Sprott | 2018 First Quarter Report

Contrarian. Innovative. Aligned.

Table of Contents

May 10, 2018

Dear Shareholders,

In the first quarter of 2018, Sprott's Assets Under Management ("AUM") increased to $11.6 billion. Our AUM levels were increased by the completion of the acquisition of the management contracts of the Central Fund of Canada Ltd. ("CFCL") and continued deployment of AUM in our Private Resource Lending LP. In terms of profitability, on a normalized basis (taking into account last year's sale of our non-core diversified assets business and a loan loss provision reversal) EBITDA from our core operating businesses increased more than 60% from the first quarter of 2017 to over $10 million or $0.04 per share.

With the realignment of the business complete, our focus is now on execution. We are determined to build a global precious metal investment management business offering leading bullion products, ETFs and active equity strategies. As we work to expand our client base, we are directing more resources to marketing and selling these strategies. The acquisition of CFCL added $4.3 billion to our Exchange Listed Products group, which now has more than $9 billion in assets and is the third largest bullion management platform in North America. This is a highly-scalable business providing us with a large US-centric investor base and a solid foundation for growth from which we expect to launch new ETFs in the future. In our other business units, the deployment of our inaugural Private Resource Lending Fund is progressing well and our merchant banking and advisory business continues to be profitable.

After a strong start to 2018, precious metals have recently been pressured by a surging US dollar and easing of international and trade tensions. In addition, there has been an increased "hollowing out" of the precious metal specialist fund universe with several major funds falling victim to decisions by major asset managers to move away from the sector. These departures have amplified the pullback in precious metal equities, but have also conversely generated good opportunities to make investments at attractive valuations. We maintain our thesis that, with debt levels now at all-time highs, equity valuations stretched and credit spreads tight, the markets will soon be tested in their appetite for higher interest rates. We note an increasing interest amongst sophisticated institutional and ultra high net worth investors for the insurance-like attributes of uncorrelated assets such as precious metal and mining investments.

We continue to believe that the digitization of the gold ledger using blockchain technology is inevitable and will be transformative for the sector as it will make gold ownership more liquid, efficient and transparent to a wider base of users than ever before. Sprott was one of the founding investors in Tradewind, a financial technology company using the IEX Group's exchange technology and backed by some of the world's leading gold producers. In March, Tradewind launched VaultChain™ Gold, which is a next-generation digital solution for investing in physical gold vaulted with the Royal Canadian Mint. Sprott will also make other investments designed to give us access to digital precious metal products which we believe will be attractive to our clients, including in the formation of platforms which can offer digital metals directly to investors.

We are pleased with our improving financial results and are focused on driving further growth in each of our key operating segments. Our core operating segments are growing organically and we believe there are exciting opportunities ahead of us to further accelerate this growth through complementary acquisitions and strategic partnerships.

Thank you for your continued support. We look forward to reporting to you on our progress in the months ahead.

Sincerely,

Peter Grosskopf
Chief Executive Officer

Management's Discussion and Analysis

Three months ended March 31, 2018

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) our belief that we are well positioned to continue to grow our asset base and deliver steadily improving profitability as the fundamentals for previous metal investments continue to improve; (ii) our strategic priorities for 2018; (iii) 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 (iv) 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) failure to continue to retain and attract quality staff; (iv) employee errors or misconduct could result in regulatory sanctions or reputational harm; (v) performance fee fluctuations; (vi) changes in the investment management industry; (vii) failure to implement effective information security policies, procedures and capabilities; (viii) lack of investment opportunities; (ix) risks related to regulatory compliance; (x) failure to manage risks appropriately; (xi) failure to deal appropriately with conflicts of interest; (xii) competitive pressures; (xiii) corporate growth may be difficult to sustain and may place significant demands on existing administrative, operational and financial resources; (xiv) failure to successfully implement succession planning; (xv) foreign exchange risk relating to the relative value of the U.S. dollar; (xvi) litigation risk; (xvii) failure to develop effective business resiliency plans; (xviii) failure to obtain or maintain sufficient insurance coverage on favourable economic terms; (xix) historical financial information is not necessarily indicative of future performance; (xx) the market price of common shares of the Company may fluctuate widely and rapidly; (xxi) risks relating to the Company's investment products; (xxii) risks relating to the Company's proprietary investments; (xxiii) risks relating to the Company's lending business; (xxiv) risks relating to the Company's merchant bank and advisory business; (xxv) those risks described under the heading "Risk Factors" in the Company's annual information form dated March 2, 2018; and (xxvi) 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 10, 2018, presents an analysis of the consolidated financial condition of the Company and its subsidiaries as at March 31, 2018, compared with December 31, 2017, and the consolidated results of operations for the three months ended March 31, 2018, compared with the three months ended March 31, 2017. The Board of Directors approved this MD&A on May 10, 2018. All note references in this MD&A are to the notes to the Company's March 31, 2018 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"), 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, 2017.

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.

Net Sales

Sales, net of redemptions, is another key performance indicator as the amount of new net 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.

Net Fees

Management and performance fees, net of performance fee payouts, trailer fees and sub-advisor fees, is a key revenue indicator as it represents the net revenue contribution after directly associated costs that we generate from our AUM.

Net Commissions

Commissions, net of commission expenses, is an increasingly significant performance measure for the Company given the ongoing growth of our merchant banking and advisory business.

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.

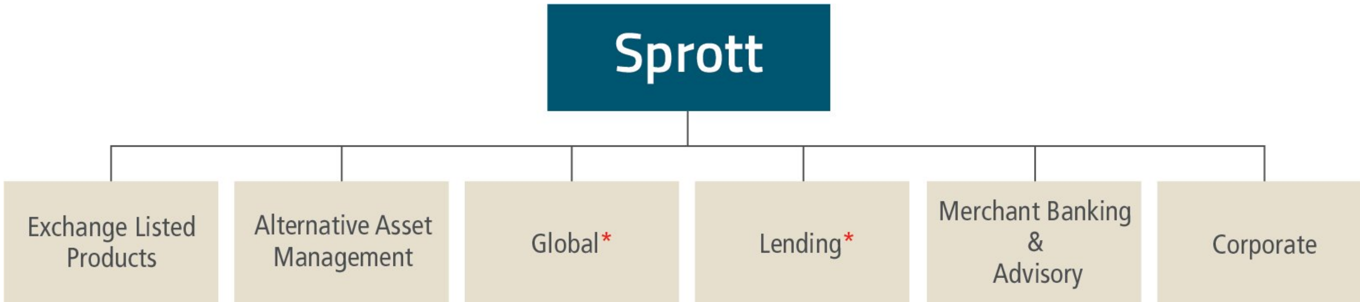
The following table outlines how our EBITDA measures are determined:

	3 months ended	
(in thousands $)	Mar. 31, 2018	Mar. 31, 2017
Net income (loss) for the periods	13,657	8,815
Adjustments:		
Interest expense	66	4
Provision (recovery) for income taxes	(2,772)	1,285
Depreciation and amortization	688	1,790
EBITDA	11,639	11,894
Other adjustments:		
(Gains) losses on proprietary investments	1,879	1,969
(Gains) losses on foreign exchange	(857)	1,137
Non-cash stock-based compensation	1,418	728
Net proceeds from Sale Transaction	(4,200)	—
Unamortized Placement Fees	(268)	(235)
Other [1]	974	438
Adjusted EBITDA	10,585	15,931
Other adjustments:		
Performance fees	(1,117)	(131)
Performance fee related expenses	559	82
Adjusted base EBITDA	10,027	15,882

[1] See Other Expenses in Note 6 of the interim financial statements. Other also includes severance accruals of $0.1 million (March 31, 2017 - $Nil)

BUSINESS OVERVIEW

Our reportable operating segments are as follows:



* These reportable operating segments substantially form our "Private Resource Investments" Platform. Previously, we separately disclosed the results of our Consulting segment.

Exchange Listed Products

- The Company's closed-end physical trusts and exchange traded funds ("ETFs").

Alternative Asset Management

- The Company's alternative investment strategies and sub-advised products.

Global

- The Company's U.S operations, including: 1) fixed-term limited partnership vehicles; 2) discretionary managed accounts; and 3) U.S.-based broker-dealer.

Lending

- The Company's lending activities occur through a combination of limited partnership vehicles ("lending LPs") as well as through direct lending activities using the Company's balance sheet. Balance sheet lending continues to wind-down as we grow the AUM in our suite of lending LPs.

Merchant Banking & Advisory Services

- The Company's Canadian merchant banking and advisory services activities through Sprott Capital Partners ("SCP"), a division of Sprott Private Wealth LP ("SPW").

Corporate

- Provides the Company's various operating segments with capital, balance sheet management and other shared services.

