Third Quarter Report

September 30, 2016

Exchange Listed Products | Diversified Alternative Asset Management | Private Resources

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November 10, 2016

Dear Shareholders,

Our market positioning was finally rewarded over the first nine months of 2016, as highlighted by the more than 35 percent year-to-date increase in our Assets Under Management ("AUM") to $10.1 billion. The key drivers of this growth were strong performance and sales in our precious metal and energy strategies, the Central GoldTrust transaction, and the continued expansion of our specialty credit franchise.

The overall case for gold and silver investments is stronger than ever, especially in light of this week's US election result. We believe that gold and silver may ultimately serve as a safe haven from the unpredictable outcomes of central bank printing binges, which have created bubbles in credit, equities and other asset markets globally. Government debt levels in all four of the world's major economic regions are at historic highs relative to economic output and, with interest rates already negative for approximately $12 trillion worth of these securities, there appears to be no way to solve the equation. We expect our precious-metals related strategies to keep growing as we introduce international investors to both our actively-managed and exchange-listed products.

We are committed to remaining at the forefront of precious metals investing and recently completed a strategic investment in Tradewind Markets, a new venture with the goal of modernizing the trading, settlement and ownership of physical gold. Tradewind is a spinoff of IEX Group Inc., which recently launched a new U.S. stock exchange designed to level the playing field for all investors.

The asset management industry globally is facing unprecedented challenges. Fee pressures are increasing, partially due to investor preference for highly-correlated ETF products. In the Canadian market, mutual fund sales have declined significantly year-to-date. We believe that, eventually, investors will return to active management and distributors will be forced to allow open access to their financial advisors. In the meantime, our alternative funds are among the best positioned in the market.

In order to meet our profitability targets, we have initiatives in place to reduce our expense ratios going forward. Over the past three years, we have invested in building sales support in the US and Europe, launching new products and providing the associated marketing support. We have not let the difficult market conditions in some of our principal strategies impact our resolve to deliver the best possible performance across a more diversified product line.

We have also announced that, subject to obtaining all required approvals, including that of the Toronto Stock Exchange, Sprott intends to make a normal course issuer bid to purchase up to 5% of the issued and outstanding common shares of the Company. We have a strong balance sheet and believe that buying back shares for cancellation is a good use of shareholder capital.

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

Sincerely,

Peter Grosskopf
Chief Executive Officer

Management's Discussion and Analysis

Three and nine months ended September 30, 2016

SPROTT

FORWARD LOOKING STATEMENTS

Certain statements in this Management's Discussion & Analysis ("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) Sprott Inc.'s (the "Company", "we", "us", "our") long-term commitment to precious metals; (ii) our objective of building our diversified suite of alternative investment products to sustainable scale; (iii) the two-pronged strategy of building a global precious metals franchise, augmented by a diversified alternative investment fund business, better enables us to provide consistent shareholder returns over the long term and through various economic cycles; (iv) our belief that our two-pronged strategy will also position us well to take advantage of the continued global shift from conventional investments to alternative investment strategies; (v) expectations regarding precious-metals related strategies and their contribution to further AUM growth in the quarters and years ahead; (vi) our belief that our success in attracting and retaining AUM in the current environment and beyond will depend on our ability to offer differentiated alternative investment strategies in both actively-managed and exchange-listed formats; (vii) our belief that the new long-term incentive compensation plan will better align executive compensation and incentives to that of our shareholders going forward; (viii) our 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 (ix) 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) poor investment performance; (iii)performance fee fluctuations; (iv) changes in the investment management industry; (v) risks related to regulatory compliance; (vi) failure to deal appropriately with conflicts of interest; (vii) failure to continue to retain and attract quality staff; (viii) competitive pressures; (ix) corporate growth may be difficult to sustain and may place significant demands on existing administrative, operational and financial resources; (x) failure to execute the Company's succession plan; (xi) foreign exchange risk relating to the relative value of the U.S. dollar; (xii) litigation risk; (xiii) employee errors or misconduct could result in regulatory sanctions or reputational harm; (xiv) failure to implement effective information security policies, procedures and capabilities; (xv) failure to develop effective business resiliency plans; (xvi) failure to obtain or maintain sufficient insurance coverage on favourable economic terms; (xvii) historical financial information is not necessarily indicative of future performance; (xviii) the market price of common shares of the Company may fluctuate widely and rapidly; (xix) risks relating to the Company's proprietary investments; (xx) risks relating to the Company's lending business; (xxi) those risks described under the heading "Risk Factors" in the Company's annual information form dated March 10, 2016; and (xxii) those risks described under the headings "Managing Risk: Financial" and "Managing Risk: Non-Financial" 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 MD&A of financial condition and results of operations, dated November 10, 2016, presents an analysis of the consolidated financial condition of the Company and its subsidiaries as at September 30, 2016, compared with December 31, 2015, and the consolidated results of operations for the three and nine months ended September 30, 2016, compared with the three and nine months ended September 30, 2015. The Board of Directors approved this MD&A on November 10, 2016. All note references in this MD&A are to the notes to the Company's September 30, 2016 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

The 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 three and nine months ended September 30, 2015 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 performance indicator 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.

Selling, general and administrative ("SG&A") Expense Ratio

The SG&A Expense Ratio refers to total SG&A expenses as a percentage of adjusted base EBITDA relevant net revenues. The Company uses this ratio to monitor and manage the impact of SG&A on adjusted base EBITDA. Relevant net revenues include all net revenue items with the exception of: (1) gains (losses) on proprietary investments; (2) gains (losses) on foreign exchange; and (3) income from energy assets.

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. EBITDA 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.

The following table outlines how our EBITDA measures are determined:

	3 months ended		9 months ended	
($ in thousands)	Sep. 30, 2016	Sep. 30, 2015	Sep. 30, 2016	Sep. 30, 2015
Net income (loss) for the period	12,531	(49,190)	30,784	(35,527)
Adjustments:				
Interest expense	—	—	—	84
Provision for income taxes	1,872	6,440	5,530	9,862
Depreciation and amortization	1,844	1,668	5,585	4,794
EBITDA	16,247	(41,082)	41,899	(20,787)
Other adjustments:				
Impairment (reversal) of intangibles	—	11,442	3,006	12,073
Impairment of goodwill	—	28,505	—	28,505
(Gains) losses on proprietary investments	(6,809)	9,399	(35,924)	8,692
General loan loss provisions (1)	—	—	—	—
(Gains) losses on foreign exchange (2)	(1,799)	(7,580)	5,593	(13,615)
Non-cash and non-recurring stock-based compensation	770	11	2,739	(1,109)
Other (3)	84	1,808	2,886	3,145
Adjusted EBITDA	8,493	2,503	20,199	16,904
Other adjustments:				
Performance fees	(239)	(94)	(1,472)	(222)
Performance fee related expenses	177	45	618	85
Adjusted base EBITDA	8,431	2,454	19,345	16,767

(1) Adjusted base EBITDA includes specific loan loss provisions of $0.1 million on a three months ended basis (three months ended 2015 - $3.9 million) and $0.7 million on a nine months ended basis (nine months ended 2015 - $3.9 million).

(2) (Gains) losses on foreign exchange include translation gains and losses relating to U.S. dollar denominated cash, receivables and loan balances.

(3) Other category includes transition expenses paid during the period. These were nominal on a three months ended basis (three months ended 2015 - $0.2 million) and $0.2 million on a nine months ended basis (nine months ended 2015 - $0.5 million). Effective June 30, 2016, the Company began incurring upfront placement fees in the Lending segment. These fees are amortized for EBITDA recognition purposes over the future benefits period. This is contrary to our treatment on the statements of operation prepared using the principles of IFRS (specifically IAS 18). Management believes this IFRS departure is necessary to: (1) more accurately reflect the economics of arrangements with placement agents; and (2) to ensure that future comparative periods post-IFRS 15 transition in 2018 are reported on a consistent basis with that impending new standard.

BUSINESS OVERVIEW

As one of the world's leading global precious metals investors, our long-term commitment to precious metals is both a key competitive advantage and a strategic priority. This is balanced with the objective of building our diversified suite of alternative investment products to sustainable scale. The two-pronged strategy of building a global precious metals franchise, augmented by a diversified alternative investment fund business, better enables us to provide consistent shareholder returns over the long term and through various economic cycles. Over time, it is our belief that our two-pronged strategy will also position us well to take advantage of the continued global shift from conventional investments to alternative investment strategies.

We operate through three primary lines of business:

(1) Exchange Listed Products

(2) Diversified Alternative Asset Management

(3) Private Resources

Exchange Listed Products

- This business platform houses the Company's closed-end physical trusts and exchange traded funds ("ETFs"), both of which are actively traded on public securities exchanges. Sprott Asset Management LP ("SAM") is both the principal subsidiary and reportable segment through which these products are managed and distributed.

Diversified Alternative Asset Management

- This business platform houses the Company's full suite of public mutual funds, alternative investment strategies and managed accounts. In addition to the management and distribution of exchange listed products noted above, SAM also manages this diversified products suite.

Private Resources

- This business platform houses the Company's private resource-focused asset management activities. Primary activities include the management of: (1) U.S.-based fixed-term limited partnership vehicles, discretionary managed accounts and private placement activities; (2) direct and indirect resource lending activities via the Company's balance sheet and through limited partnership structures; and (3) private equity style and direct asset investments through managed companies. Specific reportable segments and principal subsidiaries in this line of business are highlighted below:

  Global:

  - Resource Capital Investment Corporation ("RCIC")
  - Sprott Asset Management USA Inc. ("SAM US")
  - Sprott Global Resource Investments Ltd. ("SGRIL")

  Lending:

  - Sprott Resource Lending Corp. ("SRLC")

  Consulting:

  - Sprott Consulting LP ("SC"), manager of Sprott Resource Corp. ("SRC")
  - Toscana Energy Corporation ("TEC"); Toscana Capital Corporation ("TCC") (collectively, "Sprott Toscana")
  - Sprott Korea Corporation ("Sprott Korea")

For a detailed account of the underlying principal subsidiaries within our primary lines of business (as well as our corporate segment) 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.

BUSINESS HIGHLIGHTS AND GROWTH INITIATIVES

Investment Performance

During the quarter, we experienced $252 million in market value appreciation and $1.5 billion of market value appreciation on a year-to-date basis. Strong precious metals prices had a particularly meaningful impact on our exchange listed products and gold focused mutual fund offerings. Separately, our energy and alternative credit strategies also contributed to our investment performance.

Product and Business Line Expansion

Subsequent to the quarter end, SAM completed the closing of Sprott 2016 - II Flow-Through Limited Partnership by issuing 1 million units for gross proceeds of $25 million.

