First Quarter Report

March 31, 2017

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SPROTT

May 9, 2017

Dear Shareholders,

In April of 2017, coming off a strong year for both the diversified and resource-focused sides of our business, we announced an agreement to sell our Canadian diversified assets to a management-led group. We believe this move positions Sprott well to focus on our core competencies as a manager of precious metal, resource and real asset investments. We also believe that the transaction realizes appropriate value for the diversified strategies which we grew over the past five years and is in the best interests of our clients, shareholders and employees.

Looking ahead, Sprott will continue to grow our key businesses, including our exchange-traded products, private resource and public equities strategies, while also seeding and launching complementary new products in capacity-constrained areas of the asset management industry. We will also become more active in deploying our balance sheet capital to invest directly alongside our clients in compelling investment opportunities.

In April, we completed the second closing of our over-subscribed Private Resource Lending LP, raising more than US$560 million. Our merchant banking business, Sprott Capital Partners, is off to a strong start leading a number of significant capital raises and advisory mandates. Together, we expect these two new initiatives to more than offset any EBITDA losses stemming from the sale of our diversified assets.

We continue to believe that, even after six years of strong performance in most financial markets, the massive build-up in debt levels globally will eventually prove to be problematic for slow-growth economies. Each quarter, more investors of all varieties realize that they require portfolio insurance as protection against these equations, which grow more stretched every year. Our vision at Sprott is to service this growing interest by providing expertise and advice in highly-specialized, low-correlation real asset investment strategies.

Finally, as we announced earlier this year, Eric Sprott will be stepping down as Chairman of the board of directors. As the founder of the business, Eric's impact as a portfolio manager, CEO and Chairman of Sprott is hard to overstate. Over the course of his career, Eric established himself as one of the world's most successful investors and a globally recognized precious metals expert. Eric remains one of our largest clients and Sprott will continue to be run with the same entrepreneurial spirit, contrarian approach and commitment to excellence that he instilled during his tenure. Eric will hold the title of Chairman Emeritus and Jack Lee is expected to be appointed Chairman of the board of directors at our annual and special meeting of shareholders. It has been a pleasure to work alongside Eric and, on behalf of our employees and my fellow directors, I would like to thank him for his many contributions to the business and wish him well in the future.

Thank you for your continued support. We look forward to reporting to you on our progress in the second half of 2017.

Sincerely,

Peter Grosskopf
Chief Executive Officer

Management's Discussion and Analysis

Three months ended March 31, 2017

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 Sprott Inc.'s (the "Company", "we", "us", "our") agreement to sell its Canadian diversified funds business to a management group; (ii) our outlook for precious metals and belief that we have meaningful growth opportunities in our gold and silver-related strategies in our Exchange Listed Products business, our actively managed funds and new merchant banking platform (SCP); (iii) our expectation that Sprott Capital Partners will become the most significant part of the Sprott Private Wealth segment; (iv) our expectation that our Sprott Private Resource Lending LPs will generate more fee-based income over time; (v) expectations regarding contributions from the lending funds, including increased management fees; (vi) our continued efforts to wind down on-balance sheet lending and build scale in our private resource lending funds; (vii) our belief that management fees and interest income will continue to be sufficient to satisfy ongoing operating needs and that we hold sufficient cash and liquid securities to meet any other operating and capital requirements; and (viii) 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 1, 2017; and (xxii) those risks described under the headings "Managing Risk: Financial" and "Managing Risk: Non-Financial" in this MD&A. In addition, the payment of dividends is not guaranteed and the amount and timing of any dividends payable by the Company will be at the discretion of the Board of Directors of the Company and will be established on the basis of the Company's earnings, the satisfaction of solvency tests imposed by applicable corporate law for the declaration and payment of dividends, and other relevant factors. The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and the Company does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable Canadian securities laws.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This MD&A of financial condition and results of operations, dated May 9, 2017, presents an analysis of the consolidated financial condition of the Company and its subsidiaries as at March 31, 2017, compared with December 31, 2016, and the consolidated results of operations for the three months ended March 31, 2017, compared with the three months ended March 31, 2016. The Board of Directors approved this MD&A on May 9, 2017. All note references in this MD&A are to the notes to the Company's March 31, 2017 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 three months ended March 31, 2016 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.

Investment Performance

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

Net Sales

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

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

The SG&A Expense Ratio refers to total SG&A expenses as a percentage of adjusted base EBITDA relevant net revenues. The Company uses this ratio to monitor and manage the impact of SG&A on adjusted base EBITDA. Relevant net revenues include all net revenue items with the exception of: (1) gains (losses) on proprietary investments; (2) gains (losses) on foreign exchange; (3) performance fees, net of performance fees paid to sub-advisors; and (4) income from energy assets.

EBITDA, Adjusted EBITDA and Adjusted base EBITDA

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

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

The following table outlines how our EBITDA measures are determined:

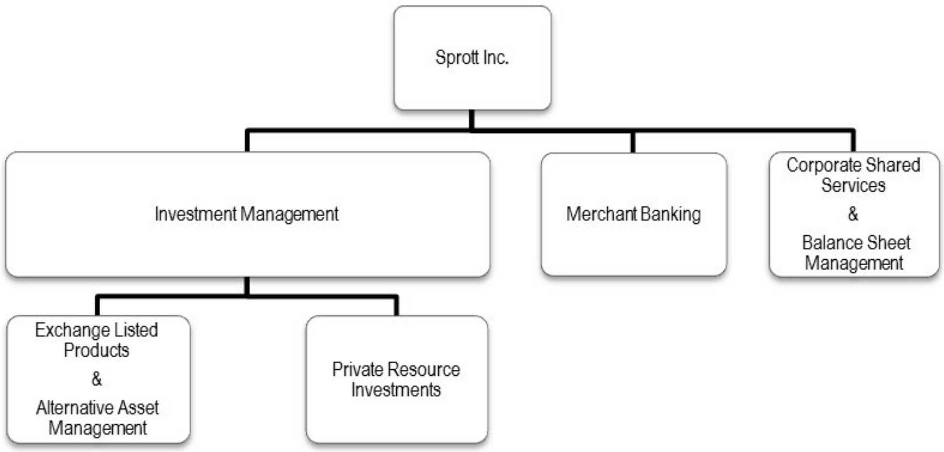
	3 months ended	
($ in thousands)	Mar. 31, 2017	Mar. 31, 2016
Net income (loss) for the periods	8,815	1,307
Adjustments:		
Interest expense	4	—
Provision for income taxes	1,285	550
Depreciation and amortization	1,790	1,897
EBITDA	11,894	3,754
Other adjustments:		
Impairment (reversal) of intangibles	—	3,006
(Gains) losses on proprietary investments	1,969	(11,486)
(Gains) losses on foreign exchange	1,137	6,785
Non-cash stock-based compensation	728	1,213
Other (1)	203	1,954
Adjusted EBITDA	15,931	5,226
Other adjustments:		
Performance fees	(131)	(87)
Performance fee related expenses	82	22
Adjusted base EBITDA	15,882	5,161

(1) Other category includes transition expenses paid during the period and upfront placement fees in the Lending segment. Upfront fees are amortized for EBITDA recognition purposes over the future benefits period.

Included in the Other category are all transaction costs directly related to the sale of our Canadian diversified funds business (see Note 13 of the interim financial statements). As of March 31, 2017, $0.4 million (March 31, 2016 - $Nil) of professional fees were incurred.

BUSINESS OVERVIEW

Our business is organized as follows:



Investment Management

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.

Private Resource Investments

- 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 U.S broker-dealer led private placement activities in our **Global** segment; (2) direct and indirect resource lending activities via the Company's balance sheet and through limited partnership structures in our **Lending** segment; and (3) private equity style and direct asset investments through managed companies in our **Consulting** segment.

Alternative Asset Management

- This business platform houses the Company's full suite of public mutual funds, alternative investment strategies and managed accounts. On April 10, the Company announced an agreement to sell the majority of this business' AUM to its management group. See Note 13 of the interim financial statements.

Merchant Banking

Effective Q1, 2017, we now separately report the results of operations of Sprott Private Wealth ("SPW"), our Canadian broker-dealer, from the Corporate segment. This was necessary due to the increased materiality of our Canadian broker-dealer, given the start up of its merchant banking platform (Sprott Capital Partners, "SCP") which will become the most significant part of this segment given the announced sale on April 10, which also includes the majority of the assets under administration of the Canadian broker-dealer.