All Other Segments

- Effective Q1, 2018, the Consulting segment no longer met the definition of a reportable segment as per IFRS 8. This segment is now part of "All Other Segments" as it no longer constitutes a reportable operating segment on its own, given its immateriality relative to the three quantitative tests of IFRS 8. See Note 11 of the interim financial statements for further details. Consulting is the only segment in this category as all other Company segments are reportable.

For a detailed account of the underlying principal subsidiaries within our reportable business segments, refer to the Company's Annual Information Form and Note 2 of the annual audited financial statements.

BUSINESS HIGHLIGHTS AND GROWTH INITIATIVES

Investment Performance

Market value appreciation was $126 million in the quarter. Most of this performance was in our Physical Trusts due to improved precious metals prices in the quarter.

Product and Business Line Expansion

- On January 16, 2018, the Company successfully closed on the acquisition of Central Fund of Canada Limited ("CFCL") for $120 million, plus a contingent earn-out. This transaction added $4.3 billion to Company AUM. Upon closing, the assets of CFCL were transfered to the Sprott Physical Gold & Silver Trust ("CEF").
- On January 29, 2018, the Company completed the sale of its non-core private wealth client business (together with the August 1, 2017 sale of its non-core Canadian diversified funds business, referred to as the "Sale Transaction").

OUTLOOK

With the 2017 restructuring and refocusing of our business on our core competencies, we believe we are well positioned to continue to grow our asset base and deliver steadily improving profitability as the fundamentals for precious metal investments continue to improve. Consequently, our strategic priorities for 2018 include maintaining the momentum we built with institutional investors through the successful launch of our first lending LPs, exploring new opportunities to expand our ETF product suite and continuing to grow our alternative asset management franchise both organically as well as through tuck-in acquisitions and strategic partnerships.

SUMMARY FINANCIAL INFORMATION

(In thousands $)	Q1 2018	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
SUMMARY INCOME STATEMENT								
Management fees	14,056	10,247	13,597	20,460	20,677	21,895	22,586	20,524
Performance fees	1,117	3,584	835	126	131	19,935	239	1,146
less: Trailer fees	47	225	617	2,762	2,944	3,110	3,325	3,167
less: Sub-advisor fees	—	—	426	1,124	1,060	10,552	1,233	1,107
less: Performance fee payouts	559	2,267	—	12	16	3,702	31	358
Net Fees	14,567	11,339	13,389	16,688	16,788	24,466	18,236	17,038
Commissions	8,857	7,366	4,746	8,878	8,200	2,959	5,265	4,478
less: Commission expense	3,667	2,855	1,553	3,364	3,208	1,209	920	921
Net Commissions	5,190	4,511	3,193	5,514	4,992	1,750	4,345	3,557
Interest income	2,775	3,588	2,789	3,387	5,829	3,594	2,787	3,864
Gains (losses) on proprietary investments	(1,879)	(63)	(3,770)	613	(1,969)	(8,030)	6,809	17,629
Gains (losses) on long-term investments	56	3,639	—	—	—	—	—	—
Other income (loss)	6,533	1,144	31,487	(2,648)	1,338	4,847	3,695	1,286
Total Net Revenues	27,242	24,158	47,088	23,554	26,978	26,627	35,872	43,374
Compensation [1]	9,485	10,631	5,655	11,784	12,461	14,112	11,099	11,836
Compensation - severance accruals	149	2,193	62	196	1	283	27	(26)
Placement and referral fees	204	833	782	4,628	68	2,169	497	1,717
Selling, general and administrative	4,652	5,761	5,208	6,163	6,566	6,949	7,386	7,887
Expected credit loss provisions (recoveries) [2]	—	—	—	—	(4,942)	(911)	114	346
Amortization and impairment charges	688	1,386	1,473	1,778	1,790	1,836	1,844	1,844
Other expenses	1,179	2,069	703	289	934	660	502	(284)
Total Expenses	16,357	22,873	13,883	24,838	16,878	25,098	21,469	23,320
Net Income (Loss)	13,657	2,519	29,804	(3,606)	8,815	754	12,531	16,946
Net Income (Loss) per share	0.06	0.01	0.12	(0.01)	0.04	0.00	0.05	0.07
Adjusted base EBITDA	10,027	7,524	8,007	8,751	15,882	4,715	8,431	5,753
Adjusted base EBITDA per share	0.04	0.03	0.03	0.04	0.06	0.02	0.03	0.02
SUMMARY BALANCE SHEET								
Total Assets	407,177	409,849	408,093	387,636	426,647	440,024	431,149	428,209
Total Liabilities	42,417	65,985	61,707	62,925	64,113	79,710	66,336	67,059
Cash	52,097	156,120	152,952	96,572	113,882	123,955	100,704	111,252
less: syndicate cash holdings	(932)	(776)	(649)	(477)	(3,838)	(394)	(651)	(2,675)
Net cash	51,165	155,344	152,303	96,095	110,044	123,561	100,053	108,577
Proprietary and long-term investments	96,352	114,327	134,306	137,505	156,097	147,545	166,126	152,059
less: obligations related to securities sold short	(8,543)	(24,993)	(25,988)	(26,577)	(30,157)	(29,810)	(36,782)	(38,641)
Net investments	87,809	89,334	108,318	110,928	125,940	117,735	129,344	113,418
Loans receivable	50,467	48,673	46,215	67,804	73,336	67,678	82,470	81,638
Investable Capital	189,441	293,351	306,836	274,827	309,320	308,974	311,867	303,633
ASSETS UNDER MANAGEMENT								
Exchange Listed Products	9,014,378	4,634,068	4,539,751	4,591,479	4,758,403	4,411,640	4,943,224	4,829,986
Alternative Asset Management	1,054,745	1,115,114	1,177,214	3,323,611	3,529,068	3,653,851	3,937,898	3,816,298
Private Resource Investments [3]	1,522,090	1,574,200	1,474,547	1,391,367	1,404,955	1,182,492	1,207,598	1,154,718
Total Enterprise AUM	11,591,213	7,323,382	7,191,512	9,306,457	9,692,426	9,247,983	10,088,720	9,801,002

[1] Compensation includes stock-based compensation, but excludes commission expense and performance fee payouts, which are reported net of commission revenue and performance revenue, respectively.

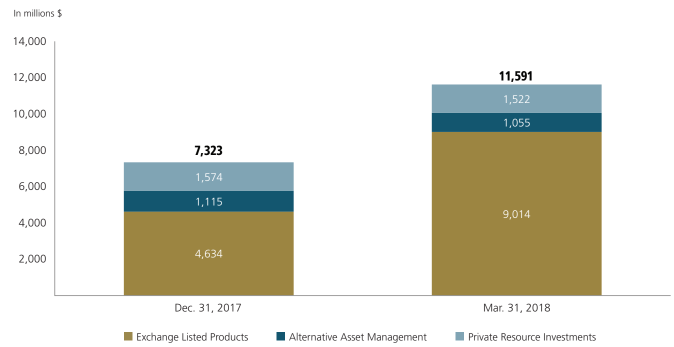
[2] Starting Q1, an expected loss model was used. In the periods prior to Jan 1, 2018, an incurred loss model was used. See Changes in accounting policies in Note 2 of the interim financial statements.

[3] Primarily includes the AUM of our Global and Lending segments, which form substantially all of our "Private Resource Investments" platform.

RESULTS OF OPERATIONS

AUM SUMMARY

AUM was $11.6 billion as at March 31, 2018, up $4.3 billion (58%) from December 31, 2017. The increase was due to the successful acquisition of CFCL net of previously anticipated redemptions. We also benefited from improved precious metals prices in our Physical Trusts during the quarter.



In millions $	AUM Dec. 31, 2017	Net Sales & Capital Calls	Market Value Change	Acquisitions & Divestitures	AUM Mar. 31, 2018
Exchange Listed Products					
- Physical Trusts	4,200	(122)	188	4,337	8,603
- ETFs	434	—	(23)	—	411
	4,634	(122)	165	4,337	9,014
Alternative Asset Management					
- In-house	405	—	(6)	—	399
- Sub-advised	710	(5)	(49)	—	656
	1,115	(5)	(55)	—	1,055
Private Resource Investments					
- Managed Companies	706	—	17	(98)	625
- Fixed Term LPs	308	—	4	—	312
- Separately Managed Accounts	308	—	(5)	—	303
- Private Resource Lending LPs	252	30	—	—	282
	1,574	30	16	(98)	1,522
Total	7,323	(97)	126	4,239	11,591

MANAGEMENT FEES BREAKDOWN

Below is a detailed list of management fee rates charged on our fund products as at March 31, 2018 (in thousands $):

