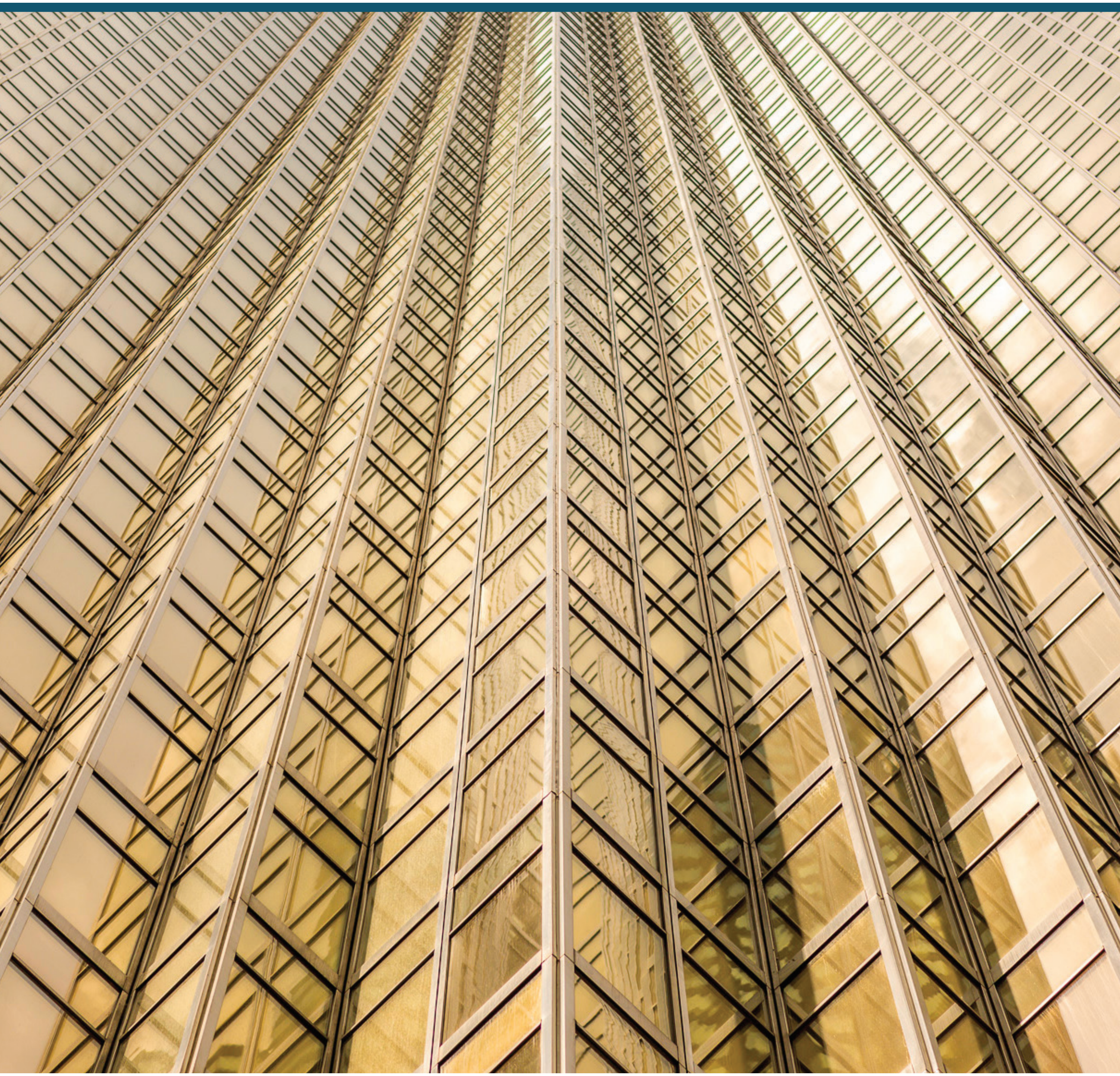
Sprott | 2019 First Quarter Report



Contrarian. Innovative. Aligned.

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May 9, 2019

Dear Shareholders,

After a strong finish to 2018, precious metals prices have weakened as investors' appetite for risk has been stoked by what appears to be a globally coordinated down shifting of previous interest rate hike programs. In light of their poor track record identifying prior asset bubbles, it seems absurd to us that central banks should still yield such universal influence over the markets. We believe patience is in order, as we sit in a world of record high debt levels, made possible not by growing incomes or GDP but rather by all-time low, and in many cases negative, interest rates. With credit and equity markets now addicted to an externally supplied fuel source, we remain confident that gold will provide our clients with insurance against the inevitable consequences from this global powder keg of debt and we have positioned our portfolios accordingly. Encouragingly, our views are steadily gaining traction with sophisticated investors who are increasing their gold allocations as a means of protecting capital.

As of March 31, 2019, Sprott's assets under management ("AUM") were largely unchanged from the end of 2018 at $10.6 billion. During the quarter, AUM growth in our Lending segment was offset by ongoing redemptions, a weaker US dollar and lower silver prices in our Exchange Listed Products segment. Adjusted base EBITDA in the quarter was $9.2 million, or $0.04 per share.

We continue to build scale in our lending business, with total AUM in that business segment now approaching $750 million after adding $233 million in AUM during the quarter. In February, we launched the Sprott Hathaway special situations strategy in a partnership with renowned gold equities manager, John Hathaway. This strategy is designed to capitalize on the coming wave of consolidation in the precious metals sector and early response from investors has been positive. We are continuing to explore other opportunities to expand our managed equities and exchange listed products business lines through new product launches, partnerships, and the potential acquisition of proven management teams and strategies.

After serving on Sprott's board of directors since the company completed its public listing in 2008, Jack Lee has decided to retire as Chairman. On behalf of the board of directors, Sprott management and employees, I would like to thank Jack for his wise counsel and many contributions to the company over the past 12 years. We wish him all the best in the future. We are pleased to announce that Ron Dewhurst will take over from Jack as Chairman. Ron has been a member of the board since 2017 and is an investment industry veteran with a wealth of experience building successful global asset managers. We look forward to working closely with Ron as we seek to accomplish our mission of becoming the global leader in precious metals investment management.

Thank you for your continued support.

Sincerely,

Peter Grosskopf
Chief Executive Officer

Management's Discussion and Analysis

Three months ended March 31, 2019

FORWARD LOOKING STATEMENTS

Certain statements in this Management's Discussion & Analysis ("MD&A"), and in particular the "Business Highlights and Growth Initiatives" section and "Outlook" subsection, contain forward-looking information (collectively referred to herein as the "Forward-Looking Statements") within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify Forward-Looking Statements. In particular, but without limiting the forgoing, this MD&A contains Forward-Looking Statements pertaining to: (i) expectations regarding deployment of capital called into our lending LPs in 2019; (ii) expectation that Lending net capital calls will occur over the mid-to-long term life of our funds; (iii) expectation that the strong finish to the price of gold last year will carry forward to 2019; (iv) expectations regarding our legacy balance sheet loans; (v) anticipation that earnings from the managed equities business will be relatively flat to slightly positive year-over-year; (vi) expectation of a challenging equity origination and placement fee environment, similar to what was experienced in 2018; (vii) expectation that we will see a material decrease in corporate expenses in 2019 and the primary reasons causing such decrease as described under the heading "Outlook - Corporate"; and (viii) the declaration, payment and designation of dividends.

Although the Company believes that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: (i) the impact of increasing competition in each business in which the Company operates will not be material; (ii) quality management will be available; (iii) the effects of regulation and tax laws of governmental agencies will be consistent with the current environment; and (iv) those assumptions disclosed herein under the heading "Significant Accounting Judgments, Estimates and Changes in Accounting Policies". 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 resulting in regulatory sanctions or reputational harm; (v) performance fee fluctuations; (vi) a business segment or another counterparty failing to pay its financial obligation; (vii) failure of the Company to meet its demand for cash or fund obligations as they come due; (viii) changes in the investment management industry; (ix) failure to implement effective information security policies, procedures and capabilities; (x) lack of investment opportunities; (xi) risks related to regulatory compliance; (xii) failure to manage risks appropriately; (xiii) failure to deal appropriately with conflicts of interest; (xiv) competitive pressures; (xv) corporate growth which may be difficult to sustain and may place significant demands on existing administrative, operational and financial resources; (xvi) failure to comply with privacy laws; (xvii) failure to successfully implement succession planning; (xviii) foreign exchange risk relating to the relative value of the U.S. dollar; (xix) litigation risk; (xx) failure to develop effective business resiliency plans; (xxi) failure to obtain or maintain sufficient insurance coverage on favourable economic terms; (xxii) historical financial information being not necessarily indicative of future performance; (xxiii) the market price of common shares of the Company may fluctuate widely and rapidly; (xxiv) risks relating to the Company's investment products; (xxv) risks relating to the Company's proprietary investments; (xxvi) risks relating to the Company's lending business; (xxvii) risks relating to the Company's merchant bank and advisory business; (xxviii) those risks described under the heading "Risk Factors" in the Company's annual information form dated February 27, 2019; and (xxix) those risks described under the headings "Managing Risk: Financial" and "Managing Risk: Non-Financial" in this MD&A. In addition, the payment of dividends is not guaranteed and the amount and timing of any dividends payable by the Company will be at the discretion of the Board of Directors of the Company and will be established on the basis of the Company's earnings, the satisfaction of solvency tests imposed by applicable corporate law for the declaration and payment of dividends, and other relevant factors. The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and the Company does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable Canadian securities laws.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This MD&A of financial condition and results of operations, dated May 9, 2019, presents an analysis of the consolidated financial condition of the Company and its subsidiaries as at March 31, 2019, compared with December 31, 2018, and the consolidated results of operations for the three months ended March 31, 2019, compared with the three months ended March 31, 2018. The Board of Directors approved this MD&A on May 9, 2019. All note references in this MD&A are to the notes to the Company's March 31, 2019 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, 2018.

