SPROTT

First Quarter Report

March 31, 2016

Exchange Listed Products I Diversified Alternative Asset Management I Private Resources

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SPROTT

May 12, 2016

Dear Shareholders,

We are pleased with our decision to continue building our platform into a more diversified alternative asset manager and note that our current asset mix is beginning to yield results. In 2015, due to the success of our non-resource strategies, we were able to deliver top-line growth despite the bear market for precious metals. Now, as precious metals prices have improved, we are again generating growth in what has been a difficult stretch for most asset managers.

Our Assets Under Management ("AUM") grew by $1.4 billion during the first three months of 2016 and closed the quarter at $8.8 billion. The increase was attributable to the successful completion of the Central GoldTrust exchange offering and strong investment performance across most of our mutual fund and alternative investment products.

We continue to strengthen our investment team by attracting top managers and providing them with a platform for growth. In late 2015, we launched four new funds managed by Dennis Mitchell that we expect to achieve scale over the next 12 to 18 months. Having established ourselves as leaders in specialty credit funds with the Sprott Private Credit Trust and the Sprott Bridging Income Fund, we will continue to expand our franchise in this category by launching complementary new funds before the end of the year.

We continued to increase our US presence with the opening of our New York sales office to support our US client base. We have also added to our ETF product suite with the recent launch of the NYSE-listed Sprott Social Media Insights ETF ("BUZZ"). Over time we expect to continue expanding our US offerings of both diversified alternative funds and exchange listed products.

Two years ago, we instituted a new approach to managing our active precious metals strategies and this process has now proved its merit in both up and down markets. With strong tailwinds in the precious metals sector, good investment performance and a deep and experienced team, we believe we are now poised to attract new investors as interest rebuilds in the sector.

Our Physical Trusts have already benefited from the renewed interest in precious metals. In April, we completed our first follow-on offering of Trust units since 2012, raising more than $100 million in the Sprott Physical Silver Trust. In addition, our two gold miners ETFs have received inflows and have posted gains in excess of 70% year-to-date.

The performance of our proprietary investments improved dramatically during the quarter, as precious metals equities delivered a significant recovery from their cyclical lows. For the three months ended March 31, 2016, we recorded $11.5 million in gains on our proprietary investments, compared to a loss of $2.7 million for the same period in 2015. We are pleased with the credit quality of our loan book and believe that the provisions taken in 2015 were adequate and appropriate. No new provisions were taken in the first quarter of 2016.

We are pleased with the early results of the investments we have made in our business and we will continue investing in sales, marketing and product development as we focus on long-term asset growth and profitability.

As central bankers and governments continue to use extraordinary measures to generate enough economic growth to cover the ever-rising global debt burden, we are convinced that the outcomes for markets will be challenging and unpredictable. In this environment, we firmly believe that our strategies will perform well for clients and that our positioning as an alternative asset manager will resonate with investors seeking differentiated investment solutions.

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 in the months ahead.

Sincerely,

Peter Grosskopf
Chief Executive Officer

Management's Discussion and Analysis

Three months ended March 31, 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) expectations regarding growth and diversification of our product line offerings; (ii) potential for growth for the exchange listed products; (iii) review of the private resources business; (iv) the Company's belief that management fees and interest income will continue to be sufficient to satisfy ongoing operational needs and the Company's belief that it holds sufficient cash and liquid securities to meet any other operating and capital requirements; and (v) 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 - Other" in this MD&A. In addition, the payment of dividends is not guaranteed and the amount and timing of any dividends payable by the Company will be at the discretion of the Board of Directors of the Company and will be established on the basis of the Company's earnings, the satisfaction of solvency tests imposed by applicable corporate law for the declaration and payment of dividends, and other relevant factors. The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and the Company does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable Canadian securities laws.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This MD&A of financial condition and results of operations, dated May 12, 2016, presents an analysis of the consolidated financial condition of Sprott Inc. (the "Company", "we", "us", "our") and its subsidiaries as at March 31, 2016, compared with December 31, 2015, and the consolidated results of operations for the three months ended March 31, 2016, compared with the three ended March 31, 2015. The Board of Directors approved this MD&A on May 12, 2016. All note references in this MD&A are to the notes to the Company's March 31, 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 period" refers to the quarter ended March 31, 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.

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	
($ in thousands)	Mar. 31, 2016	Mar. 31, 2015
Net income (loss) for the period	1,307	6,937
Adjustments:		
Interest expense	—	84
Provision for income taxes	550	1,808
Depreciation and amortization	1,897	1,544
EBITDA	3,754	10,373
Other adjustments:		
Impairment (reversal) of intangibles	3,006	631
Impairment of goodwill	—	—
(Gains) losses on proprietary investments	(11,486)	2,744
General loan loss provisions (1)	—	—
(Gains) losses on foreign exchange (2)	6,785	(6,872)
Non-cash and non-recurring stock-based compensation	1,213	(611)
Other (3)	1,954	999
Adjusted EBITDA	5,226	7,264
Less:		
Performance fees	(87)	(127)
Performance fee related expenses	22	40
Adjusted base EBITDA	5,161	7,177

(1) Adjusted base EBITDA includes specific loan loss provisions of $0.2 million on a three months ended basis (three months ended 2015 - $0.1 million).
(2) (Gains) losses on foreign exchange include translation gains and losses relating to U.S. dollar denominated cash, receivable and loan balances.
(3) Other category includes transition expenses paid during the period. Transition expenses were $0.2 million on a three months ended basis (three months ended 2015 - $0.3 million).

BUSINESS OVERVIEW

Sprott Inc. is a global alternative asset manager with 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 the 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 over $400 million of market value appreciation, concentrated primarily in our exchange listed products business line as gold and precious metals continue to outperform most of the major asset classes. We also experienced good market value performance in the diversified alternative asset management business, primarily in our fixed income and mutual fund product offerings.

Product and Business Line Expansion

During the quarter, SAM together with *Sprott Physical GoldTrust* ("PHYS"), successfully completed its exchange offer to acquire all of the outstanding units of the *Central GoldTrust* ("GTU") on a Net Asset Value ("NAV") to NAV exchange basis. At the time of closing, the transaction added $1.1 billion to our total AUM and provided access to 20,000 new clients based largely in the U.S.

Subsequent to the quarter end, in April, SAM together with Sprott Physical Silver Trust ("PSLV"), completed a follow-on offering of 14.1 million units for gross proceeds of $110.4 million.

OUTLOOK

Volatility in both domestic and global equity markets may continue in the quarters ahead. Despite this volatility, our active precious metals strategies performed very well this quarter and have the potential to attract new assets to our diversified alternative asset management business as positive sentiment around this asset class continues to strengthen. Continued investment in this key business line will help build a strong domestic asset management business that will broaden and diversify our revenue and earnings streams as a complimentary business to our core private resources and precious metals strategies.

We continue to streamline and deepen the level of integration across our private resource businesses (Global, Lending, Consulting) in order to ensure they are well positioned to grow assets and return to meaningful profitability as increasingly positive sentiment around precious metals continues.