FUND	AUM	BLENDED NET MANAGEMENT FEE RATE	PERFORMANCE FEE CRITERIA
Exchange Listed Products			
Sprott Physical Gold and Silver Trust	4,292,576	0.40%	N/A (1)
Sprott Physical Gold Trust	2,978,541	0.35%	N/A (1)
Sprott Physical Silver Trust	1,197,286	0.45%	N/A (1)
Sprott Gold Miner's ETF	224,952	0.57%	N/A (1)
Sprott Jr. Gold Miner's ETF	186,167	0.57%	N/A (1)
Sprott Physical Platinum & Palladium Trust	134,856	0.50%	N/A (1)
Total	9,014,378		
Alternative Asset Management: In-house			
Sprott U.S. Value Strategies (2)	351,872	0.85%	15% of all net profits in excess of the HWM
Separately Managed Accounts (3)	46,802	1.00%	N/A
Total	398,674		
Alternative Asset Management: Sub-advised			
Bullion Funds (4)	330,886	0.51%	10% excess over applicable benchmark indices
Corporate Class Funds (4)	156,034	0.75%	10% excess over applicable benchmark indices
Alternative Funds (4)	82,632	0.50%	20% of all net profits in excess of the HWM
Flow-through LPs (4)	86,519	0.70%	20% of all net profits in excess of the HWM
Total	656,071		
Private Resource Investments			
Managed Companies (5)	625,200	0.50%	N/A
Fixed Term Limited Partnerships	311,916	1.70%	15-30% over guaranteed return
Separately Managed Accounts (6)	302,553	0.61%	20% of net profits over guaranteed return
Sprott Private Resource Lending LPs	282,421	1.19%	15-70% of net profits over guaranteed return
Total	1,522,090		
Total AUM	11,591,213		

(1) Exchange listed products do not attract performance fees, however the management fees they generate are closely correlated to precious metals prices.

(2) Includes Sprott Focus Trust and Sprott Privet Fund.

(3) Institutional Managed Accounts.

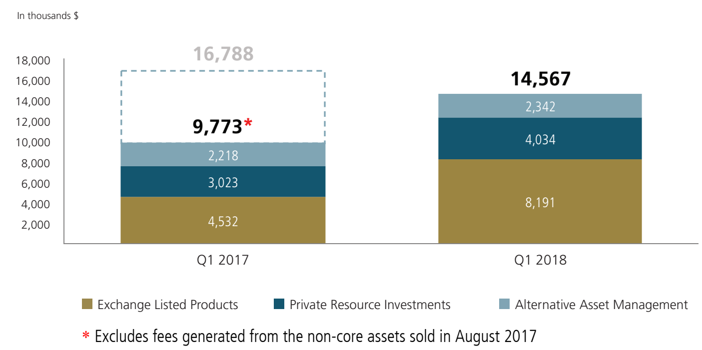
(4) Management fee rate represents the net amount received by the Company as sub-advisor for these products.

(5) Includes Sprott Resource Holdings Inc. and Sprott Korea Corp.

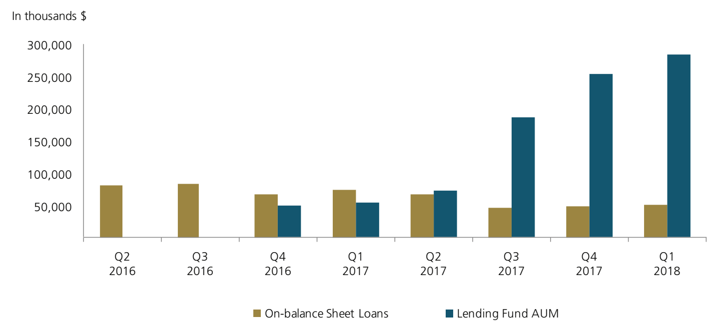
(6) Includes our private equity strategy in Sprott Asia and high net worth discretionary managed accounts in the U.S.

NET REVENUES

Net Fees in the quarter were $14.6 million, down $2.2 million (13%) from the prior period. Excluding net fees that were earned on the diversified assets sold as part of last year's Sale Transaction, Net Fees were up $4.8 million (49%). The increase on a normalized basis was due to management fee generation on the newly acquired CFCL assets in our Exchange Listed Products platform. We also experienced increased fee generation from our lending LPs as we continue to deploy committed capital.



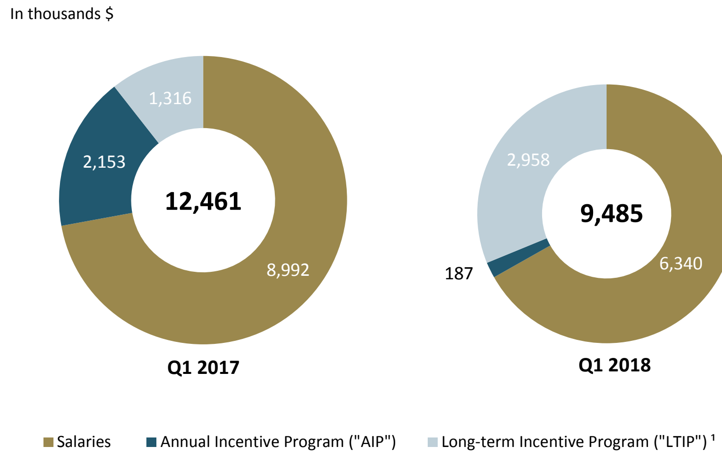
Interest Income in the quarter was $2.8 million, down $3.1 million from the prior period. Excluding last year's impact of catch-up interest recorded on a previously impaired loan, interest income was down $0.5 million (15%) as a result of the on-going run-off of our on-balance sheet loan book in substitution for fee earning AUM in our lending LPs.



Net Commissions in the quarter were $5.2 million, up $0.2 million from the prior period (4%), largely unchanged from this time last year.

Expenses

Compensation, excluding commissions and performance fee payouts, which are presented net of their related revenues in this MD&A, and severance accruals which are non recurring, in the quarter was $9.5 million, down $3.0 million (24%) from the prior period. The decrease was due to a combination of lower head count and lower incentive accruals as a result of last year's Sale Transaction.



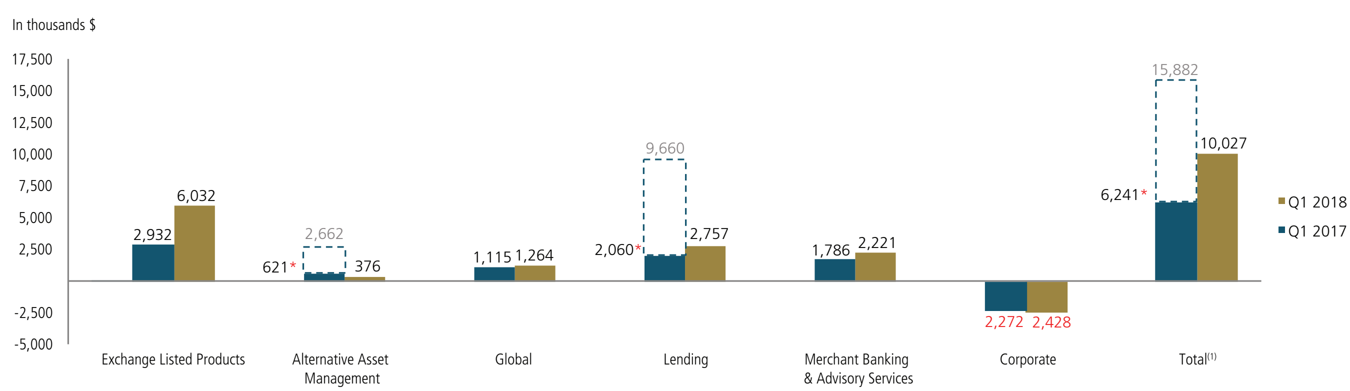
(1) Upfront amortization of equity grants using the graded vesting method required under IFRS 2. Over time, equity amortization expense will drop under the methodology.

SG&A was $4.7 million in the quarter, down $1.9 million (29%) from the prior period. This was largely due to lower marketing and sales, professional fees, technology and fund operating expenses as a result of last year's Sale Transaction.

Adjusted Base EBITDA

Adjusted Base EBITDA in the quarter was $10.0 million, down $5.9 million (37%) from the prior period. Excluding the impact of last year's Sale Transaction, loan loss provision reversal and related catch-up interest, Adjusted Base EBITDA was up $3.8 million (61%). The increase in earnings on a normalized basis was due to higher Net Fees generated on the newly acquired CFCL assets.

Adjusted Base EBITDA by Reportable Operating Segments

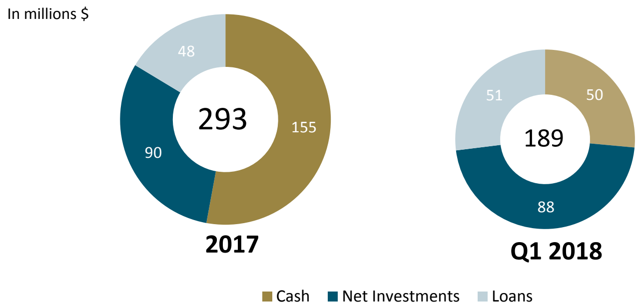


(1) Net of consolidation eliminations and non-reportable segments. See Note 11 of the interim financial statements.