Corporate Shared Service & Balance Sheet Management

As noted above, the Corporate platform is now reported separately from SPW. The Corporate segment provides capital, balance sheet management and shared services to the Company's subsidiaries.

For a detailed account of the underlying principal subsidiaries within our business segments, refer to the Company's Annual Information Form and Note 2 of the 2016 annual audited financial statements, both of which are available on SEDAR at www.sedar.com

BUSINESS HIGHLIGHTS AND GROWTH INITIATIVES

Investment Performance

Strong precious metals and resource pricing led to $467 million of market value appreciation across both our exchange listed and alternative asset management fund products.

Product and Business Line Expansion

During the quarter:

- SCP participated in over $430 million of equity financings, with over $110 million announced after the quarter. This brings SCPs total equity financings since inception to $540 million.
- Sprott Asset Management ("SAM") completed the closing of the Sprott 2017 Flow-Through Limited Partnership by issuing 2 million units for gross proceeds of $50 million.

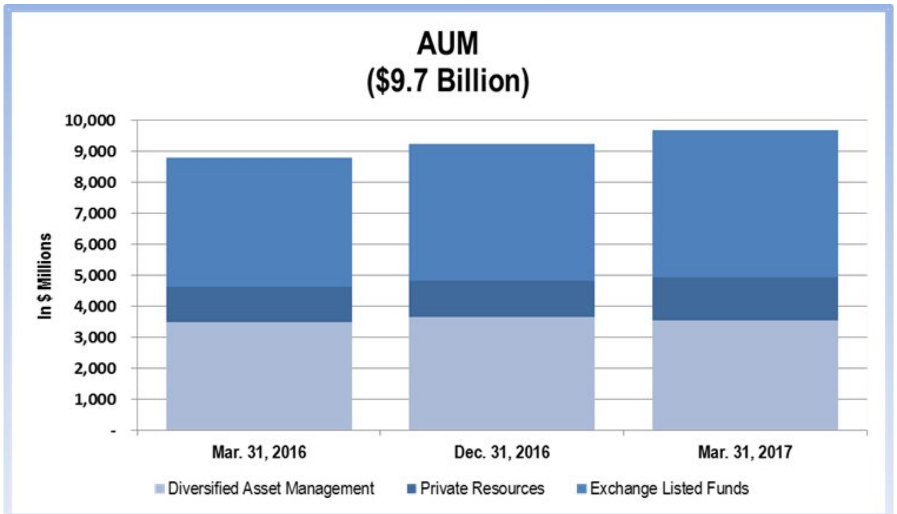
After the quarter:

- Our Lending platform announced the second closing of its Sprott Private Resource Lending LP. This brings our total firm commitments to this primary line of business to over $750 million.
- The Company announced an agreement to sell its Canadian diversified funds business to a management group for $46 million. As part of the transaction, the Company will sell approximately $3 billion of AUM, of which $865 million will continue to be sub-advised by SAM (see Note 13 of the interim financial statements).

OUTLOOK

Following the sale of our Canadian diversified funds business (expected to close in the third quarter of 2017) and certain client accounts from our Canadian private client business (expected in the fourth quarter of 2017), our financial results will be more directly linked to the price of precious metals and precious metal related equities. Our view on precious metals remains positive and we believe we have meaningful growth opportunities in our gold and silver-related strategies in our Exchange Listed Products business, our actively managed funds and new merchant banking platform (SCP). In 2017, we already experienced strong earnings contribution from SCP and we expect our Sprott Private Resource Lending LPs to generate more fee-based income over time. The contributions from the lending funds are expected to be modest in the near term but will increase over time as the committed capital is deployed and becomes fee-generating AUM.

FINANCIAL HIGHLIGHTS



Assets Under Management

$9.7 Billion

Up 5% from December 31, 2016

Investable Capital

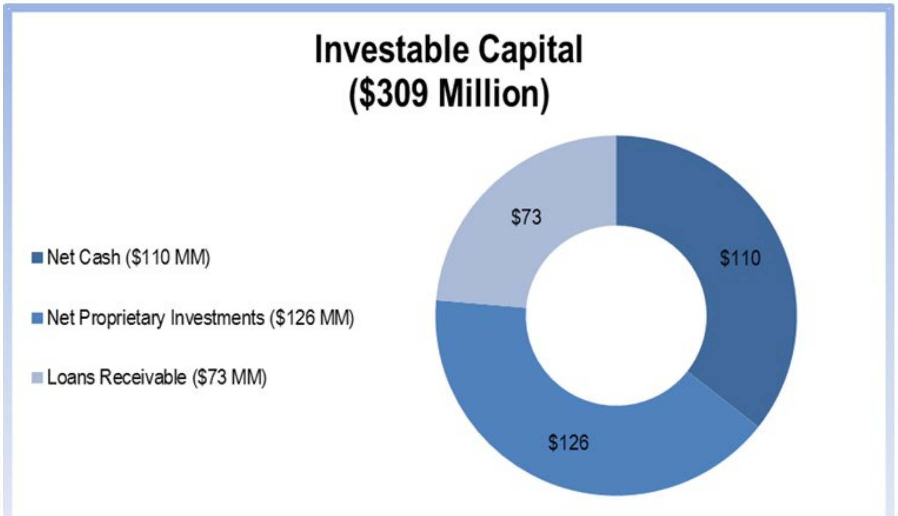
$309 Million

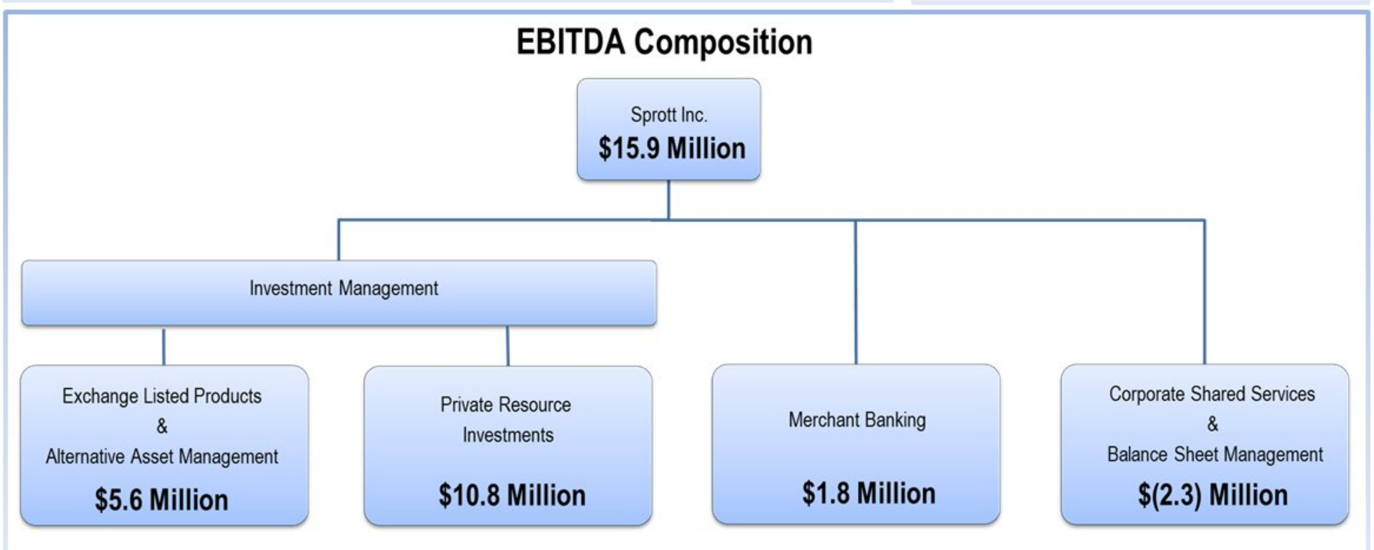
Largely unchanged from December 31, 2016

Adjusted Base EBITDA

$15.9 Million

3x increase from March 31, 2016





AUM SUMMARY

Breakdown of AUM year-over-year, by investment product type:

Product Type	Mar. 31, 2017 $ (in millions)	Mar. 31, 2017 % AUM	Mar. 31, 2016 $ (in millions)	Mar. 31, 2016 % AUM
Exchange Listed Products	4,758	49%	4,170	47%
Alternative Asset Management: (1)				
Mutual Funds	2,411	25%	2,449	28%
Alternative Investment Funds	1,021	10%	958	11%
Managed Accounts	97	1%	69	1%
Private Resource Investments:				
Private Resource Lending Funds	53	1%	—	—
Fixed-term limited partnerships	346	4%	333	4%
Managed Companies	708	7%	707	8%
Managed Accounts	298	3%	113	1%
Total Enterprise AUM	9,692	100%	8,799	100%

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

$ (in millions)	AUM Dec. 31, 2016	Net Sales / (Redemptions)	Net Market Value Change	Transfers / Acquisitions / (Divestitures)	AUM Mar. 31, 2017
Exchange Listed Products	4,412	(46)	392	—	4,758
Alternative Asset Management: (1)					
Mutual Funds	2,465	(56)	2	—	2,411
Alternative Investment Funds	1,085	44	23	(131)	1,021
Managed Accounts	104	3	3	(13)	97
Private Resource Investments:					
Private Resource Lending Funds	49	—	4	—	53
Fixed-term limited partnerships	343	—	3	—	346
Managed Companies	653	—	23	32	708
Managed Accounts	137	—	17	144	298
Total Enterprise AUM	9,248	(55)	467	32	9,692

(1) On April 10, the Company announced an agreement to sell its Canadian diversified funds business to a management group for $46 million. As part of the transaction, the Company will sell approximately $3 billion of its Alternative Asset Management AUM, of which $865 million will continue to be sub-advised by SAM (see Note 13 of the interim financial statements).