OUTLOOK

After posting strong gains through the first half of the year, precious metals prices softened somewhat towards the end of the third quarter of 2016. Despite the recent correction, the macro-economic case for gold and silver remains strong and we expect our precious-metals related strategies to contribute to further AUM growth in the quarters and years ahead. In Canada, the asset management industry continues to face challenges with net sales down across the industry, particularly in actively-managed equity funds. Globally, exchange listed products are capturing increased market share and asset managers are being forced to adjust to this shift. We continue to believe that our success in attracting and retaining AUM in the current environment and beyond will depend on our ability to offer differentiated alternative investment strategies in both actively-managed and exchange listed formats.

SUMMARY FINANCIAL INFORMATION

($ in thousands)	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014
SUMMARY INCOME STATEMENT								
Management fees	22,586	20,524	19,315	18,504	18,776	19,492	18,563	18,674
Performance fees	239	1,146	87	8,703	94	1	127	9,493
less: Trailer fees	3,325	3,167	3,016	3,060	3,222	3,163	3,133	2,867
less: Sub-advisor fees	1,233	1,107	999	6,217	934	876	776	6,274
Net Fees	18,267	17,396	15,387	17,930	14,714	15,454	14,781	19,026
Commissions	5,265	4,478	1,133	1,515	1,940	1,478	2,075	1,400
Interest income	2,824	3,900	3,950	4,122	3,953	3,807	6,832	5,687
Gains (losses) on proprietary investments	6,809	17,629	11,486	(1,128)	(9,399)	3,450	(2,742)	(7,156)
Other income (loss)	3,658	1,250	(4,292)	6,075	10,955	250	8,565	4,701
Total Net Revenues	36,823	44,653	27,664	28,514	22,163	24,439	29,511	23,658
Compensation	10,689	11,707	9,231	11,774	7,886	7,620	10,882	10,113
Stock-based compensation	1,388	1,382	1,858	770	773	186	247	910
Referral Fees	497	1,717	145	194	193	16	27	127
Selling, general and administrative	7,386	7,887	7,263	7,855	7,371	5,944	5,806	5,705
Loan loss provisions (recoveries)	114	346	192	5,351	3,866	(131)	132	134
Amortization and impairment charges	1,844	1,844	4,903	4,806	41,615	1,582	2,175	3,879
Other expenses	502	(284)	2,215	3,077	3,209	882	1,497	638
Total Expenses	22,420	24,599	25,807	33,827	64,913	16,099	20,766	21,506
SG&A Expense Ratio	27%	30%	32%	36%	33%	28%	24%	23%
Net Income (Loss)	12,531	16,946	1,307	(4,104)	(49,190)	6,726	6,937	(363)
Net Income (Loss) per share (basic & diluted)	0.05	0.07	0.01	(0.02)	(0.20)	0.03	0.03	0.00
Adjusted base EBITDA	8,431	5,753	5,161	(205)	2,454	7,136	7,177	8,849
Adjusted base EBITDA per share (basic & diluted)	0.03	0.02	0.02	0.00	0.01	0.02	0.03	0.04
SUMMARY BALANCE SHEET								
Total Assets	431,149	428,209	412,547	433,876	439,637	497,818	453,895	481,277
Total Liabilities	66,336	67,059	61,987	75,634	69,222	74,537	27,739	62,665
Cash	100,704	111,252	92,496	107,622	124,093	145,366	119,646	120,774
less: syndicate cash holdings	(651)	(2,675)	(1,093)	(459)	(1,097)	(4,411)	(1,893)	(109)
Net cash	100,053	108,577	91,403	107,163	122,996	140,955	117,753	120,665
Proprietary investments	166,126	152,059	133,603	136,809	139,634	134,849	94,902	132,112
less: obligations related to securities sold short	(36,782)	(38,641)	(31,653)	(40,191)	(42,992)	(37,944)	(10,792)	(19,520)
Net proprietary investments	129,344	113,418	101,950	96,618	96,642	96,905	84,110	112,592
Loans receivable *	82,470	81,638	101,253	100,802	89,035	89,279	109,433	121,909
Investable Capital	311,867	303,633	294,606	304,583	308,673	327,139	311,296	355,166
ASSETS UNDER MANAGEMENT								
Exchange Listed Products	4,943,224	4,829,986	4,169,716	2,958,779	3,076,458	3,195,543	3,392,087	3,073,948
Diversified Alternative Asset Management	3,937,898	3,816,298	3,476,701	3,328,220	3,202,390	3,378,695	3,226,247	2,762,948
Private Resources	1,207,598	1,154,718	1,153,099	1,139,030	1,155,249	1,226,548	1,199,055	1,190,494
Total Enterprise AUM	10,088,720	9,801,002	8,799,516	7,426,029	7,434,097	7,800,786	7,817,389	7,027,390

* In prior periods the loan receivable balances included a long-term receivable recorded in other assets for Investable Capital calculation and reporting purposes. This item is now excluded to better align with the on-balance sheet presentation. The balances were not material.

FINANCIAL HIGHLIGHTS

For the three and nine months ended September 30, 2016

- AUM was $10.1 billion, reflecting an increase of $ 0.3 billion (3%) from June 30, 2016, $2.7 billion (36%) from December 31, 2015 and $2.7 billion (36%) from September 30, 2015. The increase in AUM on a three and nine months ended basis was due to a combination of the closure of the Central GoldTrust ("GTU") exchange offer in the first quarter of 2016 and strong market value appreciation throughout the year largely due to improved precious metals prices. Average AUM on a three and nine months ended basis was $10.0 billion and $9.3 billion, respectively, which increased $2.4 billion (32%) and $1.6 billion (21%), respectively, from the prior periods.
- AUA was $3.0 billion, reflecting an increase of $0.3 billion (10%) from June 30, 2016, $1.0 billion (51%) from December 31, 2015 and $1.0 billion (52%) from September 30, 2015. The increase in AUA was primarily from market value appreciation due to strong precious metals prices.
- Total net revenues were $36.8 million on a three months ended basis and $109.1 million on a nine months ended basis, reflecting an increase of $14.7 million (66%) and $33.0 million (43%), respectively, from the prior periods.
- Total expenses (excluding trailer fees, sub-advisor fees, non-recurring and non-cash charges) were $22.3 million on a three months ended basis and $69.2 million on a nine months ended basis, reflecting an increase of $1.2 million (6%) and $11.9 million (21%), respectively, from the prior periods.
- Net income was $12.5 million ($0.05 per share) on a three months ended basis and $30.8 million ($0.13 per share) on a nine months ended basis, reflecting an increase of $61.7 million and $66.3 million, respectively, from the prior periods.
- Adjusted base EBITDA was $8.4 million ($0.03 per share) on a three months ended basis and $19.3 million ($0.07 per share) on a nine months ended basis reflecting an increase of $6.0 million and $2.6 million, respectively, from the prior periods.
- Investable capital stood at $311.9 million, reflecting an increase of $8.2 million from June 30, 2016, $7.3 million from December 31, 2015 and $3.2 million from September 30, 2015.

RESULTS OF OPERATIONS

For the three and nine months ended September 30, 2016

Assets Under Management, Investment Performance and Net Sales

Breakdown of AUM by investment product type:

Product Type	Sep. 30, 2016 $ (in millions)	Sep. 30, 2016 % AUM	Sep. 30, 2015 $ (in millions)	Sep. 30, 2015 % AUM
Exchange Listed Products (1)	4,943	49%	3,077	41%
Diversified Alternative Asset Management:				
Mutual Funds (1)	2,674	26%	2,327	31%
Alternative Investment Funds	1,173	12%	835	11%
Managed Accounts	91	1%	40	1%
Private Resources:				
Fixed-term limited partnerships	383	4%	339	5%
Managed Companies	681	7%	707	10%
Managed Accounts	144	1%	109	1%
Total Enterprise AUM	10,089	100%	7,434	100%

Breakdown of AUM movements on a quarter-to-date basis by investment product type:

$ (in millions)	AUM Jun. 30, 2016	Net Sales / (Redemptions)	Net Market Value Change	Acquisitions / (Divestitures)	AUM Sep. 30, 2016
Exchange Listed Products (1)	4,830	36	77	—	4,943
Diversified Alternative Asset Management:					
Mutual Funds (1)	2,638	(56)	92	—	2,674
Alternative Investment Funds	1,107	37	29	—	1,173
Managed Accounts	71	19	1	—	91
Private Resources:					
Fixed Term Limited Partnerships	364	—	19	—	383
Managed Companies	662	—	19	—	681
Managed Accounts	129	—	15	—	144
Total Enterprise AUM	9,801	36	252	—	10,089

Breakdown of AUM movements on a year-to-date basis by investment product type:

$ (in millions)	AUM Dec. 31, 2015	Net Sales / (Redemptions)	Net Market Value Change	Acquisitions / (Divestitures)	AUM Sep. 30, 2016
Exchange Listed Products (1)	2,959	24	888	1,072	4,943
Diversified Alternative Asset Management:					
Mutual Funds (1)	2,400	(59)	333	—	2,674
Alternative Investment Funds	892	87	194	—	1,173
Managed Accounts	35	32	24	—	91
Private Resources:					
Fixed Term Limited Partnerships	335	—	48	—	383
Managed Companies	701	—	(20)	—	681
Managed Accounts	104	—	40	—	144
Total Enterprise AUM	7,426	84	1,507	1,072	10,089

(1) Prior to 2016, the "Bullion Funds" category combined Physical Trusts as well as Bullion Mutual Funds. Bullion Mutual Funds are now part of the "Mutual Funds" category while the Physical Trusts have been combined with ETFs as part of the "Exchange Listed Products" category. Prior periods have been restated accordingly.

Revenues

Management fees net of trailers and sub-advisor fees were $18.0 million on a three months ended basis and $49.6 million on a nine months ended basis, reflecting an increase of $3.4 million (23%) and $4.9 million (11%), respectively, from the prior periods. The increase was largely due to an increase in the average AUM of our exchange listed products and diversified alternative asset management funds, partially offset by a slight decrease in the average AUM of managed companies in our private resources businesses. Gross management fees as a percentage of average AUM were 1% on a three and nine months ended basis, largely unchanged from the prior periods.

Performance fees were $0.2 million on a three months ended basis and $1.5 million on a nine months ended basis, reflecting an increase of $0.1 million and $1.3 million, respectively from the prior periods. Performance fees were mainly generated in the second quarter from a seeded fund investment in SAM.

Commission revenues were $5.3 million on a three months ended basis and $10.9 million on a nine months ended basis, reflecting an increase of $3.3 million and $5.4 million, respectively, from the prior periods. The increase was due to improved private placement activity, mostly in SGRIL and to a lesser extent in Sprott Private Wealth ("SPW").