* Excludes EBITDA generated in 2017 from: 1) non-core assets sold in our Alternative Asset Management segment; and 2) loan loss provision reversal and related catch-up interest in our Lending segment.

Balance Sheet

Investable Capital was $189 million, down $104 million (35%) from December 31, 2017. The decrease was primarily due to: 1) the purchase of CFCL assets in January of this year; 2) payments made on a note payable to Eric Sprott (see Note 13 of the interim financial statements); and 3) payment of corporate dividends.



Total Assets were $407 million, down $3 million from December 31, 2017. The slight decrease was primarily due to the deployment of investable capital previously described, offset by increased intangible assets attributable to the CFCL transaction.

Total Liabilities were $42 million, down $24 million (36%) from December 31, 2017. The decrease was largely due to lower obligations for securities sold short as we unwind certain hedge positions in our proprietary investments and payments made on a note payable to Eric Sprott.

REPORTABLE OPERATING SEGMENTS

Exchange Listed Products

	3 months ended	
(In thousands $)	Mar. 31, 2018	Mar. 31, 2017
SUMMARY INCOME STATEMENT		
Management fees	8,191	4,532
Other income (loss)	(264)	71
Total Revenues	7,927	4,603
Compensation	1,324	831
Selling, general and administrative	835	768
Amortization and impairment charges	314	343
Total Expenses	2,473	1,942
Net Income (Loss) before income taxes	5,454	2,661
Adjusted base EBITDA	6,032	2,932
Total AUM	9,014,378	4,758,403

3 months ended

Adjusted base EBITDA in the quarter was $6.0 million, up $3.1 million from the prior period:

- Primarily due to higher management fees generated on new AUM from the CFCL acquisition. This increase was partially offset by higher compensation expense as a result of higher LTIP amortization.

Non-EBITDA highlights:

- Other loss was mainly driven by FX losses in January on U.S. dollar denominated cash and receivables that more than offset the overall FX gain generated in the last two months of the quarter in this operating segment.

Alternative Asset Management

	3 months ended	
(In thousands $)	Mar. 31, 2018	Mar. 31, 2017
SUMMARY INCOME STATEMENT		
Management fees	1,887	13,077
Performance fees	1,061	131
less: Trailer fees	47	3,409
less: Sub-advisor fees	—	1,061
less: Performance fee payouts	559	16
Net Fees	2,342	8,722
Gains (losses) on proprietary investments	4	354
Other income (loss)	16	1,553
Total Net Revenues	2,362	10,629
Compensation	1,287	5,319
Selling, general and administrative	283	2,309
Amortization and impairment charges	68	432
Other expenses	—	400
Total Expenses	1,638	8,460
Net Income (Loss) before income taxes	724	2,169
Adjusted base EBITDA	376	2,662
Total AUM	1,054,745	3,529,068

3 months ended

Adjusted base EBITDA in the quarter was $0.4 million, down $2.3 million from the prior period:

- Primarily due to the loss of net management fees on non-core AUM sold as part of last year's Sale Transaction. Excluding the impact of the Sale Transaction, adjusted base EBITDA was $0.2 million (39%) lower than the prior period, as lower management fees more than offset lower compensation and SG&A expense related to the Sale Transaction.

Non-EBITDA highlights:

- Net performance fees were up primarily due to the generation of performance fees on rollover of a performance-fee generating sub-advised fund product.

Global*

	3 months ended	
(In thousands $)	Mar. 31, 2018	Mar. 31, 2017
SUMMARY INCOME STATEMENT		
Management fees	1,763	1,784
less: Sub-advisor fees	47	45
Net Fees	1,716	1,739
Commissions	2,433	2,412
less: Commission expense	562	783
Net Commissions	1,871	1,629
Gains (losses) on proprietary investments	(214)	608
Gains (losses) on long-term investments	(27)	—
Other income (loss)	(416)	21
Total Net Revenues	2,930	3,997
Compensation (1)	2,072	1,373
Placement and referral fees	39	42
Selling, general and administrative	1,070	919
Amortization and impairment charges	273	985
Other expenses	72	79
Total Expenses	3,526	3,398
Net Income (Loss) before income taxes	(596)	599
Adjusted base EBITDA	1,264	1,115
Total AUM	472,766	501,286

* This segment, along with our Lending segment substantially forms our "Private Resource Investments" platform.

(1) Compensation is presented excluding commission expense, which is reported net of commission revenue.

3 months ended

Adjusted base EBITDA in the quarter was $1.3 million, up $0.1 million (13%) from the prior period primarily due to higher net commissions on relatively flat private placement activity.

Non-EBITDA highlights:

- Losses on proprietary investments in the period were due to market value depreciation on warrants and other equity kickers received in certain transactions of our U.S. broker-dealer.
- Other loss was mainly driven by FX losses on Canadian dollar denominated cash and receivables.
- Increased non-cash stock based compensation resulting from higher LTIP amortization expense.

Lending*

(In thousands $)	3 months ended Mar. 31, 2018	Mar. 31, 2017
SUMMARY INCOME STATEMENT		
Management fees	1,062	142
Interest income (1)	2,775	5,407
Gains (losses) on proprietary investments	1,171	(506)
Gains (losses) on long-term investments	14	—
Other income (loss)	1,783	(354)
Total Revenues	6,805	4,689
Compensation	1,099	843
Placement and referral fees	31	—
Selling, general and administrative	468	215
Expected credit loss provisions (recoveries)	—	(4,942)
Amortization and impairment charges	2	1
Total Expenses	1,600	(3,883)
Net Income (Loss) before income taxes	5,205	8,572
Adjusted base EBITDA	2,757	9,660
Total AUM (2)	282,421	53,084

* This segment, along with our Global segment, substantially forms our "Private Resource Investments" platform.

(1) Includes interest income from: (1) on-balance sheet loans; and (2) co-investment income from lending LP units.

(2) The lending LPs have US$640 million in total firm commitments. During the quarter, US$23 million of committed capital was deployed, bringing our total deployed capital to US$220 million.

3 months ended

Adjusted base EBITDA was $2.8 million, down $6.9 million (72%) from the prior period. Excluding the impact of last year's loan loss provision reversal and related catch-up interest, adjusted base EBITDA was up $0.7 million (34%) from this time last year. The increase on a normalized basis was primarily due to higher management fees as we continue to deploy capital as fee generating AUM in our lending LPs in substitution of interest income previously earned from legacy on-balance sheet loans.

Non-EBITDA highlights:

- Gains on proprietary investments were due to market value appreciation on equity kickers received on certain loan arrangements.

- Other income was mainly driven by FX gains on U.S. dollar denominated cash, receivables and loans.

Merchant Banking and Advisory Services

	3 months ended	
(In thousands $)	Mar. 31, 2018	Mar. 31, 2017
SUMMARY INCOME STATEMENT		
Commissions	6,387	5,788
less: Commission Expense	3,139	2,424
Net Commissions	3,248	3,364
Management fees	—	85
Interest income	—	422
Gains (losses) on proprietary investments	(430)	(3)
Other income (loss)	4,498	549
Total Net Revenues	7,316	4,417
Compensation [1]	1,068	1,616
Placement and referral fees	103	6
Selling, general and administrative	370	1,012
Amortization and impairment charges	3	7
Total Expenses	1,544	2,641
Net Income (Loss) before income taxes	5,772	1,776
Adjusted base EBITDA	2,221	1,786

[1] Compensation is presented excluding commission expense, which is reported net of commission revenue.

3 months ended

Adjusted base EBITDA in the quarter was $2.2 million, up $0.4 million (24%) from the prior period:

- Primarily the result of lower compensation and SG&A expenses as we completed the sale of our non-core private wealth business this quarter as part of the overall Sale Transaction.

Non-EBITDA highlights:

- Loss on proprietary investments was the result of market value depreciation on equity kickers earned on private placement transactions.

- Other income primarily related to the net sale proceeds received on the Sale Transaction (specifically, the non-core private wealth client business). See Note 6 of the interim financial statements.

Corporate

This segment is primarily a cost centre that provides capital, balance sheet management and shared services to the Company's subsidiaries.

	3 months ended	
(In thousands $)	Mar. 31, 2018	Mar. 31, 2017
SUMMARY INCOME STATEMENT		
Gains (losses) on proprietary investments	(782)	(674)
Gains (losses) on long-term investments	69	—
Other income (loss)	553	(688)
Total Revenues	(160)	(1,362)
Compensation	1,752	1,830
Selling, general and administrative	1,180	952
Amortization and impairment charges	20	14
Other expenses	722	—
Total Expenses	3,674	2,796
Net Income (Loss) before income taxes	(3,834)	(4,158)
Adjusted base EBITDA	(2,428)	(2,272)

3 months ended

- Losses on proprietary investments were due to market value depreciation of specific resource-focused equity holdings.
- Other income was due to FX gains as the U.S dollar strengthened in the quarter.
- Other expenses related primarily to non-recurring professional fees incurred in the quarter.