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

Fund sales (net of redemptions) are a key performance indicator as new assets being managed will lead to higher management fees and can potentially lead to increased carried interest and performance fee generation given that AUM is also the basis upon which carried interest and performance fees are calculated.

Capital calls and distributions

Capital calls into our lending LPs is a key source of AUM creation, and ultimately, earnings for the Company. Once committed capital is called into our lending LPs, it is included within the AUM of the Company as it will now earn a management fee (note that it is possible for some forms of committed capital to earn a commitment fee, in which case, it will also be included in AUM at that time). Conversely, once loans in our lending LPs are repaid, capital may be returned to investors in the form of a distribution, thereby reducing our AUM.

Net Fees

Management fees, carried interest and performance fees, net of trailer and sub-advisor fees, carried interest and performance fee payouts, 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, arise from the transaction based service offerings of our brokerage segment.

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:

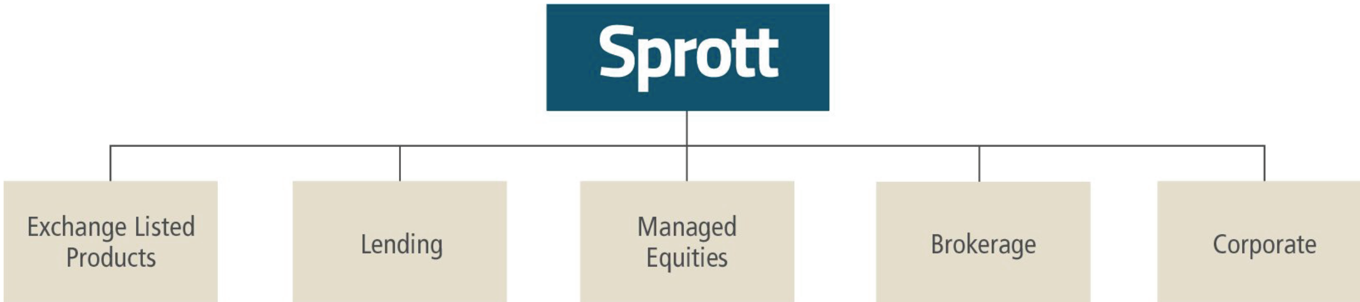
	3 months ended	
(in thousands $)	Mar. 31, 2019	Mar. 31, 2018
Net income (loss) for the periods	3,784	13,657
Adjustments:		
Interest expense	324	66
Provision (recovery) for income taxes	877	(2,772)
Depreciation and amortization	1,101	688
EBITDA	6,086	11,639
Other adjustments:		
(Gains) losses on proprietary investments	(73)	1,879
(Gains) losses on foreign exchange	1,025	(857)
Non-cash stock-based compensation	1,658	1,418
Net proceeds from Sale Transaction	—	(4,200)
Unamortized placement fees [(1)]	—	(268)
Other expenses[(2)]	488	974
Adjusted EBITDA	9,184	10,585
Other adjustments:		
Carried interest and performance fees	—	(1,117)
Carried interest and performance fee related expenses	—	559
Adjusted base EBITDA	9,184	10,027

(1) The March 31, 2018 comparative figure contained a placement fee amortization adjustment to ensure the 2018 results were comparable to 2017 in light of the 2018 adoption of IFRS 15.

(2) See Other Expenses in Note 6 of the interim financial statements. In addition to the items outlined in Note 6, Other expenses also includes severance and new hire accruals of $0.1 million for the 3 months ended (3 months ended March 31, 2018 - $0.1 million).

BUSINESS OVERVIEW

Our reportable operating segments are as follows:



Exchange Listed Products

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

Lending

- The Company's lending activities primarily occur through limited partnership vehicles ("lending LPs").

Managed Equities

- The Company's alternative investment strategies (open-end, closed-end, fixed-term LPs, etc.) managed in-house and on a sub-advised basis. Prior to Q1 2019, the Company's fixed-term LP vehicles formed part of the "Global segment" (which historically housed all of our U.S. business activities). Effective Q1 2019, Global no longer satisfied the qualitative tests of IFRS 8 as the geographic location of the U.S businesses is no longer a relevant consideration by management in the allocation of resources and assessment of product and service performance. Consequently, Global has been deconstructed and its fixed-term LP assets and earnings reallocated to the managed equities segment given that it is now at the managed equities level that the allocation of resources and assessment of product and service performance occurs by management.

Brokerage

- Formerly "Merchant Banking & Advisory Services", this segment has been renamed to reflect the inclusion of our U.S. broker-dealer alongside our Canada based broker-dealer as the Company's "brokerage segment". Prior to Q1 2019 , the Company's U.S. broker-dealer formed part of the "Global segment" (which historically housed all of our U.S. business activities). Effective Q1 2019, Global no longer satisfied the qualitative tests of IFRS 8 as the geographic location of the U.S. businesses is no longer a relevant consideration by management in the allocation of resources and assessment of product and service performance. Consequently, Global has been deconstructed and its U.S. broker-dealer assets and earnings reallocated to the brokerage segment given that it is now at the brokerage level (independent of geography) that the allocation of resources and assessment of product and service performance occurs by management.

Corporate

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

All Other Segments

- Contains all non-reportable segments as per IFRS 8. See note 11 of the interim financial statements for further details.

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 financial statements.

BUSINESS HIGHLIGHTS AND GROWTH INITIATIVES

Investment Performance

Market value depreciation was $133 million during the quarter. A weaker US dollar and slightly lower silver prices in our exchange listed products segment more than offset market value appreciation experienced in our managed equities and other AUM in the quarter.

Product and Business Line Expansion

- AUM in our lending LPs stood at $731 million (US$547 million) as of March 31, 2019. The $233 million (US$182 million) increase in the quarter was primarily due to additional new AUM arising from fee earning committed capital in a new lending LP and new capital calls into existing LPs.
- On January 11, 2019, the Company launched a new Korean co-managed private equity fund with KB Securities (KB Solar fund), raising $75 million in commitment fee earning AUM in the process.
- On February 6, 2019, the Company announced a joint venture with Tocqueville Asset Management to co-manage a new gold equities investment strategy (Sprott Hathaway Special Situations Fund), raising $27 million in initial AUM in the process.

Outlook

Exchange Listed Products

- We continue to expect the strong finish to the price of gold last year to carry forward to 2019, however, the benefit of higher gold prices will be somewhat offset by starting 2019 with a lower AUM base given our 2018 redemption experience which continued in the first quarter of 2019.

Lending

- We continue to expect a relatively steady deployment of called capital (AUM growth) into our lending LPs in 2019, ranging from US$200 million - US$400 million by end of this year. Over that same time period, we expect our legacy balance sheet loans to continue running off at about the same pace it has historically. However, to the extent that loan repayments outpace capital deployments, declines in 2019 interest income could outpace increases in 2019 management fees from our lending LPs. There is also the risk of capital distributions outpacing capital calls in the near term, however, we do expect net capital calls to occur over the mid-to-long term life of our funds. We anticipate the balance sheet run-off to reach a conclusion by end of 2019.

Managed Equities

- We continue to anticipate earnings from this business to be relatively flat to slightly positive year-over-year.

Brokerage

- We continue to expect a challenging equity origination and placement fee environment, similar to what was experienced in 2018.

Corporate

- We continue to expect to see a material decrease in corporate expenses in 2019, primarily due to: (1) lower LTIP amortization as the graded vesting schedule of the 2017 grants reach the low points of the amortization schedule; and (2) slightly flat to lower SG&A as we continue our cost containment efforts.