SUMMARY FINANCIAL INFORMATION

($ in thousands)	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	Q4 2014	Q3 2014	Q2 2014
Management fees	19,315	18,504	18,776	19,492	18,563	18,674	20,273	20,116
Performance fees	87	8,703	94	1	127	9,493	470	460
less: Trailer fees	3,016	3,060	3,222	3,163	3,133	2,867	3,354	3,184
less: Sub-advisor fees	1,144	6,411	1,127	908	803	6,401	975	752
Net Fees	15,242	17,736	14,521	15,422	14,754	18,899	16,414	16,640
Commission income	1,133	1,515	1,940	1,478	2,075	1,400	2,013	2,500
Interest income	3,950	4,122	3,953	3,807	6,832	5,687	5,327	3,816
Gains (losses) on proprietary investments	11,486	(1,128)	(9,399)	3,449	(2,742)	(7,156)	(4,157)	2,782
Other income (loss)	(4,292)	6,075	10,955	250	8,565	4,701	4,304	809
Total Revenues	27,519	28,320	21,970	24,406	29,484	23,531	23,901	26,547
Compensation and benefits	9,231	11,774	7,773	7,492	10,882	10,113	9,882	9,945
Stock-based compensation	1,858	770	773	186	247	910	196	787
Loan loss provisions (recoveries)	192	5,351	3,866	(132)	132	134	134	132
Selling, general and administrative	7,263	7,855	7,484	6,072	5,806	5,705	5,579	6,458
Amortization and impairment charges	4,903	4,806	41,615	1,582	2,175	3,879	1,536	1,555
Other expenses	2,215	3,077	3,209	866	1,497	638	—	—
Total Expenses	25,662	33,633	64,720	16,066	20,739	21,379	17,327	18,877
Net Income (Loss)	1,307	(4,104)	(49,190)	6,726	6,937	(363)	4,502	5,011
Net Income (Loss) per share (basic & diluted)	0.01	(0.02)	(0.20)	0.03	0.03	0.00	0.02	0.02
Adjusted base EBITDA	5,161	(205)	2,454	7,136	7,177	8,849	8,254	8,545
Adjusted base EBITDA per share (basic & diluted)	0.02	0.00	0.01	0.02	0.03	0.04	0.03	0.03
SUMMARY BALANCE SHEET								
Total Assets	412,547	433,876	439,637	497,818	453,895	481,277	448,040	453,124
Total Liabilities	61,987	75,634	69,222	74,537	27,739	62,665	25,889	29,499
Cash	92,496	107,622	124,093	145,366	119,646	120,774	88,706	104,920
less: syndicate cash holdings	(1,093)	(459)	(1,097)	(4,411)	(1,893)	(109)	(74)	—
Net cash	91,403	107,163	122,996	140,955	117,753	120,665	88,632	104,920
Proprietary investments	133,603	136,809	139,634	134,849	94,902	132,112	109,530	104,236
less: obligations related to securities sold short	(31,653)	(40,191)	(42,992)	(37,944)	(10,792)	(19,520)	—	—
Net proprietary investments	101,950	96,618	96,642	96,905	84,110	112,592	109,530	104,236
Loans *	101,253	100,802	89,035	89,279	109,433	121,909	123,646	121,353
Investable Capital	294,606	304,583	308,673	327,139	311,296	355,166	321,808	330,509
ASSETS UNDER MANAGEMENT								
Exchange Listed Products	4,169,716	2,958,779	3,076,458	3,195,543	3,392,087	3,073,948	3,092,051	3,350,545
Diversified Alternative Asset Management	3,476,701	3,328,220	3,202,390	3,378,695	3,226,247	2,762,948	2,911,007	3,067,080
Private Resources	1,153,099	1,139,030	1,155,249	1,226,548	1,199,055	1,190,494	1,359,961	1,424,380
Total Enterprise AUM	8,799,516	7,426,029	7,434,097	7,800,786	7,817,389	7,027,390	7,363,019	7,842,005

* In prior periods the loan 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 months ended March 31, 2016

- AUM was $8.8 billion, which increased $1.4 billion (18%) from December 31, 2015 and by $1.0 billion (13%) from March 31, 2015. Average AUM on a three months ended basis was $8.6 billion, which increased $1.0 billion (13%) on a three months ended basis.
- Total revenues were $31.7 million on a three months ended basis, reflecting a decrease of $1.7 million (5%), from the prior period.
- Total expenses were $29.8 million on a three months ended basis, reflecting an increase of $5.1 million (21%) from the prior period. The majority of this increase ($3.0 million) related to a one-time non-cash charge on the write down of a management contract.
- Net income was $1.3 million ($0.01 per share) on a three months ended basis, reflecting a decrease of $5.6 million (81%) from the prior period.
- Adjusted base EBITDA was $5.2 million ($0.02 per share) on a three months ended, reflecting a decrease of $2.0 million from the prior period.
- Investable capital stood at $294.6 million, reflecting a $10.0 million (3%) decrease from December 31, 2015.

RESULTS OF OPERATIONS

For the three months ended March 31, 2016

Assets Under Management, Investment Performance and Net Sales

AUM as at March 31, 2016 was $8.8 billion, which increased $1.4 billion (18%) from December 31, 2015 and by $1.0 billion (13%) from March 31, 2015. The increase in AUM on a three months ended basis was mainly due to the successful closure of the GTU acquisition and market value appreciation across most product lines, which was partially offset by redemptions of our exchange listed products earlier in the quarter. Average AUM on a three months ended basis was $8.6 billion, which increased $1.0 billion (13%) from the prior period.

Breakdown of AUM by investment product type:

	Mar. 31, 2016		Mar. 31, 2015	
Product Type	$ (in millions)	% AUM	$ (in millions)	% AUM
Exchange Listed Products (1)	4,170	47%	3,392	43%
Diversified Alternative Asset Management:				
Mutual Funds (1)	2,449	28%	2,363	30%
Alternative Investment Funds	958	11%	832	11%
Managed Accounts	69	1%	31	n/m
Private Resources:				
Fixed-term limited partnerships	333	4%	349	4%
Managed Companies	707	8%	775	10%
Managed Accounts	113	1%	75	1%
Total Enterprise AUM	8,799	100%	7,817	100%

n/m = not meaningful

(1) In previous MD&A filings, 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.

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 Mar. 31, 2016
Exchange Listed Products (1)	2,959	(163)	302	1,072	4,170
Diversified Alternative Asset Management:					
Mutual Funds (1)	2,400	24	25	—	2,449
Alternative Investment Funds	892	10	56	—	958
Managed Accounts	35	25	9	—	69
Private Resources					
Fixed Term Limited Partnerships	335	—	(2)	—	333
Managed Companies	701	—	6	—	707
Managed Accounts	104	—	9	—	113
Total Enterprise AUM	7,426	(104)	405	1,072	8,799

(1) In previous MD&A filings, 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.