Dividends

The following dividends were declared by the Company during the 3 months ended March 31, 2018:

Record date	Payment Date	Cash dividend per share ($)	Total dividend amount (in thousands $)
March 12, 2018 - Regular Dividend Q4 - 2017	March 27, 2018	0.03	7,553
Dividends [(1)]			7,553

[(1)] Subsequent to the quarter-end, on May 10, 2018, a regular dividend of $0.03 per common share was declared for the quarter ended March 31, 2018. This dividend is payable on June 5, 2018 to shareholders of record at the close of business on May 21, 2018.

Capital Stock

Including the 12.1 million unvested common shares currently held in the EPSP Trust (December 31, 2017 - 10.4 million), total capital stock issued and outstanding was 251.8 million (December 31, 2017 - 244.5 million). The increase from December 31, 2017 was primarily due to the issuance of shares as part of the purchase of CFCL on January 16, 2018.

Earnings per share for the current and prior periods have been calculated using the weighted average number of shares outstanding during the respective periods. Basic earnings per share was $0.06 for the three months ended compared to $0.04 in the prior period. Diluted earnings per share were $0.05 for the three months ended compared to $0.04 in the prior period. Diluted earnings per share reflects the dilutive effect of in-the-money stock options, shares held in the EPSP Trust for the equity incentive plan, estimated earn-out shares being accrued over the earn-out vesting period, and outstanding restricted stock units.

A total of 7.7 million stock options are outstanding pursuant to our stock option plan, of which 5.9 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, 2018, the Company had an undrawn credit facility with a major Canadian chartered bank. 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, Sprott Global Resource Investment Ltd. 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, 2018, the Company had no direct on-balance sheet loan commitments (December 31, 2017 - $9.9 million) and $1.8 million of co-investment commitments from the Lending segments (December 31, 2017 - $7.8 million).

Significant Accounting Judgments and Estimates

The interim financial statements have been prepared in accordance with IFRS standards in effect as at March 31, 2018, 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. Except as otherwise noted, significant accounting judgments and estimates are described in Note 2 of the December 31, 2017 annual audited financial statements and have been applied consistently to the interim financial statements as at and for the three months ended March 31, 2018.

During the current quarter, the Company adopted IFRS 9 Financial Instruments (“IFRS 9”) and IFRS 15 Revenue from Contracts with Customers (“IFRS 15”). As a result, the Company changed its accounting policies. As permitted by the transition provision of both IFRS 9 and IFRS 15, the Company elected not to restate comparative period results. Accordingly, all comparative period information is presented in accordance with previous accounting policies.

Managing Risk: Financial

Market risk

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

Price risk

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

Interest rate risk

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

Foreign currency risk

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

Credit risk

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

Loans receivable

The Company incurs credit risk primarily in the loan portfolio of Sprott Resource Lending Corporation ("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 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 expected credit loss provisions 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 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, 2018, 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, 2018

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

As at *(In thousands of Canadian dollars)*		Mar. 31 2018	Dec. 31 2017
Assets			
Current			
Cash and cash equivalents		52,097	156,120
Fees receivable		11,285	13,776
Loans receivable	*(Note 5)*	19,214	17,218
Proprietary investments	*(Note 3)*	39,542	64,564
Other assets	*(Note 6)*	10,876	23,161
Income taxes recoverable		1,837	1,356
Total current assets		134,851	276,195
Loans receivable	*(Note 5)*	31,253	31,455
Long-term investments	*(Note 3)*	56,810	49,763
Other assets	*(Note 6)*	—	1,448
Property and equipment, net		6,036	5,299
Intangible assets	*(Note 4)*	148,173	16,452
Goodwill	*(Note 4)*	24,692	24,023
Deferred income taxes	*(Note 8)*	5,362	5,214
		272,326	133,654
Total assets		407,177	409,849
Liabilities and Shareholders' Equity			
Current			
Accounts payable and accrued liabilities		21,277	15,812
Compensation payable		5,120	10,667
Obligations related to securities sold short	*(Note 3)*	8,543	24,993
Note payable	*(Note 13)*	5,500	9,900
Income taxes payable		965	3,179
Total current liabilities		41,405	64,551
Deferred income taxes	*(Note 8)*	1,012	1,434
Total liabilities		42,417	65,985
Shareholders' equity			
Capital stock	*(Note 7)*	405,138	392,556
Contributed surplus	*(Note 7)*	40,608	39,907
Deficit		(112,218)	(118,272)
Accumulated other comprehensive income		31,232	29,673
Total shareholders' equity		364,760	343,864
Total liabilities and shareholders' equity		407,177	409,849
Commitments and provisions	*(Note 12)*		

The accompanying notes form part of the financial statements

"Jack C. Lee"
Director

"Sharon Ranson"
Director

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (UNAUDITED)

(In thousands of Canadian dollars, except for per share amounts)		*For the three months ended* Mar. 31 2018	Mar. 31 2017
Revenues			
Management fees		14,056	20,677
Performance fees		1,117	131
Commissions		8,857	8,200
Interest income		2,775	5,829
Gains (losses) on proprietary investments		(1,879)	(1,969)
Gains (losses) on long-term investments		56	—
Other income	*(Note 6)*	6,533	1,338
Total revenue		31,515	34,206
Expenses			
Compensation		10,902	14,370
Stock-based compensation	*(Note 7)*	2,958	1,316
Trailer fees		47	2,944
Sub-advisor fees		—	1,060
Placement and referral fees		204	68
Expected credit loss provisions (recoveries)	*(Note 5)*	—	(4,942)
Selling, general and administrative		4,652	6,566
Amortization of intangibles	*(Note 4)*	555	1,572
Amortization of property and equipment		133	218
Other expenses	*(Note 6)*	1,179	934
Total expenses		20,630	24,106
Income before income taxes for the period		10,885	10,100
Provision for (recovery of) income taxes	*(Note 8)*	(2,772)	1,285
Net income for the period		13,657	8,815
Basic earnings per share	*(Note 7)*	$ 0.06	$ 0.04
Diluted earnings per share	*(Note 7)*	$ 0.05	$ 0.04

Net income for the period	13,657	8,815
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)	1,559	(564)
Total other comprehensive income (loss)	1,559	(564)
Comprehensive income	15,216	8,251

The accompanying notes form part of the financial statements

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, 2017		234,098,634	392,556	39,907	(118,272)	29,673	343,864
IFRS 9 transition adjustment		—	—	—	(50)	—	(50)
Shares acquired for equity incentive plan	*(Note 7)*	(2,362,500)	(7,058)	—	—	—	(7,058)
Shares released on vesting of equity incentive plan	*(Note 7)*	675,656	1,656	(1,656)	—	—	—
Foreign currency translation gain on foreign operations		—	—	—	—	1,559	1,559
Issuance of share capital on purchase of management contracts	*(Note 7)*	6,997,387	17,284	—	—	—	17,284
Stock-based compensation	*(Note 7)*	—	—	2,958	—	—	2,958
Issuance of share capital on conversion of RSUs and other share based considerations	*(Note 7)*	309,401	664	(601)	—	—	63
Dividends declared	*(Note 10)*	11,762	36	—	(7,553)	—	(7,517)
Net income		—	—	—	13,657	—	13,657
Balance, Mar. 31, 2018		239,730,340	405,138	40,608	(112,218)	31,232	364,760
At Dec. 31, 2016		243,190,293	411,231	41,802	(126,264)	33,545	360,314
Shares acquired for equity incentive plan		—	—	—	—	—	—
Shares released on vesting of equity incentive plan		1,407,938	3,763	(3,763)	—	—	—
Foreign currency translation loss on foreign operations		—	—	—	—	(564)	(564)
Stock-based compensation		—	—	1,316	—	—	1,316
Issuance of share capital on conversion of RSUs and other share based considerations		86,130	196	(111)	—	—	85
Dividends declared		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