SUMMARY FINANCIAL INFORMATION

(In thousands $)	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
SUMMARY INCOME STATEMENT								
Management fees	13,558	13,182	13,722	14,559	14,056	10,247	13,597	20,460
Carried interest and performance fees	—	—	—	685	1,117	3,584	835	126
less: Trailer and sub-advisor fees	—	38	45	49	47	225	1,043	3,886
less: Carried interest and performance fee payouts	—	—	—	356	559	2,267	—	12
Net Fees	13,558	13,144	13,677	14,839	14,567	11,339	13,389	16,688
Commissions	4,409	6,414	4,573	7,516	8,857	7,366	4,746	8,878
less: Commission expense	1,844	2,704	2,447	2,701	3,667	2,855	1,553	3,364
Net Commissions	2,565	3,710	2,126	4,815	5,190	4,511	3,193	5,514
Interest income	3,918	4,244	4,824	3,293	3,066	3,588	2,789	3,387
Gains (losses) on proprietary investments	73	3,912	(4,765)	(3,050)	(1,879)	(63)	(3,770)	613
Gains (losses) on long-term investments	(67)	3,007	(151)	(72)	56	3,639	—	—
Other income (loss)	(644)	2,453	(275)	3,683	6,242	1,144	31,487	(2,648)
Total Net Revenues	19,403	30,470	15,436	23,508	27,242	24,158	47,088	23,554
Compensation [(1)]	8,387	11,163	8,167	10,634	9,485	10,631	5,655	11,784
Compensation - severance and new hire accruals	146	38	359	—	149	2,193	62	196
Placement and referral fees	78	368	223	148	204	833	782	4,628
Selling, general and administrative	4,069	4,171	3,404	4,905	4,586	5,739	5,084	6,112
Interest Expense	324	312	26	15	66	22	124	51
Amortization and impairment charges [(2)]	1,101	598	457	456	688	1,386	1,473	1,778
Other expenses	637	606	790	802	1,179	2,069	703	289
Total Expenses	14,742	17,256	13,426	16,960	16,357	22,873	13,883	24,838
Net Income (Loss)	3,784	9,831	1,975	5,916	13,657	2,519	29,804	(3,606)
Net Income (Loss) per share	0.02	0.04	0.01	0.02	0.06	0.01	0.12	(0.01)
Adjusted base EBITDA	9,184	10,092	9,707	10,686	10,027	7,524	8,007	8,751
Adjusted base EBITDA per share	0.04	0.04	0.04	0.04	0.04	0.03	0.03	0.04
SUMMARY BALANCE SHEET								
Total Assets	444,325	428,215	401,366	403,985	407,177	409,849	408,093	387,636
Total Liabilities	72,172	55,094	36,486	36,372	42,417	65,985	61,707	62,925
Cash	48,193	47,252	41,452	37,974	52,097	156,120	152,952	96,572
less: syndicate cash holdings	(12,218)	(10,421)	(967)	(796)	(932)	(776)	(649)	(477)
Net cash	35,975	36,831	40,485	37,178	51,165	155,344	152,303	96,095
Proprietary and long-term investments	134,681	129,271	115,744	120,853	96,352	114,327	134,306	137,505
less: obligations related to securities sold short	—	(255)	—	(2,927)	(8,543)	(24,993)	(25,988)	(26,577)
Net investments	134,681	129,016	115,744	117,926	87,809	89,334	108,318	110,928
Loans receivable	32,360	36,021	36,532	40,208	50,467	48,673	46,215	67,804
Investable Capital	203,016	201,868	192,761	195,312	189,441	293,351	306,836	274,827
Total Enterprise AUM	10,569,449	10,578,426	10,066,112	11,126,042	11,591,213	7,323,382	7,191,512	9,306,457

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

[(2)] Starting Q1, 2019, in order to comply with the new IFRS 16 accounting standard, certain lease assets have now been capitalized and depreciated over their expected lease term. See Note 2, Changes in Accounting Policies of the interim financial statements.

SUMMARY MANAGEMENT FEE BREAKDOWN

Below is a detailed list of management fee rates on our fund products as at March 31, 2019 (in millions $):

FUND	AUM	BLENDED NET MANAGEMENT FEE RATE	CARRIED INTEREST AND PERFORMANCE FEE CRITERIA
Exchange Listed Products			
Sprott Physical Gold and Silver Trust	3,466	0.40%	N/A [1]
Sprott Physical Gold Trust	2,745	0.35%	N/A [1]
Sprott Physical Silver Trust	1,131	0.45%	N/A [1]
Sprott Gold Miner's ETF	197	0.57%	N/A [1]
Sprott Physical Platinum & Palladium Trust	139	0.50%	N/A [1]
Sprott Jr. Gold Miner's ETF	72	0.57%	N/A [1]
Total	7,750	0.40%	
Lending			
Sprott Private Resource Lending LPs	731	1.11%	15-70% of net profits over guaranteed return
Managed Equities: In-house			
Sprott U.S. Value Strategies	305	0.98%	15% of all net profits in excess of the HWM
Fixed Term Limited Partnerships	241	1.70%	15-30% over guaranteed return
Separately Managed Accounts [2]	48	1.00%	N/A
Total	594	1.27%	
Managed Equities: Sub-advised			
Bullion Funds [3]	319	0.51%	5% excess over applicable benchmark indices
Corporate Class Funds [3]	130	0.75%	5% excess over applicable benchmark indices
Flow-through LPs [3]	74	0.70%	10% of all net profits in excess of the HWM
Total	523	0.60%	
Other			
Managed Companies [4]	686	0.50%	N/A
Separately Managed Accounts [5]	285	0.61%	20% of net profits over guaranteed return
Total	971	0.53%	
Total AUM	10,569	0.52%	

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

[2] Institutional managed accounts.

[3] Management fee rate represents the net amount received by the Company as sub-advisor for these products.

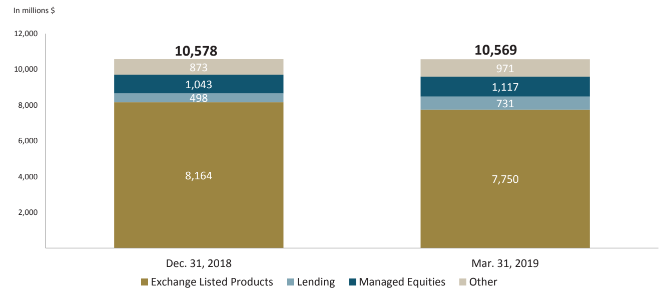
[4] Includes Sprott Resource Holdings Inc. and Sprott Korea Corp.

[5] Includes our private equity strategy in Sprott Asia and high net worth discretionary managed accounts in the U.S.

RESULTS OF OPERATIONS

AUM SUMMARY

AUM was $10.6 billion as at March 31, 2019, down slightly from December 31, 2018. We benefited from $264 million of additional AUM arising from a combination of new commitment fee earning assets and new capital calls in our lending LPs. We also benefited from $118 million in new AUM from fund launches in our managed equities segment and our Korea based business (included in the "other" section below). However, these net sales items were more than offset by physical trust redemptions, a weaker US dollar and lower silver prices in our exchange listed products segment.

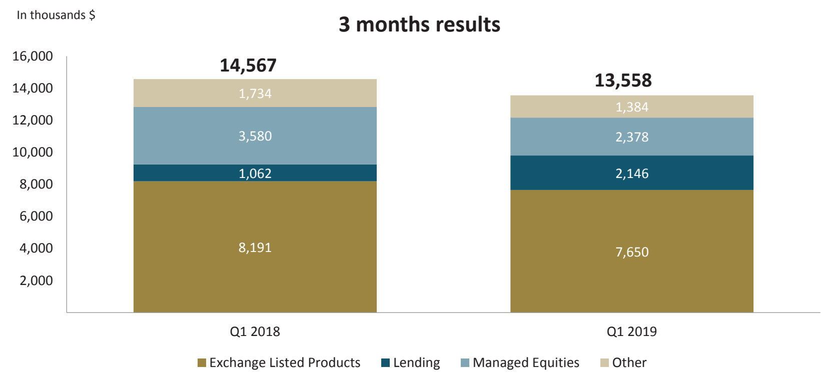


In millions $	AUM Dec. 31, 2018	Net Sales & Capital Calls	Market Value Change	Distributions, Acquisitions & Divestitures	AUM Mar. 31, 2019
Exchange Listed Products					
- Physical Trusts	7,927	(260)	(186)	—	7,481
- ETFs	237	17	15	—	269
	8,164	(243)	(171)	—	7,750
Lending	498	264	(16)	(15) (1)	731
Managed Equities					
- In-house	295	27	31	—	353
- Sub-advised	505	19	(1)	—	523
- Fixed Term LPs	243	—	(2)	—	241
	1,043	46	28	—	1,117
Other	873	72	26	—	971
Total	10,578	139	(133)	(15)	10,569

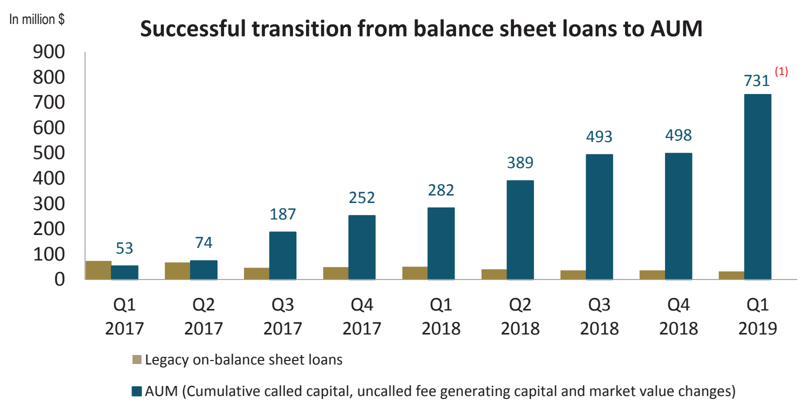
(1) Distributions of principal receipts to clients of our lending LPs.