Revenues

Management fees were $19.3 million on a three months ended basis, reflecting an increase of $0.8 million (4%), from the prior period. The increase was largely due to an increase in the average AUM of our exchange listed products and diversified alternative asset management funds (primarily mutual funds and alternative investment funds), partially offset by a slight decrease in the AUM of fixed-term limited partnerships and managed companies in our private resources businesses. Management fees as a percentage of average AUM were 1% on a three months ended basis, largely unchanged from the prior period.

Performance fees were $0.1 million on a three months ended basis, which were virtually unchanged from the prior period.

Commission revenues were $1.1 million on a three months ended basis, reflecting a decrease of $0.9 million (45%), from the prior period. The decrease was due to lower commissions in SPW as a result of lower year-over-year private placement activity.

Interest income was $4.0 million on a three months ended basis, reflecting a decrease of $2.9 million (42%), from the prior period. The decrease was primarily due to lower average loan balances year-over-year, coupled with the inclusion in last year's results of fee income on the early termination of a loan facility in our Lending business.

Returns on proprietary investments were $11.5 million on a three months ended basis compared to negative $2.7 million in the prior period. Gains were due to good market value appreciation in certain seeded fund investments pertaining to our diversified alternative asset management business and equity holdings in the Corporate and Lending segments during the period.

Other income was negative $4.3 million on a three months ended basis, reflecting a decrease of $12.9 million, from the prior period. The decrease was mainly due to foreign exchange losses on translation of U.S. dollar denominated cash, receivables and loan balances, compared to translation gains in the prior period.

Expenses

Changes in specific expense categories are described below:

Compensation and benefits

The table below summarizes the components of compensation and benefits:

	For the three months ended Mar. 31	
($ in thousands)	2016	2015
Salaries and benefits	7,371	5,926
Discretionary bonus-cash component	791	3,843
Commissions	623	438
Director's fees	255	383
Transition expenses	191	292
Compensation and benefits (1)	9,231	10,882

(1) Discretionary bonus-equity of $0.6 million on a three months ended basis (March 31, 2015 - $0.8 million) is included as part of stock-based compensation on the statements of operations.

Total reported compensation and benefits were $9.2 million on a three months ended basis, reflecting a decrease of $1.7 million (15%), from the prior period. The decrease was primarily due to lower discretionary bonus as a result of lower bonus accrual rates and lower adjusted base EBITDA, which was partially offset by higher salaries and benefits due to increased employee head count primarily in the diversified alternative asset management business as we continue to invest in top talent to drive future AUM and earnings growth in this important line of business.

Stock-based compensation

Reported stock-based compensation was $1.9 million on a three months ended basis, reflecting an increase of $1.6 million from the prior period. The increase was largely due to the introduction of a new long-term incentive compensation plan during the quarter that involves a transition to long-term executive compensation through the use of time and performance-based stock options and the reduction of fixed annual compensation. We believe this will better align executive compensation and incentives to that of our shareholders going forward.

Trailer fees

Trailer fees were $3.0 million on a three months ended basis, reflecting a decrease of $0.1 million (4%), from the prior period. The decrease was due to a decline in trailer paying AUM of mutual funds.

Sub-advisor and referral fees

Sub-advisor and referral fees were $1.1 million on a three months ended basis, reflecting an increase of $0.3 million (42%), from the prior period. The increase was due to higher average AUM in sub-advised product offerings compared to the prior period.

Loan loss provisions

Loan loss provisions were $0.2 million on a three months ended basis, virtually unchanged from the prior period. There were no credit loss events in the quarter to provide for, 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 then take a corresponding provision against the accrued interest amount.

Selling, general and administrative (SG&A)

SG&A expenses were $7.3 million on a three months ended basis, reflecting an increase of $1.5 million (25%), from the prior period. The increases were primarily the result of increased marketing and fund operation expenses necessary to drive future growth objectives in our diversified alternative asset management line of business.

Amortization of intangibles

Amortization of intangibles was $1.7 million on a three months ended basis, reflecting an increase of $0.3 million (23%), from the prior period. The increase was mainly due to a change in accounting estimate 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:

	For the three months ended Mar. 31	
($ in thousands)	2016	2015
Carried interest impairment	—	(631)
Indefinite life management contract impairment*	(3,006)	—
Impairment of goodwill and intangibles	(3,006)	(631)

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

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

Amortization of property and equipment

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

Other expenses

Other expenses were $2.2 million on a three months ended basis, reflecting an increase of $0.7 million (48%), from the prior period. Other expenses relate to: (1) operating expenses and depletion charges incurred in certain seeded energy assets held as part of the proprietary investment holdings of our private resources business; and (2) non-recurring transaction accruals in our private resources business (specifically RCIC) and SPW.

Net Income and Adjusted base EBITDA

Net income was $1.3 million on a three months ended basis, reflecting a decrease of $5.6 million (81%), from the prior period. Excluding impairment charges on intangible assets, lower net income for the three months ended was due to: (1) lower commissions and interest income; (2) foreign exchange losses on translation of U.S. dollar denominated cash deposits, receivables and loan balances; (3) higher salaries and stock-based compensation; and (4) higher SG&A expenses primarily in our diversified alternative asset management line of business. These lower revenue and higher expense items were only partially offset by: (1) higher management fees; (2) strong proprietary investment gains; and (3) lower discretionary bonus accruals.

Adjusted base EBITDA was $5.2 million on a three months ended basis, reflecting a decrease of $2.0 million (28%), from the prior period. The decrease on a three months ended basis was mainly due to: (1) lower commissions and interest income: and (2) higher salaries and SG&A expenses as previously noted. These lower revenue and higher expense items were only partially offset by higher management fees and lower discretionary bonus accruals.

Balance Sheet

Cash and cash equivalents were $92.5 million, a decrease of $15.1 million (14%) from December 31, 2015. The decrease was primarily due to transaction costs related to the GTU exchange offer and new loan originations, and compensation expense. These decreases more than offset cash received from proprietary investment sales in the period.

Fees receivable were $15.5 million, reflecting an increase of $2.0 million (15%) from December 31, 2015. The slight increase was primarily due to the timing of year-end management and performance fee receipts.

Loans receivable (both current and long-term) were $101.3 million, reflecting an increase of $0.5 million from December 31, 2015. The increase was due to the funding of a new loan, which was partially offset by a series of net loan repayments during the period.

Proprietary investments were $133.6 million, reflecting a decrease of $3.2 million (2%) from December 31, 2015. The decrease was largely due to the redemption of certain seeded alternative investment products, mutual funds, exchange listed products and a foreclosed property in the period. This was partially offset by the seeding of other alternative investment products and the strong market value appreciation of certain seeded funds and equity positions.

Obligations related to securities sold short were $31.7 million, reflecting a decrease of $8.5 million (21%) from December 31, 2015. The Company is currently seeding $32.2 million (December 31, 2015 - $38.5 million) of investment strategies and fund product offerings on a market-neutral basis by short-selling $31.7 million (December 31, 2015 - $40.2 million) of related securities positions.

Other assets (both current and long-term) were $9.0 million, reflecting a decrease of $15.2 million (63%) from December 31, 2015. The decrease was primarily due to the reclassification of certain deferred transaction costs related to the GTU exchange offer to the finite life intangible assets account after the successful completion of the transaction.