The accompanying notes form part of the financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands of Canadian dollars, other than number of shares)	*For the three months ended* Mar. 31 2018	Mar. 31 2017
Operating Activities		
Net income for the period	13,657	8,815
Add (deduct) non-cash items:		
Losses on proprietary investments	1,879	1,969
Losses (gains) on Long-term investments	(56)	—
Stock-based compensation	2,958	1,316
Amortization of property, equipment and intangible assets	688	1,790
Expected credit loss provision (recoveries)	—	(4,942)
Deferred income tax recovery	(568)	(812)
Current income tax expense	(2,204)	2,097
Other items	(735)	(301)
Income taxes paid	(520)	(6,295)
Changes in:		
Fees receivable	2,492	15,584
Loans receivable	(1,845)	(716)
Accounts payable, accrued liabilities and compensation payable	(4,485)	(5,271)
Other assets	13,697	(5,256)
Cash provided by operating activities	24,958	7,978
Investing Activities		
Purchase of investments	(12,645)	(15,181)
Sale of investments	13,117	5,405
Purchase of property and equipment	(870)	(534)
Deferred sales commissions paid	—	(62)
Purchase of intangible assets	(114,995)	—
Cash used in investing activities	(115,393)	(10,372)
Financing Activities		
Acquisition of common shares for equity incentive plan	(7,058)	—
Dividends paid	(7,517)	(7,432)
Cash used in financing activities	(14,575)	(7,432)
Effect of foreign exchange on cash balances	987	(247)
Net decrease in cash and cash equivalents during the year	(104,023)	(10,073)
Cash and cash equivalents, beginning of the year	156,120	123,955
Cash and cash equivalents, end of the period	52,097	113,882
Cash and cash equivalents:		
Cash	52,097	113,620
Short-term deposits	—	262
	52,097	113,882
Supplementary disclosure of cash flow information		
Amount of interest received during the year	1,143	624

The accompanying notes form part of the financial statements

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 2600, 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, 2018, 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. Except as otherwise noted, significant accounting judgments and estimates are described in Note 2 of the December 31, 2017 annual audited financial statements and have been applied consistently to the interim financial statements as at and for the three months ended March 31, 2018.

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 fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"), both 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") and 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.; and
- Sprott Inc. 2011 Employee Profit Sharing Plan Trust (the "Trust").

Changes in accounting policies

During the current quarter, the Company adopted IFRS 9 Financial Instruments ("IFRS 9") and IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). As a result, the Company changed its accounting policies in the areas outlined below. As permitted by the transition provisions of both IFRS 9 and IFRS 15, the Company elected not to restate comparative period results. Accordingly, any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognized in the opening retained earnings of the current period. See "Expected credit losses" section of Note 5 for further details. There was no material transitional impact on conversion to IFRS 15.

Classification and measurement of Financial Assets

Under IFRS 9, financial assets are measured at initial recognition at fair value, and are classified and subsequently measured at FVTPL, amortized cost or FVOCI.

Financial assets are measured at amortized cost if the contractual terms of the instrument give rise to cash flows that are solely payments of principal and interests on the principal amount outstanding and it is held within a business model whose objective is to hold assets to collect contractual cash flows.

All Financial assets that are not measured at amortized cost or FVOCI are measured at FVTPL. This includes all derivative financial assets the Company may hold.

The adoption of IFRS 9 required the following reclassifications of financial assets and liabilities:

	IFRS 9	IAS 39
Cash and Cash equivalents	Amortized Cost	Held for Trading
Fees Receivable and Loans receivable	Amortized Cost	Loans and Receivable
Proprietary investments:		
- Public equities	FVTPL	Held for Trading
- Co-invested fund strategies	FVTPL	Held for Trading
- Private Holdings	FVTPL	Held for Trading
Accounts payable and accrued liabilities	Other Financial Liabilities	Other Financial Liabilities

Impairment of financial assets

Expected credit losses are a probability-weighted estimate of future credit losses. Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows the Company expects to receive.

At each reporting date, management assesses the probability of default and the loss given default using economic and market trends, quoted credit rating of the borrower, market value of the asset, and appraisals, if any, of the security underlying the loan. The impairment is then classified into three stages:

- Stage 1 - For Loans where credit risk has not increased significantly, an impairment is recognized equal to the credit losses expected to result from defaults occurring over the following twelve months.
- Stage 2 - For Loans where credit risk has increased significantly, an impairment is recognized equal to the credit losses expected to result from defaults occurring over the life of the loan.
- Stage 3 - For Loans which are credit impaired, a loss allowance is recognized equal to the expected lifetime of the Loan. Any subsequent recognition of interest income for which an expected credit loss provision exists, is calculated at the discount rate used in determining the provision, which may differ from the contractual rate of interest.

Recognition of income and related expenses

The Company receives variable consideration in the form of Management fees, which are allocated to distinct time periods in which the management services are being provded. Management fees are recognized when they are no longer susceptible to market factors and no longer subject to a significant reversal in revenue/

The Company may also earn performance fees. These fees are recognized when they are no longer susceptible to market factors or subject to a significant reversal in revenue, which is determined subject to agreements in the underlying funds.

Commission income is recognized when the related services are rendered and no longer subject to a significant reversal in revenue.

Costs related to obtaining a contract with clients ("placement fees") are amortized on a systematic basis related to the transfer of services to those clients.

Other accounting policies

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

3. PROPRIETARY INVESTMENTS, OBLIGATIONS RELATED TO SECURITIES SOLD SHORT AND LONG-TERM INVESTMENTS

Proprietary investments and Obligations related to securities sold short

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

	Classification and measurement criteria	Mar. 31, 2018	Dec. 31, 2017
Public equities and share purchase warrants	FVTPL	23,569	43,446
Co-invested fund strategies	FVTPL	5,755	12,132
Fixed income securities	FVTPL	358	249
Private holdings:			
- Private Investments	FVTPL	5,708	4,269
- Energy Contracts	Non-financial instrument	4,152	4,468
Total proprietary investments		39,542	64,564
Obligations related to securities sold short*	FVTPL	8,543	24,993

* 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 $8.1 million (December 31, 2017 - $26.7 million) of long positions in investment strategies and $6.9 million (December 31, 2017 - $25.0 million) of short positions.

Long-term investments

Long-term investments consists of the following (in thousands $):

	Classification and measurement criteria	Mar. 31, 2018	Dec. 31, 2017
Public equities and share purchase warrants	FVTPL	—	1,639
Co-invested fund strategies	FVTPL	42,838	35,972
Private holdings			
- Private Investments	FVTPL	13,972	12,152
Total long-term investments		56,810	49,763

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	Deferred sales commissions	Total
Cost					
At Dec. 31, 2016	177,749	12,348	49,371	10,171	249,639
Asset acquisitions	—	—	—	—	—
Net additions and (disposals)	—	—	—	(10,171)	(10,171)
Net exchange differences	(10,867)	—	(1,955)	—	(12,822)
At Dec. 31, 2017	166,882	12,348	47,416	—	226,646
Asset acquisitions	—	132,279	—	—	132,279
Net exchange differences	4,305	—	719	—	5,024
At Mar. 31, 2018	171,187	144,627	48,135	—	363,949
Accumulated amortization and impairment losses					
At Dec. 31, 2016	(152,039)	(12,348)	(27,794)	(8,689)	(200,870)
Amortization charge for the year	—	—	(4,980)	(620)	(5,600)
Net impairment charge for the year	—	—	—	9,309	9,309
Net exchange differences	9,180	—	1,810	—	10,990
At Dec. 31, 2017	(142,859)	(12,348)	(30,964)	—	(186,171)
Amortization charge for the period	—	—	(293)	—	(293)
Net exchange differences	(3,636)	—	(984)	—	(4,620)
At Mar. 31, 2018	(146,495)	(12,348)	(32,241)	—	(191,084)
Net book value at:					
Dec. 31, 2017	24,023	—	16,452	—	40,475
Mar. 31, 2018	24,692	132,279	15,894	—	172,865

Impairment assessment of goodwill

The Company identified seven CGUs as for goodwill impairment and testing purposes: Exchange Listed Products, Alternative Asset Management, Global, Lending, Consulting, Merchant Banking & Advisory and Corporate.

As at March 31, 2018, the Company had allocated $24.7 million (December 31, 2017 - $24.0 million) of goodwill on a relative value approach basis to the Exchange Listed Products and Alternative Asset Management CGUs.

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 impairment in either the Exchange Listed Products CGU or the Alternative Asset Management CGU.

Impairment assessment of indefinite life fund management contracts

As at March 31, 2018, the Company had an exchange listed fund management contract within the Exchange Listed Products CGU of $132.3 million related to the purchase of the Central Fund of Canada in the first quarter of the year. There were no indicators of impairment as at March 31, 2018.

Impairment assessment of finite life fund management contracts

As at March 31, 2018, the Company had no fixed-term limited partnerships within the Global CGU (December 31, 2017 - $0.4 million) and exchange listed funds within the Exchange Listed Products CGU of $15.9 million (December 31, 2017 - $16.1 million). There were no indicators of impairment as at March 31, 2018.

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 expected credit loss loss provisions on the expected credit loss provisions line of the consolidated statements of operations. Total carrying value consists of the following (in thousands $):

	Mar. 31, 2018	Dec. 31, 2017
Loans		
Loan principal	54,070	53,272
Accrued interest	667	252
Deferred revenue	(4,220)	(4,851)
Amortized cost	50,517	48,673
Expected credit loss provisions	(50)	—
Total carrying value of loans receivable	50,467	48,673
Less: current portion	(19,214)	(17,218)
Total carrying value of non-current loans receivable	31,253	31,455

Expected credit losses ("ECL")

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 original 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, 2018, the Company performed a comprehensive review of each loan measured at amortized cost in its portfolio to determine the requirement for an ECL provision. One loan was identified on transition to IFRS 9 as requiring a Stage 1 ECL provision of $50 thousand (December 31, 2017 - $Nil), which was recorded through opening retained earnings under the transitional provision of IFRS 9.