KEY REVENUE LINES

Net Fees in the quarter were $13.6 million, down $1.0 million (7%) from the prior period. Excluding net performance fees generated in the prior period ($0.6 million), the decrease on a three months ended basis was 3% and was due to lower average AUM in our exchange listed products and managed equities segments. This decline more than offset the increased fee generation from our lending LPs as we continue to grow our lending AUM.



Interest Income in the quarter was $3.9 million, up $0.9 million (28%) from the prior period. The increase on a three months ended basis was primarily due to increased income from co-investments made in our lending LPs.

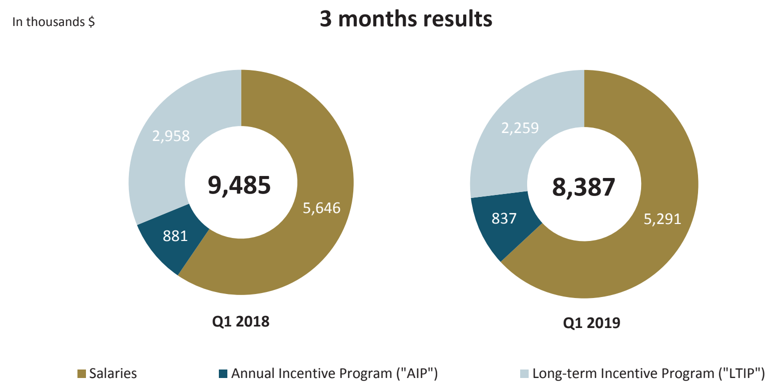


(1) $1,137 million (US$851 million) of committed capital remains uncalled, of which $240 million (US$180 million) earns a commitment fee (AUM), and $897 million (US$671 million) does not (future AUM).

Net Commissions in the quarter were $2.6 million, down $2.6 million (51%) from the prior period. The decline was due to weak equity origination and placement activities in our brokerage segment.

KEY EXPENSE LINES

Compensation, excluding commissions, carried interest and performance fee payouts, which are presented net of their related revenues in this MD&A, and severance and new hire accruals which are non-recurring, was $8.4 million, down $1.1 million (12%) from the prior period.The decrease was primarily due to lower equity amortization as well as lower salaries on lower head count.



SG&A was $4.1 million in the quarter, down $0.5 million (11%) from the prior period. This was largely due to adoption of IFRS 16 and our on-going cost containment program.

ADDITIONAL REVENUE AND EXPENSE HIGHLIGHTS

Proprietary investments gains during the quarter were due to market value movements of certain resource equity holdings.

Loss on long-term investments was due to market value depreciation of certain long-term investments.

Other income was lower in the quarter. The decrease was primarily due to net sales proceeds received on last year's Sale Transaction and from FX losses on U.S dollar dominated cash, receivables and loans.

Placement and referral fees were lower in the quarter due to less usage of placement agents in our lending business.

Interest expense was higher in the quarter due to the draw down of our loan facility (see Note 12 of the interim financial statements) and interest accruals on leases from the adoption of IFRS 16.

Amortization of intangibles was lower due to finite life fund management contracts related to fixed term LPs in our managed equities segment being fully amortized by the end of the first quarter of the prior period.

Amortization of property and equipment was higher during the quarter due to increased depreciation expense related to leases that were capitalized on the adoption of IFRS 16.

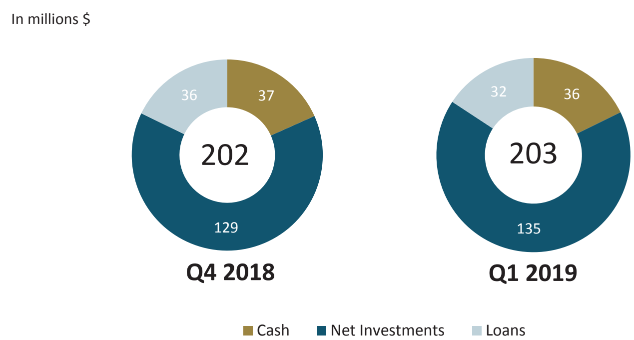
Other expenses were lower in the quarter due to lower non-recurring professional fees and costs related to our energy assets.

Adjusted Base EBITDA

Adjusted base EBITDA in the quarter was $9.2 million, down $0.8 million (8%) from the prior period. The decrease was primarily due to lower net commissions on lower equity origination and placement activities in our brokerage segment and lower fee income earned in our exchange listed products and managed equities segments. These decreases more than offset higher management fees, commitment fees and co-investment income in our lending segment, lower LTIP amortization and lower SG&A.

Balance Sheet

Investable Capital was $203 million, up $1 million (1%) from December 31, 2018.



Total Assets were $444 million, up $16 million (4%) from December 31, 2018. The increase was primarily due to increased long term investments made in the quarter, as well as the capitalization of leases on adoption of IFRS 16.

Total Liabilities were $72 million, up $17 million (31%) from December 31, 2018. The increase was primarily due to the draw down of $23.8 million on our loan facility to help fund current and anticipated co-investments in our lending LPs over the next 12-18 months. The increase is also due to the recording of a lease liability on adoption of IFRS 16. These increases were partially offset by the payment of prior year's accrued liabilities in the quarter.

Total Shareholder's Equity was $372 million, down $1 million from December 31, 2018.

REPORTABLE OPERATING SEGMENTS

Exchange Listed Products

	3 months ended	
(In thousands $)	Mar. 31, 2019	Mar. 31, 2018
SUMMARY INCOME STATEMENT		
Management fees	7,650	8,191
Other income (loss)	(357)	(264)
Total Revenues	7,293	7,927
Compensation	1,051	1,324
Selling, general and administrative	900	835
Interest expense	274	—
Amortization and impairment charges	317	314
Total Expenses	2,542	2,473
Net Income before income taxes	4,751	5,454
Adjusted base EBITDA	5,699	6,032
Total AUM	7,750,030	9,014,378

3 months ended

Adjusted base EBITDA in the quarter was $5.7 million, down $0.3 million (6%) from the prior period. The decrease was primarily due to lower management fees given redemption experience in our physical trusts. This was only partially offset by lower LTIP amortization.

Non-EBITDA highlights:

- Other loss during the quarter was mainly driven by FX movements on U.S dollar dominated cash and receivables.

Lending

(In thousands $)	3 months ended Mar. 31, 2019	Mar. 31, 2018
SUMMARY INCOME STATEMENT		
Management fees	2,146	1,062
Interest income [1]	3,310	2,775
Gains (losses) on proprietary investments	(1,421)	1,171
Gains on long-term investments	(11)	14
Other income (loss)	(642)	1,783
Total Revenues	3,382	6,805
Compensation	1,360	1,099
Placement and referral fees	8	31
Selling, general and administrative	119	468
Amortization and impairment charges	36	2
Total Expenses	1,523	1,600
Net Income before income taxes	1,859	5,205
Adjusted base EBITDA	4,042	2,757
Total AUM [2]	731,237	282,421

[1] Includes: (1) interest income from on-balance sheet loans; and (2) co-investment income from lending LP units held as part of our long-term investments portfolio.

[2] $1,137 million (US$851 million) of committed capital remains uncalled, of which $240 million (US$180 million) earns a commitment fee (AUM), and $897 million (US$671 million) does not (future AUM).

3 months ended

Adjusted base EBITDA in the quarter was $4.0 million, up $1.3 million (47%) from the prior period. The increase was primarily due to higher management fees (including commitment fees) and co-investment income on increased capital calls and new commitment fee earning AUM.

Non-EBITDA highlights:

- Losses on proprietary investments were due to market value depreciation on equity kickers received on certain loan arrangements.
- Other loss was mainly driven by FX movements on U.S dollar dominated cash, receivables and loans.

Managed Equities*

	3 months ended	
(In thousands $)	Mar. 31, 2019	Mar. 31, 2018
SUMMARY INCOME STATEMENT		
Management fees	2,419	3,172
Carried interest and performance fees	—	1,061
less: Trailer and sub-advisor fees	41	94
less: Carried interest and performance fee payouts	—	559
Net Fees	2,378	3,580
Gains (losses) on proprietary investments	545	9
Gains (losses) on long-term investments	59	(27)
Other income (loss)	211	(467)
Total Net Revenues	3,193	3,095
Compensation	2,184	1,505
Selling, general and administrative	569	344
Amortization and impairment charges	73	331
Total Expenses	2,826	2,180
Net Income before income taxes	367	915
Adjusted base EBITDA	915	1,314
Total AUM	1,117,211	1,366,661

*See "Managed Equities" in the business overview section on page 7 of this MD&A.

3 months ended

Adjusted base EBITDA in the quarter was $0.9 million, down $0.4 million (30%) from the prior period. The decrease was primarily due to lower market valuation in our fixed-term LPs which led to lower management fee income.

Non-EBITDA highlights:

- Compensation increased due to non-recurring stock based compensation expense on a new hire.

Brokerage*

(In thousands $)	3 months ended Mar. 31, 2019	Mar. 31, 2018
SUMMARY INCOME STATEMENT		
Commissions	4,306	8,263
less: Commission Expense	1,864	3,701
Net Commissions	2,442	4,562
Management fees	372	475
Interest income	608	291
Gains (losses) on proprietary investments	297	(649)
Other income (loss)	65	4,261
Total Net Revenues	3,784	8,940
Compensation (1)	2,408	2,839
Placement and referral fees	59	142
Selling, general and administrative	1,485	1,323
Interest expense	21	—
Amortization and impairment charges	186	13
Other expenses	—	72
Total Expenses	4,159	4,389
Net Income (Loss) before income taxes	(375)	4,551
Adjusted base EBITDA	3	2,127

*See "Brokerage" in the business overview section on page 7 of this MD&A.