Interest income was $2.8 million on a three months ended basis and $10.7 million on a nine months ended basis, reflecting a decrease of $1.1 million (29%) and $3.9 million (27%), respectively, from the prior period. The decrease on a three and nine months ended basis was due to lower average loan balances, coupled with the inclusion of fee income on the early termination of a loan facility in the first quarter of last year's results.

Gains on proprietary investments were $6.8 million on a three months ended basis and $35.9 million on a nine months ended basis, reflecting an increase of $16.2 million and $44.6 million, respectively from the prior periods. These gains were due to market value appreciation in resource and precious-metals focused seed investments of our diversified alternative asset management business, private resources business (primarily the Global and Lending segments), as well as on equity holdings in the Corporate segment.

Other income was $3.7 million on a three months ended basis and $0.6 million on a nine months ended basis, reflecting a decrease of $7.3 million (67%) and $19.2 million (97%), respectively, from the prior periods. The decrease on a three and nine months ended basis was largely due to reduced foreign exchange gains (in the quarter) and foreign exchange losses (on a year-to-date basis) compared to material foreign exchange gains in the prior periods.

Expenses

Changes in specific expense categories are described below:

Compensation

The table below summarizes the components of compensation:

	3 months ended		9 months ended	
($ in thousands)	2016	2015	2016	2015
Salaries	7,160	5,976	21,706	17,464
Discretionary bonus-cash component	1,937	285	5,739	5,197
Commissions	1,432	1,356	3,411	2,571
Director's fees	133	113	579	564
Transition expenses	27	156	192	532
Compensation (1)	10,689	7,886	31,627	26,328

(1) Discretionary bonus-equity of $0.6 million on a three months ended basis (September 30, 2015 - $0.8 million) and $1.9 million on a nine months ended (September 30, 2015 - $2.3 million) included as part of stock-based compensation on the statements of operations.

Total reported compensation was $10.7 million on a three months ended basis and $31.6 million on a nine months ended basis, reflecting an increase of $2.8 million (36%) and $5.3 million (20%), respectively, from the prior periods. A significant portion of the increases were due to higher salaries and bonus accruals in the diversified alternative asset management business as that business continued to invest in the people related side of its long term growth initiative. Other contributors to the increase included: (1) a bonus accrual adjustment made in the prior periods; and (2) higher commission expense due to improved private placement activity, primarily in SGRIL.

Stock-based compensation

Reported stock-based compensation was $1.4 million on a three months ended basis and $4.6 million on a nine months ended basis, reflecting an increase of $0.6 million and $3.4 million, respectively, from the prior periods. The increase was largely due to the amortization of stock-based compensation attributable to a new long-term incentive compensation plan adopted in the first quarter of this year. The new plan includes a transition to long-term executive compensation through the use of time and performance-based stock options. We believe this will better align executive compensation and incentives to that of our shareholders going forward.

Referral Fees

Referral fees (previously included in "other expenses" in the second quarter of this year) were $0.5 million on a three months ended basis and $2.4 million on a nine months ended basis, which was virtually unchanged in the quarter, but up $2.1 million on a nine months ended basis. The increase on a nine months ended basis was due to a placement fee incurred in the second quarter of this year pertaining to the start-up of our new Private Resource Lending LP.

Loan loss provisions

Loan loss provisions were $0.1 million on a three months ended basis and $0.7 million on a nine months ended basis, reflecting a decrease of $3.8 million and $3.2 million, respectively, from the prior periods. The decrease was mainly due to a specific loan loss provision taken on a resource loan in the prior periods.There were no credit loss events to provide for in fiscal 2016, however, given the IFRS requirement to continue accruing non-cash interest on previously impaired loans via the effective interest rate method of accounting, the Company was required to accrue such interest and then take a corresponding provision against the accrued interest amount.

Selling, general and administrative

SG&A expenses were $7.4 million on a three months ended basis and $22.5 million on a nine months ended basis, which remained largely unchanged on a three months ended basis but increased by $3.4 million (17%) on a nine months ended basis. During the quarter we experienced a slight pull back in marketing and sales, and technology costs (primarily in the diversified alternatives business), while on a year-to-date basis, the increase was due to the ongoing investment spend in fund operating expenses ("fund opex"), and marketing and sales in the diversified alternatives business.

Amortization of intangibles

Amortization of intangibles was $1.6 million on a three months ended basis and $4.9 million on a nine months ended basis, reflecting an increase of $0.2 million (13%) and $0.7 million (17%), respectively, from the prior periods. The increase was mainly due to a change in accounting estimate during the first quarter of this year involving certain exchange listed products (physical trusts) previously classified as indefinite life intangibles, which are now being accounted for as finite life intangibles and amortized over their estimated remaining useful life.

Impairment of goodwill and intangibles

The table below provides a break-down of impairment charges incurred:

	3 months ended		9 months ended	
($ in thousands)	2016	2015	2016	2015
Goodwill impairment	—	28,505	—	28,505
Carried interest impairment	—	1,702	—	2,333
Finite life management contract impairment	—	398	—	398
Indefinite life management contract impairment*	—	9,342	3,006	9,342
Impairment of goodwill and intangibles	—	39,947	3,006	40,578

*See Note 4 of the interim financial statements for further details.

Amortization of property and equipment

Amortization of property and equipment was $0.2 million on a three months ended basis and $0.7 million on a nine months ended basis, which remained largely unchanged from the prior periods.

Other expenses

Other expenses (excluding referral fees, which are now presented on a separate "Referral fees" line on the consolidated statements of operations) were $0.5 million on a three months ended basis and $2.4 million on a nine months ended basis, reflecting a decrease of $2.7 million (84%) and $3.1 million (56%), respectively, from the prior periods. The decrease was largely due to lower operating expenses and depletion charges incurred in certain seeded energy assets held as part of the proprietary investment holdings of our private resources business.

Net Income and Adjusted base EBITDA

Net income was $12.5 million on a three months ended basis and $30.8 million on a nine months ended basis, reflecting an increase of $61.7 million and $66.3 million from the prior periods.

On a three months ended basis (excluding all of last year's impairment charges and provisions on goodwill, intangible assets and the loan portfolio), higher net income was due to: (1) higher net management and performance fees; (2) higher commissions; and (3) higher gains on proprietary investments. These higher net revenue items were only partially offset by higher compensation expenses and lower foreign exchange gains in the quarter. Our nine months ended results were impacted in a similar way, however, the year-over-year increase in net income was partially offset by placement fees associated with the launch of our new lending fund, foreign exchange losses (on a year-to-date basis) and higher SG&A investment in our diversified alternatives business.

Adjusted base EBITDA was $8.4 million on a three months ended basis and $19.3 million on a nine months ended basis, reflecting an increase of $6.0 million and $2.6 million, respectively, from the prior periods. Higher Adjusted base EBITDA in the quarter was due to improved net management fees and commission income coupled with lower specific loan loss provisions, which more than offset lower interest income and higher compensation expense. Our nine months ended results were impacted in a similar way, however, the year-over-year increase in Adjusted base EBITDA was partially reduced by SG&A spend as we continued to invest in our diversified alternatives business in the first half of this year.

Balance Sheet

Cash and cash equivalents were $100.7 million, a decrease of $6.9 million (6%) from December 31, 2015. The decrease was primarily due to the payment of prior year payables and dividends. These decreases more than offset cash received from net loan repayments and the sale of proprietary investments.

Fees receivable were $12.0 million, reflecting a decrease of $1.6 million (12%) from December 31, 2015. The decrease was primarily due to the timing of year-end management and performance fee receipts.

Loans receivable (both current and long-term) were $82.5 million, reflecting a decrease of $18.3 million (18%) from December 31, 2015. The decrease was due to net loan repayments.

Proprietary investments were $166.1 million, reflecting an increase of $29.3 million (21%) from December 31, 2015. The increase was mainly due to strong market value appreciation of our seeded funds and equity holdings.

Obligations related to securities sold short were $36.8 million, reflecting a decrease of $3.4 million (8%) from December 31, 2015. The Company is currently holding $37.6 million (December 31, 2015 - $38.5 million) of investment strategies that are economically offset by short-selling $36.8 million (December 31, 2015 - $40.2 million) of related securities positions.

Other assets (both current and long-term) were $9.8 million, reflecting a decrease of $14.4 million (59%) from December 31, 2015. The decrease was primarily due to the first quarter reclassification of $11 million in deferred transaction costs related to the GTU exchange offer to finite life intangible assets after the successful completion of the offer (see Note 6).

Intangible assets were $24.3 million, reflecting an increase of $9.4 million (63%) from December 31, 2015. The increase was primarily a result of the reclassification of deferred transaction costs described earlier. This was partially offset by impairment charges taken in the first quarter of this year on an indefinite life management contract in SAM.

Goodwill was $25.1 million, reflecting a decrease of $1.4 million (5%) from December 31, 2015. The decrease was entirely due to foreign exchange losses on translation of the Company's U.S. dollar denominated goodwill attributable to SAM.

Deferred income tax liabilities (net of deferred income tax assets) were $0.8 million, reflecting a decrease of $4.3 million (84%) from December 31, 2015. The net decrease was mainly due to a reduction in transitional partnership income currently taxable in the year.

Accounts payable and accrued liabilities were $14.0 million, reflecting a decrease of $8.8 million (39%) from December 31, 2015. The decrease was mainly the result of the payment of previously accrued sub-advisor fees and funding of the Employee Profit Sharing Plan ("EPSP").

Compensation payable was $4.7 million, reflecting an increase of $0.4 million (9%) from December 31, 2015. The increase relates to the timing of compensation accruals relative to payouts.