Interest income on impaired loans and the changes in expected credit loss provisions are as follows (in thousands $):

	For the three months ended	
	Mar. 31, 2018	Mar. 31, 2017
Interest on impaired loans	—	—
Expected credit loss provisions		
Balance, beginning of the year	—	4,993
Transition adjustment	50	—
Revised balance, beginning of the year	50	4,993
Expected credit loss provision (recovery)	—	(4,942)
Net exchange differences	—	(51)
Balance, end of period	50	—

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, 2018		Dec. 31, 2017	
	Number of Loans	(in thousands $)	Number of Loans	(in thousands $)
Metals and mining	2	14,831	2	13,384
Energy and other	4	39,239	5	39,888
Total loan principal	6	54,070	7	53,272

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, 2018		Dec. 31, 2017	
	Number of Loans	(in $ thousands)	Number of Loans	($ in thousands)
Canada	2	8,578	2	8,578
United States of America	2	30,661	3	31,310
Peru	1	1,547	1	1,505
South Africa	1	13,284	1	11,879
Total loan principal	6	54,070	7	53,272

Priority of security charges

As at March 31, 2018 and December 31, 2017, all of the Company's loans are senior secured.

6. OTHER ASSETS, INCOME AND EXPENSES

Other assets

Other assets consist of the following (in thousands $):

	Mar. 31, 2018	Dec. 31, 2017
Fund recoveries and investment receivables	7,291	17,168
Deferred CFCL acquisition charges (1)	—	4,751
Prepaid expenses	2,229	1,947
Other (2)	1,356	743
Total Other assets	10,876	24,609

(1) Includes legal, proxy, solicitation and investor relations costs.

(2) Other includes miscellaneous third-party receivables.

Other income

Other income consist of the following (in thousands $):

	Mar. 31, 2018	Mar. 31, 2017
Net proceeds from Sale Transaction (1)	4,200	—
Other investment income (2)	1,122	1,979
Foreign exchange gain (losses)	857	(1,137)
Total Other income (3)	6,179	842

(1) Gross proceeds of $5.0 million, net of transaction costs of $0.8 million. This relates to the January 29, 2018 closing of the sale of our non-core private wealth client business.

(2) Primarily includes investment fund income, syndication and trailer fee income.

(3) Excludes royalty income of $0.4 million (March 31, 2017 - $0.5 million), which is presented net of operating, depletion and impairment charges below.

Other expenses

Other expenses consist of the following (in thousands $):

	Mar. 31, 2018	Mar. 31, 2017
Costs (recoveries) related to energy assets (1)	30	(40)
Other (2)	795	477
Total Other expenses	825	437

(1) Includes operating, depletion and impairment charges, net of royalty income of $0.4 million (March 31, 2017 - $0.5 million) which is presented as Other income on the Statement of Operations.

(2) Primarily include non-recurring professional fees.

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, 2016	243,190,293	411,231
Issuance of share capital under dividend reinvestment program	231,133	541
Issuance of share capital on conversion of RSU	755,413	1,728
Cancellation of repurchased shares	(5,000,000)	(11,000)
Acquired for equity incentive plan	(8,100,000)	(17,882)
Released on vesting of equity incentive plan	3,021,795	7,938
At Dec. 31, 2017	234,098,634	392,556
Issuance of share capital under dividend reinvestment program	11,762	36
Issuance of share capital on purchase of management contracts	6,997,387	17,284
Issuance of share capital on conversion of RSU	309,401	664
Acquired for equity incentive plan	(2,362,500)	(7,058)
Released on vesting of equity incentive plan	675,656	1,656
At Mar. 31, 2018	239,730,340	405,138

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, 2016	41,802
Expensing of Stock-based compensation over the vesting period	6,692
Issuance of share capital on conversion of RSUs and other share based considerations	(649)
Released on vesting of common shares for equity incentive plan	(7,938)
At Dec. 31, 2017	39,907
Expensing of Stock-based compensation over the vesting period	2,958
Issuance of share capital on conversion of RSUs and other share based considerations	(601)
Released on vesting of common shares for equity incentive plan	(1,656)
At Mar. 31, 2018	40,608

Stock option plan

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

There were 750,000 stock options issued for the quarter ended March 31, 2018 (three months ended March 31, 2017 - nil). There were no stock options forfeited during the quarter ended March 31, 2018 (three months ended March 31, 2017 - nil)

For valuing share option grants, the fair value method of accounting is used. The fair value of option grants is determined using the Black-Scholes option-pricing model, which takes into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Compensation cost is recognized over the 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, 2016	10,900	4.16
Options exercisable, December 31, 2016	4,100	7.10
Options forfeited	(3,925)	2.42
Options outstanding, December 31, 2017	6,975	5.14
Options exercisable, December 31, 2017	5,625	5.79
Options issued	750	2.33
Options outstanding, March 31, 2018	7,725	4.87
Options exercisable, March 31, 2018	5,875	5.55

Options outstanding and exercisable as at March 31, 2018 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	0.1	2,450
6.60	150	2.6	150
2.33	5,000	7.8	5,000
2.73	125	8.1	125
2.33 to 10.00	7,725	5.0	7,725

Equity incentive plan

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

There were 309,401 RSUs issued during the quarter ended March 31, 2018 (three months ended March 31, 2017 - 246,832). The Trust purchased 2.4 million shares in the three months ended March 31, 2018 (three ended March 31, 2017 - Nil).

	Number of common shares
Common shares held by the Trust, December 31, 2016	5,287,752
Acquired	8,100,000
Released on vesting	(3,021,795)
Unvested common shares held by the Trust, December 31, 2017	10,365,957
Acquired	2,362,500
Released on vesting	(675,656)
Unvested common shares held by the Trust, March 31, 2018	12,052,801

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, 2018	Mar. 31, 2017
Stock option plan	235	494
EPSP / EIP	2,723	822
	2,958	1,316

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, 2018	Mar. 31, 2017
Numerator ($ in thousands):		
Net income - basic and diluted	13,657	8,815
Denominator (Number of shares in thousands):		
Weighted average number of common shares	251,391	247,612
Weighted average number of unvested shares purchased by the Trust	(10,481)	(3,895)
Weighted average number of common shares - basic	240,910	243,717
Weighted average number of dilutive stock options	1,201	141
Weighted average number of unvested shares purchased by the Trust	10,481	3,895
Weighted average number of common shares - diluted	252,592	247,753
Net income per common share		
Basic	$ 0.06	$ 0.04
Diluted	$ 0.05	$ 0.04

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, 2018 and 2017, 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, 2018	Mar. 31, 2017
Current income tax expense (recovery)		
Based on taxable income of the current period	(2,204)	2,047
Other	—	51
	(2,204)	2,098
Deferred income tax expense (recovery)		
Total deferred income tax expense	(568)	(813)
Income tax expense reported in the statements of operations	(2,772)	1,285

Taxes calculated on the Company's 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, 2018	Mar. 31, 2017
Income before income taxes	10,885	10,100
Tax calculated at domestic tax rates applicable to profits in the respective countries	2,873	2,751
Tax effects of:		
Non-deductible stock-based compensation	103	162
Non-taxable capital (gains) and losses	(458)	275
Capital losses not benefited	—	43
Goodwill/Intangibles	(4,794)	82
Adjustments in respect of previous periods	—	(11)
Other temporary differences not benefited	(334)	(301)
Non-capital losses not benefited	(1,014)	(1,850)
Rate differences and other	852	134
Tax charge	(2,772)	1,285

The weighted average statutory tax rate was 26.4% (March 31, 2017 - 27.2%). This decrease was mainly due to decreased 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 $33 million of unused non-capital tax losses and $12 million of unused capital tax losses from prior years that will begin to expire in 2027 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, 2018

	Dec. 31, 2017	Recognized in income	Recognized in other comprehensive income	Mar. 31, 2018
Deferred income tax assets				
Other stock-based compensation	2,588	391	—	2,979
Non-capital losses	820	748	—	1,568
Other	485	(302)	—	183
Total deferred income tax assets	3,893	837	—	4,730
Deferred income tax liabilities				
Fund management contracts	431	(33)	(2)	396
Unrealized gains	(481)	355	—	(126)
Proceeds receivable	279	11	—	290
Other	(116)	(64)	—	(180)
Total deferred income tax liabilities	113	269	(2)	380
Net deferred income tax assets	3,780	568	2	4,350

For the year ended December 31, 2017

	Dec. 31, 2016	Recognized in income	Recognized in other comprehensive income	Dec. 31, 2017
Deferred income tax assets				
Other stock-based compensation	4,223	(1,635)	—	2,588
Non-capital losses	553	267	—	820
Other	571	(86)	—	485
Total deferred income tax assets	5,347	(1,454)	—	3,893
Deferred income tax liabilities				
Fund management contracts	2,039	(1,547)	(61)	431
Deferred sales commissions	392	(392)	—	—
Unrealized gains	186	(667)	—	(481)
Proceeds receivable	993	(714)	—	279
Other	73	(189)	—	(116)
Total deferred income tax liabilities	3,683	(3,509)	(61)	113
Net deferred income tax assets (liabilities)	1,664	2,055	61	3,780

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, 2018 and December 31, 2017 (in thousands $).