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

3 months ended

Adjusted base EBITDA in the quarter was nominal, down $2.1 million from the prior period. The decrease was primarily due to lower net commissions on weak equity origination and placement activity.

Non-EBITDA highlights:

- Gains on proprietary investments were the result of market value appreciation on equity kickers earned on private placements.
- Other income in the prior period was primarily related to net sales proceeds received on last year's Sale Transaction. 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, 2019	Mar. 31, 2018
SUMMARY INCOME STATEMENT		
Gains (losses) on proprietary investments	(155)	(782)
Gains (losses) on long-term investments	(115)	69
Other income (loss)	118	553
Total Revenues	(152)	(160)
Compensation	886	1,752
Selling, general and administrative	803	1,114
Interest expense	29	66
Amortization and impairment charges	483	20
Other expenses	334	722
Total Expenses	2,535	3,674
Net Income (Loss) before income taxes	(2,687)	(3,834)
Adjusted base EBITDA	(1,691)	(2,428)

3 months ended

- Proprietary investments losses during the quarter were due to market value depreciation of certain resource equity holdings.
- Long-term investment losses were due to market value depreciation of our long-term investments.
- Lower compensation expense was largely a result of lower LTIP amortization.
- Lower SG&A was largely due to our on-going cost containment program.

Dividends

The following dividends were declared by the Company during the 3 months ended March 31, 2019:

Record date	Payment Date	Cash dividend per share ($)	Total dividend amount (in thousands $)
March 08, 2019 - Regular Dividend Q4 - 2018	March 25, 2019	0.03	7,602
Dividends [1]			7,602

[1] Subsequent to quarter-end, on May 9, 2019, a regular dividend of $0.03 per common share was declared for the quarter ended March 31, 2019. This dividend is payable on June 5, 2019 to shareholders of record at the close of business on May 21, 2019.

Capital Stock

Including the 9.1 million unvested common shares currently held in the EPSP Trust (December 31, 2018 - 9.9 million), total capital stock issued and outstanding was 253.5 million (December 31, 2018 - 253.0 million).

Earnings per share for the current and prior periods have been calculated using the weighted average number of shares outstanding during the respective periods. Basic earnings per share was $0.02 for the three months ended compared to $0.06 in the prior period. Diluted earnings per share was $0.01 for the three months ended compared to $0.05 in the prior period. Diluted earnings per share reflects the dilutive effect of in-the-money stock options, unvested shares held in the EPSP Trust and outstanding restricted stock units.

A total of 3.3 million stock options are outstanding pursuant to our stock option plan, of which 2.6 million are exercisable.

Liquidity and Capital Resources

As at March 31, 2019, the Company had $23.8 million (December 31, 2018 - $Nil) outstanding on its credit facility, $5 million of which is due within 12 months and $18.8 million is due after 12 months (December 31, 2018 - $Nil and $Nil respectively).

The Company has a 5 year, $90 million credit facility with a major Canadian schedule I chartered bank. The facility consists of a $25 million term loan and a $65 million revolving line of credit. 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. During the quarter, the Company drew $23.8 million on the term loan portion of the credit facility to avoid its expiry and to partially fund near-term anticipated growth in the business, in particular, the anticipated pace of capital calls over the next 12-18 months in its lending LPs. Key terms under the credit facility are noted below:

<u>Structure</u>

- 5-year, $65 million revolver with "bullet maturity" December 31, 2022
- 5-year, $25 million term loan with 5% of principal amortizing quarterly

<u>Interest Rate</u>

- Prime rate + 0 bps or;
- Banker Acceptance Rate + 170 bps

<u>Covenant Terms</u>

- AUM more than 70% of AUM at origination date (compliant at March 31, 2019)
- Debt to EBITDA less than 3.25:1 for first 18 months, after which, debt to EBITDA less than 2.50:1 (compliant at March 31, 2019)
- EBITDA to interest expense more than 2.50:1 (compliant at March 31, 2019)

Commitments

Besides the Company's long-term lease agreements, there may be commitments to provide loans or make co-investments in lending LPs arising from our Lending segment or commitments to make investments in the net investments portfolio of the Company. As at March 31, 2019, the Company had $5.7 million in co-investment commitments from the Lending segment (December 31, 2018 - $38.7 million).

Significant Accounting Judgments, Estimates and Changes in Accounting Policies

The interim financial statements have been prepared in accordance with IFRS standards in effect as at March 31, 2019, 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, 2018 annual audited financial statements and have been applied consistently to the interim financial statements as at and for the three ended March 31, 2019.

In Q1, 2019 the Company adopted IFRS 16 *Leases* ("IFRS 16") and IFRIC 23 *Uncertainty over Income Tax Treatments ("IFRIC 23")*. As a result, the Company changed its accounting policies. As permitted by the transition provision of IFRS 16, the Company elected not to restate comparative period results. Accordingly, all comparative period information is presented in accordance with previous accounting policies. The adoption of IFRIC 23 did not have a material impact on the Company's financial statements.

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 on and off-balance sheet assets and liabilities will result in changes in carrying value or recoverable amounts. The Company's revenues are also exposed to price risk since management fees, carried interests and performance fees 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.

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. Management takes into account a number of factors and is committed to several processes to ensure that this risk is appropriately managed.

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 on balance sheet loans, co-investments in lending LPs and its net investments portfolio.

Loans receivable

The Company incurs credit risk primarily in the on-balance sheet loans of Sprott Resource Lending Corporation ("SRLC") and through co-investments made in the lending LPs managed by SRLC. In addition to the relative default probability of SRLC borrowers (both directly via on balance sheet loans and indirectly via borrowers of the lending LPs we co-invest with), 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 and co-investments 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 loan. Additionally, the value of the Company's underlying security in a loan 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 loan origination process, management takes into account a number of factors and is committed to several processes to ensure that this risk is appropriately managed.

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. Management takes into account a number of factors and is committed to several processes to ensure that this risk is appropriately managed.

Net investments

The Company incurs credit risk when entering into, settling and financing transactions with counterparties. Management takes into account a number of factors and is committed to several processes to ensure that this risk is appropriately managed.

Other

The majority of accounts receivable relate to management fees, carried interest 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 $90 million committed line of credit with a major Canadian schedule I chartered bank. 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 (both directly via on balance sheet loans and indirectly via borrowers of the lending LPs we co-invest with). The Company manages its loan commitment liquidity risk through the ongoing monitoring of scheduled loan fundings and repayments ("match funding") and through its broader treasury risk management program and enterprise capital budgeting.

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 the line of credit; liquidating net investments; and/or issuing common shares.

Concentration risk

A significant portion of the Company's AUM as well as its net investments and loans are focused on the natural resource sector, and in particular, precious metals related investments and transactions. In addition, from time-to-time, certain net investment and loan positions may be concentrated to a material degree in a single position or group of positions. Management takes into account a number of factors and is committed to several processes to ensure that this risk is appropriately managed.

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 of March 31, 2019, 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, 2019

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

As at *(In thousands of Canadian dollars)*		Mar. 31 2019	Dec. 31 2018
Assets			
Current			
Cash and cash equivalents		48,193	47,252
Fees receivable		7,816	8,635
Loans receivable	*(Note 5)*	14,967	15,275
Proprietary investments	*(Note 3)*	20,574	26,711
Other assets	*(Note 6)*	12,038	10,774
Income taxes recoverable		2,688	2,379
Total current assets		106,276	111,026
Loans receivable	*(Note 5)*	17,393	20,746
Long-term investments	*(Note 3)*	114,107	102,560
Other assets	*(Note 6)*	1,446	1,214
Property and equipment, net		23,626	12,334
Intangible assets	*(Note 4)*	149,855	148,324
Goodwill	*(Note 4)*	25,590	26,115
Deferred income taxes	*(Note 8)*	6,032	5,896
		338,049	317,189
Total assets		444,325	428,215
Liabilities and Shareholders' Equity			
Current			
Accounts payable and accrued liabilities		32,465	41,641
Compensation payable		4,268	9,466
Obligations related to securities sold short	*(Note 3)*	—	255
Loan facility	*(Note 12)*	5,000	—
Income taxes payable		605	607
Total current liabilities		42,338	51,969
Other accrued liabilities		7,305	—
Loan facility	*(Note 12)*	18,750	—
Deferred income taxes	*(Note 8)*	3,779	3,125
Total liabilities		72,172	55,094
Shareholders' equity			
Capital stock	*(Note 7)*	415,952	412,938
Contributed surplus	*(Note 7)*	44,140	43,383
Deficit		(121,019)	(117,201)
Accumulated other comprehensive income		33,080	34,001
Total shareholders' equity		372,153	373,121
Total liabilities and shareholders' equity		444,325	428,215
Commitments and provisions	*(Note 13)*		

