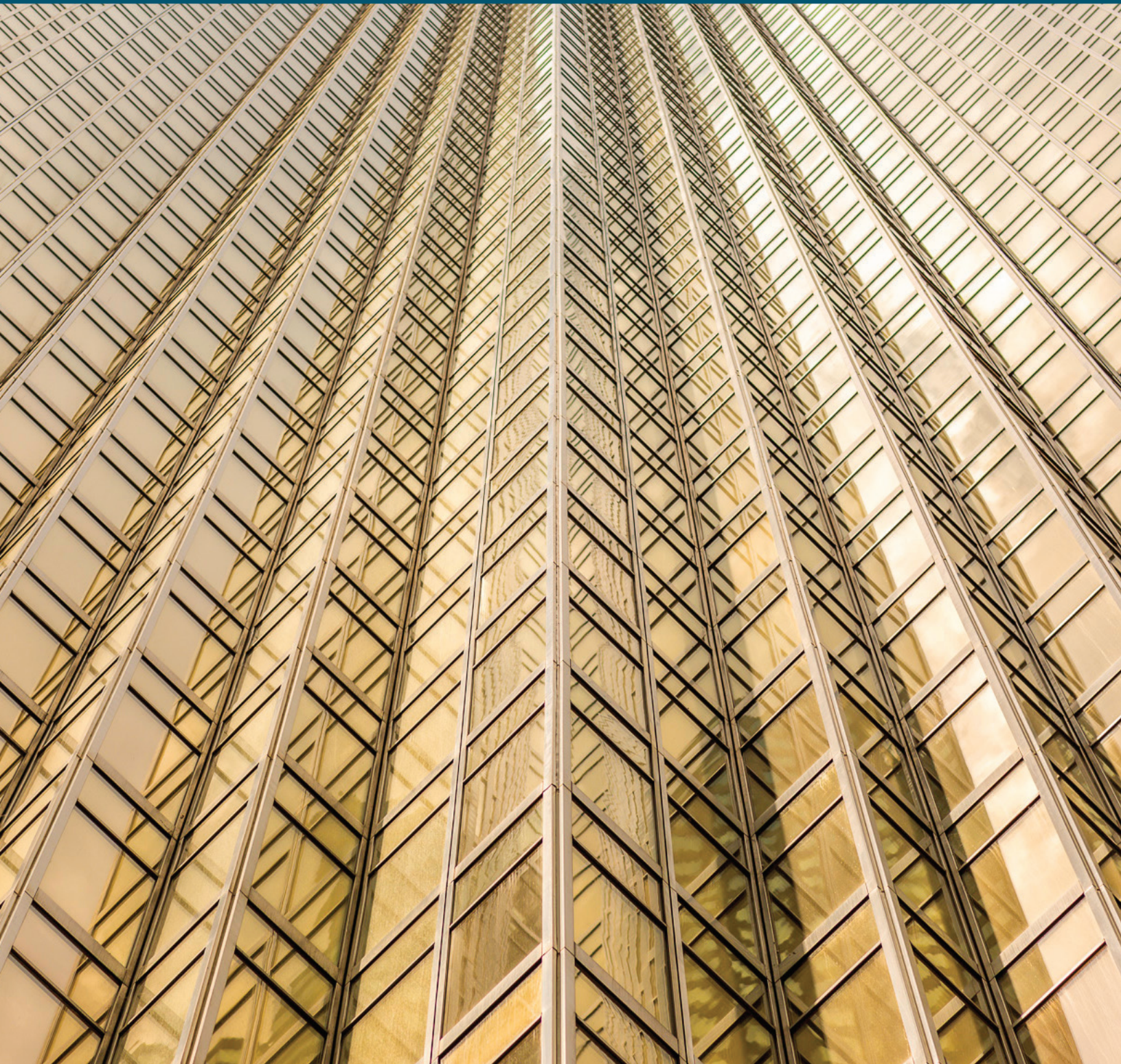


# Sprott

2019 Second Quarter Report



Contrarian. Innovative. Aligned.

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August 8, 2019

The precious metals sector enjoyed a strong second quarter of 2019, as gold and silver achieved new highs. Precious metals have decisively broken out of their prolonged correction, setting the stage for what could be the beginning of a powerful new uptrend in the sector. In July, the US Federal Reserve abandoned its quantitative tightening program, cutting rates for the first time since 2008. We see this as an admission that the likely path forward now is through increased fiscal stimulus, spending and the attendant deficit increases. This, we believe, will be positive for gold and other real asset investments.

In August, we made the significant announcement that Sprott has entered into an agreement to acquire the gold strategies of Tocqueville Asset Management, in a transaction expected to add more than \$2.5 billion to our Assets Under Management ("AUM"). The Tocqueville gold team is led by renowned gold fund manager John Hathaway, who will be joining Sprott along with co-portfolio managers, Douglas Groh and Ryan McIntyre. The addition of these strategies and investment professionals will complement all of our resource investment and financing businesses, expand our global footprint and increase our distribution capabilities in the major gold markets of the US and Europe. The transaction is expected to close in January 2020.

Sprott has now built the world's leading precious metals investment firm. We achieved this by attracting the top team of investment professionals in the sector, combined with product innovation and investments in client service, distribution and marketing. With Environmental, Social and Governance ("ESG") concerns rising in prominence among institutional investors, we are also proud of the strides we have made to remain at the forefront of the ESG movement, including our associate membership in the Responsible Investing Association.

As of June 30, 2019, our AUM stood at \$10.7 billion, as our precious metals strategies benefited from strong market value appreciation on the recent strength of gold and silver prices. Additionally, our Lending segment benefited from increased commitment fee earning AUM that was on-boarded during the quarter. These positives more than offset the redemption experience from our exchange listed products, which has recently swung to positive sales. Adjusted base EBITDA was \$9.4 million in the quarter and \$18.6 million on a year-to-date basis.

At Sprott, we have long maintained that gold should serve as a mandatory portfolio diversification asset, providing financial insurance against dislocations in the equity and debt markets. Recently, our position has become less lonely, as many leading global institutions and investors advocated for increased gold weightings. Both of these factors continue to drive increased client interest in our services.

The team at Sprott is committed to capitalizing on the opportunities created by improving sentiment in the sector in order to deliver superior returns to our shareholders. We will continue to drive growth in our core businesses by expanding our client base in new markets, adding complementary investment strategies, and selectively examining accretive acquisition opportunities.

Thank you for your continued support.

Sincerely,



Peter Grosskopf  
Chief Executive Officer

# Management's Discussion and Analysis

Three and six months ended June 30, 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 foregoing, 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 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; (viii) the acquisition of the Tocqueville gold strategies asset management business, including that the acquisition will be completed and the timing thereof, the AUM to be added as a result of the acquisition, certain portfolio managers joining Sprott upon the completion of the acquisition and the impact of the acquisition on the Company's business and strategies; and (ix) the declaration, payment and designation of dividends.

Although the Company believes that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: (i) the impact of increasing competition in each business in which the Company operates will not be material; (ii) quality management will be available; (iii) the effects of regulation and tax laws of governmental agencies will be consistent with the current environment; and (iv) those assumptions disclosed herein under the heading "Significant Accounting Judgments, 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. There are also risks that are inherent in the nature of a transaction such as the acquisition of the Tocqueville gold strategies asset management business, including: failure to realize anticipated synergies; risks regarding integration; incorrect assessments of the values of the acquired assets; and failure to obtain any required security holder, regulatory, stock exchange and other approvals (or to do so in a timely manner). The anticipated timeline for completion of the acquisition of the Tocqueville gold strategies asset management business may change for a number of reasons, including the inability to secure necessary security holder, regulatory, stock exchange and other approvals in the time assumed or the need for additional time to satisfy the conditions to the completion of the acquisition. As a result of the foregoing, readers should not place undue reliance on the forward-looking statements contained in this MD&A concerning the completion of the acquisition or the timing thereof. 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 August 8, 2019, presents an analysis of the consolidated financial condition of the Company and its subsidiaries as at June 30, 2019, compared with December 31, 2018, and the consolidated results of operations for the three and six months ended June 30, 2019, compared with the three and six months ended June 30, 2018. The Board of Directors approved this MD&A on August 8, 2019. All note references in this MD&A are to the notes to the Company's June 30, 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 and six months ended June 30, 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 Inflows

Net Inflows (consisting of net sales, capital calls and fee earning capital commitments) result in increases or decreases to AUM and are described individually below:

#### *Net Sales*

Fund sales (net of redemptions), including 'at-the-market' transactions and secondary offerings of our physical trusts and new 'creations' of ETF units, 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 (as applicable) given that AUM is also the basis upon which carried interest and performance fees are calculated.