Proprietary Investments

Mar. 31, 2018	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	18,318	5,251	—	23,569
Co-invested fund strategies	5,702	53	—	5,755
Fixed income securities	—	358	—	358
Private holdings	—	—	5,708	5,708
Obligations related to securities sold short	(8,543)	—	—	(8,543)
Total net recurring fair value measurements	15,477	5,662	5,708	26,847

Dec. 31, 2017	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	37,845	5,600	—	43,445
Co-invested fund strategies	9,571	2,561	—	12,132
Fixed income securities	—	249	—	249
Private holdings	—	—	4,270	4,270
Obligations related to securities sold short	(24,993)	—	—	(24,993)
Total net recurring fair value measurements	22,423	8,410	4,270	35,103

Long-term investments

Mar. 31, 2018	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	—	—	—	—
Co-invested fund strategies	—	42,838	—	42,838
Private holdings	—	—	13,972	13,972
Total net recurring fair value measurements	—	42,838	13,972	56,810

Dec. 31, 2017	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	—	1,639	—	1,639
Co-invested fund strategies	—	35,972	—	35,972
Private holdings	—	—	12,152	12,152
Total net recurring fair value measurements	—	37,611	12,152	49,763

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, 2018				
	Dec. 31, 2017	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Mar. 31, 2018
Private holdings	16,422	2,811	—	447	19,680
	16,422	2,811	—	447	19,680

	Changes in the fair value of Level 3 measurements - Dec. 31, 2017				
	Dec. 31, 2016	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Dec. 31, 2017
Private holdings	12,814	273	(16)	3,351	16,422
Fixed income securities	1,264	—	(1,264)	—	—
	14,078	273	(1,280)	3,351	16,422

During the three months ended March 31, 2018, the Company transferred public equities of $0.7 million (Dec. 31, 2017 - $2.9 million) from Level 2 to Level 1 within the fair value hierarchy due to the release of trading restrictions by the issuer. The Company purchased level 3 investments of $1.3 million and transferred $Nil (Dec. 31, 2017 - $3.3 million) from Level 3 to Level 1 within the fair value hierarchy.

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.
Co-invested fund 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 had a carrying value of $50.5 million (Dec. 31, 2017 - $48.7 million) and a fair value of $54.2 million (Dec. 31, 2017 - $52.8 million). Loans receivable lack an available trading market, are not typically exchanged, and have been recorded at amortized cost less impairment. The fair value of resource loans 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 measured at amortized cost would fall under Level 3 of the fair value hierarchy.

10. DIVIDENDS

The following dividends were declared by the Company during the three months ended March 31, 2018:

Record date	Payment Date	Cash dividend per share ($)	Total dividend amount (in thousands $)
March 12, 2018 - Regular Dividend Q4 - 2017	March 27, 2018	0.03	7,553
Dividends [1]			7,553

[1] Subsequent to the quarter-end, on May 10, 2018, a regular dividend of $0.03 per common share was declared for the quarter ended March 31, 2018. This dividend is payable on June 5, 2018 to shareholders of record at the close of business on May 21, 2018.

11. SEGMENTED INFORMATION

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

- Exchange Listed Products, which provides management services to the Company's closed-end physical trusts and exchange traded funds ("ETFs"), both of which are actively traded on public securities exchanges.
- Alternative Asset Management, which provides asset management and sub-advisory 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 lending activities through limited partnership vehicles as well as through direct lending activities using the Company's balance sheet;
- Merchant Banking and Advisory Services, which includes the activities of Sprott Capital Partners, a division of SPW. Effective this year, the results of our Canadian broker-dealer are presented separately from Corporate.
- Corporate, which provides capital, balance sheet management and enterprise shared services to the Company's subsidiaries. Effective this year, the results of this segment are presented separately from Merchant Banking and Advisory Services.
- All Other Segments, which do not meet the definition of reportable segments as per IFRS 8. Effective Q1, 2018, the Consulting segment is now part of "All Other Segments" as it no longer constitutes a reportable operating segment on its own, given its immateriality relative to the three quantitative tests of IFRS 8. Consulting is the only segment in this category as all other Company segments are reportable.

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, 2018

	Exchange Listed Products	Alternative Asset Management	Global	Lending	Merchant Banking & Advisory Services	Corporate [1]	Eliminations and All Other Segments [2]	Consolidated
Total revenue	7,927	2,968	3,539	6,805	10,455	(160)	(19)	31,515
Total expenses	2,473	2,244	4,135	1,600	4,683	3,674	1,821	20,630
Pre-tax Income (loss)	5,454	724	(596)	5,205	5,772	(3,834)	(1,840)	10,885
Adjusted base EBITDA	6,032	376	1,264	2,757	2,221	(2,428)	(195)	10,027

(1) Historically, this reportable segment included losses on proprietary investments relating to the Company's investment in Sprott Resource Holdings Inc. ("SRHI"). This has been reclassified to "All Other Segments" as SRHI is a managed company of the non-reportable Consulting segment.

(2) Inter-segment revenues and expenses are eliminated on consolidation and reflected in the Eliminations column. Effective Q1, 2018, the former Consulting segment no longer met the definition of a reportable segment as per IFRS 8.

For the three months ended March 31, 2017

	Exchange Listed Products	Alternative Asset Management	Global	Lending	Merchant Banking & Advisory Services	Corporate [1]	Eliminations and All Other Segments [2]	Consolidated
Total revenue	4,603	15,115	4,825	4,689	6,841	(1,362)	(505)	34,206
Total expenses	1,942	12,946	4,226	(3,883)	5,065	2,796	1,014	24,106
Pre-tax Income (loss)	2,661	2,169	599	8,572	1,776	(4,158)	(1,519)	10,100
Adjusted base EBITDA	2,932	2,662	1,115	9,660	1,786	(2,272)	(1)	15,882

(1) Historically, this reportable segment included losses on proprietary investments relating to the Company's investment in Sprott Resource Holdings Inc. ("SRHI"). This has been reclassified to "All Other Segments" as SRHI is a managed company of the non-reportable Consulting segment.

(2) Inter-segment revenues and expenses are eliminated on consolidation and reflected in the Eliminations column. Effective Q1, 2018, the former Consulting segment no longer met the definition of a reportable segment as per IFRS 8.

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, 2018	Mar. 31, 2017
Canada	27,976	29,381
United States	3,539	4,825
	31,515	34,206

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, 2018, the Company had no loan commitments (December 31, 2017 - $9.9 million) and $1.8 million of investment purchase commitments in the proprietary investments portfolio (December 31, 2017 - $7.8 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, 2018, no provisions were recognized.

13. RELATED PARTY TRANSACTIONS

On June 29, 2017, the Company participated in the secondary offering of 2176423 Ontario Ltd., a company beneficially owned by Mr. Eric Sprott. As part of the offering, the Sprott Inc. 2011 Employee Profit Sharing Trust purchased 7,500,000 shares for a total price of $16.5 million, which included a $9.9 million note payable over four years. As at March 31, 2018, the balance of the note payable is $5.5 million, which the Company intends to pay off within 12 months.

Corporate Information

Head Office
Sprott Inc.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2600
Toronto, Ontario M5J 2J1, Canada
T: 416.943.8099
1.855.943.8099

Directors & Officers
Jack C. Lee, Chairman
Peter Grosskopf, Chief Executive Officer and Director
Rick Rule, Director
Sharon Ranson, Director
Rosemary Zigrossi, Director
Ronald Dewhurst, Director
Kevin Hibbert, Chief Financial Officer
Arthur Einav, Corporate Secretary

Transfer Agent & Registrar
TMX Equity Transfer Services
200 University Avenue, Suite 300
Toronto, Ontario M5H 4H1
Toll Free: 1.866.393.4891
www.tmxequitytransferservices.com

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

Auditors
KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, ON M5H 2S5

Investor Relations
Shareholder requests may be directed to
Investor Relations by e-mail at ir@sprott.com
or via telephone at 416.943.8099
or toll free at 1.855.943.8099

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

Sprott

www.sprott.com