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 2019	Mar. 31 2018
Revenues			
Management fees		13,558	14,056
Carried interest and performance fees		—	1,117
Commissions		4,409	8,857
Interest income		3,918	3,066
Gain (loss) on proprietary investments	*(Note 3)*	73	(1,879)
Gain (loss) on long-term investments	*(Note 3)*	(67)	56
Other income (loss)	*(Note 6)*	(644)	6,242
Total revenue		21,247	31,515
Expenses			
Compensation		8,118	10,902
Stock-based compensation	*(Note 7)*	2,259	2,958
Trailer and sub-advisor fees		—	47
Placement and referral fees		78	204
Selling, general and administrative		4,069	4,586
Interest expense		324	66
Amortization of intangibles	*(Note 4)*	292	555
Amortization of property and equipment		809	133
Other expenses	*(Note 6)*	637	1,179
Total expenses		16,586	20,630
Income before income taxes for the period		4,661	10,885
Provision (recovery) for income taxes	*(Note 8)*	877	(2,772)
Net income for the period		3,784	13,657
Basic earnings per share	*(Note 7)*	$ 0.02	$ 0.06
Diluted earnings per share	*(Note 7)*	$ 0.01	$ 0.05

Net income for the period	3,784	13,657
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation gain (loss) on foreign operations (taxes of $Nil)	(921)	1,559
Total other comprehensive income (loss)	(921)	1,559
Comprehensive income	2,863	15,216

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, 2018		243,062,337	412,938	43,383	(117,201)	34,001	373,121
Shares acquired for equity incentive plan	*(Note 7)*	(130,000)	(405)	—	—	—	(405)
Shares released on vesting of equity incentive plan	*(Note 7)*	968,967	2,285	(2,285)	—	—	—
Foreign currency translation gain on foreign operations		—	—	—	—	(921)	(921)
Stock-based compensation	*(Note 7)*	—	—	2,259	—	—	2,259
Issuance of share capital on conversion of RSUs and other share based considerations	*(Note 7)*	476,030	1,086	783	—	—	1,869
Dividends declared	*(Note 10)*	15,323	48	—	(7,602)	—	(7,554)
Net income		—	—	—	3,784	—	3,784
Balance, Mar. 31, 2019		244,392,657	415,952	44,140	(121,019)	33,080	372,153
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		(2,362,500)	(7,058)	—	—	—	(7,058)
Shares released on vesting of equity incentive plan		675,656	1,656	(1,656)	—	—	—
Foreign currency translation loss on foreign operations		—	—	—	—	1,559	1,559
Issuance of share capital on purchase of management contracts		6,997,387	17,284	—	—	—	17,284
Stock-based compensation		—	—	2,958	—	—	2,958
Issuance of share capital on conversion of RSUs and other share based considerations		309,401	664	(601)	—	—	63
Dividends declared		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

The accompanying notes form part of the financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the three months ended	
(In thousands of Canadian dollars, other than number of shares)	Mar. 31 2019	Mar. 31 2018
Operating Activities		
Net income for the period	3,784	13,657
Add (deduct) non-cash items:		
Loss (gain) on proprietary investments	(73)	1,879
Loss (gain) on Long-term investments	67	(56)
Stock-based compensation	2,259	2,958
Amortization of property, equipment and intangible assets	1,101	688
Current portion of lease liability	(1,962)	—
Deferred income tax recovery	500	(568)
Current income tax expense	377	(2,204)
Other items	440	(735)
Income taxes paid	(750)	(520)
Changes in:		
Fees receivable	819	2,492
Loans receivable	3,661	(1,845)
Accounts payable, accrued liabilities and compensation payable	(14,374)	(4,485)
Other assets	(1,496)	13,697
Cash provided by operating activities	(5,647)	24,958
Investing Activities		
Purchase of investments	(13,366)	(12,645)
Sale of investments	7,323	13,117
Purchase of property and equipment	(2,833)	(870)
Purchase of intangible assets	—	(114,995)
Cash provided by (used in) investing activities	(8,876)	(115,393)
Financing Activities		
Acquisition of common shares for equity incentive plan	(405)	(7,058)
Net advances from loan facility	23,750	—
Dividends paid	(7,554)	(7,517)
Cash used in financing activities	15,791	(14,575)
Effect of foreign exchange on cash balances	(327)	987
Net increase (decrease) in cash and cash equivalents during the period	941	(104,023)
Cash and cash equivalents, beginning of the period	47,252	156,120
Cash and cash equivalents, end of the period	48,193	52,097
Cash and cash equivalents:		
Cash	42,930	52,097
Short-term deposits	5,263	—
	48,193	52,097
Supplementary disclosure of cash flow information		
Amount of interest received during the period	1,588	1,143

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, 2019, 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, 2018 annual audited financial statements and have been applied consistently to the interim financial statements as at and for the three months ended March 31, 2019.

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 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 Capital Partners LP ("SCP");
- Sprott Consulting LP ("SC");
- Sprott Asia LP ("Sprott Asia") and Sprott Korea Corporation ("Sprott Korea");
- Sprott U.S. Holdings Inc. ("SUSHI"), parent of: (1) Rule Investments Inc. ("RII") (2) Sprott Global Resource Investments Ltd. ("SGRIL"); (3) Sprott Asset Management USA Inc. ("SAM US"); and (4) Resource Capital Investment Corporation ("RCIC");
- Sprott Resource Lending Corp. ("SRLC");
- Sprott Genpar Ltd.; and
- Sprott Inc. 2011 Employee Profit Sharing Plan Trust (the "Trust")

Changes in accounting policies

In the first quarter of the year, the Company adopted IFRS 16 *Leases* ("IFRS 16") and IFRIC 23 *Uncertainty over Income Tax Treatments ("IFRIC 23")*. As a result, the Company changed its accounting policies in the areas outlined below. As permitted by the transition provisions of IFRS 16, the Company applied a modified retrospective approach. Accordingly, the Company elected not to restate comparative period results and there was no impact to opening retained earnings. The adoption of IFRIC 23 did not have a material effect on the Company's financial statement.

Lease Commitments

The Company recognizes a right-to-use asset and a lease liability as at the lease commencement date. The right-to-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment. The lease liability is initially measured at the present value of future lease payments over the anticipated lease term, discounted using the Company's incremental borrowing rate. Upon transition to IFRS 16, a right-to-use asset and lease liability of $9.8 million were recorded. The right-to-use asset is presented on the property and equipment line of the consolidated balance sheet and the short and long-term portions of the lease liability are presented on the accounts payable and accrued liabilities line and other accrued liabilities line, respectively, of the consolidated balance sheet.

The Company used the practical expedient when applying IFRS 16 for short-term leases under 12 months and low-value assets such as IT equipment, with lease payments being expensed as they are occurred.

Prior to the adoption of IFRS 16, the Company classified its lease obligation as operating leases, with the lease payments being presented as selling, general and administrative line of the statement of operations. Upon transition to IFRS 16, the right-to-use asset is amortized on a straight-line basis over the term of the lease with the amortization expense being presented on the amortization of property and equipment line of the statement of operations. The lease liability is subsequently remeasured at amortized cost using the effective interest rate method, with the interest charge on the incremental borrowing rate being presented on the interest expense line of the statement of operations.

Other accounting policies

All other accounting policies, judgments, and estimates described in the annual audited 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

Consist of the following (in thousands $):

	Classification and measurement criteria	Mar. 31, 2019	Dec. 31, 2018
Public equities and share purchase warrants	FVTPL	13,093	19,066
Fixed income securities	FVTPL	2,777	2,796
Private holdings:			
- Private investments	FVTPL	2,766	2,830
- Energy contracts	Non-financial instrument	1,938	2,019
Total proprietary investments		20,574	26,711
Obligations related to securities sold short	FVTPL	—	255

Long-term investments

Consists of the following (in thousands $):

	Classification and measurement criteria	Mar. 31, 2019	Dec. 31, 2018
Co-investments in funds	FVTPL	84,976	72,739
Private holdings			
- Private investments	FVTPL	29,131	29,821
Total long-term investments		114,107	102,560

Realized gains and losses on financial assets classified at FVTPL are included in the gains (loss) on proprietary investments and Long-term investments on the consolidated statements of operations.

4 GOODWILL AND INTANGIBLE ASSETS

Consist of the following (in thousands $):

	Goodwill	Fund management contracts - indefinite life	Fund management contracts - finite life	Total
Cost				
At December 31, 2017	166,882	—	47,416	214,298
Additions	—	133,303	—	133,303
Net exchange differences	13,482	—	—	13,482
At December 31, 2018	180,364	133,303	47,416	361,083
Additions	—	1,830	—	1,830
Net exchange differences	(3,391)	(7)	—	(3,398)
At March 31, 2019	176,973	135,126	47,416	359,515
Accumulated amortization				
At December 31, 2017	(142,859)	—	(30,964)	(173,823)
Amortization charge for the period	—	—	(1,431)	(1,431)
Net exchange differences	(11,390)	—	—	(11,390)
At December 31, 2018	(154,249)	—	(32,395)	(186,644)
Amortization charge for the period	—	—	(292)	(292)
Net exchange differences	2,866	—	—	2,866
At March 31, 2019	(151,383)	—	(32,687)	(184,070)
Net book value at:				
December 31, 2018	26,115	133,303	15,021	174,439
March 31, 2019	25,590	135,126	14,729	175,445

Impairment assessment of goodwill

Previously, the Company reported seven cash generating units ("CGU") for goodwill impairment assessment and testing purposes:

- Exchange Listed Products
- Alternative Asset Management
- Global
- Lending
- Consulting
- Merchant Banking & Advisory
- Corporate

During the period, as the Company completed the reorganization of its reportable segments, the assets that were previously aggregated to create the Global CGU no longer met the requirements of a CGU as they no longer generated independent cash flows. As a result, these assets were disaggregated from the Global CGU, and were reallocated to existing CGUs with similar assets that generate largely independent cash flows (brokerage assets within the Brokerage CGU and fixed term LP assets within the Managed Equities CGU). Following this change, as at March 31, 2019, the Company CGUs are as follows:

- Exchange Listed Products
- Lending
- Managed Equities
- Brokerage
- Corporate

As at March 31, 2019, the Company had allocated $25.6 million (December 31, 2018 - $26.1 million) of goodwill on a relative value approach basis to the Exchange Listed Products and Managed Equities CGUs (previously called the Alternative Asset Management CGU).