REPORTABLE SEGMENTS - BY LINES OF BUSINESS

SAM (Exchange Listed Products and Diversified Alternative Asset Management)

Summary Results of Operations:

	3 months ended			9 months ended		
($ in thousands)	Sep. 30, 2016	Sep. 30, 2015	% Chg.	Sep. 30, 2016	Sep. 30, 2015	% Chg.
SUMMARY						
Total AUM	8,881,122	6,278,847	41 %	8,881,122	6,278,847	41 %
Total revenues	21,851	16,311	34 %	67,993	46,498	46 %
Total expenses	15,837	14,420	10 %	51,047	40,674	26 %
Income (loss) before income taxes	6,014	1,891	n/m	16,946	5,824	n/m
Adjusted base EBITDA	6,046	2,845	n/m	12,414	9,925	25 %
KEY REVENUE LINE ITEMS						
Exchange Listed Products:						
Management fees	5,058	3,197	58 %	13,298	10,019	33 %
Diversified Alternative Asset Management:						
Management fees	14,482	12,546	15 %	40,287	37,318	8 %
Performance fees	239	94	n/m	1,472	95	n/m
less: trailer fees	3,897	3,620	8 %	11,010	10,788	2 %
less: sub-advisor fees	1,233	996	24 %	3,338	2,632	27 %
Net management and performance fees	9,591	8,024	20 %	27,411	23,993	14 %
Investment holdings and other:						
Gains (losses) on proprietary investments	925	(1,983)	n/m	10,669	(4,586)	n/m
Other income (loss)	1,142	2,424	(53)%	2,249	3,603	(38)%
KEY EXPENSE LINE ITEMS						
Compensation	5,309	4,297	24 %	16,390	13,005	26 %
Selling, general and administrative	3,920	4,437	(12)%	12,671	11,053	15 %
Impairment charges	—	—	n/m	3,006	—	n/m
SG&A Expense Ratio	25%	37%		30%	31%	

n/m = not meaningful

Three and nine months ended:

Total revenues on a three and nine months ended basis were $21.9 million and $68.0 million, reflecting an increase of $5.5 million and $21.5 million, respectively, from the prior periods. The increases were mainly a result of:

- Management fees: Higher largely due to a combination of strong precious metals prices and the closure of the GTU exchange offer in the first quarter of the year. This positively impacted our exchange listed products line of business. We also benefited from good performance in our alternative investment income strategies in the diversified alternatives business.
- Gains on proprietary investments: Significant market value appreciation in certain precious metals related seed investments.

Total expenses (excluding impairment charges on intangible assets) on a three and nine months ended basis were $15.8 million and $48.0 million, reflecting an increase of $1.4 million and $7.4 million, respectively, from the prior periods. The increases on a three months ended basis was mainly a result of:

- Compensation: Higher due to talent acquisition and employee investment costs.
- Higher compensation was partially offset by a slight pullback in SG&A expenses, such as technology, marketing and sales, and professional fees.

The increases on a nine months ended basis were mainly a result of:

- Compensation: As previously described.
- SG&A: Higher due to increased marketing and sales and fund opex.

Increases in compensation and SG&A (on a year-to-date basis) noted above were part of our previously communicated objective to invest in future growth initiatives of our diversified alternatives business this year.

Adjusted base EBITDA on a three and nine months ended basis, was $6.0 million and $12.4 million, reflecting an increase of $3.2 million and $2.5 million, respectively, from the prior periods. The increase was mainly due to higher net management fees which more than offset the increase in compensation and SG&A (on a year-to-date basis) as we continued to invest in the future growth of the diversified alternative business this year.

GLOBAL (Private Resources)

Summary Results of Operations:

($ in thousands)	3 months ended Sep. 30, 2016	3 months ended Sep. 30, 2015	% Chg.	9 months ended Sep. 30, 2016	9 months ended Sep. 30, 2015	% Chg.
SUMMARY						
Total AUM	527,198	448,219	18 %	527,198	448,219	18 %
Total revenues	5,614	1,407	n/m	14,633	6,667	n/m
Total expenses	4,400	34,085	(87) %	12,465	41,437	(70) %
Income (loss) before income taxes	1,214	(32,678)	n/m	2,168	(34,770)	n/m
Adjusted base EBITDA	1,328	(178)	n/m	3,398	956	n/m
KEY REVENUE LINE ITEMS						
Asset management and private placement activities:						
Management fees	1,902	1,872	2 %	5,623	5,581	n/m
Commissions	2,847	929	n/m	7,012	2,974	n/m
Investment holdings and other:						
Gains (losses) on proprietary investments	874	(652)	n/m	1,774	(1,080)	n/m
Other income (loss)	(31)	(761)	n/m	162	(867)	n/m
KEY EXPENSE LINE ITEMS						
Compensation	2,068	1,346	54 %	5,679	4,409	29 %
Selling, general and administrative	1,291	980	32 %	3,384	2,587	31 %
Impairment of Goodwill	—	28,505	n/m	—	28,505	n/m
Impairment of Intangibles	—	2,100	n/m	—	2,731	n/m
SG&A Expense Ratio	27%	44%		27%	33%	

n/m = not meaningful

Three and nine months ended:

Total revenues on a three and nine months ended basis were $5.6 million and $14.6 million, reflecting an increase of $4.2 million and $8.0 million, respectively, from the prior periods. The increases were mainly a result of:

- Commissions: Higher commissions due to improved private placement activity in SGRIL.
- Gains on proprietary investments: Market value appreciation of seeded fixed-term limited partnerships, public equities and share purchase warrants.

Total expenses (excluding last year's impairment charges on goodwill and intangible assets) on a three and nine months ended basis were $4.4 million and $12.5 million, reflecting an increase of $0.9 million and $2.3 million, respectively from the prior periods. The increase was mainly a result of:

- Compensation: Higher due to increased commission expense on improved client trading and private placement activity in SGRIL.
- SG&A: Higher due to increased professional fees and trade execution costs.

Adjusted base EBITDA on a three and nine months ended basis was $1.3 million and $3.4 million, reflecting an increase of $1.5 million and $2.4 million, respectively, from the prior periods. The increase from the prior periods was due to higher commission income, partially offset by higher commission expenses and SG&A.

LENDING (Private Resources)

Summary Results of Operations:

($ in thousands)	3 months ended Sep. 30, 2016	3 months ended Sep. 30, 2015	% Chg.	9 months ended Sep. 30, 2016	9 months ended Sep. 30, 2015	% Chg.
SUMMARY						
Total AUM [1]	—	—	—	—	—	—
Total revenues	6,990	7,812	(11) %	15,043	20,798	(28) %
Total expenses	1,284	4,483	(71) %	5,351	8,647	(38) %
Income (loss) before income taxes	5,706	3,329	71 %	9,692	12,151	(20) %
Adjusted base EBITDA	1,289	324	n/m	7,385	7,004	5 %
KEY REVENUE LINE ITEMS						
Private resource lending:						
Interest income	2,345	3,545	(34) %	9,318	13,276	(30) %
Investment holdings and other:						
Gains (losses) on proprietary investments	3,262	(455)	n/m	7,705	(790)	n/m
Other income (loss)	1,383	4,722	71 %	(1,980)	8,312	n/m
KEY EXPENSE LINE ITEMS						
Compensation	759	249	n/m	2,181	3,776	(42) %
Selling, general and administrative	324	223	45 %	617	600	3 %
Referral Fees	—	—	n/m	1,639	—	n/m
Specific loan loss provisions	114	3,866	n/m	652	3,866	n/m
SG&A Expense Ratio	12%	5%		6%	4 %	

n/m = not meaningful

[1] As at September 30, 2016, none of the $200 million committed capital for the new Private Resource Lending LP was drawn, and hence, is not part of our AUM.

Three and nine months ended:

Total revenues on a three and nine months ended basis were $7.0 million and $15.0 million, reflecting a decrease of $0.8 million and $5.8 million respectively, from the prior periods. The decrease on a three and nine months ended basis was largely a result of:

- Interest income: Decreased due to lower average loan balances, coupled with the inclusion of fee income on the early termination of a loan facility in the first quarter of last year.
- Other income: Lower as a result of reduced foreign exchange gains (in the quarter) and foreign exchange losses (on a year-to-date basis).
- These revenue declines were partially offset by market value appreciation of certain public equities and share purchase warrants.

Total expenses on a three and nine months ended basis were $1.3 million and $5.4 million, reflecting a decrease of $3.2 million and $3.3 million, respectively, from the prior periods. The decrease in total expenses on a three months ended basis was mainly a result of:

- Loan loss provisions: Lower due to a specific loan loss provision taken on a resource loan in the prior period. There were no credit loss events in the current quarter to provide for.

The decrease in total expenses on a nine months ended basis was mainly a result of:

- Loan loss provisions: As previously described.
- Compensation: Lower discretionary bonus accruals.
- These expense declines were only partially offset by a placement fee incurred in the second quarter of this year pertaining to the start-up of our new Private Resource Lending LP.

Adjusted base EBITDA on a three and nine months ended basis was $1.3 million and $7.4 million, which increased $1.0 million and $0.4 million, respectively, from the prior periods. The increase on a three months ended basis was due to lower loan loss provisions, partially offset by a decrease in interest income. Our nine months ended results were impacted in a similar way, however, the year-over-year increase was further amplified by a decrease in discretionary bonus accruals.

CONSULTING (Private Resources)

Summary Results of Operations:

($ in thousands)	3 months ended Sep. 30, 2016	Sep. 30, 2015	% Chg.	9 months ended Sep. 30, 2016	Sep. 30, 2015	% Chg.
SUMMARY						
Total AUM [1]	680,500	707,030	(4) %	680,500	707,030	(4) %
Total revenues	1,637	2,720	(40) %	4,448	6,709	(34) %
Total expenses	1,472	13,575	(89) %	4,859	16,014	(70) %
Income (loss) before income taxes	165	(10,855)	n/m	(411)	(9,305)	(96) %
Adjusted base EBITDA	163	162	nm	28	1,445	(98) %
KEY REVENUE LINE ITEMS						
Consulting services to managed companies:						
Management fees	1,056	1,089	(3) %	2,976	3,738	(20)%
Performance fees	—	—	—	—	127	n/m
Investment holdings and other:						
Other income (loss)	577	1,620	(64) %	1,465	2,821	(48)%
KEY EXPENSE LINE ITEMS						
Compensation	552	553	n/m	1,739	958	n/m
Stock-based compensation	12	6	n/m	36	(1,106)	n/m
Selling, general and administrative	375	402	(7) %	1,196	1,076	11 %
Other expenses	502	3,209	(84) %	1,766	5,572	(68) %
Impairment of intangibles	—	9,342	n/m	—	9,342	n/m
SG&A Expense Ratio	33%	32%		40%	30%	

n/m = not meaningful

(1) Effective February 2016, certain management fees generated in the Consulting Segment are now earned on invested AUM rather than committed AUM.

Three and nine months ended:

Total revenues on a three and nine months ended basis were $1.6 million and $4.4 million, reflecting a decrease of $1.1 million and $2.3 million, respectively, from the prior periods. The decrease was mainly a result of:

- Management fees: Lower primarily due to a reduction in average AUM in SRC.
- Other income: Lower due to a decline in royalty income on seeded energy related assets held in proprietary investments.

Total expenses (excluding last year's impairment charges on intangible assets) on a three and nine months ended basis were $1.5 million and $4.9 million, reflecting a decrease of $2.8 million and $1.8 million, respectively, from the prior periods. The decrease was mainly a result of:

- Other expenses: Lower operating expenses and depletion charges on seeded energy assets.
- On a nine months ended basis, the decrease noted above was partially offset by higher compensation (including stock-based) as prior period results included cash and equity based earn-out expense reversals relating to Sprott Toscana (fully vested on June 30, 2015).