#### *Capital calls and commitments*

Capital calls into our lending LPs is a key source of AUM creation, and ultimately, earnings for the Company. Once 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: it is possible for some forms of committed capital to earn a commitment fee despite being uncalled, 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 (net of trailer and sub-advisor fees) and carried interest and performance fees (net of 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:

(in thousands \$)	3 months ended		6 months ended	
	Jun. 30, 2019	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
<b>Net income (loss) for the periods</b>	2,116	5,916	5,900	19,573
Adjustments:				
Interest expense	302	15	626	81
Provision (recovery) for income taxes	(454)	632	423	(2,140)
Depreciation and amortization	1,097	456	2,198	1,143
<b>EBITDA</b>	<b>3,061</b>	<b>7,019</b>	<b>9,147</b>	<b>18,657</b>
Other adjustments:				
(Gains) losses on net investments <sup>(1)</sup>	386	3,050	313	4,929
(Gains) losses on foreign exchange	883	(236)	1,908	(1,092)
Non-cash stock-based compensation	1,011	1,018	2,669	2,436
Net proceeds from Sale Transaction	—	—	—	(4,200)
Unamortized placement fees <sup>(2)</sup>	—	(273)	—	(541)
Other expenses <sup>(3)</sup>	4,068	437	4,556	1,411
<b>Adjusted EBITDA</b>	<b>9,409</b>	<b>11,015</b>	<b>18,593</b>	<b>21,600</b>
Other adjustments:				
Carried interest and performance fees	—	(685)	—	(1,802)
Carried interest and performance fee related expenses	—	356	—	915
<b>Adjusted base EBITDA</b>	<b>9,409</b>	<b>10,686</b>	<b>18,593</b>	<b>20,713</b>

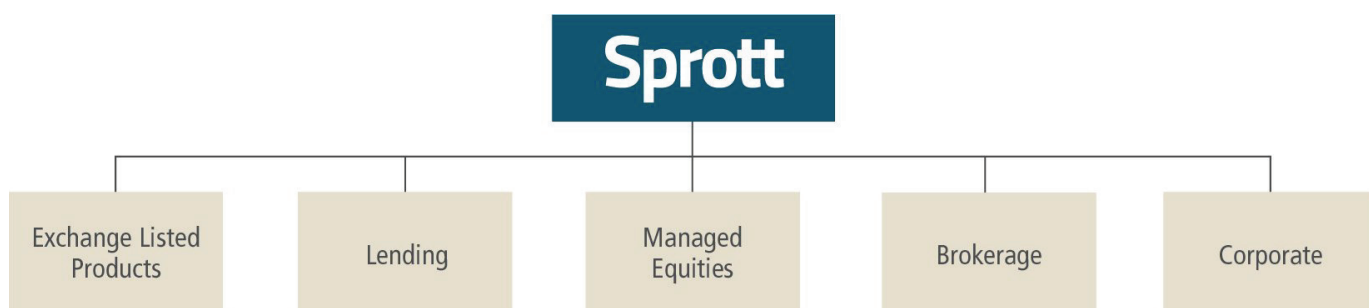
<sup>(1)</sup> This adjustment removes the income effects of certain gains or losses on proprietary and long-term investments to ensure the reporting objectives of our EBITDA metric as described above are met.

<sup>(2)</sup> The prior period comparative figures contained a placement fee amortization adjustment to ensure the 2018 results were comparable to 2017 in light of the 2018 adoption of IFRS 15.

<sup>(3)</sup> 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 \$0.9 million for the 3 months ended (3 months ended June 30, 2018 - \$Nil) and \$1 million for the 6 months ended (6 months ended Jun 30, 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 consolidated financial statements.



## BUSINESS HIGHLIGHTS AND GROWTH INITIATIVES

### Investment Performance

Market value appreciation was \$276 million during the quarter as the company benefited from stronger precious metals prices. On a full year basis, market value appreciation was \$143 million.

### Product and Business Line Expansion

- Subsequent to quarter-end, the company (via its wholly-owned subsidiary, Sprott Asset Management LP) entered into a definitive agreement regarding the purchase of Tocqueville Asset Management's gold strategy asset management business. The transaction cost is US\$15 million (US\$10 million in cash and Sprott Inc. common shares valued at US\$5 million). Contingent consideration valued up to an additional US\$35 million in cash and Sprott Inc. shares is payable subject to the achievement of certain financial performance conditions over two years following the closing of the transaction.

Based on current asset levels, the transaction will add over \$2.5 billion to Sprott's AUM. On closing of the transaction, Senior Portfolio Manager, John Hathaway and Portfolio Managers, Douglas Groh and Ryan McIntyre will join the company.

### Outlook

#### *Exchange Listed Products*

- We continue to expect the strong finish to the price of gold from 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 continues in 2019 albeit at a much slower pace than 2018.

#### *Lending*

- We anticipate coming in at the low end of our previously communicated range of net capital deployments this year (US\$200 million - US\$400 million). This updated outlook is primarily the result of higher than anticipated capital distributions on early loan repayments in our lending LPs in the first half of this year. Our long-term view on lending fund AUM continues to be constructive as we work through the eventual deployment of more than US\$957 million of committed capital. We continue to expect the majority of our legacy balance sheet loans to run-off by the end of this year.

#### *Managed Equities*

- We continue to anticipate earnings from this business being relatively flat 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 \$)	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
<b>SUMMARY INCOME STATEMENT</b>								
Management fees	13,329	13,558	13,182	13,722	14,559	14,056	10,247	13,597
Carried interest and performance fees	—	—	—	—	685	1,117	3,584	835
less: Trailer and sub-advisor fees	89	—	38	45	49	47	225	1,043
less: Carried interest and performance fee payouts	—	—	—	—	356	559	2,267	—
<b>Net Fees</b>	<b>13,240</b>	<b>13,558</b>	<b>13,144</b>	<b>13,677</b>	<b>14,839</b>	<b>14,567</b>	<b>11,339</b>	<b>13,389</b>
Commissions	4,406	4,409	6,414	4,573	7,516	8,857	7,366	4,746
less: Commission expense	1,814	1,844	2,704	2,447	2,701	3,667	2,855	1,553
<b>Net Commissions</b>	<b>2,592</b>	<b>2,565</b>	<b>3,710</b>	<b>2,126</b>	<b>4,815</b>	<b>5,190</b>	<b>4,511</b>	<b>3,193</b>
Interest income	4,595	3,918	4,244	4,824	3,293	3,066	3,588	2,789
Gains (losses) on proprietary investments	(2,160)	73	3,912	(4,765)	(3,050)	(1,879)	(63)	(3,770)
Gains (losses) on long-term investments	1,614	(67)	3,007	(151)	(72)	56	3,639	—
Other income (loss)	(559)	(644)	2,453	(275)	3,683	6,242	1,144	31,487
<b>Total Net Revenues</b>	<b>19,322</b>	<b>19,403</b>	<b>30,470</b>	<b>15,436</b>	<b>23,508</b>	<b>27,242</b>	<b>24,158</b>	<b>47,088</b>
Compensation <sup>(1)</sup>	7,317	8,387	11,163	8,167	10,634	9,485	10,631	5,655
Compensation - severance and new hire accruals	855	146	38	359	—	149	2,193	62
Placement and referral fees	336	78	368	223	148	204	833	782
Selling, general and administrative	4,354	4,069	4,171	3,404	4,905	4,586	5,739	5,084
Interest Expense	302	324	312	26	15	66	22	124
Amortization and impairment charges <sup>(2)</sup>	1,097	1,101	598	457	456	688	1,386	1,473
Other expenses	3,399	637	606	790	802	1,179	2,069	703
<b>Total Expenses</b>	<b>17,660</b>	<b>14,742</b>	<b>17,256</b>	<b>13,426</b>	<b>16,960</b>	<b>16,357</b>	<b>22,873</b>	<b>13,883</b>
<b>Net Income (Loss)</b>	<b>2,116</b>	<b>3,784</b>	<b>9,831</b>	<b>1,975</b>	<b>5,916</b>	<b>13,657</b>	<b>2,519</b>	<b>29,804</b>
Net Income (Loss) per share	0.01	0.02	0.04	0.01	0.02	0.06	0.01	0.12
<b>Adjusted base EBITDA</b>	<b>9,409</b>	<b>9,184</b>	<b>10,092</b>	<b>9,707</b>	<b>10,686</b>	<b>10,027</b>	<b>7,524</b>	<b>8,007</b>
Adjusted base EBITDA per share	0.04	0.04	0.04	0.04	0.04	0.04	0.03	0.03
<b>SUMMARY BALANCE SHEET</b>								
Total Assets	445,776	444,325	428,215	401,366	403,985	407,177	409,849	408,093
Total Liabilities	79,019	72,172	55,094	36,486	36,372	42,417	65,985	61,707
Cash	60,593	48,193	47,252	41,452	37,974	52,097	156,120	152,952
less: syndicate cash holdings	(10,119)	(12,218)	(10,421)	(967)	(796)	(932)	(776)	(649)
<b>Net cash</b>	<b>50,474</b>	<b>35,975</b>	<b>36,831</b>	<b>40,485</b>	<b>37,178</b>	<b>51,165</b>	<b>155,344</b>	<b>152,303</b>
Proprietary and long-term investments	122,607	134,681	129,271	115,744	120,853	96,352	114,327	134,306
less: obligations related to securities sold short	—	—	(255)	—	(2,927)	(8,543)	(24,993)	(25,988)
<b>Net investments</b>	<b>122,607</b>	<b>134,681</b>	<b>129,016</b>	<b>115,744</b>	<b>117,926</b>	<b>87,809</b>	<b>89,334</b>	<b>108,318</b>
Loans receivable	32,011	32,360	36,021	36,532	40,208	50,467	48,673	46,215
<b>Investable Capital</b>	<b>205,092</b>	<b>203,016</b>	<b>201,868</b>	<b>192,761</b>	<b>195,312</b>	<b>189,441</b>	<b>293,351</b>	<b>306,836</b>
<b>Total Enterprise AUM</b>	<b>10,670,982</b>	<b>10,569,449</b>	<b>10,578,426</b>	<b>10,066,112</b>	<b>11,126,042</b>	<b>11,591,213</b>	<b>7,323,382</b>	<b>7,191,512</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> Starting Q1, 2019, in order to comply with the new IFRS 16 Leases ("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 June 30, 2019 (in millions \$):