In the normal course, goodwill is tested for impairment once per annum, which for the Company is during the fourth quarter of each year. During the first quarter impairment assessment process, there was no indicators of impairment in either the Exchange Listed Products CGU or the Managed Equities CGU.

Impairment assessment of indefinite life fund management contracts

As at March 31, 2019, the Company had an exchange listed fund management contract within the Exchange Listed Products CGU of $135.1 million related to Central Fund of Canada (December 31, 2018 - $133.3 million). There was no indicators of impairment as at March 31, 2019.

Impairment assessment of finite life fund management contracts

As at March 31, 2019, the Company had exchange listed fund management contracts within the Exchange Listed Products CGU of $14.7 million (December 31, 2018 - $15.0 million). There was no indicators of impairment as at March 31, 2019.

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 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, 2019	Dec. 31, 2018
Loans		
Loan principal	33,935	37,873
Accrued interest	48	14
Deferred revenue	(1,573)	(1,816)
Amortized cost	32,410	36,071
Loan loss provisions	(50)	(50)
Less: current portion	(14,967)	(15,275)
Total carrying value of non-current loans receivable	17,393	20,746

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, 2019, the Company performed a comprehensive review of each loan measured at amortized cost in its portfolio to determine the requirement for an ECL provision. There were no credit events in the period.

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, 2019	Mar. 31, 2018
Interest on impaired loans	—	—
Expected credit loss provisions		
Balance, beginning of the year	50	—
Transition adjustment	—	50
Revised balance, beginning of the year	50	50
Expected credit loss provision (recovery)	—	—
Net exchange differences	—	—
Balance, end of period	50	50

Sector distribution of loan principal

Distribution of Company outstanding loan principal balances by sector:

	Mar. 31, 2019		Dec. 31, 2018	
	Number of Loans	(in thousands $)	Number of Loans	(in thousands $)
Loans				
Metals and mining	1	31,020	1	34,931
Energy and other	2	2,915	2	2,942
Total loan principal	3	33,935	3	37,873

Geographic distribution of loan principal

Distribution of Company outstanding loan principal balances by geographic location of the underlying security:

	Mar. 31, 2019		Dec. 31, 2018	
	Number of Loans	(in thousands $)	Number of Loans	(in thousands $)
Loans				
Canada	1	1,578	1	1,578
United States of America	2	32,357	2	36,295
Total loan principal	3	33,935	3	37,873

6 OTHER ASSETS, INCOME AND EXPENSES

Other assets

Consist of the following (in thousands $):

	Mar. 31, 2019	Dec. 31, 2018
Fund recoveries and investment receivables	7,855	4,722
Prepaid expenses	4,017	5,369
Other (1)	1,612	1,897
Total Other assets	13,484	11,988

(1) Other includes miscellaneous third-party receivables.

Other income (loss)

Consist of the following (in thousands $):

	For the three months ended	
	Mar. 31, 2019	Mar. 31, 2018
Net proceeds from Sale Transaction (1)	—	4,200
Other investment income (2)	86	831
Foreign exchange gain (losses)	(1,025)	857
Total Other income (loss) (3)	(939)	5,888

(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 $0.3 million (March 31, 2018 - $0.4 million), which is presented net of operating, depletion and impairment charges below.

Other expenses

Consist of the following (in thousands $):

	For the three months ended	
	Mar. 31, 2019	Mar. 31, 2018
Costs (recoveries) related to energy assets (1)	11	30
Other	331	795
Total Other expenses	342	825

(1) Includes operating, depletion and impairment charges, net of royalty income of $0.3 million (March 31, 2018 - $0.4 million).

7 SHAREHOLDERS' EQUITY

Capital stock and contributed surplus

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

	Number of shares	Stated value (in thousands $)
At Dec. 31, 2017	234,098,634	392,556
Issuance of share capital under dividend reinvestment program	338,628	1,015
Issuance of share capital on purchase of management contracts	6,997,387	17,284
Released on exercise of stock option plan	558,048	1,217
Issuance of share capital on conversion of RSU	635,939	1,581
Acquired for equity incentive plan	(2,402,500)	(7,161)
Released on vesting of equity incentive plan	2,836,201	6,446
At Dec. 31, 2018	243,062,337	412,938
Issuance of share capital under dividend reinvestment program	15,323	48
Issuance of share capital on conversion of RSU and other share based considerations	476,030	1,086
Acquired for equity incentive plan	(130,000)	(405)
Released on vesting of equity incentive plan	968,967	2,285
At Mar. 31, 2019	244,392,657	415,952

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, 2017	39,907
Expensing of Stock-based compensation over the vesting period	12,358
Issuance of share capital on conversion of RSUs	(1,219)
Released on exercise of stock option plan	(1,217)
Released on vesting of common shares for equity incentive plan	(6,446)
At Dec. 31, 2018	43,383
Expensing of Stock-based compensation over the vesting period	2,259
Issuance of share capital on conversion of RSU and other share based considerations	783
Released on vesting of common shares for equity incentive plan	(2,285)
At Mar. 31, 2019	44,140

Stock option plan

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

There were no stock options issued for the quarter ended ended March 31, 2019 (three months ended March 31, 2018 - 750,000). There were no options exercised or forfeited in the quarter ended March 31, 2019 (three months ended March 31, 2018 - 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, 2017	6,975	5.14
Options exercisable, December 31, 2017	5,625	5.79
Options issued	750	2.33
Options exercised	(2,000)	2.33
Options expired	(2,450)	10.00
Options outstanding, December 31, 2018	3,275	2.57
Options exercisable, December 31, 2018	1,875	2.70
Options outstanding, March 31, 2019	3,275	2.57
Options exercisable, March 31, 2019	2,575	2.60

Options outstanding and exercisable as at March 31, 2019 are as follows:

Exercise price ($)	Number of outstanding options (in thousands)	Weighted average remaining contractual life (years)	Number of options exercisable (in thousands)
6.60	150	1.6	150
2.33	3,000	6.8	2,300
2.73	125	7.1	125
2.33 to 6.60	3,275	6.6	2,575

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 256,719 RSUs granted during the quarter ended ended March 31, 2019 (three months ended March 31, 2018 - 309,401). The Trust purchased 0.1 million shares in the quarter ended March 31, 2019 (three months ended March 31, 2018 - 2.4 million).

	Number of common shares
Common shares held by the Trust, December 31, 2017	10,365,957
Acquired	2,402,500
Released on vesting	(2,836,201)
Unvested common shares held by the Trust, December 31, 2018	9,932,256
Acquired	130,000
Released on vesting	(968,967)
Unvested common shares held by the Trust, March 31, 2019	9,093,289

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, 2019	Mar. 31, 2018
Stock option plan	74	235
EPSP / EIP	2,185	2,723
	2,259	2,958

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, 2019	Mar. 31, 2018
Numerator (in thousands $):		
Net income (loss) - basic and diluted	3,784	13,657
Denominator (Number of shares in thousands):		
Weighted average number of common shares	253,417	251,391
Weighted average number of unvested shares purchased by the Trust	(9,238)	(10,481)
Weighted average number of common shares - basic	244,179	240,910
Weighted average number of dilutive stock options	3,125	1,201
Weighted average number of unvested shares purchased by the Trust	9,238	10,481
Weighted average number of common shares - diluted	256,542	252,592
Net income per common share		
Basic	$ 0.02	$ 0.06
Diluted	$ 0.01	$ 0.05

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, carried interest 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). SCP 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, 2019 and 2018, 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, 2019	Mar. 31, 2018
Current income tax expense (recovery)		
Based on taxable income of the current period	377	(2,204)
	377	(2,204)
Deferred income tax expense (recovery)		
Total deferred income tax expense	500	(568)
Income tax expense reported in the consolidated statements of operations	877	(2,772)

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, 2019	Mar. 31, 2018
Income before income taxes	4,661	10,885
Tax calculated at domestic tax rates applicable to profits in the respective countries	1,246	2,873
Tax effects of:		
Non-deductible stock-based compensation	45	103
Non-taxable capital (gains) and losses	(152)	(458)
Intangibles	28	(4,794)
Other temporary differences not benefited	64	(334)
Non-capital losses not benefited previously	(476)	(1,014)
Rate differences and other	122	852
Tax charge	877	(2,772)

