustments:							
Impairment (reversal) of intangible assets	—	631	—	—	—	—	631
Impairment of goodwill	—	—	—	—	—	—	—
(Gains) losses on proprietary investments and loans	2,603	428	335	—	(4,073)	—	(707)
Non-cash stock based compensation	—	—	—	(1,139)	—	—	(1,139)
Other	(165)	—	(480)	922	(220)	—	57
Adjusted EBITDA	**7,513**	**926**	**8,677**	**1,346**	**675**	**—**	**19,137**
Less:							
Performance fees	(1)	—	—	(127)	—	—	(128)
Performance fee related expenses	9	—	—	31	—	—	40
Adjusted base EBITDA	**7,521**	**926**	**8,677**	**1,250**	**675**	**—**	**19,049**

For the six months ended	June 30, 2014						
	SAM	Global Companies	SRLC	Consulting	Corporate and Other	Adjustments and Eliminations	Consolidated
Revenue							
Management fees	30,648	4,685	—	3,992	163	—	39,488
Performance fees	160	—	—	570	—	—	730
Commissions	—	3,415	—	—	1,009	—	4,424
Interest income	54	24	8,103	30	962	(3)	9,170
Trailer fee income	—	—	—	—	1,350	(1,174)	176
Gains (losses) on proprietary investments and loans	1,780	671	1,691	—	2,858	—	7,000
Other income	388	25	496	1,748	(262)	(161)	2,234
Total revenue	**33,030**	**8,820**	**10,290**	**6,340**	**6,080**	**(1,338)**	**63,222**
Expenses							
Compensation and benefits	8,949	3,865	2,126	2,261	1,809	(27)	18,983
Stock-based compensation	1,227	406	141	245	248	—	2,267
Trailer fees	7,366	—	—	—	—	(1,174)	6,192
Sub-advisor and referral fees	1,322	143	(143)	—	—	—	1,322
General and administrative	5,480	1,588	1,577	592	2,897	(137)	11,997
Depreciation, amortization and impairment	1,187	1,894	—	26	18	—	3,125
Other expenses	—	—	—	—	—	—	—
Total expenses	**25,531**	**7,896**	**3,701**	**3,124**	**4,972**	**(1,338)**	**43,886**
Income (loss) before income taxes for the period	**7,499**	**924**	**6,589**	**3,216**	**1,108**	**—**	**19,336**
Provision for income taxes							4,086
Net income for the period							**15,250**
Adjustments:							
Interest expense	—	—	—	—	—	—	—
Provision for income taxes	—	—	—	—	—	—	4,086
Depreciation and amortization	1,187	1,894	—	26	18	—	3,125
EBITDA	**8,686**	**2,818**	**6,589**	**3,242**	**1,126**	**—**	**22,461**
Other adjustments:							
Impairment of intangible assets	—	—	—	—	—	—	—
Impairment of goodwill	—	—	—	—	—	—	—
(Gains) losses on proprietary investments and loans	(1,780)	(671)	(1,438)	—	(2,858)	—	(6,747)
Non-cash stock based compensation	—	403	—	207	—	—	610
Other	—	—	—	—	—	—	—
Adjusted EBITDA	**6,906**	**2,550**	**5,151**	**3,449**	**(1,732)**	**—**	**16,324**
Less:							
Performance fees	(160)	—	—	(570)	—	—	(730)
Performance fee related expenses	139	—	—	143	—	—	282
Adjusted base EBITDA	**6,885**	**2,550**	**5,151**	**3,022**	**(1,732)**	**—**	**15,876**

Inter-segment revenues and expenses are eliminated on consolidation and reflected in the "Adjustments and Eliminations" column.

General and administrative expenses include compensation and benefits and stock-based compensation.

For geographic reporting purposes, transactions are primarily recorded in the location that corresponds with the underlying subsidiary's country of domicile that generates the revenue. The following table presents the revenue of the Company by geographic location ($ in thousands):

	For the three months ended		For the six months ended	
	June 30, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014
Canada	**25,667**	25,922	**56,637**	54,402
United States	**2,942**	4,429	**5,260**	8,820
	28,609	30,351	**61,897**	63,222

13. COMMITMENTS

Besides the Company's long-term lease agreement, there may be commitments to provide loans arising from the SRLC business segment or commitments to make investments in the proprietary investments portfolio of the Company. As at June 30, 2015, the Company had $20.1 million of loan commitments (December 31, 2014 - $46.0 million) and $4.6 million of investment purchase commitments in the proprietary investments portfolio (December 31, 2014 - $0.8 million).

14. CONTINGENCY

Central GoldTrust and *Silver Bullion Trust* has commenced an action to, among other things, enjoin the *Sprott Physical Gold Trust* and the *Sprott Physical Silver Trust* from completing the offer to exchange. Management of the Company believes that the claims in the action are without merit.

CORPORATE INFORMATION

Head Office
Sprott Inc.
Royal Bank Plaza, South Tower
200 Bay Street
Suite 2700, P.O. Box 27
Toronto, Ontario M5J 2J1
Telephone: 416.362.7172
Toll Free: 1.888.362.7172

Directors & Officers
Eric S. Sprott, Chairman
Peter Grosskopf, Chief Executive Officer and Director
Jack C. Lee, Lead Director
Rick Rule, Director
James T. Roddy, Director
Marc Faber, Director
Alex Adamson, Director
Sharon Ranson, Director
Rosemary Zigrossi, Director
Steven Rostowsky, Chief Financial Officer and Corporate Secretary

Transfer Agent & Registrar
Equity Transfer & Trust Company
200 University Avenue, Suite 400
Toronto, Ontario M5H 4H1
Toll Free: 1.866.393.4891
www.equitytransfer.com

Legal Counsel
Baker & McKenzie LLP
Brookfield Place, Suite 2100
181 Bay Street, P.O. Box 874
Toronto, Ontario, Canada M5J 2T3

Auditors
Ernst & Young LLP
Ernst & Young Tower
P.O. Box 251, 222 Bay Street
Toronto-Dominion Centre
Toronto, Ontario M5K 1J7

Investor Relations
Shareholder requests may be directed to Investor Relations by e-mail at ir@sprott.com or via telephone at 416.203.2310 or toll free at 1.877.403.2310

Stock Information
Sprott Inc. common shares are traded on the Toronto Stock Exchange under the symbol "SII"

Sprott INC.

www.sprottinc.com