FUND	AUM	BLENDED NET MANAGEMENT FEE RATE	CARRIED INTEREST AND PERFORMANCE FEE CRITERIA
<b>Exchange Listed Products</b>			
Sprott Physical Gold and Silver Trust	3,523	0.40%	N/A <sup>(1)</sup>
Sprott Physical Gold Trust	2,938	0.35%	N/A <sup>(1)</sup>
Sprott Physical Silver Trust	1,120	0.45%	N/A <sup>(1)</sup>
Sprott Gold Miner's ETF	223	0.57%	N/A <sup>(1)</sup>
Sprott Physical Platinum & Palladium Trust	133	0.50%	N/A <sup>(1)</sup>
Sprott Jr. Gold Miner's ETF	78	0.57%	N/A <sup>(1)</sup>
Total	8,015	0.40%	
<b>Lending</b>			
Sprott Private Resource Lending LPs	646	1.11%	15-70% of net profits over preferred return
<b>Managed Equities: In-house</b>			
Sprott U.S. Value Strategies	274	1.00%	N/A
Fixed Term Limited Partnerships	229	1.70%	15-30% over preferred return
Separately Managed Accounts <sup>(2)</sup>	49	1.00%	N/A
Sprott Hathaway Special Situations Fund <sup>(3)</sup>	34	0.75%	20% of net profits over preferred return
Total	586	1.22%	
<b>Managed Equities: Sub-advised</b>			
Bullion Funds <sup>(3)</sup>	306	0.51%	5% excess over applicable benchmark indices
Corporate Class Funds <sup>(3)</sup>	131	0.75%	5% excess over applicable benchmark indices
Flow-through LPs <sup>(3)</sup>	74	0.70%	10% of all net profits in excess of the HWM
Total	511	0.60%	
<b>Other</b>			
Managed Companies <sup>(4)</sup>	646	0.50%	20% of net profits over preferred return
Separately Managed Accounts <sup>(5)</sup>	267	0.61%	20% of net profits over preferred return
Total	913	0.53%	
<b>Total AUM</b>	<b>10,671</b>	<b>0.51%</b>	

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

<sup>(2)</sup> Institutional managed accounts.

<sup>(3)</sup> Management fee rate represents the net amount received by the Company.

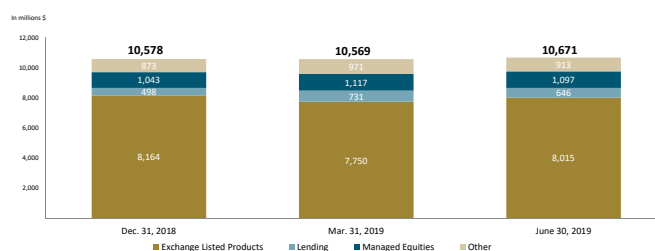
<sup>(4)</sup> Includes Sprott Resource Holdings Inc. and Sprott Korea Corp.

<sup>(5)</sup> 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 \$10.7 billion as at June 30, 2019, up \$0.1 billion (1%) from March 31, 2019 and up \$0.1 billion (1%) from December 31, 2018. On a three and six months ended basis, our Exchange Listed Products segment benefited from strong gold price appreciation. We also benefited from new commitment fee earning assets being added to our lending LPs throughout the year, which more than offset capital distributions on a year-to-date basis.



### 3 months results

In millions \$

#### Exchange Listed Products

- Physical Trusts
- ETFs

#### Lending

#### Managed Equities

- In-house
- Sub-advised

#### Other

#### Total

	AUM Mar. 31, 2019	Net Inflows <sup>(1)</sup>	Market Value Changes	Other <sup>(2)</sup>	AUM Jun. 30, 2019
Exchange Listed Products	7,481	(80)	313	—	7,714
	269	(3)	35	—	301
<b>Lending</b>	731	67	(13)	(139)	646 <sup>(3)</sup>
<b>Managed Equities</b>	594	2	(10)	—	586
	523	(17)	5	—	511
<b>Other</b>	971	(4)	(54)	—	913
<b>Total</b>	10,569	(35)	276	(139)	10,671

### 6 months results

In millions \$

#### Exchange Listed Products

- Physical Trusts
- ETFs

#### Lending

#### Managed Equities

- In-house
- Sub-advised

#### Other

#### Total

	AUM Dec. 31, 2018	Net Inflows <sup>(1)</sup>	Market Value Changes	Other <sup>(2)</sup>	AUM Jun. 30, 2019
Exchange Listed Products	7,927	(340)	127	—	7,714
	237	14	50	—	301
<b>Lending</b>	498	331	(29)	(154)	646 <sup>(3)</sup>
<b>Managed Equities</b>	538	29	19	—	586
	505	2	4	—	511
<b>Other</b>	873	68	(28)	—	913
<b>Total</b>	10,578	104	143	(154)	10,671

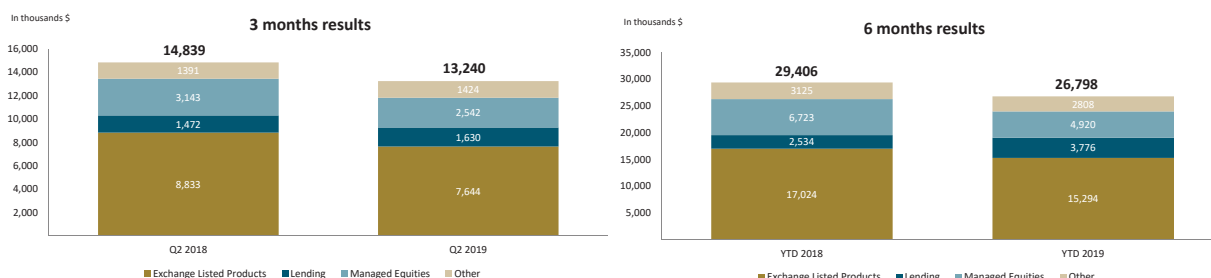
<sup>(1)</sup> Includes net sales, called capital into our lending LPs and uncalled committed capital for lending LPs to the extent that it earns a commitment fee.

<sup>(2)</sup> Includes new AUM from fund acquisitions, lost AUM from fund divestitures and lost AUM from distributions of principal receipts to clients of our lending LPs.

<sup>(3)</sup> \$1,252 million (US\$957 million) of committed capital remains uncalled, of which \$301 million (US\$230 million) earns a commitment fee (AUM), and \$951 million (US\$727 million) does not (future AUM).