The weighted average statutory tax rate was 26.7% (March 31, 2018 - 26.4%). This increase was primarily due to increased profitability of our Canadian businesses. The Company has $12 million of capital tax losses and $4 million of non-capital tax losses from prior years that will begin to expire in 2019 and 2027, 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, 2019

	Dec. 31, 2018	Recognized in income	Recognized in other comprehensive income	Mar. 31, 2019
Deferred income tax assets				
Other stock-based compensation	4,300	(151)	—	4,149
Non-capital losses	5,018	219	(18)	5,219
Unrealized gains	386	(256)		130
Other	513	65	—	578
Total deferred income tax assets	10,217	(123)	(18)	10,076
Deferred income tax liabilities				
Fund management contracts	7,317	347	—	7,664
Proceeds receivable	70	—	—	70
Other	59	30	—	89
Total deferred income tax liabilities	7,446	377	—	7,823
Net deferred income tax assets	2,771	(500)	(18)	2,253

For the year ended December 31, 2018

	Dec. 31, 2017	Recognized in income	Recognized in other comprehensive income	Dec. 31, 2018
Deferred income tax assets				
Other stock-based compensation	2,588	1,712	—	4,300
Non-capital losses	820	4,185	13	5,018
Unrealized gains	481	(95)	—	386
Other	485	28	—	513
Total deferred income tax assets	4,374	5,830	13	10,217
Deferred income tax liabilities				
Fund management contracts	431	6,886	—	7,317
Proceeds receivable	279	(209)	—	70
Other	(116)	175	—	59
Total deferred income tax liabilities	594	6,852	—	7,446
Net deferred income tax assets	3,780	(1,022)	13	2,771

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, 2019 and December 31, 2018 (in thousands $).

Proprietary Investments

Mar. 31, 2019	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	11,280	1,813	—	13,093
Fixed income securities	—	1,777	1,000	2,777
Private holdings	—	—	2,766	2,766
Total net recurring fair value measurements	11,280	3,590	3,766	18,636

Dec. 31, 2018	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	13,680	5,386	—	19,066
Fixed income securities	—	1,796	1,000	2,796
Private holdings	—	—	2,830	2,830
Obligations related to securities sold short	(255)	—	—	(255)
Total net recurring fair value measurements	13,425	7,182	3,830	35,103

Long-term investments

Mar. 31, 2019	Level 1	Level 2	Level 3	Total
Co-investments in funds	—	84,976	—	84,976
Private holdings	—	—	29,131	29,131
Total net recurring fair value measurements	—	84,976	29,131	114,107

Dec. 31, 2018	Level 1	Level 2	Level 3	Total
Co-investments in funds	—	72,739	—	72,739
Private holdings	—	—	29,821	29,821
Total net recurring fair value measurements	—	72,739	29,821	102,560

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

Proprietary Investments

	Changes in the fair value of Level 3 measurements - Mar. 31, 2019				
	Dec. 31, 2018	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Mar. 31, 2019
Private holdings	2,830	—	—	(64)	2,766
Fixed income securities	1,000	—	—	—	1,000
	3,830	—	—	(64)	3,766

	Changes in the fair value of Level 3 measurements - Dec. 31, 2018				
	Dec. 31, 2017	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Dec. 31, 2018
Private holdings	4,269	2,135	(3,680)	106	2,830
Fixed income securities	—	1,000	—	—	1,000
	4,269	3,135	(3,680)	106	3,830

Long-term investments

	Changes in the fair value of Level 3 measurements - Mar. 31, 2019				
	Dec. 31, 2018	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Mar. 31, 2019
Private holdings	29,821	—	—	(690)	29,131
	29,821	—	—	(690)	29,131

	Changes in the fair value of Level 3 measurements - Dec. 31, 2018				
	Dec. 31, 2017	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Dec. 31, 2018
Private holdings	12,152	13,145	—	4,524	29,821
	12,152	13,145	—	4,524	29,821

During the three months ended March 31, 2019, the Company transferred public equities of $3.6 million (December 31, 2018 - $0.7 million) from Level 2 to Level 1 within the fair value hierarchy due to the release of trading restrictions by the issuer. For the three months ended March 31, 2019, the Company purchased level 3 investments of $Nil (December 31, 2018 - $16.3 million). For the three months ended March 31, 2019, the Company transferred $Nil (December 31, 2018 - $Nil) from Level 3 to Level 1 within the fair value hierarchy.

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

Type	Valuation Technique
Public equities and share purchase warrants	Fair values are determined using pricing models which incorporate all available market-observable inputs.
Co-investments in funds	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.

The Company's Level 3 securities consists of private holdings and fixed income securities of private companies. The Company determines fair value using a variety of valuation techniques, including discounted cash flows, comparable recent transactions and other techniques used by market participants. The significant unobservable input used in these valuation techniques can vary considerably over time, and include grey market financing prices, discount rates and extraction recovery rates of mining projects. A significant change in any of these inputs in isolation would result in a material impact in fair value measurement. The potential impact of a 5% change in the significant unobservable inputs on profit or loss would be approximately $1.2 million (December 31, 2018 - $1.2 million).

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.

10 DIVIDENDS

The following dividends were declared by the Company during the three months ended March 31, 2019:

Record date	Payment Date	Cash dividend per share ($)	Total dividend amount (in thousands $)
March 08, 2019 - Regular Dividend Q4 - 2018	March 25, 2019	0.03	7,602
Dividends [1]			7,602

[1] Subsequent to the quarter-end, on May 9, 2019, a regular dividend of $0.03 per common share was declared for the quarter ended March 31, 2019. This dividend is payable on June 5, 2019 to shareholders of record at the close of business on May 21, 2019.

11 SEGMENTED INFORMATION

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

- **Exchange Listed Products** (reportable), 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;
- **Lending** (reportable), which provides lending activities through limited partnership vehicles as well as through direct lending activities using the Company's balance sheet;
- **Managed Equities** (reportable), which provides asset management and sub-advisory services to the Company's branded funds, fixed-term LPs and managed accounts;
- **Brokerage** (reportable), which includes the activities of our Canadian and U.S broker-dealers;
- **Corporate** (reportable), which provides capital, balance sheet management and enterprise shared services to the Company's subsidiaries;
- **All Other Segments** (non-reportable), which do not meet the definition of reportable segments as per IFRS 8.

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, carried interest and performance fees and carried interest and performance fee payouts (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 segments (in thousands $):

For the three months ended March 31, 2019

	Exchange Listed Products	Lending	Managed Equities	Brokerage	Corporate	Elimination and all other segments	Consolidated
Total revenue	7,293	3,382	3,234	5,648	(152)	1,842	21,247
Total expenses	2,542	1,523	2,867	6,023	2,535	1,096	16,586
Pre-tax Income (loss)	4,751	1,859	367	(375)	(2,687)	746	4,661
Adjusted base EBITDA	5,699	4,042	915	3	(1,691)	216	9,184

For the three months ended March 31, 2018

	Exchange Listed Products	Lending	Managed Equities (1)	Brokerage (1)	Corporate	Elimination and all other segments (1)	Consolidated
Total revenue	7,927	6,805	3,748	12,641	(160)	554	31,515
Total expenses	2,473	1,600	2,833	8,090	3,674	1,960	20,630
Pre-tax Income (loss)	5,454	5,205	915	4,551	(3,834)	(1,406)	10,885
Adjusted base EBITDA	6,032	2,757	1,314	2,127	(2,428)	225	10,027

(1) Prior year figures have been restated to reflect the changes in operating segments implemented in the quarter.

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, 2019	Mar. 31, 2018
Canada	17,594	27,976
United States	3,653	3,539
	21,247	31,515

12 LOAN FACILITY

As at March 31, 2019 the Company had $23.8 million (December 31, 2018 - $Nil) outstanding on its credit facility, $5 million of which is due within 12 months and $18.8 million is due after 12 months (December 31, 2018 - $Nil and $Nil respectively).

The Company has a 5 year, $90 million credit facility with a major Canadian schedule I chartered bank. The facility consists of a $25 million term loan and a $65 million revolving line of credit. 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. During the quarter, the Company drew $23.8 million on the term loan portion of the credit facility to avoid its expiry and to partially fund near-term anticipated growth in the business, in particular, the anticipated pace of capital calls over the next 12-18 months in its lending LPs. Key terms under the credit facility are noted below:

Structure

- 5-year, $65 million revolver with "bullet maturity" December 31, 2022
- 5-year, $25 million term loan with 5% of principal amortizing quarterly

Interest Rate

- Prime rate + 0 bps or;
- Banker Acceptance Rate + 170 bps

Covenant Terms

- AUM more than 70% of AUM at origination date (compliant at March 31, 2019)
- Debt to EBITDA less than 3.25:1 for first 18 months, after which, debt to EBITDA less than 2.50:1 (compliant at March 31, 2019)
- EBITDA to interest expense more than 2.50:1 (compliant at March 31, 2019)

13 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 net investments portfolio of the Company. As at March 31, 2019, the Company had $5.7 million in co-investment commitments from the Lending segment (December 31, 2018 - $38.7 million).

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

Sprott

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