Adjusted base EBITDA on a three months ended basis was $0.2 million and nominal on a nine months ended basis. This reflects a nominal increase on a three months ended basis and a decrease of $1.4 million on a nine months ended basis. The decrease on a nine months ended basis was mainly due to a combination of lower management fees and the prior period cash based earn-out reversals previously described.

CORPORATE & OTHER

The Corporate segment provides treasury and shared services to the Company's subsidiaries. Principal subsidiaries in this business platform include Sprott Inc. (non-consolidated; "SII") and SPW.

Summary Results of Operations:

	3 months ended			9 months ended		
($ in thousands)	Sep. 30, 2016	Sep. 30, 2015	% Chg.	Sep. 30, 2016	Sep. 30, 2015	% Chg.
SUMMARY						
Total revenues	5,906	(1,485)	n/m	21,503	8,986	n/m
Total expenses	4,602	2,952	56 %	13,584	8,551	59 %
Income (loss) before income taxes	1,304	(4,437)	n/m	7,919	435	n/m
Adjusted base EBITDA	(395)	(699)	44 %	(3,880)	(2,563)	51 %
KEY REVENUE LINE ITEMS						
Shared services platform and SPW						
Commission income	2,418	1,011	n/m	3,864	2,519	53 %
Trailer fee income	652	499	31 %	1,769	1,580	12 %
Interest income	448	345	30 %	1,269	1,185	7 %
Investment holdings and other:						
Gains (losses) on proprietary investments	1,748	(6,309)	n/m	15,776	(2,236)	n/m
Other income (loss)	552	2,897	n/m	(1,416)	5,763	n/m
KEY EXPENSE LINE ITEMS						
Compensation	2,001	1,441	n/m	5,638	4,180	35 %
Stock-based compensation	685	152	n/m	2,387	453	n/m
Selling, general and administrative	1,476	1,329	11 %	4,668	3,865	21 %
Other expenses	—	—	n/m	400	—	n/m

n/m = not meaningful

Three and nine months ended:

Total revenues on a three and nine months ended basis were $5.9 million and $21.5 million, reflecting an increase of $7.4 million and $12.5 million, respectively, from the prior periods. The increase was mainly a result of:

- Commissions: Higher due to increased private placement activity in SPW.
- Gains on proprietary investments: Gains due to strong market value appreciation of seeded funds and public equities.
- Increases noted above were partially offset by reduced foreign exchange gains (in the quarter) and foreign exchange losses (on a year-to-date basis).

Total expenses on a three and nine months ended basis were $4.6 million and $13.6 million, reflecting an increase of $1.7 million and $5.0 million, respectively, from the prior periods. The increases were mainly a result of:

- Compensation: Higher due to lower intercompany compensation charge backs and an adjustment to bonus accruals in the prior periods.
- Stock-based compensation: Higher due to the amortization of stock-based compensation attributable to a new long-term incentive compensation plan in the first quarter of the year. The new plan includes a transition to long-term executive compensation through the use of time and performance-based stock options. We believe this will better align executive compensation and incentives to that of our shareholders going forward.
- SG&A: Slightly higher due to lower intercompany SG&A charges backs.

Adjusted base EBITDA on a three and nine months ended basis was negative $0.4 million and negative $3.9 million, reflecting an increase of $0.3 million and a decrease of $1.3 million, respectively from the prior periods. Lower losses on a three months ended basis were mainly due to higher commission income in SPW, which more than offset higher compensation expense in the Corporate segment. Increased losses on a nine months ended basis were due to higher compensation and lower intercompany chargebacks on SG&A, partially offset by higher commission income in SPW.

Dividends

See Note 10 of the interim financial statements.

Capital Stock

Including the 4.9 million unvested common shares currently held in the EPSP Trust (December 31, 2015 - 4.5 million), total capital stock issued and outstanding was 248.5 million (December 31, 2015 - 248.5 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 were $0.05 and $0.13 on a three and nine months ended basis compared to $(0.20) and $(0.14), in the prior periods. Diluted earnings per share reflects the dilutive effect of in-the-money stock options, shares held in the EPSP Trust 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 10.9 million stock options have been issued pursuant to our stock option plan, of which 4.1 million are exercisable and 7.3 million 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 and interest income are generally collected monthly or quarterly, 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 and the Securities Exchange Commission.

Commitments

Besides the Company's long-term lease agreements, there may be commitments to provide loans arising from the Lending business segment or commitments to make investments in the proprietary investments portfolio of the Company. As at September 30, 2016, the Company had $17.1 million of loan commitments arising from the Lending business (December 31, 2015 - $29.3 million) and $13.6 million of investment purchase commitments in the proprietary investments portfolio (December 31, 2015 - $Nil).

Significant Accounting Judgments and Estimates

The interim financial statements have been prepared in accordance with IFRS standards in effect as at September 30, 2016, 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, 2015 annual audited financial statements and have been applied consistently to the interim financial statements as at and for the three and nine months ended September 30, 2016.

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 or recoverable amount. 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 Lending 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.

Collectability of loans

Besides the above noted measures we take to manage credit risk, the Company will report on credit risk in the notes to the annual financial statements and records loan loss provisions (both specific and general) to ensure the loans are recorded at their estimated recoverable amount (i.e. net of impairment risk we believe to exist as at the balance sheet date and in accordance with IFRS). Actual losses incurred in the loan portfolio could differ materially from our provisions.

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 and through its broader treasury risk management program.

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 and through its broader treasury risk management program. 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. In addition, from time-to-time, certain proprietary and loan positions may be concentrated to a material degree in a single position or group of positions.

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 September 30, 2016, the Company's CEO and CFO concluded that the Company's DC&P and ICFR were properly designed and were operating effectively. In addition, there were no material changes to ICFR during the quarter.

Managing Risk: Non-financial

For details around other risks managed by the Company, (e.g. confidentiality of information, conflicts of interest, etc.) refer to the Company's annual report as well as the Annual Information Form available on SEDAR at www.sedar.com.

Consolidated Financial Statements

Three and nine months ended September 30, 2016

SPROTT

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

As at *($ in thousands of Canadian dollars)*		Sep. 30 2016	Dec. 31 2015
Assets			
Current			
Cash and cash equivalents		100,704	107,622
Fees receivable		11,953	13,531
Loans receivable	*(Note 5)*	31,881	53,200
Proprietary investments	*(Note 3)*	166,126	136,809
Other assets	*(Note 6)*	6,942	8,327
Income taxes recoverable		1,365	1,632
Total current assets		318,971	321,121
Loans receivable	*(Note 5)*	50,589	47,602
Other assets	*(Note 6)*	2,846	15,819
Property and equipment, net		6,092	6,344
Intangible assets	*(Note 4)*	24,329	14,968
Goodwill	*(Note 4)*	25,134	26,498
Deferred income taxes	*(Note 8)*	3,188	1,524
		112,178	112,755
Total assets		431,149	433,876
Liabilities and Shareholders' Equity			
Current			
Accounts payable and accrued liabilities		13,976	22,818
Compensation payable		4,708	4,313
Obligations related to securities sold short	*(Note 3)*	36,782	40,191
Income taxes payable		6,890	1,704
Total current liabilities		62,356	69,026
Deferred income taxes	*(Note 8)*	3,980	6,608
Total liabilities		66,336	75,634
Shareholders' equity			
Capital stock	*(Note 7)*	411,998	412,344
Contributed surplus	*(Note 7)*	40,043	38,749
Deficit		(119,463)	(128,056)
Accumulated other comprehensive income		32,235	35,205
Total shareholders' equity		364,813	358,242
Total liabilities and shareholders' equity		431,149	433,876
Commitments and provisions	*(Note 12)*		

See accompanying notes

Eric Sprott
Director

James Roddy
Director

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

		For the three months ended		*For the nine months ended*	
($ in thousands of Canadian dollars, except for per share amounts)		Sep. 30 2016	Sep. 30 2015	Sep. 30 2016	Sep. 30 2015
Revenues					
Management fees		22,586	18,776	62,425	56,831
Performance fees		239	94	1,472	222
Commissions		5,265	1,940	10,876	5,493
Interest income		2,824	3,953	10,674	14,592
Gains (losses) on proprietary investments		6,809	(9,399)	35,924	(8,692)
Other income	*(Note 6)*	3,658	10,955	616	19,770
Total revenue		41,381	26,319	121,987	88,216
Expenses					
Compensation		10,689	7,886	31,627	26,328
Stock-based compensation	*(Note 7)*	1,388	773	4,628	1,206
Trailer fees		3,325	3,222	9,508	9,487
Sub-advisor fees		1,233	934	3,339	2,633
Referral fees		497	193	2,359	236
Loan loss provisions	*(Note 5)*	114	3,866	652	3,866
Selling, general and administrative		7,386	7,371	22,536	19,181
Amortization of intangibles	*(Note 4)*	1,623	1,437	4,903	4,186
Impairment of intangibles	*(Note 4)*	—	11,442	3,006	12,073
Impairment of goodwill	*(Note 4)*	—	28,505	—	28,505
Amortization of property and equipment		221	231	682	608
Other expenses	*(Note 6)*	502	3,209	2,433	5,572
Total expenses		26,978	69,069	85,673	113,881
Income (loss) before income taxes for the period		14,403	(42,750)	36,314	(25,665)
Provision for income taxes	*(Note 8)*	1,872	6,440	5,530	9,862
Net income (loss) for the period		12,531	(49,190)	30,784	(35,527)
Basic and diluted earnings (loss) per share	*(Note 7)*	$ 0.05	$ (0.20)	$ 0.13	$ (0.14)

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

($ in thousands of Canadian dollars)	*For the three months ended* Sep. 30 2016	Sep. 30 2015	*For the nine months ended* Sep. 30 2016	Sep. 30 2015
Net income (loss) for the period	12,531	(49,190)	30,784	(35,527)
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation gain (loss) on foreign operations (taxes of $Nil)	878	6,004	(2,970)	12,689
Total other comprehensive income (loss)	878	6,004	(2,970)	12,689
Comprehensive income (loss)	13,409	(43,186)	27,814	(22,838)