Intangible assets were $24.2 million, reflecting an increase of $9.2 million (62%) from December 31, 2015. The increase was primarily a result of the reclassification of certain deferred transaction costs related to the GTU exchange offer as previously noted. This was partially offset by impairment charges on an indefinite life management contract in SAM. See Note 4 of the interim financial statements for further details.

Goodwill was $24.9 million, reflecting a decrease of $1.6 million (6%) from December 31, 2015. The decrease was due to foreign exchange losses on translation of the Company's U.S. dollar denominated goodwill contained in the SAM segment.

Deferred income tax liabilities (net of deferred income tax assets) were $1.7 million, reflecting a decrease of $3.4 million (67%) 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 EPSP Trust.

Compensation and employee bonuses payable were $2.5 million, reflecting a decrease of $1.8 million (42%) from December 31, 2015. The decrease was mainly the result of the payout of outstanding 2015 bonuses and commissions earlier during the quarter, which was only partially offset by current quarter bonus and commission accruals.

REPORTABLE SEGMENTS - BY LINES OF BUSINESS

SAM (Exchange Listed Products and Diversified Alternative Asset Management)

Summary Results of Operations	3 months ended		
($ in thousands)	Mar. 31, 2016	Mar. 31, 2015	% Chg.
SUMMARY			
Total revenues	20,253	14,114	44 %
Total expenses	17,996	12,902	40 %
Income (loss) before income taxes	2,257	1,212	86 %
Adjusted base EBITDA	3,028	3,246	(7)%
KEY REVENUE LINE ITEMS			
Exchange Listed Products:			
Management fees	3,872	3,491	11 %
Diversified Alternative Asset Management:			
Management fees	12,366	11,711	6 %
Performance fees	87	—	100 %
less: trailer fees	3,472	3,560	(2)%
less: sub-advisor fees	998	777	28 %
Net management and performance fees	7,983	7,374	8 %
Investment holdings and other:			
Gains (losses) on proprietary investments	3,154	(2,038)	255 %
Other income (loss)	768	944	(19)%
KEY EXPENSE LINE ITEMS			
Compensation and benefits	4,765	4,374	9 %
Selling, general and administrative	4,169	3,075	36 %
Impairment charges	3,006	—	n/m

n/m = not meaningful

3 months ended

Total revenues were $20.3 million, reflecting an increase of $6.1 million from the prior period. The increase was mainly a result of:

- Management fees: Higher largely due to increased average AUM balances in the physical trusts of our exchange listed products line of business as well as increased AUM in the mutual funds and alternative investment strategies of our diversified business.
- Gains on proprietary investments: We experienced good market value appreciation across our seed investments.

Total expenses were $18.0 million, reflecting an increase of $5.1 million from the prior period. The increase was mainly a result of:

- Compensation and benefits: Higher due to increased employee head count, partially offset by lower discretionary bonus.
- SG&A: Higher due to increased marketing and fund related operating expenses.
- Increases in compensation and SG&A noted above are part of our ongoing objective to invest in future growth initiatives of our diversified alternative asset management line of business.
- Impairment charges: A charge was recorded on an indefinite life management contract (see Note 4 of the interim financial statements).

Adjusted base EBITDA was $3.0 million, reflecting a decrease of $0.2 million from the prior period. The decrease was mainly due to higher compensation and SG&A spend (which more than offset increases in management fees) as we continue to invest in the future growth of the diversified alternative asset management line of business.

GLOBAL (Private Resources)

Summary Results of Operations:

	3 months ended		
($ in thousands)	Mar. 31, 2016	Mar. 31, 2015	% Chg.
SUMMARY			
Total revenues	3,265	2,318	41 %
Total expenses	3,745	4,048	(8)%
Income (loss) before income taxes	(480)	(1,730)	72 %
Adjusted base EBITDA	420	402	5 %
KEY REVENUE LINE ITEMS			
Asset management and private placement activities:			
Management fees	1,902	2,041	(7)%
Commissions	898	703	28 %
Investment holdings and other:			
Gains (losses) on proprietary investments	273	(340)	180 %
Other income (loss)	172	(106)	262 %
KEY EXPENSE LINE ITEMS			
Compensation and benefits	1,411	1,493	(6)%
Selling, general and administrative	1,015	878	16 %
Impairment charges	—	631	n/m

n/m = not meaningful

3 months ended

Total revenues were $3.3 million, reflecting an increase of $0.9 million from the prior period. The increase was mainly a result of:

- Commissions: Higher commissions due to relatively improved client trading activity in SGRIL.
- Gains on proprietary investments: Market value appreciation of public equities and share purchase warrants.

Total expenses were $3.7 million, reflecting a decrease of $0.3 million from the prior period. The decrease was mainly a result of:

- Impairment charges: There were no impairment charges this quarter compared to a carried interest impairment in the prior period.
- Lower impairment charges were partially offset by an increase in SG&A expenses pertaining to trade execution costs in SGRIL as well as one-time transaction accruals in RCIC.

Adjusted base EBITDA was $0.4 million, which increased slightly from the prior period as higher commission revenues and lower compensation expense were partially offset by higher SG&A expenses.

LENDING (Private Resources)

Summary Results of Operations:

	3 months ended		
($ in thousands)	Mar. 31, 2016	Mar. 31, 2015	% Chg.
SUMMARY			
Total revenues	3,130	9,427	(67)%
Total expenses	940	3,106	(70)%
Income (loss) before income taxes	2,190	6,321	(65)%
Adjusted base EBITDA	3,980	3,966	n/m
KEY REVENUE LINE ITEMS			
Private resource lending:			
Interest income	3,554	6,356	(44)%
Investment holdings and other:			
Gains (losses) on proprietary investments	2,846	(857)	432 %
Other income (loss)	(3,270)	3,928	(183)%
KEY EXPENSE LINE ITEMS			
Compensation and benefits	512	2,710	(81)%
Selling, general and administrative	148	133	11 %
Specific loan loss provisions	192	132	46 %

n/m = not meaningful

3 months ended

Total revenues were $3.1 million, reflecting a decrease of $6.3 million from the prior period. The decrease was mainly a result of:

- Interest income: Lower due to a combination of lower average loan balances year-over-year, coupled with the inclusion in last year's results of $1.2 million in fee income on the early termination of a loan facility.
- Other income: Lower as a result of foreign exchange losses on translation of U.S. dollar denominated loans and cash deposits.
- These revenue declines were partially offset by market value gains on proprietary investment holdings.

Total expenses were $0.9 million, reflecting a decrease of $2.2 million from the prior period. The decrease was mainly a result of:

- Compensation and benefits: Lower due to lower discretionary bonus given changes in bonus calculation methodology adopted during the fourth quarter of last year.

Adjusted base EBITDA was $4.0 million, which increased slightly from the prior period as lower discretionary bonus accruals partially offset the lower interest income.