SUMMARY FINANCIAL INFORMATION

($ in thousands)	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015
SUMMARY INCOME STATEMENT								
Management fees	20,677	21,895	22,586	20,524	19,315	18,504	18,776	19,492
Performance fees	131	19,935	239	1,146	87	8,703	94	1
less: Trailer fees	2,944	3,110	3,325	3,167	3,016	3,060	3,222	3,163
less: Sub-advisor fees	1,060	10,552	1,233	1,107	999	6,234	934	876
Net Fees	16,804	28,168	18,267	17,396	15,387	17,913	14,714	15,454
Commissions	8,200	2,959	5,265	4,478	1,133	1,515	1,940	1,478
Interest income	5,896	3,636	2,824	3,900	3,950	4,122	3,953	3,807
Gains (losses) on proprietary investments	(1,969)	(8,030)	6,809	17,629	11,486	(1,128)	(9,399)	3,450
Other income (loss)	1,271	4,805	3,658	1,250	(4,292)	6,075	10,955	250
Total Net Revenues	30,202	31,538	36,823	44,653	27,664	28,497	22,163	24,439
Compensation	14,370	17,547	10,689	11,707	9,231	11,774	7,886	7,560
Stock-based compensation	1,316	1,759	1,388	1,382	1,858	770	773	186
Placement and referral fees	68	2,169	497	1,717	145	177	193	16
Selling, general and administrative	6,566	6,949	7,386	7,887	7,263	7,855	7,371	6,004
Loan loss provisions (recoveries)	(4,942)	(911)	114	346	192	5,351	3,866	(131)
Amortization and impairment charges	1,790	1,836	1,844	1,844	4,903	4,806	41,615	1,582
Other expenses	934	660	502	(284)	2,215	3,077	3,209	882
Total Expenses	20,102	30,009	22,420	24,599	25,807	33,810	64,913	16,099
SG&A Expense Ratio	20%	26%	27%	30%	32%	36%	33%	28%
Net Income (Loss)	8,815	754	12,531	16,946	1,307	(4,104)	(49,190)	6,726
Net Income (Loss) per share (basic & diluted)	0.04	0.00	0.05	0.07	0.01	(0.02)	(0.20)	0.03
Adjusted base EBITDA	15,882	4,715	8,431	5,753	5,161	(205)	2,454	7,136
Adjusted base EBITDA per share (basic & diluted)	0.06	0.02	0.03	0.02	0.02	0.00	0.01	0.02
SUMMARY BALANCE SHEET								
Total Assets	426,647	440,024	431,149	428,209	412,547	433,876	439,637	497,818
Total Liabilities	64,113	79,710	66,336	67,059	61,987	75,634	69,222	74,537
Cash	113,882	123,955	100,704	111,252	92,496	107,622	124,093	145,366
less: syndicate cash holdings	(3,838)	(394)	(651)	(2,675)	(1,093)	(459)	(1,097)	(4,411)
Net cash	110,044	123,561	100,053	108,577	91,403	107,163	122,996	140,955
Proprietary investments	156,097	147,545	166,126	152,059	133,603	136,809	139,634	134,849
less: obligations related to securities sold short	(30,157)	(29,810)	(36,782)	(38,641)	(31,653)	(40,191)	(42,992)	(37,944)
Net proprietary investments	125,940	117,735	129,344	113,418	101,950	96,618	96,642	96,905
Loans receivable	73,336	67,678	82,470	81,638	101,253	100,802	89,035	89,279
Investable Capital	309,320	308,974	311,867	303,633	294,606	304,583	308,673	327,139
ASSETS UNDER MANAGEMENT								
Exchange Listed Products	4,758,403	4,411,640	4,943,224	4,829,986	4,169,716	2,958,779	3,076,458	3,195,543
Alternative Asset Management	3,529,068	3,653,851	3,937,898	3,816,298	3,476,701	3,328,220	3,202,390	3,378,695
Private Resource Investments	1,404,955	1,182,492	1,207,598	1,154,718	1,153,099	1,139,030	1,155,249	1,226,548
Total Enterprise AUM	9,692,426	9,247,983	10,088,720	9,801,002	8,799,516	7,426,029	7,434,097	7,800,786

RESULTS OF OPERATIONS

3 months ended March 31, 2017

Revenues

Management fees net of trailers and sub-advisor fees were $16.7 million for the quarter, reflecting an increase of $1.4 million (9%) from the prior period. The increase was largely due to an increase in the average AUM of our exchange listed products and resource focused funds. We also experienced good AUM growth in our alternative credit products. Gross management fees as a percentage of average AUM were 1% on a three months ended basis, largely unchanged from the prior period.

Gross performance fees are recorded primarily at year end when they are considered earned by the Company. In periods leading up to year-end, some performance fees may be earned on crystallization events in performance fee generating funds, the most common event being redemption activity.

Commission revenues were $8.2 million for the quarter, reflecting an increase of $7.1 million from the prior period. The increase was largely due to robust merchant banking activity in our new SCP business within SPW, as well as improved client trading activity in our U.S broker-dealer business as part of our Private Resource Investments platform.

Interest income was $5.9 million for the quarter, reflecting an increase of $1.9 million (49%) from the prior period. The increase was due to the recognition of cash interest on a previously impaired loan that had its provision reversed in the period (see Note 5 of the interim financial statements). This was partially offset by lower average loan balances in our Lending segment as we continue our efforts to wind down on-balance sheet lending and build scale in our private resource lending funds.

Returns on proprietary investments were negative $2.0 million for the quarter, reflecting a decrease of $13.5 million from the prior period. This was due to market value depreciation in some of our resource focused equity holdings in the quarter compared to material gains on investment in the prior period.

Other income was $1.3 million for the quarter, reflecting an increase of $5.6 million from the prior period. The increase was largely due to reduced foreign exchange losses in the quarter.

Expenses

Compensation

The table below summarizes the components of compensation:

	3 months ended	
($ in thousands)	2017	2016
Salaries	8,015	7,371
Discretionary bonus-cash component	2,168	791
Commissions	3,974	623
Director's fees	212	255
Transition expenses	1	191
Compensation (1)	14,370	9,231

(1) Discretionary bonus-equity of $0.7 million on a three months ended basis (March 31, 2016 - $0.6 million) is included as part of stock-based compensation on the statements of operations.

Total reported compensation was $14.4 million for the quarter, reflecting an increase of $5.1 million (56%) from the prior period. A significant portion of the increase was due to higher incentive compensation (i.e. commissions and discretionary bonus) on robust private placement activity in our new SCP business as well as improved client trading activity in our U.S broker dealer. The other contributor to increased compensation was increased salary expense relating to the increased year-over-year headcount in the Canadian diversified funds business that is in the process of being sold as previously announced on April 10 of this year.

Stock-based compensation

Reported stock-based compensation was $1.3 million for the quarter, reflecting a decrease of $0.5 million (29%) from the prior period. The decrease was largely due to the amortization of stock-based compensation attributable to our long-term incentive compensation plan adopted in the first quarter of last year.

Placement and referral fees

Placement and referral fees were $0.1 million for the quarter, reflecting a decrease of $0.1 million from the prior period. These fees are incurred as certain products are placed with clients (primarily the Sprott Private Resource Lending LPs).