## KEY REVENUE LINES

**Net Fees** in the quarter were \$13.2 million, down \$1.6 million (11%) from the prior period and were \$26.8 million on a year-to-date basis, down \$2.6 million (9%). Excluding net performance fees generated in the prior periods, the decrease on a three months ended basis was 9% and on a year-to-date basis was 6%. The decrease on a three and six months ended basis was due to lower average AUM in our exchange listed products and managed equities segments (down 12% and 13%, respectively). These declines more than offset the increased fee generation from our lending LPs as we continue to grow our lending AUM.

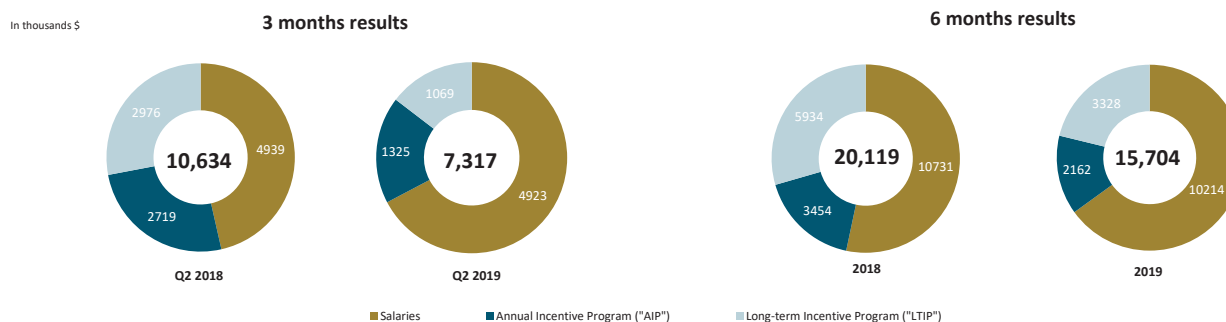


**Interest Income** in the quarter was \$4.6 million, up \$1.3 million (40%) from the prior period and was \$8.5 million on a year-to-date basis, up \$2.2 million (34%). The increase was primarily due to higher co-investment income earned in our lending LPs as a result of ongoing co-investment activity since the second half of 2018.

**Net Commissions** in the quarter were \$2.6 million, down \$2.2 million (46%) from the prior period and were \$5.2 million on a year-to-date basis, down \$4.8 million (48%). 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 \$7.3 million, down \$3.3 million (31%) from the prior period and was \$15.7 million on a year-to-date basis, down \$4.4 million (22%). The decrease was primarily due to lower LTIP amortization as well as lower annual incentive accruals. Severance accruals relating to the exit of certain employees was recorded in the quarter.



**SG&A** was \$4.4 million in the quarter, down \$0.6 million (11%) from the prior period and was \$8.4 million on a year-to-date basis, down \$1.1 million (11%). This was largely due to the adoption of IFRS 16 and our on-going cost containment program.

## ADDITIONAL REVENUE AND EXPENSE HIGHLIGHTS

**Proprietary investments** losses were due to market value depreciation of certain resource equity holdings.

**Long-term investments** gains were due to market value appreciation of certain long-term investments.

**Other income** was lower in the quarter and on a year-to-date basis. The decrease in the quarter was mainly due to income earned on the early settlement of a loan in the prior period and FX losses on U.S dollar dominated cash, receivables and loans in the current period. On a year-to-date basis, the decrease was due to net sales proceeds received on last year's Sale Transaction in the first quarter of 2018, income earned on the early settlement of a loan in the prior period and from FX losses on U.S dollar dominated cash, receivables and loans in the current period.

**Placement and referral fees** were higher in the quarter and on a year-to-date basis mainly due to referral fees paid in our brokerage segment.

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

**Amortization of intangibles** did not change in the quarter and was lower on a year-to-date basis 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 in the quarter and on a year-to-date basis mainly due to increased depreciation expense related to leases that were capitalized on the adoption of IFRS 16.

**Other expenses** were higher in the quarter and on a year-to-date basis due to higher non-recurring professional fees and transaction costs.

## Adjusted Base EBITDA

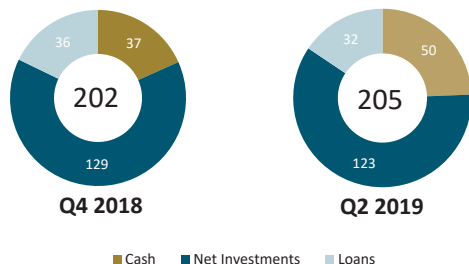
### 3 and 6 months results

Adjusted base EBITDA in the quarter was \$9.4 million, down \$1.3 million (12%) from the prior period and was \$18.6 million on a year-to-date basis, down \$2.1 million (10%). The decrease was primarily due to lower net commissions on lower equity origination and placement activities in our brokerage segment, lower fee income earned in our exchange listed products and managed equities segments given lower average AUM year-over-year; and lower income in our lending segment given last year's fees generated on the early settlement of a loan. These decreases more than offset expense savings arising from lower annual incentive accruals, LTIP amortization and SG&A.

## Balance Sheet

**Investable Capital** was \$205 million, up \$3 million (2%) from December 31, 2018. **Total Assets** were \$446 million, up \$18 million (4%) from December 31, 2018. The increase was primarily due to higher undeployed cash balances from the draw down of our loan facility, as well as the capitalization of leases on adoption of IFRS 16.

In millions \$



**Total Liabilities** were \$79 million, up \$24 million (43%) from December 31, 2018. The increase was primarily due to the draw down of \$22.5 million on our loan facility to help fund anticipated investment activities of the company over the next 12-18 months. The increase was 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.

**Total Shareholder's Equity** was \$367 million, down \$6 million (2%) from December 31, 2018.

## REPORTABLE OPERATING SEGMENTS

### Exchange Listed Products

(In thousands \$)	3 months ended		6 months ended	
	Jun. 30, 2019	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
<b>SUMMARY INCOME STATEMENT</b>				
Management fees	7,644	8,833	15,294	17,024
Other income (loss)	(324)	550	(681)	286
<b>Total Revenues</b>	<b>7,320</b>	<b>9,383</b>	<b>14,613</b>	<b>17,310</b>
Compensation	1,165	1,121	2,216	2,445
Selling, general and administrative	1,031	820	1,931	1,655
Interest expense	218	—	492	—
Amortization and impairment charges	316	314	633	628
Other expenses	—	30	—	30
<b>Total Expenses</b>	<b>2,730</b>	<b>2,285</b>	<b>5,272</b>	<b>4,758</b>
<b>Net Income before income taxes</b>	<b>4,590</b>	<b>7,098</b>	<b>9,341</b>	<b>12,552</b>
<b>Adjusted base EBITDA</b>	<b>5,532</b>	<b>6,892</b>	<b>11,231</b>	<b>12,924</b>
<b>Total AUM</b>	<b>8,014,740</b>	<b>8,530,082</b>	<b>8,014,740</b>	<b>8,530,082</b>

### 3 and 6 months ended

Adjusted base EBITDA in the quarter was \$5.5 million, down \$1.4 million (20%) from the prior period and was \$11.2 million on a year-to-date basis, down \$1.7 million (13%). The decrease was primarily due to lower management fees given redemption experience in our physical trusts which led to lower average AUM year-over-year.

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		6 months ended	
	Jun. 30, 2019	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
<b>SUMMARY INCOME STATEMENT</b>				
Management fees	1,630	1,143	3,776	2,205
Carried interest and performance fees	—	685	—	685
less: Carried interest and performance fee payouts	—	356	—	356
<b>Net Fees</b>	<b>1,630</b>	<b>1,472</b>	<b>3,776</b>	<b>2,534</b>
Interest income <sup>(1)</sup>	4,023	3,083	7,333	5,858
Gains (losses) on proprietary investments	(609)	(1,646)	(2,030)	(475)
Gains on long-term investments	(11)	11	(22)	25
Other income (loss)	(817)	3,510	(1,459)	5,293
<b>Total Net Revenues</b>	<b>4,216</b>	<b>6,430</b>	<b>7,598</b>	<b>13,235</b>
Compensation	1,767	1,259	3,127	2,358
Placement and referral fees	20	31	28	62
Selling, general and administrative	384	281	503	749
Interest expense	35	—	35	—
Amortization and impairment charges	35	2	71	4
Other expenses	—	30	—	30
<b>Total Expenses</b>	<b>2,241</b>	<b>1,603</b>	<b>3,764</b>	<b>3,203</b>
<b>Net Income before income taxes</b>	<b>1,975</b>	<b>4,827</b>	<b>3,834</b>	<b>10,032</b>
<b>Adjusted base EBITDA</b>	<b>3,832</b>	<b>5,381</b>	<b>7,874</b>	<b>8,138</b>
<b>Total AUM <sup>(2)</sup></b>	<b>645,603</b>	<b>389,459</b>	<b>645,603</b>	<b>389,459</b>

<sup>(1)</sup> 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.