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	Deficit	Accumulated Other Comprehensive Income	Total Equity
At Dec. 31, 2015		243,996,605	412,344	38,749	(128,056)	35,205	358,242
Shares acquired for equity incentive plan	*(Note 7)*	(1,500,000)	(3,680)	—	—	—	(3,680)
Shares released on vesting of equity incentive plan	*(Note 7)*	1,033,426	3,334	(3,334)	—	—	—
Foreign currency translation gain (loss) on foreign operations		—	—	—	—	(2,970)	(2,970)
Stock-based compensation	*(Note 7)*	—	—	4,628	—	—	4,628
Dividends declared	*(Note 10)*	—	—	—	(22,191)	—	(22,191)
Net income		—	—	—	30,784	—	30,784
Balance, Sep. 30, 2016		243,530,031	411,998	40,043	(119,463)	32,235	364,813
At Dec. 31, 2014		246,021,326	414,668	42,199	(58,655)	20,400	418,612
Shares acquired for equity incentive plan		(1,475,838)	(2,506)	(1,743)	—	—	(4,249)
Shares released on vesting of equity incentive plan		947,908	4,832	(4,832)	—	—	—
Foreign currency translation gain on foreign operations		—	—	—	—	12,689	12,689
Issuance of share capital on share-base consideration		136,064	543	(543)	—	—	—
Stock-based compensation		—	—	1,206	—	—	1,206
Shares issued from treasury		1,400	4	(4)		—	—
Dividends declared		—	—	—	(22,316)	—	(22,316)
Net loss		—	—	—	(35,527)	—	(35,527)
Balance, Sep. 30, 2015		245,630,860	417,541	36,283	(116,498)	33,089	370,415

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the nine months ended	
($ in thousands of Canadian dollars)	Sep. 30 2016	Sep. 30 2015
Operating Activities		
Net income (loss) for the year	30,784	(35,527)
Add (deduct) non-cash items:		
Losses (gains) on proprietary investments	(35,924)	8,692
Stock-based compensation	4,628	1,206
Amortization of property, equipment and intangible assets	5,585	4,794
Impairment of intangible assets	3,006	12,073
Impairment of goodwill	—	28,505
Loan loss provisions	652	3,866
Deferred income taxes (recovery)	(4,089)	5,045
Current income tax expense	9,619	4,817
Other items	2,777	(5,494)
Income taxes paid	(4,234)	(4,235)
Changes in:		
Fees receivable	1,496	5,151
Loans receivable	17,871	30,271
Accounts payable, accrued liabilities and compensation payable	(7,088)	(20,959)
Other assets	13,036	(9,008)
Cash provided by operating activities	38,119	29,197
Investing Activities		
Purchase of proprietary investments	(89,608)	(51,439)
Sale of proprietary investments	89,773	63,344
Purchase of property and equipment	(429)	(539)
Deferred sales commissions paid	(521)	(1,086)
Internalization of performance fees	—	3,475
Purchase of intangible assets	(17,148)	(400)
Cash provided by (used in) investing activities	(17,933)	13,355
Financing Activities		
Acquisition of common shares for equity incentive plan	(3,680)	(4,249)
Loan payable (repayment)	—	(15,000)
Dividends paid	(22,191)	(22,316)
Cash used in financing activities	(25,871)	(41,565)
Effect of foreign exchange on cash balances	(1,233)	2,332
Net increase (decrease) in cash and cash equivalents during the period	(6,918)	3,319
Cash and cash equivalents, beginning of the period	107,622	120,774
Cash and cash equivalents, end of the period	100,704	124,093
Cash and cash equivalents:		
Cash	95,447	119,844
Short-term deposits	5,257	4,249
	100,704	124,093
Supplementary disclosure of cash flow information		
Amount of interest received during the period	4,396	6,732

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 2J1.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited interim condensed consolidated financial statements for the three and nine months ended September 30, 2016 ("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, 2015 ("annual financial statements"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

They have been authorized for issue by a resolution of the Board of Directors of the Company on November 10, 2016 and include all subsequent events up to that date.

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 principal 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. ("SUSHI"), parent of: (i) Rule Investments Inc. (ii) Sprott Global Resource Investments Ltd. ("SGRIL"); (iii) Sprott Asset Management USA Inc. ("SAM US"); and (iv) Resource Capital Investment Corporation ("RCIC"). Collectively, the interests of SUSHI are referred to as "Global" 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* ("IAS 39") 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 September 30, 2016, assets under management in public mutual funds were $2.7 billion (December 31, 2015 - $2.4 billion); alternative investment strategies were $1.2 billion (December 31, 2015 - $0.9 billion); exchange listed funds were $4.9 billion (December 31, 2015 - $3.0 billion); and fixed-term limited partnerships were $0.4 billion (December 31, 2015 - $0.3 billion). The Company had investments in 18 funds (December 31, 2015 - 20) with an average ownership interest of 8% (December 31, 2015 - 10%) 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):

	Sep. 30, 2016	Dec. 31, 2015
Public equities and share purchase warrants	20,887	12,961
Mutual funds and alternative investment strategies*	121,845	106,814
Fixed income securities	3,774	2,520
Private holdings**	19,620	14,514
Total proprietary investments	166,126	136,809
Obligations related to securities sold short* **	36,782	40,191

* Investments in mutual funds and alternative investment strategies are primarily managed by SAM or RCIC. As at September 30, 2016, the underlying holdings in these mutual funds and alternative investment strategies primarily consisted of cash and short-term investments of $0.3 million (December 31, 2015 - $9.0 million), equities of $75.6 million (December 31, 2015 - $43.9 million), short equity positions of $4.0 million (December 31, 2015 - $49.8 million), fixed income securities of $11.2 million (December 31, 2015 - $59.9 million), bullion of $Nil (December 31, 2015 - $3.0 million), loans of $1.6 million (December 31, 2015 - $0.1 million) and derivatives of $0.2 million (December 31, 2015 - $0.2 million).

** Private holdings consist of the following investments: (1) private company investments classified as HFT and AFS. HFT investments have their changes in fair value recorded in the consolidated statements of operations. AFS investments have their changes in fair value recorded as part of the consolidated statements of comprehensive income until such time the asset is either disposed of, or is assessed as being impaired; (2) energy royalties of $2.7 million (December 31, 2015 - $3.2 million) which are based on the estimated future cash flows and expected return from future royalty payments; and (3) working interests in energy properties of $4.2 million (December 31, 2015 - $4.9 million) which are recorded at cost, net of depletion and/or impairment charges. As at September 30, 2016, the Company assessed the carrying amount of its working interest in energy properties and its energy royalties by considering changes in future prices, future costs and reserves and 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 to hedge market risk. Currently, these strategies have employed $37.6 million (December 31, 2015 - $38.5 million) of long positions in investment strategies and $36.8 million (December 31, 2015 - $40.2 million) of short positions.

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 Dec. 31, 2014	155,435	16,987	26,931	38,184	8,026	245,563
Net additions and (disposals)	—	(3,129)	—	113	1,459	(1,557)
Net exchange differences	27,384	—	4,574	7,316	—	39,274
At Dec. 31, 2015	182,819	13,858	31,505	45,613	9,485	283,280
Net additions and (disposals)	—	—	17,148	—	521	17,669
Transfers*	—	(1,510)	1,510	—	—	—
Net exchange differences	(8,783)	—	(1,467)	(2,347)	—	(12,597)
At Sep. 30, 2016	174,036	12,348	48,696	43,266	10,006	288,352
Accumulated amortization and impairment losses						
At Dec. 31, 2014	(105,008)	—	(16,411)	(36,068)	(5,459)	(162,946)
Amortization charge for the year	—	—	(3,712)	(168)	(1,670)	(5,550)
Net impairment charge for the year	(31,709)	(9,342)	(398)	(2,333)	—	(43,782)
Net exchange differences	(19,604)	—	(2,888)	(7,044)	—	(29,536)
At Dec. 31, 2015	(156,321)	(9,342)	(23,409)	(45,613)	(7,129)	(241,814)
Amortization charge for the period	—	—	(3,678)	—	(1,225)	(4,903)
Net impairment charge for the period	—	(3,006)	—	—	—	(3,006)
Net exchange differences	7,419	—	1,068	2,347	—	10,834
At Sep. 30, 2016	(148,902)	(12,348)	(26,019)	(43,266)	(8,354)	(238,889)
Net book value at:						
Dec. 31, 2015	26,498	4,516	8,096	—	2,356	41,466
Sep. 30, 2016	25,134	—	22,677	—	1,652	49,463

*During the first quarter, $1.5 million (2015: $Nil) of management contracts were reviewed and subsequently determined to have a change in estimated remaining useful life. Consequently, these management contracts were prospectively reclassified to the finite life category and the Company began amortizing the contracts over the remaining estimated useful life beginning the first quarter.

Impairment assessment of goodwill

The Company identified six cash generating units ("CGU"s) for goodwill impairment assessment and testing purposes: SAM; Global; Lending; Corporate; Consulting; and SPW. Operating segments of the Company substantially align with the CGUs. A full description of our segments can be found in Note 11. As at September 30, 2016, the Company had allocated goodwill of $25.1 million (December 31, 2015 - $26.5 million) in the SAM CGU.

In the normal course, goodwill is tested for impairment once per annum, 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. During the third quarter impairment assessment process, there were no indicators of goodwill impairment in the SAM CGU.

Impairment assessment of indefinite life fund management contracts

In March 31, 2016, the Company determined that the recoverable amount of an indefinite life fund management contract within the SAM CGU was lower than its carrying value. Consequently, an impairment charge of $3.0 million was recorded in the first quarter (December 31, 2015 - $Nil) on the Impairment of intangibles line of the consolidated statements of operations. The recoverable amount of the contract was determined using a discounted cash flow value-in-use calculation that discounted relevant cash flows at approximately 15% (pre-tax). As at September 30, 2016, the Company had indefinite life fund management contracts (net of impairment and transfers described above) of $Nil within the SAM CGU (December 31, 2015 - $4.5 million).

Impairment assessment of finite life fund management contracts

As at September 30, 2016, the Company had fixed-term limited partnerships within the Global CGU of $4.9 million (December 31, 2015 - $8.1 million) and exchange listed funds within the SAM CGU of $17.8 million (December 31, 2015 - $Nil). There were no indicators of impairment as at September 30, 2016.

Impairment assessment of deferred sales commissions

As at September 30, 2016, the Company had deferred sales commissions of $1.7 million within the SAM CGU (December 31, 2015 - $2.4 million). There were no indicators of impairment as at September 30, 2016.

5. LOANS RECEIVABLE

Components of loans receivable

Loans receivable (which currently consist of resource loans and resource debentures) are reported 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. Resource loans are reported net of any general or specific loan loss provisions on the Loan loss provisions line of the consolidated statements of operations. Impairment of resource debentures are reported as part of the Gains (losses) on proprietary investments line of the statements of operations. Total carrying value consists of the following ($ in thousands):

	Sep. 30, 2016	Dec. 31, 2015
Resource loans		
Loan principal	98,480	115,751
Accrued interest*	28	51
Deferred revenue	(6,640)	(7,058)
Amortized cost, before loan loss provisions	91,868	108,744
Loan loss provisions*	(9,398)	(8,951)
Carrying value of resource loans receivable	82,470	99,793
Less: current portion	(31,881)	(52,191)
Total non-current resource loans receivable	50,589	47,602
Resource debentures		
Debenture principal	—	1,000
Accrued interest	—	9
Amortized cost, before impairments	—	1,009
Impairments	—	—
Carrying value of resource debentures receivable	—	1,009
Less: current portion	—	(1,009)
Total non-current resource debentures receivable	—	—
Total carrying value of loans receivable	82,470	100,802
Less: current portion	(31,881)	(53,200)
Total carrying value of non-current loans receivable	50,589	47,602

*Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current period.