Loan loss provisions (recoveries)

As at December 31, 2015, the Company instituted specific loan loss provisions on two of its loans as well as a general loan loss provision on the rest of the loan book. In 2016, the credit profile of one of the two impaired loans worsened requiring the loan to be written-off while the general provision on the rest of the loan book was reversed as the credit profile of those loans improved. As at March 31, 2017, the Company completed its quarterly assessment of credit risk in the loan book. This led to the decision to reverse the $5.0 million provision on the remaining impaired loan as its credit profile improved. See below.

($ in thousands)	General Loan Loss Provision	Specific Loan loss provision	Total
At December 31, 2015	1,200	8,017	9,217
Recovery of general loan loss provision	(1,200)	—	(1,200)
Loan write-off	—	(3,866)	(3,866)
Deferred Fees (net of FX)	—	842	842
At December 31, 2016	—	4,993	4,993
Deferred Fees (net of FX)	—	(624)	(624)
Recovery of specific loss provision	—	(4,369)	(4,369)
At March 31, 2017	—	—	—

Selling, general and administrative

SG&A expenses were $6.6 million for the quarter, reflecting a decrease of $0.7 million (10%) from the prior period. During the quarter we benefited from lower fund operating expenses ("fund opex"), technology costs and marketing and sales expenses in the alternative asset management business as we continued to see the benefits of our ongoing cost containment program in that area.

Amortization of intangibles

Amortization of intangibles was $1.6 million for the quarter, reflecting a decrease of $0.1 million from the prior period.

Impairment of goodwill and intangibles

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

	3 months ended	
($ in thousands)	2017	2016
Goodwill impairment	—	—
Carried interest impairment	—	—
Finite life management contract impairment	—	—
Indefinite life management contract impairment*	—	3,006
Impairment of goodwill and intangibles	—	3,006

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

Amortization of property and equipment

Amortization of property and equipment was $0.2 million for the quarter, which remained largely unchanged from the prior period.

Other expenses

Other expenses were $0.9 million for the quarter, reflecting a decrease of $1.3 million (58%) from the prior period. The decrease was largely due to lower operating expenses and depletion charges incurred in certain seeded energy assets held as part of the proprietary investment holdings of our private resource investments business.

Net Income and Adjusted base EBITDA

Net income was $8.8 million for the quarter, reflecting an increase of $7.5 million from the prior period. Excluding last year's impairment charges on intangible assets, higher net income was mainly due to: (1) higher net management fees and net commissions; (2) the reversal of a specific loan loss provision on a previously impaired loan; and (3) lower SG&A, partially offset by losses on proprietary investments and higher bonus accruals.

Adjusted base EBITDA was $15.9 million for the quarter, reflecting an increase of $10.7 million from the prior period. Higher Adjusted base EBITDA was due to improved net management fees and net commissions coupled with lower SG&A and the reversal of a specific loan loss provision.

Balance Sheet

Cash and cash equivalents were $113.9 million, a decrease of $10.1 million (8%) from December 31, 2016. The decrease was primarily due to compensation and dividend payments during the quarter.

Fees receivable were $10.5 million, reflecting a decrease of $15.6 million (60%) from December 31, 2016. The decrease was primarily due to the receipt of year-end performance fees.

Loans receivable (both current and long-term) were $73.3 million, reflecting an increase of $5.7 million (8%) from December 31, 2016. The increase was due to the reversal of a specific loan loss provision on a previously impaired loan.

Proprietary investments were $156.1 million, reflecting an increase of $8.6 million (6%) from December 31, 2016. The increase was mainly due to the purchase of investments in the quarter.

Obligations related to securities sold short were $30.2 million (December 31, 2016 - $29.8 million). The Company is currently holding $30.6 million (December 31, 2016 - $29.7 million) of investment strategies that are economically hedged by these short positions.

Other assets (both current and long-term) were $11.8 million, reflecting a decrease of $1.0 million (8%) from December 31, 2016. The decrease was primarily due to the timing of receivables from our funds.

Intangible assets were $21.5 million, reflecting a decrease of $1.6 million (7%) from December 31, 2016. The decrease was primarily a result of amortization of finite life management contracts in SAM.

Goodwill was $25.5 million, reflecting a decrease of $0.2 million (1%) from December 31, 2016. The decrease was entirely due to foreign exchange losses.

Deferred income tax assets (net of deferred income tax liabilities) were $2.5 million, reflecting an increase of $0.8 million from December 31, 2016. The increase is mainly due to the amortization of finite life intangible assets and an increase in the deductible portion of unrealized losses.

Accounts payable and accrued liabilities were $18.7 million, reflecting a decrease of $5.8 million (24%) from December 31, 2016. The decrease was mainly due to the payment of sub-advisor expenses on year-end performance fees.

Compensation payable was $7.3 million, reflecting a decrease of $5.9 million (45%) from December 31, 2016. The decrease relates to the timing and payment of year-end compensation accruals.

REPORTABLE SEGMENTS

Exchange Listed Products & Alternative Asset Management

Summary Results of Operations:

	3 months ended	
	Mar. 31, 2017	Mar. 31, 2016
SUMMARY INCOME STATEMENT		
Management Fees - Exchange Listed Products	4,531	3,872
Management fees - Alternative Asset Management	13,078	12,366
Performance fees	131	87
less: Trailer fees	3,409	3,472
less: Sub-advisor fees	1,061	998
Net Fees	13,270	11,855
Interest income	7	6
Gains (losses) on proprietary investments	354	3,154
Other income (loss)	1,617	768
Total Net Revenues	15,248	15,783
Compensation	5,544	4,765
Stock-based compensation	622	677
Selling, general and administrative	3,077	4,169
Amortization and impairment charges	775	3,894
Other expenses	400	21
Total Expenses	10,418	13,526
SG&A Expense Ratio	21%	34%
Net Income (Loss) before income taxes	4,830	2,257
Adjusted base EBITDA	5,594	3,028
ASSETS UNDER MANAGEMENT		
Exchange Listed Products	4,758,403	4,169,716
Alternative Asset Management (1)	3,529,068	3,476,701

(1) On April 10, the Company announced an agreement to sell its Canadian diversified funds business to a management group for $46 million. As part of the transaction, the Company will sell approximately $3 billion of its Alternative Asset Management AUM, of which $865 million will continue to be sub-advised by SAM (see Note 13 of the interim financial statements).

3 months ended

Adjusted base EBITDA was up $2.6 million (85%) compared to the prior period.

- Higher Net Fees and Other Income contributed to the increased EBITDA given strong precious metals prices year-over-year coupled with increased sales of alternative credit products. These increased revenues more than offset higher compensation expenses in the quarter. Higher compensation expense was a result of additional headcount (the majority of which commenced subsequent to Q1 2016) in the Canadian diversified funds business being sold. We also experienced lower SG&A attributable to our cost containment efforts (primarily lower fund opex, marketing and sales costs).

Non-EBITDA highlights:

- Lower Gains on proprietary investments were mainly a result of the strong appreciation in precious metals pricing this time last year.

Private Resource Investments - Global

Summary Results of Operations:

	3 months ended	
($ in thousands)	Mar. 31, 2017	Mar. 31, 2016
SUMMARY INCOME STATEMENT		
Management Fees	1,784	1,902
less: Sub-advisor fees	45	43
Net Fees	1,739	1,859
Commissions	2,412	898
Interest income	49	20
Gains (losses) on proprietary investments	608	273
Other income (loss)	(28)	172
Total Net Revenues	4,780	3,222
Compensation	2,156	1,411
Placement and referral fees	42	67
Selling, general and administrative	919	1,015
Amortization and impairment charges	985	980
Other expenses	79	229
Total Expenses	4,181	3,702
SG&A Expense Ratio	22%	36%
Net Income (Loss) before income taxes	599	(480)
Adjusted base EBITDA	1,115	420
Total AUM	501,286	446,099

3 months ended

Adjusted base EBITDA was up $0.7 million, more than doubling last year's results.

- Higher Commissions on increased client trading and private placement activity in the U.S broker-dealer component of this segment contributed largely to our positive EBITDA performance. The increased revenues more than offset higher compensation expenses (primarily commissions paid on the client trading and private placements noted above) in the quarter. We also experienced lower SG&A due to lower professional fees in the quarter.

Non-EBITDA highlights:

- Gains on proprietary investments were due to market value appreciation on certain resource focused equity investments.