<sup>(2)</sup> \$1,252 million (US\$957 million) of committed capital remains uncalled, of which \$301 million (US\$230 million) earns a commitment fee (AUM), and \$951 million (US\$727 million) does not (future AUM).

### 3 and 6 months ended

Adjusted base EBITDA in the quarter was \$3.8 million, down \$1.5 million (29%) from the prior period and was \$7.9 million on a year-to-date basis, down \$0.3 million (3%). The decrease was primarily due to income earned on the early settlement of a loan in the prior period. This decrease was only partially offset by 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\*

(In thousands \$)	3 months ended		6 months ended	
	Jun. 30, 2019	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
<b>SUMMARY INCOME STATEMENT</b>				
Management fees	2,674	3,238	5,093	6,410
Carried interest and performance fees	—	—	—	1,061
less: Trailer and sub-advisor fees	132	95	173	189
less: Carried interest and performance fee payouts	—	—	—	559
<b>Net Fees</b>	<b>2,542</b>	<b>3,143</b>	<b>4,920</b>	<b>6,723</b>
Gains (losses) on proprietary investments	(368)	9	177	18
Gains (losses) on long-term investments	1,741	(137)	1,800	(164)
Other income (loss)	160	(45)	371	(512)
<b>Total Net Revenues</b>	<b>4,075</b>	<b>2,970</b>	<b>7,268</b>	<b>6,065</b>
Compensation	1,256	1,570	3,440	3,076
Selling, general and administrative	425	665	994	1,009
Amortization and impairment charges	72	68	145	399
Other expenses	338	(2)	338	(2)
<b>Total Expenses</b>	<b>2,091</b>	<b>2,301</b>	<b>4,917</b>	<b>4,482</b>
<b>Net Income before income taxes</b>	<b>1,984</b>	<b>669</b>	<b>2,351</b>	<b>1,583</b>
<b>Adjusted base EBITDA</b>	<b>1,056</b>	<b>1,150</b>	<b>1,971</b>	<b>2,464</b>
<b>Total AUM</b>	<b>1,097,419</b>	<b>1,300,792</b>	<b>1,097,419</b>	<b>1,300,792</b>

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

### 3 and 6 months ended

Adjusted base EBITDA in the quarter was \$1.1 million, down \$0.1 million (8%) from the prior period, and was \$2.0 million on a year-to-date basis, down \$0.5 million (20%). The decrease was primarily due to lower market valuations in our fixed-term LPs which led to lower average AUM and management fee income.

Non-EBITDA highlights:

- Compensation increased on a year-to-date basis due to non-recurring stock based compensation expense on a new hire in the first quarter.
- Proprietary investments losses in the quarter and gains on a year-to-date basis were due to market value movements of certain holdings.
- Long-term investments gains were due to market value appreciation of certain long-term investments.

## Brokerage\*

(In thousands \$)	3 months ended		6 months ended	
	Jun. 30, 2019	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
<b>SUMMARY INCOME STATEMENT</b>				
Commissions	4,363	7,374	8,669	15,637
less: Commission Expense	1,801	2,746	3,665	6,447
<b>Net Commissions</b>	<b>2,562</b>	<b>4,628</b>	<b>5,004</b>	<b>9,190</b>
Management fees	422	377	794	852
Interest income	572	210	1,180	501
Gains (losses) on proprietary investments	(214)	(188)	83	(837)
Other income (loss)	52	122	117	4,383
<b>Total Net Revenues</b>	<b>3,394</b>	<b>5,149</b>	<b>7,178</b>	<b>14,089</b>
Compensation <sup>(1)</sup>	2,195	2,820	4,603	5,659
Placement and referral fees	252	84	311	226
Selling, general and administrative	1,602	1,827	3,087	3,150
Interest expense	20	—	41	—
Amortization and impairment charges	105	14	291	27
Other expenses	7	270	7	342
<b>Total Expenses</b>	<b>4,181</b>	<b>5,015</b>	<b>8,340</b>	<b>9,404</b>
<b>Net Income (Loss) before income taxes</b>	<b>(787)</b>	<b>134</b>	<b>(1,162)</b>	<b>4,685</b>
<b>Adjusted base EBITDA</b>	<b>230</b>	<b>1,396</b>	<b>233</b>	<b>3,523</b>

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

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

### 3 and 6 months ended

Adjusted base EBITDA in the quarter was \$0.2 million, down \$1.2 million (84%) from the prior period, and was \$0.2 million on a year-to-date basis, down \$3.3 million (93%). The decrease was primarily due to lower net commissions on weak equity origination and placement activity. This decrease in net commissions more than offset lower salaries, annual incentive accruals and LTIP amortization.

Non-EBITDA highlights:

- Losses in the quarter and gains on a year-to-date basis on proprietary investments were the result of market value movement 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 in the first quarter of 2018. 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.

(In thousands \$)	3 months ended		6 months ended	
	Jun. 30, 2019	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
<b>SUMMARY INCOME STATEMENT</b>				
Gains (losses) on proprietary investments	(436)	(507)	(591)	(1,289)
Gains (losses) on long-term investments	(116)	54	(231)	123
Other income (loss)	386	(244)	504	309
<b>Total Revenues</b>	<b>(166)</b>	<b>(697)</b>	<b>(318)</b>	<b>(857)</b>
Compensation	2,122	2,938	3,008	4,690
Selling, general and administrative	833	1,076	1,636	2,190
Interest expense	29	15	58	81
Amortization and impairment charges	557	53	1,040	73
Other expenses	262	246	596	968
<b>Total Expenses</b>	<b>3,803</b>	<b>4,328</b>	<b>6,338</b>	<b>8,002</b>
<b>Net Income (Loss) before income taxes</b>	<b>(3,969)</b>	<b>(5,025)</b>	<b>(6,656)</b>	<b>(8,859)</b>
<b>Adjusted base EBITDA</b>	<b>(2,981)</b>	<b>(3,897)</b>	<b>(4,672)</b>	<b>(6,325)</b>

### 3 and 6 months ended

- Proprietary investments losses 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 and lower annual incentive accruals.
- Lower SG&A was largely due to the adoption of IFRS 16 and our on-going cost containment program.
- Higher amortization was due to increased depreciation expense related to leases that were capitalized on the adoption of IFRS 16.

## Dividends

The following dividends were declared by the Company during the 6 months ended June 30, 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
May 21, 2019 - Regular Dividend Q1 - 2019	June 5, 2019	0.03	7,605
Dividends <sup>(1)</sup>			15,207

<sup>(1)</sup> Subsequent to quarter-end, on August 8, 2019, a regular dividend of \$0.03 per common share was declared for the quarter ended June 30, 2019. This dividend is payable on September 3, 2019 to shareholders of record at the close of business on August 19, 2019.

## Capital Stock

Including the 9.5 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 \$0.01 and \$0.02 for the quarter and six months ended respectively, compared to \$0.02 and \$0.08 in the respective prior periods. Diluted earnings per share was \$0.01 and \$0.02 for the quarter and six months ended respectively, compared to \$0.02 and \$0.08 in the respective prior periods. 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 June 30, 2019, the Company had \$22.5 million (December 31, 2018 - \$Nil) outstanding on its credit facility, \$5 million of which is due within 12 months and \$17.5 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. In the first quarter, the Company drew \$25 million on the term loan portion of the credit facility to avoid its expiry and to partially fund anticipated growth in the business over the next 12-18 months. As at June 30, 2019, the Company was in compliance with all covenants, terms and conditions under the credit facility. 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

- Minimum AUM: \$8.2 billion
- Debt to EBITDA less than 3.25:1 for first 18 months, after which, debt to EBITDA less than 2.50:1
- EBITDA to interest expense more than 2.50:1

## 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 June 30, 2019, the Company had \$22.5 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 June 30, 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 and six months ended June 30, 2019.

In Q1, 2019 the Company adopted 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 IFRS 16 and IFRIC 23 did not have a material impact on the Company's consolidated 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 consolidated 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 June 30, 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](http://www.sedar.com).