CONSULTING (Private Resources)

Summary Results of Operations:

	3 months ended		
($ in thousands)	Mar. 31, 2016	Mar. 31, 2015	% Chg.
SUMMARY			
Total revenues	1,545	2,232	(31)%
Total expenses	1,984	1,480	34 %
Income (loss) before income taxes	(439)	752	(158)%
Adjusted base EBITDA	(75)	643	(112)%
KEY REVENUE LINE ITEMS			
Consulting services to managed companies:			
Management fees	1,098	1,269	(14)%
Performance fees	—	127	(100)%
Investment holdings and other:			
Other income (loss)	446	830	(46)%
KEY EXPENSE LINE ITEMS			
Compensation and benefits	690	187	269 %
Stock-based compensation	12	(594)	(102)%
Selling, general and administrative	415	336	24 %
Other expenses	778	1,497	(48)%

n/m = not meaningful

3 months ended

Total revenues were $1.5 million, reflecting a decrease of $0.7 million from the prior period. The decrease was mainly a result of:

- Management fees: Lower due to a reduction in average AUM in SRC.
- Performance fees: Last year's performance fee internalization transaction (second quarter 2015) involved the sale of future performance fee entitlements on the TEIC management contract back to the managed company.
- Other income: Lower due to a decline in royalty income on seeded energy related assets held in proprietary investments.

Total expenses were $2.0 million, reflecting an increase of $0.5 million from the prior period. The increase was mainly a result of:

- Compensation and benefits: Higher as the prior period results included cash based earn-out expense reversals relating to Sprott Toscana (fully vested on June 30, 2015).
- Stock-based compensation: Higher as the prior period results included equity based earn-out expense reversals relating to Sprott Toscana (fully vested on June 30, 2015).
- The increases noted above were only partially offset by lower operating expenses and depletion charges on seeded energy assets (included in 'Other expenses' in the above table).

Adjusted base EBITDA was negative $0.1 million, reflecting a decrease of $0.7 million from the prior period. The decrease was mainly due to a combination of lower management fees and higher cash compensation and benefits.

CORPORATE & OTHER

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

Summary Results of Operations:

	3 months ended		
($ in thousands)	Mar. 31, 2016	Mar. 31, 2015	% Chg.
SUMMARY			
Total revenues	3,984	5,866	(32)%
Total expenses	5,655	3,676	54 %
Income (loss) before income taxes	(1,671)	2,190	(176)%
Adjusted base EBITDA	(2,192)	(1,080)	(103)%
KEY REVENUE LINE ITEMS			
Shared services platform and SPW			
Commission income	235	1,372	(83)%
Trailer fee income	549	544	n/m
Interest income	369	444	(17)%
Investment holdings and other:			
Gains (losses) on proprietary investments	5,213	493	957 %
Other income (loss)	(2,459)	2,962	(183)%
KEY EXPENSE LINE ITEMS			
Compensation and benefits	1,853	2,118	(13)%
Stock-based compensation	1,081	159	580 %
Selling, general and administrative	1,516	1,384	10 %
Other expenses	1,187	—	n/m

n/m = not meaningful

3 months ended

Total revenues were $4.0 million, reflecting a decrease of $1.9 million from the prior period. The decrease was mainly a result of:

- Commissions: Lower due to lower private placement activity in SPW.
- Other income: Lower due to foreign exchange losses on translation of U.S. dollar denominated receivables and cash deposits.
- Lower commission and other income was partially offset by strong proprietary investment gains on public equities and seeded fund investment holdings.

Total expenses were $5.7 million, reflecting an increase of $2.0 million from the prior period. The increase was mainly a result of:

- Stock-based compensation: Higher due to the introduction of a new long-term incentive compensation plan during the quarter that involves a transition to long-term executive compensation through the use of time and performance-based stock options and the reduction of fixed annual compensation. We believe this will better align executive compensation and incentives to that of our shareholders going forward.
- Other expenses: Higher due to increased transaction expense accruals in SPW.

Adjusted base EBITDA was negative $2.2 million, reflecting a decrease of $1.1 million from the prior period. The decrease was mainly due to $1.1 million lower commission income in SPW.

Dividends

See Note 10 of the interim financial statements.

Capital Stock

Including the 3.8 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 was $0.01 on a three months ended basis compared to $0.03, in the prior period. 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 7.3 million stock options have been issued pursuant to our stock option plan, of which 4.1 million are exercisable, however none of these options are in the money.

Liquidity and Capital Resources

Management fees and interest income can be projected and forecasted with a higher degree of certainty than performance fees and carried interests, and are therefore used as a base for budgeting and planning by the Company. Management fees 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.

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 March 31, 2016, the Company had $16.2 million of loan commitments arising from the Lending business (December 31, 2015 - $29.3 million) and there were no 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 March 31, 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 months ended March 31, 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 March 31, 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 months ended March 31, 2016

SPROTT

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

As at *($ in thousands of Canadian dollars)*		Mar. 31 2016	Dec. 31 2015
Assets			
Current			
Cash and cash equivalents		92,496	107,622
Fees receivable		15,534	13,531
Loans receivable	*(Note 5)*	43,239	53,200
Proprietary investments	*(Note 3)*	133,603	136,809
Other assets	*(Note 6)*	5,968	8,327
Income taxes recoverable		1,797	1,632
Total current assets		292,637	321,121
Loans receivable	*(Note 5)*	58,014	47,602
Other assets	*(Note 6)*	3,008	15,819
Property and equipment, net		6,246	6,344
Intangible assets	*(Note 4)*	24,216	14,968
Goodwill	*(Note 4)*	24,870	26,498
Deferred income taxes	*(Note 8)*	3,556	1,524
		119,910	112,755
Total assets		412,547	433,876
Liabilities and Shareholders' Equity			
Current			
Accounts payable and accrued liabilities		14,029	22,818
Compensation payable		2,511	4,313
Obligations related to securities sold short	*(Note 3)*	31,653	40,191
Dividends payable	*(Note 10)*	7,283	—
Income taxes payable		1,273	1,704
Total current liabilities		56,749	69,026
Deferred income taxes	*(Note 8)*	5,238	6,608
Total liabilities		61,987	75,634
Shareholders' equity			
Capital stock	*(Note 7)*	414,677	412,344
Contributed surplus	*(Note 7)*	38,274	38,749
Deficit		(134,032)	(128,056)
Accumulated other comprehensive income		31,641	35,205
Total shareholders' equity		350,560	358,242
Total liabilities and shareholders' equity		412,547	433,876
Commitments	*(Note 12)*		

See accompanying notes

Eric Sprott
Director

James Roddy
Director

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATION (UNAUDITED)