Private Resource Investments - Lending

Summary Results of Operations:

	3 months ended	
($ in thousands)	Mar. 31, 2017	Mar. 31, 2016
SUMMARY INCOME STATEMENT		
Management Fees	142	—
Interest income	5,407	3,554
Gains (losses) on proprietary investments	(506)	2,846
Other income (loss)	(354)	(3,270)
Total Revenues	4,689	3,130
Compensation	784	512
Stock-based compensation	59	88
Placement and referral fees	—	—
Selling, general and administrative	215	148
Loan loss provision (recovery)	(4,942)	192
Amortization and impairment charges	1	—
Total Expenses	(3,883)	940
SG&A Expense Ratio	4%	3%
Net Income (Loss) before income taxes	8,572	2,190
Adjusted base EBITDA	9,660	3,980
Total AUM (1)	53,084	—

(1) The Sprott Private Resource Lending LPs have over $750 million in total firm commitments, $53 million of which has been deployed.

3 months ended

Adjusted base EBITDA was up $5.7 million, more than doubling last year's results.

- Higher EBITDA was due in part to the commencement of interest income recognition on a previously impaired loan as well as the reversal of the related loan loss provision. This interest income was partially offset by lower interest income generation from the rest of the loan book as the average loan balance in our Lending segment continues to wind down. Commensurate with the loan book wind-down, we continue to build scale in our private resource lending funds as seen by over $750 million in total firm commitments received to date. This will generate increased management fees in the future as that committed capital is deployed in the form of future AUM.

Non-EBITDA highlights:

- Losses on proprietary investments were due to market value depreciation on certain resource-focused equity investments. Other losses were mainly driven by foreign exchange losses in the quarter (which declined on a year-over-year basis).

Private Resource Investments - Consulting

Summary Results of Operations:

	3 months ended	
($ in thousands)	Mar. 31, 2017	Mar. 31, 2016
SUMMARY INCOME STATEMENT		
Management Fees	1,057	1,098
Interest income	4	1
Other income (loss)	700	446
Total Revenues	1,761	1,545
Compensation	645	690
Stock-based compensation	6	12
Placement and referral fees	20	78
Selling, general and administrative	398	415
Amortization and impairment charges	8	11
Other expenses	455	778
Total Expenses	1,532	1,984
SG&A Expense Ratio	37%	39%
Net Income (Loss) before income taxes	229	(439)
Adjusted base EBITDA	(1)	(75)
Total AUM	850,585	706,800

3 months ended

Adjusted base EBITDA improved to near break-even from last year's losses.

- Improved performance was due to lower compensation expenses and SG&A, which more than offset slightly lower Management Fees.

Non-EBITDA highlights:

- Higher Other Income was largely due to increased royalty income on seeded energy royalty contracts held. Lower Other Expenses were mainly due to lower depletion and operating expenses in seeded non-operated energy working interests held.

SPW

In previous quarters, the results of SPW were reported with the results of the Corporate segment. Given the increased materiality of SPW as a result of the new SCP business, it is now material enough to require separate presentation as a reportable segment.

Summary Results of Operations:

	3 months ended	
($ in thousands)	Mar. 31, 2017	Mar. 31, 2016
SUMMARY INCOME STATEMENT		
Management Fees	85	77
Commissions	5,788	235
Interest income	422	363
Gains (losses) on proprietary investments	(3)	(62)
Other income (loss)	549	477
Total Revenues	6,841	1,090
Compensation	3,999	796
Stock-based compensation	41	50
Placement and referral fees	6	—
Selling, general and administrative	1,012	538
Amortization and impairment charges	7	2
Total Expenses	5,065	1,386
SG&A Expense Ratio	15%	44%
Net Income (Loss) before income taxes	1,776	(296)
Adjusted base EBITDA	1,786	(149)

3 months ended

Adjusted Base EBITDA was up $1.9 million over the prior year results.

- Higher EBITDA was primarily related to increased Commissions on robust merchant banking activity in our new SCP business. Higher compensation expense (i.e commission and bonus payouts) was primarily due to this strong merchant banking activity, and was more than offset by the related revenue growth. Higher SG&A (increased professional fees) were also driven by the strong merchant banking activity.

Non-EBITDA highlights:

- Other Income increased due to reduced foreign exchange losses incurred in the quarter.

Corporate

The Corporate segment is a cost centre that provides capital, balance sheet management and shared services to the Company's subsidiaries. In previous quarters, this segment's results were reported on a combined basis with that of SPW. Given the increased materiality of SPW as a result of the new SCP business, SPW is now material enough to require separate presentation as its own reportable segment.

Summary Results of Operations:

	3 months ended	
($ in thousands)	Mar. 31, 2017	Mar. 31, 2016
SUMMARY INCOME STATEMENT		
Interest income	14	6
Gains (losses) on proprietary investments	(2,422)	5,275
Other income (loss)	(702)	(2,387)
Total Revenues	(3,110)	2,894
Compensation	1,242	1,057
Stock-based compensation	588	1,031
Selling, general and administrative	952	978
Amortization and impairment charges	14	16
Other expenses	—	1,187
Total Expenses	2,796	4,269
Net Income (Loss) before income taxes	(5,906)	(1,375)
Adjusted base EBITDA	(2,272)	(2,043)

3 months ended

Corporate is primarily a cost centre. Consequently, it will typically generate negative EBITDA results.

- Gains (losses) on proprietary investments were due to market value depreciation on specific resource focused equity investments.
- Other income (loss) increased due to reduced foreign exchange losses in the quarter.
- Compensation expense increased due to lower salary recoveries from other segments.
- Lower SG&A was due to our ongoing cost containment plan.

Dividends

The following dividend was declared by the Company during the quarter:

Record date	Payment Date	Cash dividend per share ($)	Total dividend amount ($ in thousands)
March 10, 2017 - regular dividend Q4 - 2016	March 27, 2017	0.03	7,457
Dividends [(1)]			7,457

[(1)] Subsequent to the quarter-end, on May 9, 2017, a regular dividend of $0.03 per common share was declared for the quarter ended March 31, 2017. This dividend is payable, on June 2, 2017, to shareholders of record at the close of business on May 18, 2017.

Capital Stock

Including the 3.9 million unvested common shares currently held in the EPSP Trust (December 31, 2016 - 5.3 million), total capital stock issued and outstanding was 248.6 million (December 31, 2016 - 248.5 million).

Earnings per share for the current and prior period have been calculated using the weighted average number of shares outstanding during the respective periods. Basic and diluted earnings per share were $0.04 for the quarter compared to $0.01 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 10.9 million stock options have been issued pursuant to our stock option plan, of which 5.6 million are exercisable.

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.

As at March 31, 2017, the Company had an undrawn credit facility with a major Canadian chartered bank in the amount of $35 million. Amounts may be borrowed under the facility through prime rate loans, or bankers' acceptances. Amounts may also be borrowed in U.S. dollars through base rate loans.

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

Commitments

Besides the Company's long-term lease agreements, there may be commitments to provide loans arising from the Lending segment of our Private Resource Investments platform or commitments to make investments in the proprietary investments portfolio of the Company. As at March 31, 2017, the Company had no loan commitments arising from the Lending business (December 31, 2016 - $Nil) and $12.7 million of investment purchase commitments in the proprietary investments portfolio (December 31, 2016 - $35.5 million).

Significant Accounting Judgments and Estimates

The interim financial statements have been prepared in accordance with IFRS standards in effect as at March 31, 2017, 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, 2016 annual audited financial statements and have been applied consistently to the interim financial statements as at and for the three months ended March 31, 2017.

Managing Risk: Financial

<u>Market risk</u>

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.