# Consolidated Financial Statements

Three and six months ended June 30, 2019

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

As at <i>(In thousands of Canadian dollars)</i>	Jun. 30 2019	Dec. 31 2018
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	60,593	47,252
Fees receivable	8,491	8,635
Loans receivable	29,203	15,275
Proprietary investments	20,328	26,711
Other assets	11,679	10,774
Income taxes recoverable	4,214	2,379
<b>Total current assets</b>	<b>134,508</b>	<b>111,026</b>
Loans receivable	2,808	20,746
Long-term investments	102,279	102,560
Other assets	1,711	1,214
Property and equipment, net	23,177	12,334
Intangible assets	149,557	148,324
Goodwill	25,061	26,115
Deferred income taxes	6,675	5,896
	311,268	317,189
<b>Total assets</b>	<b>445,776</b>	<b>428,215</b>
<b>Liabilities and Shareholders' Equity</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	40,911	41,641
Compensation payable	4,098	9,466
Obligations related to securities sold short	—	255
Loan facility	5,000	—
Income taxes payable	457	607
<b>Total current liabilities</b>	<b>50,466</b>	<b>51,969</b>
Other accrued liabilities	6,792	—
Loan facility	17,500	—
Deferred income taxes	4,261	3,125
<b>Total liabilities</b>	<b>79,019</b>	<b>55,094</b>
<b>Shareholders' equity</b>		
Capital stock	415,137	412,938
Contributed surplus	45,974	43,383
Deficit	(126,508)	(117,201)
Accumulated other comprehensive income	32,154	34,001
<b>Total shareholders' equity</b>	<b>366,757</b>	<b>373,121</b>
<b>Total liabilities and shareholders' equity</b>	<b>445,776</b>	<b>428,215</b>
Commitments and provisions		

*(Note 13)*

*The accompanying notes form part of the financial statements*

"Ron Dewhurst"  
Director

"Sharon Ranson"  
Director

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

	<i>For the three months ended</i>		<i>For the six months ended</i>	
	Jun. 30 2019	Jun. 30 2018	Jun. 30 2019	Jun. 30 2018
<i>(In thousands of Canadian dollars, except for per share amounts)</i>				
<b>Revenues</b>				
Management fees	13,329	14,559	26,887	28,615
Carried interest and performance fees	—	685	—	1,802
Commissions	4,406	7,516	8,815	16,373
Interest income	4,595	3,293	8,513	6,359
Gain (loss) on proprietary investments (Note 3)	(2,160)	(3,050)	(2,087)	(4,929)
Gain (loss) on long-term investments (Note 3)	1,614	(72)	1,547	(16)
Other income (loss) (Note 6)	(559)	3,683	(1,203)	9,925
<b>Total revenue</b>	<b>21,225</b>	<b>26,614</b>	<b>42,472</b>	<b>58,129</b>
<b>Expenses</b>				
Compensation	8,917	10,715	17,035	21,618
Stock-based compensation (Note 7)	1,069	2,976	3,328	5,934
Trailer and sub-advisor fees	89	49	89	96
Placement and referral fees	336	148	414	352
Selling, general and administrative	4,354	4,905	8,423	9,491
Interest expense	302	15	626	81
Amortization of intangibles (Note 4)	291	291	583	846
Amortization of property and equipment	806	165	1,615	297
Other expenses (Note 6)	3,399	802	4,036	1,981
<b>Total expenses</b>	<b>19,563</b>	<b>20,066</b>	<b>36,149</b>	<b>40,696</b>
<b>Income before income taxes for the period</b>	<b>1,662</b>	<b>6,548</b>	<b>6,323</b>	<b>17,433</b>
Provision (recovery) for income taxes (Note 8)	(454)	632	423	(2,140)
<b>Net income for the period</b>	<b>2,116</b>	<b>5,916</b>	<b>5,900</b>	<b>19,573</b>
Basic earnings per share (Note 7)	\$ 0.01	\$ 0.02	\$ 0.02	\$ 0.08
Diluted earnings per share (Note 7)	\$ 0.01	\$ 0.02	\$ 0.02	\$ 0.08
<b>Net income for the period</b>	<b>2,116</b>	<b>5,916</b>	<b>5,900</b>	<b>19,573</b>
<b>Other comprehensive income</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation gain (loss) on foreign operations (taxes of \$Nil)	(926)	1,224	(1,847)	2,783
<b>Total other comprehensive income (loss)</b>	<b>(926)</b>	<b>1,224</b>	<b>(1,847)</b>	<b>2,783</b>
<b>Comprehensive income</b>	<b>1,190</b>	<b>7,140</b>	<b>4,053</b>	<b>22,356</b>

The accompanying notes form part of the financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

		Number of Shares Outstanding	Capital Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Equity
<i>(In thousands of Canadian dollars, other than number of shares)</i>							
<b>At Dec. 31, 2018</b>		243,062,337	412,938	43,383	(117,201)	34,001	373,121
Shares acquired for equity incentive plan	(Note 7)	(162,265)	(503)	—	—	—	(503)
Shares released on vesting of equity incentive plan	(Note 7)	606,467	1,520	(1,520)	—	—	—
Foreign currency translation gain on foreign operations		—	—	—	—	(1,847)	(1,847)
Stock-based compensation	(Note 7)	—	—	3,328	—	—	3,328
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)	30,892	96	—	(15,207)	—	(15,111)
Net income		—	—	—	5,900	—	5,900
<b>Balance, Jun. 30, 2019</b>		244,013,461	415,137	45,974	(126,508)	32,154	366,757
<b>At Dec. 31, 2017</b>		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)	—	—	—
Shares released on exercise of stock option plan		172,835	406	(406)	—	—	—
Foreign currency translation loss on foreign operations		—	—	—	—	2,783	2,783
Issuance of share capital on purchase of management contracts		6,997,387	17,284	—	—	—	17,284
Stock-based compensation		—	—	5,934	—	—	5,934
Issuance of share capital on conversion of RSUs and other share based considerations		339,401	727	(604)	—	—	123
Dividends declared		114,601	267	—	(15,107)	—	(14,840)
Net income		—	—	—	19,573	—	19,573
<b>Balance, Jun. 30, 2018</b>		240,036,014	405,838	43,175	(113,856)	32,456	367,613

The accompanying notes form part of the financial statements

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

	<i>For the six months ended</i>	
<i>(In thousands of Canadian dollars, other than number of shares)</i>	Jun. 30 2019	Jun. 30 2018
<b>Operating Activities</b>		
Net income for the period	5,900	19,573
Add (deduct) non-cash items:		
Loss (gain) on proprietary investments	2,087	4,929
Loss (gain) on Long-term investments	(1,547)	16
Stock-based compensation	3,328	5,934
Amortization of property, equipment and intangible assets	2,198	1,143
Current portion of lease liability	(1,969)	—
Deferred income tax recovery	310	(1,678)
Current income tax expense	113	(462)
Other items	660	(1,748)
Income taxes paid	(2,098)	(1,757)
Changes in:		
Fees receivable	144	3,881
Loans receivable	4,010	8,464
Other assets	(1,402)	17,722
Accounts payable, accrued liabilities and compensation payable	(6,098)	(4,984)
<b>Cash provided by operating activities</b>	<b>5,636</b>	<b>51,033</b>
<b>Investing Activities</b>		
Purchase of investments	(23,367)	(51,983)
Sale of investments	28,577	19,192
Purchase of property and equipment	(3,750)	(1,127)
Purchase of intangible assets	—	(115,032)
<b>Cash provided by (used in) investing activities</b>	<b>1,460</b>	<b>(148,950)</b>
<b>Financing Activities</b>		
Acquisition of common shares for equity incentive plan	(503)	(7,058)
Net advances from loan facility	22,500	—
Dividends paid	(15,111)	(14,840)
<b>Cash provided by (used in) financing activities</b>	<b>6,886</b>	<b>(21,898)</b>
Effect of foreign exchange on cash balances	(641)	1,669
<b>Net increase (decrease) in cash and cash equivalents during the period</b>	<b>13,341</b>	<b>(118,146)</b>
Cash and cash equivalents, beginning of the period	47,252	156,120
<b>Cash and cash equivalents, end of the period</b>	<b>60,593</b>	<b>37,974</b>
<b>Cash and cash equivalents:</b>		
Cash	55,304	37,713
Short-term deposits	5,289	261
	60,593	37,974
<b>Supplementary disclosure of cash flow information</b>		
Amount of interest received during the period	6,324	2,256

*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 June 30, 2019, specifically, IAS 34 Interim Financial Reporting.

Compliance with IFRS requires the Company to exercise judgment and 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 and six months ended June 30, 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 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"). The adoption of IFRIC 23 did not have a material effect on the Company's consolidated financial statements. 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. Below is a summary of the IFRS 16 impacts.