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 September 30, 2016, 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. There were no credit loss events in the quarter, however, given the IFRS requirement to continue accruing non-cash interest on previously impaired loans via the effective interest rate method of accounting, the Company is required to accrue such interest and take a corresponding provision against the accrued interest amount. In this context, loan loss provisions of $0.1 million and $0.7 million, were recorded on a three and nine months ended basis, compared to $3.9 million for the prior periods.

Interest income on impaired loans and debentures and the changes in loan loss provision and impairment are as follows ($ in thousands):

	For the nine months ended	
	Sep. 30, 2016	Sep. 30, 2015
Interest on impaired loans and debentures	652	266
Loan loss provisions and impairments		
Balance, beginning of the year	8,951	3,001
Recovery of resource debenture	—	(1,746)
Disposal of resource debenture	—	(501)
Disposal of real estate loan	—	(754)
Loan loss provisions on resource loan	652	3,600
Net exchange differences	(205)	—
Balance, end of period	9,398	3,600

Sector distribution of loan principal

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

	Sep. 30, 2016		Dec. 31, 2015	
	Number of Loans	($ in thousands)	Number of Loans	($ in thousands)
Resource loans				
Metals and mining	6	55,308	7	54,810
Energy and other	5	43,172	7	60,941
Total resource loans principal	11	98,480	14	115,751
Resource debentures				
Energy and other	—	—	1	1,000
Total resource debentures principal	—	—	1	1,000
Total loan principal	11	98,480	15	116,751

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:

	Sep. 30, 2016		Dec. 31, 2015	
	Number of Loans	($ in thousands)	Number of Loans	($ in thousands)
Resource loans				
Canada	5	68,046	6	63,456
United States of America	1	1,312	1	4,843
Mexico	—	—	2	12,607
Chile	1	4,266	1	6,919
Brazil	1	1,056	1	2,733
Peru	1	1,838	1	1,937
Romania	1	2,275	1	2,500
South Africa	1	19,687	1	20,756
Total resource loan principal	11	98,480	14	115,751
Resource debentures				
Canada	—	—	1	1,000
Total resource debenture principal	—	—	1	1,000
Total loan principal	11	98,480	15	116,751

Priority of security charges

All of the Company's loans and debentures are senior secured (December 31, 2015 - 2 resource loans were second secured but have been repaid).

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 September 30, 2016 and December 31, 2015, no loans were past due.

Loan commitments

As at September 30, 2016, the Company had $17.1 million in loan commitments (December 31, 2015 - $29.3 million).

6. OTHER ASSETS, INCOME AND EXPENSES

Other Assets

Other assets consist primarily of: (1) $2.7 million (December 31, 2015 - $4.0 million) in proceeds receivable on the past sale of an investment; (2) receivables of $2.9 million (December 31, 2015 - $1.6 million) from funds and managed companies for which the Company has incurred expenses on their behalf; (3) Prepaid expenses of $1.6 million (December 31, 2015 - $1.6 million); and (4) royalties and other income receivable of $0.8 million (December 31, 2015 - $0.8 million) on energy assets held in our proprietary investments.

Deferred costs of $11.0 million from December 31, 2015 were reclassified to the finite life fund management contracts category within the SAM CGU subsequent to the successful closing of the exchange offer with *Central GoldTrust* on January 15, 2016.

A $3.5 million non-interest bearing related party demand note between the Company and Sprott Continental Holding Limited, a company controlled by Eric Sprott, which was outstanding at December 31, 2015 was repaid in full in January 2016.

Other Income

Other income on a three months ended basis primarily includes: (1) foreign exchange gains of $1.8 million (September 30, 2015 - $7.6 million); (2) royalty income on energy related assets held in proprietary investments of $0.4 million (September 30, 2015 - $1.5 million); (3) income earned on other investments of $1.0 million (September 30, 2015 - $2.4 million); and (4) accretion income of $0.1 million on a share receivable (September 30, 2015 - $Nil)

Other income on a nine months ended basis primarily includes: (1) foreign exchange losses of $5.6 million (September 30, 2015 - $13.6 million gain); (2) royalty income on energy related assets held in proprietary investments of $1.3 million (September 30, 2015 - $3.0 million); (3) income earned on other investments of $2.5 million (September 30, 2015 - $2.6 million); and (4) accretion income of $1.5 million on a share receivable (September 30, 2015 - $Nil).

Other Expenses

Other expenses on a three months end basis relate to energy assets including: (a) operating expenses of $0.3 million (September 30, 2015 - $0.5 million); and (b) depletion charges of $0.2 million (September 30, 2015 - $2.7 million).

Other expenses on a nine months end basis relate to energy assets including: (a) operating expenses of $1.0 million (September 30, 2015 - $1.5 million); and (b) depletion charges of $0.8 million (September 30, 2015 - $4.1 million).

7. 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 Dec. 31, 2014	246,021,326	414,668
Additional purchase consideration	136,064	543
Issuance of share capital on conversion of RSU	1,400	4
Acquired for equity incentive plan	(3,119,030)	(7,750)
Released on vesting of equity incentive plan	956,845	4,879
At Dec. 31, 2015	243,996,605	412,344
Acquired for equity incentive plan	(1,500,000)	(3,680)
Released on vesting of equity incentive plan	1,033,426	3,334
At Sep. 30, 2016	243,530,031	411,998

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

	Stated value ($ in thousands)
At Dec. 31, 2014	42,199
Expensing of EPSP / EIP shares over the vesting period	3,122
Expensing of earn-out shares over the vesting period	(1,146)
Issuance of share capital on share-based consideration	(543)
Issuance of share capital on conversion of RSU	(4)
Released on vesting of common shares for equity incentive plan	(4,879)
At Dec. 31, 2015	38,749
Expensing of Sprott Inc. stock options over the vesting period	1,968
Expensing of EPSP / EIP shares over the vesting period	2,660
Released on vesting of common shares for equity incentive plan	(3,334)
At Sep. 30, 2016	40,043

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.

A total of 8,250,000 options were issued during the nine months ended September 30, 2016, which remains unchanged from the previous quarter (three and nine months ended September 30, 2015 - 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 cost 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, 2014	2,650	9.71
Options exercisable, December 31, 2014	2,650	9.71
Options outstanding, December 31, 2015	2,650	9.71
Options exercisable, December 31, 2015	2,650	9.71
Options granted	7,250	2.33
Options granted	1,000	2.73
Options outstanding, September 30, 2016	10,900	4.16
Options exercisable, September 30, 2016	4,100	7.10

Options outstanding and exercisable as at September 30, 2016 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	1.6	2,450
4.85	50	3.3	50
6.60	150	4.1	150
2.33	7,250	9.3	1,450
2.73	1,000	9.6	—
2.33 to 10.00	10,900	7.5	4,100

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: (1) 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 (2) from treasury, common shares of the Company that will be held in the Trust until the awards vest and are distributed to eligible employees; and (3) from time-to-time, purchases from 2176423 Ontario Ltd., a company controlled by Eric Sprott, pursuant to the terms and conditions of a previously announced share transaction. For employees in the U.S. under the EIP plan, the Company will allot common shares of the Company as either: (1) restricted stock; (2) unrestricted stock; or (3) restricted stock units ("RSUs"), the resulting common shares of which will be issued from treasury.

A total of 185,186 RSUs were issued during the nine months ended September 30, 2016, which remains unchanged from the previous quarter (three and nine months ended September 30, 2015 - Nil). The Trust purchased 1.5 million common shares for the three and nine months ended September 30, 2016 (three months ended September 30, 2015 - 1.0 million and nine months ended September 30, 2015 - 1.5 million).

	Number of common shares
Common shares held by the Trust, December 31, 2014	2,308,993
Acquired	3,119,030
Released on vesting	(956,845)
Unvested common shares held by the Trust, December 31, 2015	4,471,178
Acquired	1,500,000
Released on vesting	(1,033,426)
Unvested common shares held by the Trust, September 30, 2016	4,937,752

Earn-out shares

In connection with the acquisition of Sprott Toscana, up to an additional 0.1 million common shares of the Company were issued with the achievement of certain earnings targets by Sprott Toscana. In accordance with IFRS 2 *Share-based Payment* ("IFRS 2"), 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 was charged to the consolidated statements of operation over the period of the service condition, being 3 years and was adjusted each reporting period to reflect the best available estimate of the number of equity instruments expected to ultimately vest. Upon issuance of the common shares, the amount equal to the fair value of the shares at the maturity date of the transaction, originally recorded against contributed surplus, was credited to capital stock. On August 18, 2015, 136,064 common shares of the Company were issued to employees of Sprott Toscana.

The table below provides a breakdown of the share-based compensation expense and the corresponding increase to contributed surplus:

	For the three months ended		For the nine months ended	
	Sep. 30, 2016	Sep. 30, 2015	Sep. 30, 2016	Sep. 30, 2015
Earn-out shares	—	(7)	—	(1,146)
Stock option plan	546	—	1,968	—
EPSP / EIP	842	780	2,660	2,352
	1,388	773	4,628	1,206

Basic and diluted earnings per share

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

	For the three months ended		For the nine months ended	
	Sep. 30, 2016	Sep. 30, 2015	Sep. 30, 2016	Sep. 30, 2015
Numerator ($ in thousands):				
Net income (loss) - basic and diluted	12,531	(49,190)	30,784	(35,527)
Denominator (Number of shares in thousands):				
Weighted average number of common shares	247,527	247,455	247,527	247,419
Weighted average number of unvested shares purchased by the Trust	(4,016)	(2,674)	(3,853)	(1,935)
Weighted average number of common shares - basic	243,511	244,781	243,674	245,484
Weighted average number of dilutive stock options	451	—	—	—
Weighted average number of unvested shares purchased by the Trust	4,016	—	3,853	—
Weighted average number of shares issuable under acquisition consideration payable	—	—	—	—
Weighted average number of common shares - diluted	247,978	244,781	247,527	245,484
Net income (loss) per common share				
Basic	0.05	(0.20)	0.13	(0.14)
Diluted	0.05	(0.20)	0.13	(0.14)

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 September 30, 2016 and 2015, 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.