<u>Credit risk</u>

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. Additionally, the Company has access to a $35 million committed line of credit with its primary lender. 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 arises 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, 2017, 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, 2017

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

As at *($ in thousands of Canadian dollars)*		Mar. 31 2017	Dec. 31 2016
Assets			
Current			
Cash and cash equivalents		113,882	123,955
Fees receivable		10,485	26,070
Loans receivable	*(Note 5)*	13,133	11,631
Proprietary investments	*(Note 3)*	156,097	147,545
Other assets	*(Note 6)*	8,740	9,893
Income taxes recoverable		1,829	1,511
Total current assets		304,166	320,605
Loans receivable	*(Note 5)*	60,203	56,047
Other assets	*(Note 6)*	3,072	2,957
Property and equipment, net		6,431	6,311
Intangible assets	*(Note 4)*	21,505	23,059
Goodwill	*(Note 4)*	25,465	25,710
Deferred income taxes	*(Note 8)*	5,805	5,335
		122,481	119,419
Total assets		426,647	440,024
Liabilities and Shareholders' Equity			
Current			
Accounts payable and accrued liabilities		18,688	24,491
Compensation payable		7,321	13,258
Obligations related to securities sold short	*(Note 3)*	30,157	29,810
Income taxes payable		4,637	8,480
Total current liabilities		60,803	76,039
Deferred income taxes	*(Note 8)*	3,310	3,671
Total liabilities		64,113	79,710
Shareholders' equity			
Capital stock	*(Note 7)*	415,215	411,231
Contributed surplus	*(Note 7)*	39,244	41,802
Deficit		(124,906)	(126,264)
Accumulated other comprehensive income		32,981	33,545
Total shareholders' equity		362,534	360,314
Total liabilities and shareholders' equity		426,647	440,024

Commitments and provisions *(Note 12)*

See accompanying notes

"Jack C. Lee"
Lead Director

"James Roddy"
Director

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

($ in thousands of Canadian dollars, except for per share amounts)		*For the three months ended* Mar. 31 2017	Mar. 31 2016
Revenues			
Management fees		20,677	19,315
Performance fees		131	87
Commissions		8,200	1,133
Interest income		5,896	3,950
Gains (losses) on proprietary investments		(1,969)	11,486
Other Income (loss)	*(Note 6)*	1,271	(4,292)
Total revenue		34,206	31,679
Expenses			
Compensation		14,370	9,231
Stock-based compensation	*(Note 7)*	1,316	1,858
Trailer fees		2,944	3,016
Sub-advisor fees		1,060	999
Placement and referral fees		68	145
Loan loss provisions (recoveries)	*(Note 5)*	(4,942)	192
Selling, general and administrative		6,566	7,263
Amortization of intangibles	*(Note 4)*	1,572	1,675
Impairment of intangibles	*(Note 4)*	—	3,006
Amortization of property and equipment		218	222
Other expenses	*(Note 6)*	934	2,215
Total expenses		24,106	29,822
Income before income taxes for the period		10,100	1,857
Provision for income taxes	*(Note 8)*	1,285	550
Net income for the period		8,815	1,307
Basic and diluted earnings per share	*(Note 7)*	$ 0.04	$ 0.01

See accompanying notes

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

	For the three months ended	
($ in thousands of Canadian dollars)	Mar. 31 2017	Mar. 31 2016
Net income for the period	8,815	1,307
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation gain (loss) on foreign operations (taxes of $Nil)	(564)	(3,564)
Total other comprehensive loss	(564)	(3,564)
Comprehensive income (loss)	8,251	(2,257)

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, 2016		243,190,293	411,231	41,802	(126,264)	33,545	360,314
Shares released on vesting of equity incentive plan	*(Note 7)*	1,407,938	3,763	(3,763)	—	—	—
Foreign currency translation gain (loss) on foreign operations		—	—	—	—	(564)	(564)
Stock-based compensation	*(Note 7)*	—	—	1,316	—	—	1,316
Issuance of share capital on conversion of Restricted Stock Units ("RSU") and other share based considerations	*(Note 7)*	86,130	196	(111)	—	—	85
Dividends declared	*(Note 10)*	10,896	25	—	(7,457)	—	(7,432)
Net income		—	—	—	8,815	—	8,815
Balance, Mar. 31, 2017		244,695,257	415,215	39,244	(124,906)	32,981	362,534
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		703,134	2,333	(2,333)	—	—	—
Foreign currency translation gain on foreign operations		—	—	—	—	(3,564)	(3,564)
Stock-based compensation		—	—	1,858	—	—	1,858
Dividends declared		—	—	—	(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

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the three months ended	
($ in thousands of Canadian dollars)	Mar. 31 2017	Mar. 31 2016
Operating Activities		
Net income for the year	8,815	1,307
Add (deduct) non-cash items:		
Losses (gains) on proprietary investments	1,969	(11,486)
Stock-based compensation	1,316	1,858
Amortization of property, equipment and intangible assets	1,790	1,897
Impairment of intangible assets	—	3,006
Loan loss provisions (recoveries)	(4,942)	192
Deferred income tax recovery	(812)	(3,221)
Current income tax expense	2,097	3,771
Other items	(301)	(2,617)
Dividend Payable	—	(7,283)
Income taxes paid	(6,295)	(4,397)
Changes in:		
Fees receivable	15,584	(2,171)
Loans receivable	(716)	(451)
Accounts payable, accrued liabilities and compensation payable	(5,271)	5,860
Other assets	(5,256)	5,872
Cash provided by (used in) operating activities	7,978	(7,863)
Investing Activities		
Purchase of proprietary investments	(15,181)	(17,063)
Sale of proprietary investments	5,405	25,388
Purchase of property and equipment	(534)	(128)
Deferred sales commissions paid	(62)	(281)
Purchase of intangible assets	—	(14,093)
Cash used in investing activities	(10,372)	(6,177)
Financing Activities		
Dividends paid	(7,432)	—
Cash provided by (used in) financing activities	(7,432)	—
Effect of foreign exchange on cash balances	(247)	(1,086)
Net decrease in cash and cash equivalents during the period	(10,073)	(15,126)
Cash and cash equivalents, beginning of the period	123,955	107,622
Cash and cash equivalents, end of the period	113,882	92,496
Cash and cash equivalents:		
Cash	113,620	92,496
Short-term deposits	262	—
	113,882	92,496
Supplementary disclosure of cash flow information		
Amount of interest received during the period	624	2,102

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

The interim financial statements have been prepared in accordance with IFRS standards in effect as at March 31, 2017, 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, 2016 annual audited financial statements and have been applied consistently to the interim financial statements as at and for the three month ended March 31, 2017.

Basis of presentation

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

Principles of consolidation

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

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

The Company currently controls the following principal subsidiaries:

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

Discontinued Operations

Revenues and expenses from discontinued operations, as well as non-current assets held for sale, are reported separately on the consolidated statements of operations and consolidated statements of financial position respectively, once the sale of a business segment comprising distinct operations is considered highly probable. A business segment is considered to have distinct operations if the related cash flows have the same level of granularity as a Cash Generating Unit ("CGU").

Given that the April 10, 2017 announced sale of the Canadian diversified funds business (see Note 13) comprises only a portion of the SAM CGU , the operations of that business do not qualify for discontinued operations accounting. Consequently, revenues and expenses generated after the sale becomes highly probable will not be presented as discontinued on the consolidated statements of operations, and the non-current assets being sold will not be reclassified as held for sale.

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, 2017	Dec. 31, 2016
Public equities and share purchase warrants	55,762	42,067
Mutual funds and alternative investment strategies	81,297	83,327
Fixed income securities	2,909	2,802
Private holdings*	16,129	19,349
Total proprietary investments	156,097	147,545
Obligations related to securities sold short**	30,157	29,810

* Private holdings consist of the following investments: (1) private company investments classified as HFT and AFS. HFT investments have their changes in fair value recorded in the consolidated statements of operations. AFS investments have their changes in fair value recorded as part of the consolidated statements of comprehensive income until such time the asset is either disposed of, or is assessed as being impaired; (2) energy royalties of $2.4 million (December 31, 2016 - $2.6 million) which are based on the estimated future cash flows and expected return from future royalty payments; and (3) working interests in energy properties of $3.8 million (December 31, 2016 - $4.0 million) which are recorded at cost, net of depletion and/or impairment charges. As at March 31, 2017, the Company assessed the carrying amount of its working interest in energy properties and its energy royalties by considering changes in future prices, future costs and reserves and identified no indicators of impairment as at the end of the period.

** On occasion, the Company may employ market-neutral investment strategies that involve an investment in our funds or other publicly listed entities and related securities short sales to hedge market risk. Currently, these strategies have employed $30.6 million (December 31, 2016 - $29.7 million) of long positions in investment strategies and $30.2 million (December 31, 2016 - $29.8 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, 2015	182,819	13,858	31,505	45,613	9,485	283,280
Net additions and (disposals)	—	—	17,203	—	686	17,889
Transfers	—	(1,510)	1,510	—	—	—
Net exchange differences	(5,070)	—	(847)	(1,355)	—	(7,272)
At Dec. 31, 2016	177,749	12,348	49,371	44,258	10,171	293,897
Net additions and (disposals)	—	—	—	—	62	62
Transfers	—	—	—	—	—	—
Net exchange differences	(1,579)	—	(264)	(422)	—	(2,265)
At Mar. 31, 2017	176,170	12,348	49,107	43,836	10,233	291,694
Accumulated amortization and impairment losses						
At Dec. 31, 2015	(156,321)	(9,342)	(23,409)	(45,613)	(7,129)	(241,814)
Amortization charge for the year	—	—	(4,941)	—	(1,560)	(6,501)
Net impairment charge for the year	—	(3,006)	—	—	—	(3,006)
Net exchange differences	4,282	—	556	1,355	—	6,193
At Dec. 31, 2016	(152,039)	(12,348)	(27,794)	(44,258)	(8,689)	(245,128)
Amortization charge for the period	—	—	(1,285)	—	(287)	(1,572)
Net impairment charge for the period	—	—	—	—	—	—
Net exchange differences	1,334	—	220	422	—	1,976
At Mar. 31, 2017	(150,705)	(12,348)	(28,859)	(43,836)	(8,976)	(244,724)
Net book value at:						
Dec. 31, 2016	25,710	—	21,577	—	1,482	48,769
Mar. 31, 2017	25,465	—	20,248	—	1,257	46,970

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, 2017, the Company had allocated goodwill of $25.5 million (December 31, 2016 - $25.7 million) to 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 quarter impairment assessment process, there were no indicators of goodwill impairment in the SAM CGU.