*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 consolidated statements 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 consolidated statements 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 consolidated statements 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 consolidated 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	Jun. 30, 2019	Dec. 31, 2018
Public equities and share purchase warrants	FVTPL	12,984	19,066
Fixed income securities	FVTPL	2,627	2,796
Private holdings:			
- Private investments	FVTPL	2,839	2,830
- Energy contracts	Non-financial instrument	1,878	2,019
<b>Total proprietary investments</b>		<b>20,328</b>	<b>26,711</b>
<b>Obligations related to securities sold short</b>	FVTPL	<b>—</b>	<b>255</b>

#### Long-term investments

Consists of the following (in thousands \$):

	Classification and measurement criteria	Jun. 30, 2019	Dec. 31, 2018
Co-investments in funds	FVTPL	74,918	72,739
Private holdings			
- Private investments	FVTPL	27,361	29,821
<b>Total long-term investments</b>		<b>102,279</b>	<b>102,560</b>

Realized gains and losses on financial assets classified at FVTPL are included in the gain (loss) on proprietary investments and gain (loss) on long-term investments, as applicable, 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
<b>Cost</b>				
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	(6,796)	(14)	—	(6,810)
At June 30, 2019	173,568	135,119	47,416	356,103
<b>Accumulated amortization</b>				
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	—	—	(583)	(583)
Net exchange differences	5,742	—	—	5,742
At June 30, 2019	(148,507)	—	(32,978)	(181,485)
<b>Net book value at:</b>				
December 31, 2018	26,115	133,303	15,021	174,439
June 30, 2019	25,061	135,119	14,438	174,618

**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 first quarter of 2019, 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). The Company CGUs are now as follows:

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

As at June 30, 2019, the Company had allocated \$25.1 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 or earlier if there are indicators of impairment. During the quarter, there were 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 June 30, 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 were no indicators of impairment as at June 30, 2019.

**Impairment assessment of finite life fund management contracts**

As at June 30, 2019, the Company had exchange listed fund management contracts within the Exchange Listed Products CGU of \$14.4 million (December 31, 2018 - \$15.0 million). There were no indicators of impairment as at June 30, 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 \$):

	Jun. 30, 2019	Dec. 31, 2018
<b>Loans</b>		
Loan principal	33,266	37,873
Accrued interest	48	14
Deferred revenue	(1,253)	(1,816)
Amortized cost	32,061	36,071
Loan loss provisions	(50)	(50)
Less: current portion	(29,203)	(15,275)
<b>Total carrying value of non-current loans receivable</b>	<b>2,808</b>	<b>20,746</b>

### 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 June 30, 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 was no increase in credit risk in the period and therefore, no further credit loss provision was required.

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

	For the six months ended	
	Jun. 30, 2019	Jun. 30, 2018
<b>Interest on impaired loans</b>	—	—
<b>Expected credit loss provisions</b>		
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	—	—
<b>Balance, end of period</b>	<b>50</b>	<b>50</b>

**Sector distribution of loan principal**

Distribution of Company outstanding loan principal balances by sector:

	Jun. 30, 2019		Dec. 31, 2018	
	Number of Loans	(in thousands \$)	Number of Loans	(in thousands \$)
<b>Loans</b>				
Metals and mining	1	30,379	1	34,931
Energy and other	2	2,887	2	2,942
<b>Total loan principal</b>	<b>3</b>	<b>33,266</b>	<b>3</b>	<b>37,873</b>

**Geographic distribution of loan principal**

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

	Jun. 30, 2019		Dec. 31, 2018	
	Number of Loans	(in thousands \$)	Number of Loans	(in thousands \$)
<b>Loans</b>				
Canada	1	1,578	1	1,578
United States of America	2	31,688	2	36,295
<b>Total loan principal</b>	<b>3</b>	<b>33,266</b>	<b>3</b>	<b>37,873</b>

## 6 OTHER ASSETS, INCOME AND EXPENSES

### Other assets

Consist of the following (in thousands \$):

	Jun. 30, 2019	Dec. 31, 2018
Fund recoveries and investment receivables	7,333	4,722
Prepaid expenses	4,358	5,369
Other <sup>(1)</sup>	1,699	1,897
<b>Total Other assets</b>	<b>13,390</b>	<b>11,988</b>

(1) Other includes miscellaneous third-party receivables.

### Other income (loss)

Consist of the following (in thousands \$):

	For the three months ended		For the six months ended	
	Jun. 30, 2019	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
Net proceeds from Sale Transaction <sup>(1)</sup>	—	—	—	4,200
Other investment income <sup>(2)</sup>	138	3,082	224	3,914
Foreign exchange gain (losses)	(883)	236	(1,908)	1,092
<b>Total Other income (loss) <sup>(3)</sup></b>	<b>(745)</b>	<b>3,318</b>	<b>(1,684)</b>	<b>9,206</b>

(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 \$0.2 million on a three month ended basis (June 30, 2018 - \$0.4 million) and \$0.5 million on a six month ended basis (June 30, 2018 - \$0.7 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		For the six months ended	
	Jun. 30, 2019	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
Costs (recoveries) related to energy assets <sup>(1)</sup>	(5)	(136)	3	(104)
Other <sup>(2)</sup>	3,218	573	3,552	1,366
<b>Total Other expenses</b>	<b>3,213</b>	<b>437</b>	<b>3,555</b>	<b>1,262</b>

(1) Includes operating, depletion and impairment charges, net of royalty income of \$0.2 million on a three month ended basis (June 30, 2018 - \$0.4 million) and \$0.5 million on a six month ended basis (June 30, 2018 - \$0.7 million).

(2) Includes non-recurring professional fees and transaction costs.

## 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 RSUs	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	30,892	96
Issuance of share capital on conversion of RSUs and other share based considerations	476,030	1,086
Acquired for equity incentive plan	(162,265)	(503)
Released on vesting of equity incentive plan	606,467	1,520
At Jun. 30, 2019	244,013,461	415,137

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	3,328
Issuance of share capital on conversion of RSUs and other share based considerations	783
Released on vesting of common shares for equity incentive plan	(1,520)
At Jun. 30, 2019	45,974

### 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 three and six months ended June 30, 2019 (three months ended June 30, 2018 - nil, six months ended June 30, 2018 - 750,000). There were no options exercised for the three and six months ended June 30, 2019 (three and six months ended June 30, 2018 - 670,000). There were no options forfeited for the three and six months ended June 30, 2019 (three and six months ended June 30, 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, June 30, 2019	3,275	2.57
Options exercisable, June 30, 2019	2,575	2.60

Options outstanding and exercisable as at June 30, 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	1.4	150
2.33	3,000	6.6	2,300
2.73	125	6.9	125
2.33 to 6.60	3,275	6.4	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 419,687 RSUs granted during the three months ended June 30, 2019 (three months ended June 30, 2018 - 30,000) and 676,406 RSUs granted during the six months ended June 30, 2019 (six months ended June 30, 2018 - 339,401). The Trust purchased 0.1 million shares in the three months ended June 30, 2019 (three months ended June 30, 2018 - nil) and 0.2 million shares in the six months ended June 30, 2019 (six months ended June 30, 2018 - 2.4 million shares).

	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	162,265
Released on vesting	(606,467)
Unvested common shares held by the Trust, June 30, 2019	9,488,054

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

	For the three months ended		For the six months ended	
	Jun. 30, 2019	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
Stock option plan	57	58	131	292
EPSP / EIP	1,012	2,918	3,197	5,642
	1,069	2,976	3,328	5,934

**Basic and diluted earnings per share**

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

	For the three months ended		For the six months ended	
	Jun. 30, 2019	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
Numerator (in thousands \$):				
Net income (loss) - basic and diluted	2,116	5,916	5,900	19,573
Denominator (Number of shares in thousands):				
Weighted average number of common shares	254,856	251,882	252,919	251,104
Weighted average number of unvested shares purchased by the Trust	(9,234)	(12,053)	(9,236)	(11,273)
Weighted average number of common shares - basic	245,622	239,829	243,683	239,831
Weighted average number of dilutive stock options	3,125	4,455	3,125	4,455
Weighted average number of unvested shares purchased by the Trust	9,234	12,053	9,236	11,273
Weighted average number of common shares - diluted	257,981	256,337	256,044	255,559
<b>Net income per common share</b>				
Basic	\$ 0.01	0.02	\$ 0.02	\$ 0.08
Diluted	\$ 0.01	0.02	\$ 0.02	\$ 0.08

**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 June 30, 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 six months ended	
	Jun. 30, 2019	Jun. 30, 2018
<i>Current income tax expense (recovery)</i>		
Based on taxable income of the current period	113	(462)
<i>Deferred income tax expense (recovery)</i>		
Total deferred income tax expense	310	(1,678)
Income tax expense reported in the consolidated statements of operations	423	(2,140)

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 six months ended	
	Jun. 30, 2019	Jun. 30, 2018
Income before income taxes	6,323	17,433
Tax calculated at domestic tax rates applicable to profits in the respective countries	1,701	4,621
Tax effects of:		
Non-deductible stock-based compensation	60	78
Non-taxable capital (gains) and losses	(212)	(439)
Intangibles	57	(4,843)
Other temporary differences not benefited	(236)	(314)
Non-capital losses not benefited previously	(1,069)	(2,198)
Rate differences and other	122	955
Tax charge	423	(2,140)

The weighted average statutory tax rate was 26.9% (June 30, 2018 - 26.5%). This increase was primarily due to increased profitability of our Canadian businesses. The Company has \$12 million of capital tax losses and \$2 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.