($ in thousands of Canadian dollars, except for per share amounts)		For the three months ended Mar. 31 2016	Mar. 31 2015
Revenues			
Management fees		19,315	18,563
Performance fees		87	127
Commissions		1,133	2,075
Interest income		3,950	6,832
Gains (losses) on proprietary investments		11,486	(2,742)
Other income (loss)	*(Note 6)*	(4,292)	8,565
Total revenue		31,679	33,420
Expenses			
Compensation and benefits		9,231	10,882
Stock-based compensation	*(Note 7)*	1,858	247
Trailer fees		3,016	3,133
Sub-advisor and referral fees		1,144	803
Loan loss provisions	*(Note 5)*	192	132
Selling, general and administrative		7,263	5,806
Amortization of intangibles	*(Note 4)*	1,675	1,360
Impairment of intangibles	*(Note 4)*	3,006	631
Amortization of property and equipment		222	184
Other expenses	*(Note 6)*	2,215	1,497
Total expenses		29,822	24,675
Income (loss) before income taxes for the period		1,857	8,745
Provision for income taxes	*(Note 8)*	550	1,808
Net income (loss) for the period		1,307	6,937
Basic and diluted earnings (loss) per share	*(Note 7)*	$ 0.01	$ 0.03

See accompanying notes

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

	For the three months ended	
	Mar. 31	Mar. 31
($ in thousands of Canadian dollars)	2016	2015
Net income for the period	1,307	6,937
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation gain (loss) on foreign operations (taxes of $Nil)	(3,564)	7,935
Total other comprehensive income (loss)	(3,564)	7,935
Comprehensive income (loss)	(2,257)	14,872

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 released on vesting of equity incentive plan	*(Note 7)*	703,134	2,333	(2,333)	—	—	—
Foreign currency translation gain (loss) on foreign operations		—	—	—	—	(3,564)	(3,564)
Stock-based compensation	*(Note 7)*	—	—	1,858	—	—	1,858
Dividends declared	*(Note 10)*	—	—	—	(7,283)	—	(7,283)
Net income		—	—	—	1,307	—	1,307
Balance, Mar. 31, 2016		244,699,739	414,677	38,274	(134,032)	31,641	350,560
At Dec. 31, 2014		246,021,326	414,668	42,199	(58,655)	20,400	418,612
Shares acquired for equity incentive plan		(63,500)	(108)	(55)	—	—	(163)
Shares released on vesting of equity incentive plan		943,595	4,809	(4,809)	—	—	—
Foreign currency translation gain on foreign operations		—	—	—	—	7,935	7,935
Additional purchase consideration		—	—	—	—	—	—
Stock-based compensation		—	—	247	—	—	247
Shares issued from treasury		1,400	4	(4)		—	—
Dividends declared		—	—	—	(7,412)	—	(7,412)
Net income		—	—	—	6,937	—	6,937
Balance, Mar. 31, 2015		246,902,821	419,373	37,578	(59,130)	28,335	426,156

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the three months ended	
($ in thousands of Canadian dollars)	Mar. 31, 2016	Mar. 31, 2015
Operating Activities		
Net income for the year	1,307	6,937
Add (deduct) non-cash items:		
Losses (gains) on proprietary investments	(11,486)	2,742
Stock-based compensation	1,858	247
Amortization of property, equipment and intangible assets	1,897	1,544
Impairment of intangible assets	3,006	631
Loan loss provisions	192	132
Deferred income tax recovery	(3,221)	(1,605)
Current income tax expense	3,771	3,413
Other items	(2,617)	(881)
Dividend Payable	(7,283)	—
Income taxes paid	(4,397)	(1,157)
Changes in:		
Fees receivable	(2,171)	838
Loans receivable	(451)	12,781
Accounts payable, accrued liabilities, compensation and employee bonuses	5,860	(17,941)
Other assets	5,872	(2,767)
Cash provided by (used in) operating activities	(7,863)	4,914
Investing Activities		
Purchase of proprietary investments	(17,063)	(3,050)
Sale of proprietary investments	25,388	18,853
Purchase of property and equipment	(128)	(51)
Deferred sales commissions paid	(281)	(321)
Purchase of intangible assets	(14,093)	(114)
Cash provided by (used in) investing activities	(6,177)	15,317
Financing Activities		
Acquisition of common shares for equity incentive plan	—	(163)
Loan payable (repayment)	—	(15,000)
Dividends paid	—	(7,412)
Cash used in financing activities	—	(22,575)
Effect of foreign exchange on cash balances	(1,086)	1,216
Net decrease in cash and cash equivalents during the period	(15,126)	(1,128)
Cash and cash equivalents, beginning of the period	107,622	120,774
Cash and cash equivalents, end of the period	92,496	119,646
Cash and cash equivalents:		
Cash	92,496	119,396
Short-term deposits	—	250
	92,496	119,646
Supplementary disclosure of cash flow information		
Amount of interest received during the period	2,102	2,480

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 months ended March 31, 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 May 12, 2016.

Basis of presentation

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

Principles of consolidation

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

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

The Company currently controls the following subsidiaries:

- Sprott Asset Management LP ("SAM");
- Sprott Private Wealth LP ("SPW");
- Sprott Consulting LP ("SC");
- Sprott Asia LP ("Sprott Asia");
- Sprott Korea Corporation ("Sprott Korea");
- Sprott U.S. Holdings Inc., parent company of: (i) Rule Investments Inc. (the parent of Sprott Global Resource Investments Ltd. ("SGRIL")); (ii) Sprott Asset Management USA Inc. ("SAM US"); and (iii) Resource Capital Investment Corporation ("RCIC"). Collectively, the interests of Sprott U.S. Holdings Inc. are referred to as "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 March 31, 2016, assets under management in public mutual funds were $2.4 billion (December 31, 2015 - $2.4 billion); alternative investment strategies were $1.0 billion (December 31, 2015 - $0.9 billion); exchange listed funds were $4.2 billion (December 31, 2015 - $3.0 billion); and fixed-term limited partnerships were $0.3 billion (December 31, 2015 - $0.3 billion). The Company had investments in 16 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):

	Mar. 31, 2016	Dec. 31, 2015
Public equities and share purchase warrants	16,774	12,961
Mutual funds and alternative investment strategies*	102,754	106,814
Fixed income securities	3,328	2,520
Private holdings**	10,747	14,514
Total proprietary investments	133,603	136,809
Obligations related to securities sold short* **	31,653	40,191

* Investments in mutual funds and alternative investment strategies are primarily managed by SAM or RCIC. As at March 31, 2016, the underlying holdings in these mutual funds and alternative investment strategies primarily consisted of cash and short-term investments of $5.7 million (December 31, 2015 - $9.0 million), equities of $56.4 million (December 31, 2015 - $43.9 million), short equity positions of $15.1 million (December 31, 2015 - $49.8 million), fixed income securities of $21.8 million (December 31, 2015 - $59.9 million), bullion of $Nil (December 31, 2015 - $3.0 million), loans of $Nil (December 31, 2015 - $0.1 million) and derivatives of $0.1 million (December 31, 2014 - $0.2 million).