Impairment assessment of finite life fund management contracts

As at March 31, 2017, the Company had fixed-term limited partnerships within the Global CGU of $1.8 million (December 31, 2016 - $2.9 million) and exchange listed funds within the SAM CGU of $18.4 million (December 31, 2016 - $18.7 million). There were no indicators of impairment as at March 31, 2017.

Impairment assessment of deferred sales commissions

As at March 31, 2017, the Company had deferred sales commissions of $1.3 million within the SAM CGU (December 31, 2016 - $1.5 million). There were no indicators of impairment as at March 31, 2017.

5. LOANS RECEIVABLE

Components of loans receivable

Loans are reported at their amortized cost using the effective interest method. Loans are reported net of any general or specific loan loss provisions on the Loan loss provisions line of the consolidated statements of operations. Total carrying value consists of the following ($ in thousands):

	Mar. 31, 2017	Dec. 31, 2016
Loans		
Loan principal	78,674	78,814
Accrued interest	24	86
Deferred revenue	(5,362)	(6,229)
Amortized cost, before loan loss provisions	73,336	72,671
Loan loss provisions	—	(4,993)
Total carrying value of loans receivable	73,336	67,678
Less: current portion	(13,133)	(11,631)
Total carrying value of non-current loans receivable	60,203	56,047

Impaired loans and loan loss provisions

When a loan 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. 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, 2017, the Company performed a comprehensive review of each loan measured at amortized cost in its portfolio to determine the requirement for specific loan loss provisions. This led to the reversal of the $5.0 million specific loan loss provision.

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

	For the three months ended	
	Mar. 31, 2017	Mar. 31, 2016
Interest on impaired loans	—	192
Loan loss provisions		
Balance, beginning of the year	4,993	8,951
Specific loan loss provision (recovery) on resource loan	(4,942)	192
Net exchange differences	(51)	(255)
Balance, end of period	—	8,888

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, 2017		Dec. 31, 2016	
	Number of Loans	($ in thousands)	Number of Loans	($ in thousands)
Metals and mining	5	38,557	5	38,514
Energy and other	3	40,117	4	40,300
Total loan principal	8	78,674	9	78,814

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, 2017		Dec. 31, 2016	
	Number of Loans	($ in thousands)	Number of Loans	($ in thousands)
Canada	2	24,991	2	24,765
United States of America	2	34,539	2	32,446
Chile	1	4,322	1	4,363
Brazil	1	955	1	964
Peru	1	1,862	1	1,880
Romania	—	—	1	2,275
South Africa	1	12,005	1	12,121
Total loan principal	8	78,674	9	78,814

Priority of security charges

As at March 31, 2017 and December 31, 2016, all of the Company's loans are senior secured.

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, 2017 and December 31, 2016, no loans were past due.

Loan commitments

As at March 31, 2017, the Company had no loan commitments (December 31, 2016 - $Nil).

6. OTHER ASSETS, INCOME AND EXPENSES

Other Assets

Other assets (both current and long term) consist primarily of: (1) \$3.0 million (December 31, 2016 - \$2.8 million) in proceeds receivable on the past sale of an investment; (2) receivables of \$3.2 million (December 31, 2016 - \$4.6 million) from funds and managed companies for which the Company has incurred expenses on their behalf; (3) prepaid expenses of \$3.8 million (December 31, 2016 - \$2.9 million). Included in prepaid expenses are \$0.6 million (December 31, 2016 - \$Nil) of prepaid transaction costs related to the sale of the Company's Canadian diversified funds business (see Note 13).

Other Income (loss)

Other income (loss) primarily includes: (1) foreign exchange losses of \$1.1 million (March 31, 2016 - \$6.8 million loss); (2) royalty income on energy related assets held in proprietary investments of \$0.5 million (March 31, 2016 - \$0.5 million); (3) income earned on other investments of \$1.4 million (March 31, 2016 - \$0.5 million); and (4) accretion income of \$0.1 million on a share receivable (March 31, 2016 - \$1.3 million).

Other Expenses

Other expenses primarily include (1) costs related to energy assets including: (a) operating expenses of \$0.3 million (March 31, 2016 - \$0.5 million); and (b) depletion charges of \$0.2 million (March 31, 2016 - \$0.3 million); and (2) professional fees and other transaction costs of \$0.4 million (March 31, 2016 - \$Nil) related to the sale of the Company's Canadian diversified funds business (see Note 13).

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, 2015	243,996,605	412,344
Issuance of share capital under dividend reinvestment program	10,262	26
Acquired for equity incentive plan	(1,850,000)	(4,473)
Released on vesting of equity incentive plan	1,033,426	3,334
At Dec. 31, 2016	243,190,293	411,231
Issuance of share capital under dividend reinvestment program	10,896	25
Issuance of share capital on conversion of RSU	86,130	196
Released on vesting of equity incentive plan	1,407,938	3,763
At Mar. 31, 2017	244,695,257	415,215

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, 2015	38,749
Expensing of Sprott Inc. stock options over the vesting period	2,477
Expensing of EPSP / EIP shares over the vesting period	3,910
Released on vesting of common shares for equity incentive plan	(3,334)
At Dec. 31, 2016	41,802
Expensing of Sprott Inc. stock options over the vesting period	494
Expensing of EPSP / EIP shares over the vesting period	822
Issuance of share capital on conversion of Restricted Stock Units ("RSU") and other share based considerations	(111)
Released on vesting of common shares for equity incentive plan	(3,763)
At Mar. 31, 2017	39,244

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.

No stock options were issued for the three months ended March 31, 2017 (three months ended March 31, 2016 - 7.3 million options issued).

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, 2015	2,650	9.71
Options exercisable, December 31, 2015	2,650	9.71
Options granted	7,250	2.33
Options granted	1,000	2.73
Options outstanding, December 31, 2016	10,900	4.16
Options exercisable, December 31, 2016	4,100	7.10
Options outstanding, March 31, 2017	10,900	4.16
Options exercisable, March 31, 2017	5,550	5.85

Options outstanding and exercisable as at March 31, 2017 are as follows:

Exercise price ($)	Number of outstanding options (in thousands)	Weighted average remaining contractual life (years)	Number of options exercisable (in thousands)
10.00	2,450	1.1	2,450
4.85	50	2.8	50
6.60	150	3.6	150
2.33	7,250	8.8	2,900
2.73	1,000	9.1	—
2.33 to 10.00	10,900	7.0	5,550

Equity incentive plan

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

A total of 246,832 RSUs were issued during the quarter (March 31, 2016 - Nil). The Trust purchased no common shares in the three months ended March 31, 2017 (March 31, 2016 - Nil).

	Number of common shares
Common shares held by the Trust, December 31, 2015	4,471,178
Acquired	1,850,000
Released on vesting	(1,033,426)
Unvested common shares held by the Trust, December 31, 2016	5,287,752
Acquired	—
Released on vesting	(1,407,938)
Unvested common shares held by the Trust, March 31, 2017	3,879,814

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

	For the three months ended	
	Mar. 31, 2017	Mar. 31, 2016
Stock option plan	494	939
EPSP / EIP	822	919
	1,316	1,858

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, 2017	Mar. 31, 2016
Numerator ($ in thousands):		
Net income (loss) - basic and diluted	8,815	1,307
Denominator (Number of shares in thousands):		
Weighted average number of common shares	247,612	247,527
Weighted average number of unvested shares purchased by the Trust	(3,895)	(3,776)
Weighted average number of common shares - basic	243,717	243,751
Weighted average number of dilutive stock options	141	—
Weighted average number of unvested shares purchased by the Trust	3,895	3,776
Weighted average number of common shares - diluted	247,753	247,527
Net income (loss) per common share		
Basic	0.04	0.01
Diluted	0.04	0.01

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, 2017 and 2016, all entities were in compliance with their respective capital requirements.