8. INCOME TAXES

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

	9 months ended	
	Sep. 30, 2016	Sep. 30, 2015
Current income tax expense		
Based on taxable income of the current period	9,494	4,047
Other	125	770
	9,619	4,817
Deferred income tax expense (recovery)		
Total deferred income tax expense	—	5,203
Total deferred income tax recovery	(4,089)	(158)
	(4,089)	5,045
Income tax expense reported in the statements of operations	5,530	9,862

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):

	9 months ended	
	Sep. 30, 2016	Sep. 30, 2015
Income before income taxes	36,314	(25,665)
Tax calculated at domestic tax rates applicable to profits in the respective countries	9,914	(11,436)
Tax effects of:		
Non-deductible stock-based compensation	739	—
Non-taxable capital (gains) and losses	(3,535)	762
Capital losses not benefited	288	2,166
Goodwill/Intangible impairment	469	11,288
Adjustments in respect of previous periods	125	611
Other temporary differences not benefited	(389)	9,640
Non-capital losses not previously benefited	(2,149)	(2,638)
Rate differences and other	68	(531)
Tax charge	5,530	9,862

The weighted average statutory tax rate was 27.3% (September 30, 2015 - 44.6%). This decrease was mainly due to increased profitability of our Canadian operations, which are subject to a lower tax rate than the Global segment, which is U.S. based.

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 nine months ended September 30, 2016

	At Dec. 31, 2015	Recognized in income	Recognized in other comprehensive income	At Sep. 30, 2016
Deferred income tax assets				
Other stock-based compensation	3,721	236	—	3,957
Non-capital losses	190	287	—	477
Other	282	256	—	538
Total deferred income tax assets	4,193	779	—	4,972
Deferred income tax liabilities				
Fund management contracts	3,700	(1,178)	(202)	2,320
Deferred sales commissions	624	(187)	—	437
Unrealized gains	4	2,039	—	2,043
Transitional partnership income	3,680	(3,680)	—	—
Proceeds receivable	1,396	(442)	—	954
Other	(127)	137	—	10
Total deferred income tax liabilities	9,277	(3,311)	(202)	5,764
Net deferred income tax assets (liabilities)	(5,084)	4,090	202	(792)

For the year ended December 31, 2015

	At Dec. 31, 2014	Recognized in income	Recognized in other comprehensive income	At Dec. 31, 2015
Deferred income tax assets				
Unrealized losses	8,835	(10,179)	1,344	—
Other stock-based compensation	3,663	70	(12)	3,721
Non-capital losses	1,174	(984)	—	190
Other	1,633	(1,302)	(49)	282
Total deferred income tax assets	15,305	(12,395)	1,283	4,193
Deferred income tax liabilities				
Fund management contracts	7,890	(4,879)	689	3,700
Deferred sales commissions	680	(56)	—	624
Unrealized gains	625	(621)	—	4
Transitional partnership income	6,624	(2,944)	—	3,680
Proceeds receivable	1,396	—	—	1,396
Other	1,368	(1,495)	—	(127)
Total deferred income tax liabilities	18,583	(9,995)	689	9,277
Net deferred income tax assets (liabilities)	(3,278)	(2,400)	594	(5,084)

9. 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 September 30, 2016 and December 31, 2015 ($ in thousands).

Sep. 30, 2016	Level 1	Level 2	Level 3	Total
Recurring measurements:				
Cash and cash equivalents	100,704	—	—	100,704
Public equities and share purchase warrants	12,636	8,251	—	20,887
Mutual funds and alternative investment strategies	64,493	57,352	—	121,845
Fixed income securities	—	2,523	1,251	3,774
Private holdings*	—	—	15,460	15,460
Obligations related to securities sold short	(36,782)	—	—	(36,782)
Total net recurring fair value measurements	141,051	68,126	16,711	225,888

Dec. 31, 2015	Level 1	Level 2	Level 3	Total
Recurring measurements:				
Cash and cash equivalents	107,622	—	—	107,622
Public equities and share purchase warrants	9,758	3,203	—	12,961
Mutual funds and alternative investment strategies	66,599	40,215	—	106,814
Fixed income securities	—	1,254	1,266	2,520
Private holdings*	—	—	9,652	9,652
Obligations related to securities sold short	(40,191)	—	—	(40,191)
Total recurring fair value measurements:	143,788	44,672	10,918	199,378

* Private holdings measured using fair value techniques include private company investments classified as HFT and foreclosed properties, which have their changes in fair value recorded on the statements of operations; and private holdings and 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 - Sep. 30, 2016

	Dec. 31, 2015	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Net realized gains (losses) included in net income	Net realized gains (losses) included in other income	Net realized gains (losses) included in interest income	Sep. 30, 2016
Private holdings	9,652	9,345	(3,757)	220	—	—	—	15,460
Fixed income securities	1,266	—	—	(15)	—	—	—	1,251
	10,918	9,345	(3,757)	205	—	—	—	16,711

Changes in the fair value of Level 3 measurements - Dec. 31, 2015

	Dec. 31, 2014	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Net realized gains (losses) included in net income	Net realized gains (losses) included in other income	Net realized gains (losses) included in interest income	Dec. 31, 2015
Private holdings	9,280	4,385	(1,282)	(2,731)	—	—	—	9,652
Precious metal loans	5,662	—	(5,854)	—	377	248	(433)	—
Fixed income securities	981	286	—	(1)	—	—	—	1,266
	15,923	4,671	(7,136)	(2,732)	377	248	(433)	10,918

During the nine months ended September 30, 2016, the Company transferred public equities of $0.8 million (Dec. 31, 2015 - $Nil) from Level 2 to Level 1 within the fair value hierarchy due to the release of trading restrictions by the issuer.

The following table presents the valuation techniques used by the Company in measuring Level 2 fair values:

Type	Valuation Technique
Public equities and share purchase warrants	Fair values are determined using pricing models which incorporate market-observable inputs.
Mutual funds and alternative investment strategies	Fair values are based on the last available Net Asset Value.
Fixed income securities	Fair values are based on independent market data providers or third-party broker quotes.

Financial instruments not carried at fair value

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

Loans receivable and debentures had a carrying value of $82.5 million (Dec. 31, 2015 - $100.8 million) and a fair value of $90.3 million (Dec. 31, 2015 - $100.2 million). Loans receivable and debentures lack an available trading market, are not typically exchanged, and have been recorded at amortized cost less impairment. 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 significant inputs used to disclose the fair value of loans and debentures measured at amortized cost would fall under Level 3 of the fair value hierarchy.

10. DIVIDENDS

The following dividends were declared by the Company during the nine months ended September 30, 2016:

Record date	Payment Date	Cash dividend per share ($)	Total dividend amount ($ in thousands)
August 23, 2016 - regular dividend Q2 - 2016	September 6, 2016	0.03	7,454
May 25, 2016 - regular dividend Q1 - 2016	June 8, 2016	0.03	7,454
March 22, 2016 - regular dividend Q4 - 2015	April 5, 2016	0.03	7,283
Dividends (1)			22,191

(1) Subsequent to the quarter-end, on November 10, 2016, a regular dividend of $0.03 per common share was declared for the quarter ended September 30, 2016. This dividend is payable on December 6, 2016 to shareholders of record at the close of business on November 21, 2016.

11. 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, 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;
- Lending, which provides loans to companies in the mining and energy sectors;
- Consulting, which 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), foreign exchange gains and losses, one time non-recurring expenses, non-cash and non-recurring stock-based compensation and performance fees and performance fee related expenses (adjusted base EBITDA).

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.

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

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

For the three months ended	Sep. 30, 2016						
	SAM	Global	Lending	Consulting	Corporate and Other	Adjustments and Eliminations	Consolidated
Total revenue	21,851	5,614	6,990	1,637	5,906	(617)	41,381
Total expenses	15,837	4,400	1,284	1,472	4,602	(617)	26,978
Pre-tax Income (loss)	6,014	1,214	5,706	165	1,304	—	14,403
Adjusted base EBITDA	6,046	1,328	1,289	163	(395)	—	8,431

For the three months ended	Sep. 30, 2015						
	SAM	Global	Lending	Consulting	Corporate and Other	Adjustments and Eliminations	Consolidated
Total revenue	16,311	1,407	7,812	2,720	(1,485)	(446)	26,319
Total expenses	14,420	34,085	4,483	13,575	2,952	(446)	69,069
Pre-tax Income (loss)	1,891	(32,678)	3,329	(10,855)	(4,437)	—	(42,750)
Adjusted base EBITDA	2,845	(178)	324	162	(699)	—	2,454

For the nine months ended	Sep. 30, 2016						
	SAM	Global	Lending	Consulting	Corporate and Other	Adjustments and Eliminations	Consolidated
Total revenue	67,993	14,633	15,043	4,448	21,503	(1,633)	121,987
Total expenses	51,047	12,465	5,351	4,859	13,584	(1,633)	85,673
Pre-tax Income (loss)	16,946	2,168	9,692	(411)	7,919	—	36,314
Adjusted base EBITDA	12,414	3,398	7,385	28	(3,880)	—	19,345

For the nine months ended	Sep. 30, 2015						
	SAM	Global	Lending	Consulting	Corporate and Other	Adjustments and Eliminations	Consolidated
Total revenue	46,498	6,667	20,798	6,709	8,986	(1,442)	88,216
Total expenses	40,674	41,437	8,647	16,014	8,551	(1,442)	113,881
Pre-tax Income (loss)	5,824	(34,770)	12,151	(9,305)	435	—	(25,665)
Adjusted base EBITDA	9,925	956	7,004	1,445	(2,563)	—	16,767

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

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 nine months ended	
	Sep. 30, 2016	Sep. 30, 2015	Sep. 30, 2016	Sep. 30, 2015
Canada	35,767	24,912	107,354	81,549
United States	5,614	1,407	14,633	6,667
	41,381	26,319	121,987	88,216

12. COMMITMENTS AND PROVISIONS

Besides the Company's long-term lease agreement, there may be commitments to provide loans arising from the Lending business or commitments to make investments in the proprietary investments portfolio of the Company. As at September 30, 2016, the Company had $17.1 million of loan commitments (December 31, 2015 - $29.3 million) and $13.6 million of investment purchase commitments in the proprietary investments portfolio (December 31, 2015 - $Nil).

Contingent loss provisions are recorded when it is probable that the Company will incur a loss and the amount of the loss can be reasonably estimated. The Company makes provisions based on current information and the probable resolution of any such proceedings and claims. As at September 30, 2016, no provisions were recognized.

CORPORATE INFORMATION

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James T. Roddy, Director
Marc Faber, Director
Sharon Ranson, Director
Rosemary Zigrossi, Director
Kevin Hibbert, Chief Financial Officer and Corporate Secretary

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

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