** Private holdings consist of the following investments: (1) private company investments classified as HFT, which have their changes in fair value recorded in the consolidated statements of operations; (2) energy royalties of $3.1 million (December 31, 2015 - $3.2 million) classified as AFS investments, which 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, which is based on the estimated future cash flows and expected return from future royalty payments; and (3) working interests in energy properties of $4.6 million (December 31, 2015 - $4.9 million) which are recorded at cost, net of depletion and/or impairment charges. As at March 31, 2016, the Company assessed the carrying amount of its working interest in energy properties by considering changes in future prices, future costs and reserves and identified no indicators of impairment as at the end of the period. As at March 31, 2016, the Company assessed the carrying amount of 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 $32.2 million (December 31, 2015 - $38.5 million) of long positions in mutual funds and alternative investment strategies and $31.7 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)	—	—	14,093	—	281	14,374
Transfers*	—	(1,510)	1,510	—	—	—
Net exchange differences	(10,485)	—	(1,752)	(2,802)	—	(15,039)
At Mar. 31, 2016	172,334	12,348	45,356	42,811	9,766	282,615
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	—	—	(1,241)	—	(434)	(1,675)
Net impairment charge for the period	—	(3,006)	—	—	—	(3,006)
Net exchange differences	8,857	—	1,307	2,802	—	12,966
At Mar. 31, 2016	(147,464)	(12,348)	(23,343)	(42,811)	(7,563)	(233,529)
Net book value at:						
December 31, 2015	26,498	4,516	8,096	—	2,356	41,466
Mar. 31, 2016	24,870	—	22,013	—	2,203	49,086

*During the 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 this quarter.

Impairment assessment of goodwill

The Company identified six CGUs 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 March 31, 2016, the Company had allocated goodwill of $24.9 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 first quarter impairment assessment process, there were no indicators of goodwill impairment in the SAM CGU.

Impairment assessment of indefinite life fund management contracts

As at March 31, 2016, the Company determined that the recoverable amount of a 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 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 ("DCF-VIU") calculation that discounted relevant cash flows at approximately 15% (pre-tax), the estimated weighted average pre-tax cost of capital ("pre-tax WACC") of the Company. As at March 31, 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 March 31, 2016, the Company had fixed-term limited partnerships within the Global CGU of $6.7 million (December 31, 2015 - $8.1 million) and exchange listed funds within the SAM CGU of $15.3 million (December 31, 2015 - $Nil). There were no indicators of impairment.

Impairment assessment of deferred sales commissions

As at March 31, 2016, the Company had deferred sales commissions of $2.2 million within the SAM CGU (December 31, 2015 - $2.4 million). There were no indicators of impairment.

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):

	Mar. 31, 2016	Dec. 31, 2015
Resource loans		
Loan principal	117,430	115,751
Accrued interest*	9	51
Deferred revenue	(7,298)	(7,058)
Amortized cost, before loan loss provisions	110,141	108,744
Loan loss provisions*	(8,888)	(8,951)
Carrying value of resource loans receivable	101,253	99,793
Less: current portion	(43,239)	(52,191)
Total non-current resource loans receivable	58,014	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	101,253	100,802
Less: current portion	(43,239)	(53,200)
Total carrying value of non-current loans receivable	58,014	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 March 31, 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 then take a corresponding provision against the accrued interest amount. In this context, loan loss provisions of $0.2 million were recorded on a three months ended basis, which were virtually unchanged from the prior period.

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

	For the three months ended	
	Mar. 31, 2016	Mar. 31, 2015
Interest on impaired loans and debentures	192	252
Loan loss provisions and impairments		
Balance, beginning of period	8,951	3,001
Loan loss provisions on real estate loans	—	132
Loan loss provisions on resource loan	192	—
Net exchange differences	(255)	—
Balance, end of period	8,888	3,133

Sector distribution of loan principal

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

	Mar. 31, 2016		Dec. 31, 2015	
	Number of Loans	($ in thousands)	Number of Loans	($ in thousands)
Resource loans				
Metals and mining	8	64,629	7	54,810
Energy and other	7	52,801	7	60,941
Total resource loans principal	15	117,430	14	115,751
Resource debentures				
Energy and other	—	—	1	1,000
Total resource debentures principal	—	—	1	1,000
Total loan principal	15	117,430	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:

	Mar. 31, 2016		Dec. 31, 2015	
	Number of Loans	($ in thousands)	Number of Loans	($ in thousands)
Resource loans				
Canada	7	74,342	6	63,456
United States of America	1	1,299	1	4,843
Mexico	2	9,235	2	12,607
Chile	1	6,190	1	6,919
Brazil	1	2,565	1	2,733
Peru	1	1,818	1	1,937
Romania	1	2,500	1	2,500
South Africa	1	19,481	1	20,756
Total resource loan principal	15	117,430	14	115,751
Resource debentures				
Canada	—	—	1	1,000
Total resource debenture principal	—	—	1	1,000
Total loan principal	15	117,430	15	116,751

Priority of security charges

All of the Company's loans and debentures are senior secured with the exception of two resource loans, which have a carrying value of $7.1 million and are second secured (December 31, 2015 - $7.1 million).

Past due loans that are not impaired

Loans are considered past due once the borrower has failed to make payments within 30 days of the contractual due date. As at March 31, 2016 and December 31, 2015, no loans were past due.

Loan commitments

As at March 31, 2016, the Company had $16.2 million in loan commitments (December 31, 2015 - $29.3 million).

6. OTHER ASSETS, INCOME AND EXPENSES

Other assets consist primarily of: (1) $2.9 million (December 31, 2015 - $4.0 million) in proceeds receivable on the past sale of an investment; (2) receivables of $2.4 million (December 31, 2015 - $1.6 million) from funds and managed companies for which the Company has incurred expenses on their behalf; and (3) 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 outstanding at December 31, 2015 was repaid in full in January 2016.

Other income primarily includes: (1) foreign exchange losses of $6.8 million (March 31, 2015 - $6.9 million gain); (2) royalty income on energy related assets held in proprietary investments of $0.5 million (March 31, 2015 - $0.9 million); and (3) $1.3 million of accretion income on a share receivable.

Other expenses relate to: (1) non-recurring transaction accruals in our private resources business (specifically RCIC) and SPW; and (2) energy assets specifically including: (a) operating expenses of $0.5 million (March 31, 2015 - $0.8 million); and (b) depletion charges of $0.3 million (March 31, 2015 - $0.7 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
Released on vesting of equity incentive plan	703,134	2,333
At Mar. 31, 2016	244,699,739	414,677

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	939
Expensing of EPSP / EIP shares over the vesting period	919
Released on vesting of common shares for equity incentive plan	(2,333)
At Mar. 31, 2016	38,274

Stock option plan

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

There were 7,250,000 stock options issued during the three months ended March 31, 2016 (three months ended March 31, 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 outstanding, March 31, 2016	9,900	4.31
Options exercisable, March 31, 2016	4,100	7.10

Options outstanding and exercisable as at March 31, 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	2.1	2,450
4.85	50	3.8	50
6.60	150	4.6	150
2.33	7,250	9.8	1,450
2.33 to 10.00	9,900	7.8	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.

There were no RSUs issued during the three months ended March 31, 2016 (three months ended March 31, 2015 - Nil). The Trust purchased no common shares for the three months ended March 31, 2016 (three months ended March 31, 2015 - 0.1 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
Released on vesting	(703,134)
Unvested common shares held by the Trust, March 31, 2016	3,768,044

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*, 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 operations 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.