8. INCOME TAXES

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

	For the three months ended	
	Mar. 31, 2017	Mar. 31, 2016
Current income tax expense		
Based on taxable income of the current period	2,047	3,745
Other	51	26
	2,098	3,771
Deferred income tax expense (recovery)		
Total deferred income tax expense	(813)	(3,221)
Income tax expense reported in the statements of operations	1,285	550

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

	For the three months ended	
	Mar. 31, 2017	Mar. 31, 2016
Income before income taxes	10,100	1,857
Tax calculated at domestic tax rates applicable to profits in the respective countries	2,751	434
Tax effects of:		
Non-deductible stock-based compensation	162	312
Non-taxable capital (gains) and losses	275	(1,109)
Capital losses not benefited	43	234
Goodwill/Amortization of Intangibles	82	864
Adjustments in respect of previous periods	(11)	25
Other temporary differences not benefited	(301)	77
Non-capital losses not previously benefited	(1,850)	(390)
Rate differences and other	134	103
Tax charge	1,285	550

The weighted average statutory tax rate was 27.2% (March 31, 2016 - 23.3%). This increase was mainly due to increased profitability of our Global segment, which is U.S based, which are subject to a higher tax rate than the Canadian operations. The Company has $31 million of unused non-capital tax losses and $13 million of unused capital tax losses from prior years that will begin to expire in 2033 and 2019, respectively. The benefit of these capital and non-capital tax losses has not been recognized.

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 three months ended March 31, 2017

	Dec. 31, 2016	Recognized in income	Recognized in other comprehensive income	Mar. 31, 2017
Deferred income tax assets				
Other stock-based compensation	4,222	160	—	4,382
Non-capital losses	553	31	—	584
Other	572	(100)	—	472
Total deferred income tax assets	5,347	91	—	5,438
Deferred income tax liabilities				
Fund management contracts	2,039	(394)	(18)	1,627
Deferred sales commissions	392	(60)	—	332
Unrealized gains	186	(329)	—	(143)
Proceeds receivable	993	40	—	1,033
Other	73	21	—	94
Total deferred income tax liabilities	3,683	(722)	(18)	2,943
Net deferred income tax assets (liabilities)	1,664	813	18	2,495

For the year ended December 31, 2016

	Dec. 31, 2015	Recognized in income	Recognized in other comprehensive income	Dec. 31, 2016
Deferred income tax assets				
Other stock-based compensation	3,721	502	—	4,223
Non-capital losses	190	363	—	553
Other	282	289	—	571
Total deferred income tax assets	4,193	1,154	—	5,347
Deferred income tax liabilities				
Fund management contracts	3,700	(1,542)	(119)	2,039
Deferred sales commissions	624	(232)	—	392
Unrealized gains	4	182	—	186
Transitional partnership income	3,680	(3,680)	—	—
Proceeds receivable	1,396	(403)	—	993
Other	(127)	200	—	73
Total deferred income tax liabilities	9,277	(5,475)	(119)	3,683
Net deferred income tax assets (liabilities)	(5,084)	6,629	119	1,664

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, 2017 and December 31, 2016 ($ in thousands).

Mar. 31, 2017	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	51,557	4,205	—	55,762
Mutual funds and alternative investment strategies	42,318	38,979	—	81,297
Fixed income securities	—	1,655	1,254	2,909
Private holdings*	—	—	12,362	12,362
Obligations related to securities sold short	(30,157)	—	—	(30,157)
Total net recurring fair value measurements	63,718	44,839	13,616	122,173

Dec. 31, 2016	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	36,842	5,225	—	42,067
Mutual funds and alternative investment strategies	44,774	38,554	—	83,328
Fixed income securities	—	1,538	1,264	2,802
Private holdings*	—	—	15,395	15,395
Obligations related to securities sold short	(29,810)	—	—	(29,810)
Total net recurring fair value measurements	51,806	45,317	16,659	113,782

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

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

	Changes in the fair value of Level 3 measurements - Mar. 31, 2017				
	Dec. 31, 2016	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Mar. 31, 2017
Private holdings	15,395	(2,957)	(151)	75	12,362
Fixed income securities	1,264	—	—	(10)	1,254
	16,659	(2,957)	(151)	65	13,616

	Changes in the fair value of Level 3 measurements - Dec. 31, 2016				
	Dec. 31, 2015	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Dec. 31, 2016
Private holdings	9,652	9,345	(4,898)	1,296	15,395
Fixed income securities	1,266	—	—	(2)	1,264
	10,918	9,345	(4,898)	1,294	16,659

During the three months ended March 31, 2017, the Company transferred public equities of $2.9 million (Dec. 31, 2016 - $1.0 million) from Level 2 to Level 1 within the fair value hierarchy due to the release of trading restrictions by the issuer. The Company transferred $3.3 million (Dec. 31, 2016 - $Nil) from Level 3 to Level 1 within the fair value hierarchy due to the initial public offering of an investment that was previously privately owned.

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

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

Financial instruments not carried at fair value

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

Loans receivable and debentures had a carrying value of $73.3 million (Dec. 31, 2016 - $67.7 million) and a fair value of $77.9 million (Dec. 31, 2016 - $74.1 million). Loans receivable and debentures lack an available trading market, are not typically exchanged, and have been recorded at amortized cost less impairment. The fair value of resource loans and debentures are measured based on changes in the market price of comparable bonds since the average date that the loans were originated. The Company adjusts the fair value to take into account any significant changes in credit risks using observable market inputs in determining counterparty credit risk. The fair value of loans are not necessarily representative of the amounts realizable upon immediate settlement. The significant inputs used to disclose the fair value of loans and debentures measured at amortized cost would fall under Level 3 of the fair value hierarchy.

10. DIVIDENDS

The following dividend was declared by the Company during the three months ended March 31, 2017:

Record date	Payment Date	Cash dividend per share ($)	Total dividend amount ($ in thousands)
March 10, 2017 - regular dividend Q4 - 2016	March 27, 2017	0.03	7,457
Dividends (1)			7,457

(1) Subsequent to the quarter-end, on May 9, 2017, a regular dividend of $0.03 per common share was declared for the quarter ended March 31, 2017. This dividend is payable on June 2, 2017 to shareholders of record at the close of business on May 18, 2017.

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 through the Company's U.S. broker-dealer.
- 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;
- SPW, the Company's Canadian broker-dealer.
- Corporate, which provides capital, balance sheet management and shared services to the Company's subsidiaries.

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 March 31, 2017

	SAM	Global	Lending	Consulting	SPW	Corporate	Eliminations	Consolidated
Total revenue	19,718	4,825	4,689	1,761	6,841	(3,110)	(518)	34,206
Total expenses	14,888	4,226	(3,883)	1,532	5,065	2,796	(518)	24,106
Pre-tax Income (loss)	4,830	599	8,572	229	1,776	(5,906)	—	10,100
Adjusted base EBITDA	5,594	1,115	9,660	(1)	1,786	(2,272)	—	15,882

For the three months ended March 31, 2016

	SAM	Global	Lending	Consulting	SPW	Corporate	Eliminations	Consolidated
Total revenue	20,253	3,265	3,130	1,545	1,090	2,894	(498)	31,679
Total expenses	17,996	3,745	940	1,984	1,386	4,269	(498)	29,822
Pre-tax Income (loss)	2,257	(480)	2,190	(439)	(296)	(1,375)	—	1,857
Adjusted base EBITDA	3,028	420	3,980	(75)	(149)	(2,043)	—	5,161

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

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

	For the three months ended	
	Mar. 31, 2017	Mar. 31, 2016
Canada	29,381	28,414
United States	4,825	3,265
	34,206	31,679

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, 2017, the Company had no loan commitments (December 31, 2016 - $Nil) and $12.7 million of investment purchase commitments in the proprietary investments portfolio (December 31, 2016 - $35.5 million).

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, 2017, no provisions were recognized.

13. EVENTS AFTER THE REPORTING PERIOD

On April 10, the Company announced a plan to sell its Canadian diversified funds business to a management group for $46 million. The sold assets will total approximately $3 billion in AUM, of which $865 million will continue to be sub-advised by the Company.

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Stock Information
Sprott Inc. common shares are traded on the
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