For the three months ended March 31, 2016, the Company recorded share-based compensation expense of $1.9 million, (three months ended March 31, 2015 - $0.2 million) with a corresponding increase to contributed surplus ($ in thousands).

	For the three months ended	
	Mar. 31, 2016	Mar. 31, 2015
Earn-out shares	—	(611)
Stock option plan	939	—
EPSP / EIP	919	858
	1,858	247

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	
	Mar. 31, 2016	Mar. 31, 2015
Numerator ($ in thousands):		
Net income (loss) - basic and diluted	1,307	6,937
Denominator (Number of shares in thousands):		
Weighted average number of common shares	247,527	247,405
Weighted average number of unvested shares purchased by the Trust	(3,776)	(1,385)
Weighted average number of common shares - basic	243,751	246,020
Weighted average number of unvested shares purchased by the Trust	3,776	1,385
Weighted average number of shares issuable under acquisition consideration payable	—	117
Weighted average number of common shares - diluted	247,527	247,522
Net income (loss) per common share		
Basic	0.01	0.03
Diluted	0.01	0.03

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 March 31, 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):

	3 months ended	
	Mar. 31, 2016	Mar. 31, 2015
Current income tax expense		
Based on taxable income of the current period	3,745	3,397
Other	26	16
	3,771	3,413
Deferred income tax expense (recovery)		
Origination and reversal of temporary difference	(3,221)	(1,605)
	(3,221)	(1,605)
Income tax expense reported in the statements of operations	550	1,808

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):

	3 months ended	
	Mar. 31, 2016	Mar. 31, 2015
Income before income taxes	1,857	8,745
Tax calculated at domestic tax rates applicable to profits in the respective countries	434	2,085
Tax effects of:		
Non-deductible stock-based compensation	312	—
Non-taxable capital (gains) and losses	(1,109)	73
Capital losses not benefited	234	1,439
Goodwill/Intangible impairment	864	—
Adjustments in respect of previous periods	25	—
Other temporary differences not benefited	77	(483)
Non-capital losses not previously benefited	(390)	(1,221)
Rate differences and other	103	(85)
Tax charge	550	1,808

The weighted average statutory tax rate was 23.3% (March 31, 2015 - 23.8%).

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 period ended March 31, 2016

	At Dec. 31, 2015	Recognized in income	Recognized in other comprehensive income	At Mar. 31, 2016
Deferred income tax assets				
Other stock-based compensation	3,721	104	—	3,825
Non-capital losses	190	131	—	321
Other	282	(43)	—	239
Total deferred income tax assets	4,193	192	—	4,385
Deferred income tax liabilities				
Fund management contracts	3,700	(399)	(181)	3,120
Deferred sales commissions	624	(40)	—	584
Unrealized gains	4	1,459	—	1,463
Transitional partnership income	3,680	(3,680)	—	—
Proceeds receivable	1,396	(385)	—	1,011
Other	(127)	16	—	(111)
Total deferred income tax liabilities	9,277	(3,029)	(181)	6,067
Net deferred income tax assets (liabilities)	(5,084)	3,221	181	(1,682)

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 March 31, 2016 and December 31, 2015 ($ in thousands).

Mar. 31, 2016	Level 1	Level 2	Level 3	Total
Recurring measurements:				
Cash and cash equivalents	92,496	—	—	92,496
Public equities and share purchase warrants	11,842	4,932	—	16,774
Mutual funds and alternative investment strategies	66,634	36,120	—	102,754
Fixed income securities	—	2,080	1,248	3,328
Private holdings*	—	—	6,148	6,148
Obligations related to securities sold short	(31,653)	—	—	(31,653)
Total net recurring fair value measurements	139,319	43,132	7,396	189,847

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

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

Changes in the fair value of Level 3 measurements - Mar. 31, 2016

	Dec. 31, 2015	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Net unrealized gains included in OCI	Net realized gains (losses) included in net income	Net realized gains (losses) included in other income	Net realized gains (losses) included in interest income	Mar. 31, 2016
Private holdings	9,652	—	(3,420)	(84)	—	—	—	—	6,148
Fixed income securities	1,266	—	—	(18)	—	—	—	—	1,248
	10,918	—	(3,420)	(102)	—	—	—	—	7,396

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 unrealized gains included in OCI	Net realized gains (losses) included in net income	Net realized gains (losses) included in other income	Net realized gains (losses) included in interest income	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 three months ended March 31, 2016, the Company transferred public equities of $0.3 million (December 31, 2015 - $Nil) from Level 2 to Level 1 within the fair value hierarchy due to the release of trading restrictions by the issuer.

Financial instruments not carried at fair value

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

Loans receivable and debentures (excluding precious metal loans that were designated as FVTPL) had a carrying value of $101.3 million (December 31, 2015 - $100.8 million) and a fair value of $102.3 million (December 31, 2015 - $100.2 million). Loans receivable and debentures (excluding precious metal loans that were designated as FVTPL) lack an available trading market, are not typically exchanged, and have been recorded at amortized cost 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 valuation techniques used for amortized cost loans and debentures for which a fair value has been disclosed would fall under Level 3 of the fair value hierarchy.

10. DIVIDENDS

The following dividends were declared by the Company during the three months ended March 31, 2016:

Record date	Payment Date	Cash dividend per share ($)	Total dividend amount ($ in thousands)
March 22, 2016 - regular dividend Q4 - 2015	April 5, 2016	0.03	7,283
Dividends payable (1)			7,283

(1) Subsequent to the quarter-end, on May 12, 2016, a regular dividend of $0.03 per common share was declared for the quarter ended March 31, 2016. This dividend is payable on June 8, 2016 to shareholders of record at the close of business on May 25, 2016, and such dividend was an eligible dividend.

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	Mar. 31, 2016						
	SAM	Global	Lending	Consulting	Corporate and Other	Adjustments and Eliminations	Consolidated
Total revenue	20,253	3,265	3,130	1,545	3,984	(498)	31,679
Total expenses	17,996	3,745	940	1,984	5,655	(498)	29,822
Pre-tax Income (loss)	2,257	(480)	2,190	(439)	(1,671)	—	1,857
Adjusted base EBITDA	3,028	420	3,980	(75)	(2,192)	—	5,161

For the three months ended	Mar. 31, 2015						
	SAM	Global	Lending	Consulting	Corporate and Other	Adjustments and Eliminations	Consolidated
Total revenue	14,114	2,318	9,427	2,232	5,866	(537)	33,420
Total expenses	12,902	4,048	3,106	1,480	3,676	(537)	24,675
Pre-tax Income (loss)	1,212	(1,730)	6,321	752	2,190	—	8,745
Adjusted base EBITDA	3,246	402	3,966	643	(1,080)	—	7,177

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):

	3 months ended	
	Mar. 31, 2016	Mar. 31, 2015
Canada	28,414	31,102
United States	3,265	2,318
	31,679	33,420

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 March 31, 2016, the Company had $16.2 million of loan commitments (December 31, 2015 - $29.3 million) and no 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 March 31, 2016, no provisions were recognized.

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Stock Information
Sprott Inc. common shares are traded on the
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