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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 six months ended June 30, 2019*

	Dec. 31, 2018	Recognized in income	Recognized in other comprehensive income	Jun. 30, 2019
<b>Deferred income tax assets</b>				
Other stock-based compensation	4,300	292	—	4,592
Non-capital losses	5,018	880	(47)	5,851
Unrealized gains	386	(330)	—	56
Other	513	26	—	539
<b>Total deferred income tax assets</b>	<b>10,217</b>	<b>868</b>	<b>(47)</b>	<b>11,038</b>
<b>Deferred income tax liabilities</b>				
Fund management contracts	7,317	1,179	—	8,496
Proceeds receivable	70	(70)	—	—
Other	59	69	—	128
<b>Total deferred income tax liabilities</b>	<b>7,446</b>	<b>1,178</b>	<b>—</b>	<b>8,624</b>
<b>Net deferred income tax assets</b>	<b>2,771</b>	<b>(310)</b>	<b>(47)</b>	<b>2,414</b>

*For the year ended December 31, 2018*

	Dec. 31, 2017	Recognized in income	Recognized in other comprehensive income	Dec. 31, 2018
<b>Deferred income tax assets</b>				
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
<b>Total deferred income tax assets</b>	<b>4,374</b>	<b>5,830</b>	<b>13</b>	<b>10,217</b>
<b>Deferred income tax liabilities</b>				
Fund management contracts	431	6,886	—	7,317
Proceeds receivable	279	(209)	—	70
Other	(116)	175	—	59
<b>Total deferred income tax liabilities</b>	<b>594</b>	<b>6,852</b>	<b>—</b>	<b>7,446</b>
<b>Net deferred income tax assets</b>	<b>3,780</b>	<b>(1,022)</b>	<b>13</b>	<b>2,771</b>

## 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 June 30, 2019 and December 31, 2018 (in thousands \$).

### Proprietary Investments

Jun. 30, 2019	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	11,188	1,796	—	12,984
Fixed income securities	—	1,627	1,000	2,627
Private holdings	—	—	2,839	2,839
<b>Total net recurring fair value measurements</b>	<b>11,188</b>	<b>3,423</b>	<b>3,839</b>	<b>18,450</b>
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)
<b>Total net recurring fair value measurements</b>	<b>13,425</b>	<b>7,182</b>	<b>3,830</b>	<b>24,437</b>

### Long-term investments

Jun. 30, 2019	Level 1	Level 2	Level 3	Total
Co-investments in funds	—	70,177	4,741	74,918
Private holdings	—	—	27,361	27,361
<b>Total net recurring fair value measurements</b>	<b>—</b>	<b>70,177</b>	<b>32,102</b>	<b>102,279</b>
Dec. 31, 2018	Level 1	Level 2	Level 3	Total
Co-investments in funds	—	72,739	—	72,739
Private holdings	—	—	29,821	29,821
<b>Total net recurring fair value measurements</b>	<b>—</b>	<b>72,739</b>	<b>29,821</b>	<b>102,560</b>

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 - Jun. 30 2019					
	Dec. 31, 2018	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Jun. 30, 2019
Private holdings	2,830	100	—	(91)	2,839
Fixed income securities	1,000	—	—	—	1,000
	3,830	100	—	(91)	3,839

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 - Jun. 30, 2019					
	Dec. 31, 2018	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Jun. 30, 2019
Private holdings	24,945	3,424	—	(1,008)	27,361
Co-investments in funds	4,876	—	—	(135)	4,741
	29,821	3,424	—	(1,143)	32,102

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 six months ended June 30, 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 six months ended June 30, 2019, the Company purchased level 3 investments of \$3.5 million (December 31, 2018 - \$16.3 million). For the six months ended June 30, 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, co-investment in funds 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 six months ended June 30, 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
May 21, 2019 - Regular Dividend Q1 - 2019	June 5, 2019	0.03	7,605
Dividends <sup>(1)</sup>			15,207

<sup>(1)</sup> Subsequent to the quarter-end, on August 8, 2019, a regular dividend of \$0.03 per common share was declared for the quarter ended June 30, 2019. This dividend is payable on September 3, 2019 to shareholders of record at the close of business on August 19, 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.



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

*For the three months ended June 30, 2019*

	Exchange Listed Products	Lending	Managed Equities	Brokerage	Corporate	Elimination and all other segments	Consolidated
<b>Total revenue</b>	7,320	4,216	4,207	5,195	(166)	453	21,225
<b>Total expenses</b>	2,730	2,241	2,223	5,982	3,803	2,584	19,563
Pre-tax Income (loss)	4,590	1,975	1,984	(787)	(3,969)	(2,131)	1,662
Adjusted base EBITDA	5,532	3,832	1,056	230	(2,981)	1,740	9,409

*For the three months ended June 30, 2018*

	Exchange Listed Products	Lending	Managed Equities <sup>(1)</sup>	Brokerage <sup>(1)</sup>	Corporate	Elimination and all other segments <sup>(1)</sup>	Consolidated
<b>Total revenue</b>	9,383	6,786	3,065	7,895	(697)	182	26,614
<b>Total expenses</b>	2,285	1,959	2,396	7,761	4,328	1,337	20,066
Pre-tax Income (loss)	7,098	4,827	669	134	(5,025)	(1,155)	6,548
Adjusted base EBITDA	6,892	5,381	1,150	1,396	(3,897)	(236)	10,686

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

*For the six months ended June 30, 2019*

	Exchange Listed Products	Lending	Managed Equities	Brokerage	Corporate	Elimination and all other segments	Consolidated
<b>Total revenue</b>	14,613	7,598	7,441	10,843	(318)	2,295	42,472
<b>Total expenses</b>	5,272	3,764	5,090	12,005	6,338	3,680	36,149
Pre-tax Income (loss)	9,341	3,834	2,351	(1,162)	(6,656)	(1,385)	6,323
Adjusted base EBITDA	11,231	7,874	1,971	233	(4,672)	1,956	18,593

*For the six months ended June 30, 2018*

	Exchange Listed Products	Lending	Managed Equities <sup>(1)</sup>	Brokerage <sup>(1)</sup>	Corporate	Elimination and all other segments <sup>(1)</sup>	Consolidated
<b>Total revenue</b>	17,310	13,591	6,813	20,536	(857)	736	58,129
<b>Total expenses</b>	4,758	3,559	5,230	15,851	8,002	3,296	40,696
Pre-tax Income (loss)	12,552	10,032	1,583	4,685	(8,859)	(2,560)	17,433
Adjusted base EBITDA	12,924	8,138	2,464	3,523	(6,325)	(11)	20,713

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

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

	For the three months ended		For the six months ended	
	Jun. 30, 2019	Jun. 30, 2018	Jun. 30, 2019	Jun. 30, 2018
Canada	18,408	22,591	36,002	50,567
United States	2,817	4,023	6,470	7,562
	21,225	26,614	42,472	58,129

## 12 LOAN FACILITY

As at June 30, 2019, the Company had \$22.5 million (December 31, 2018 - \$Nil) outstanding on its credit facility, \$5 million of which is due within 12 months and \$17.5 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. In the first quarter, the Company drew \$25 million on the term loan portion of the credit facility to avoid its expiry and to partially fund anticipated growth in the business over the next 12-18 months. As at June 30, 2019, the Company was in compliance with all covenants, terms and conditions under the credit facility. 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

- Minimum AUM: \$8.2 billion
- Debt to EBITDA less than 3.25:1 for first 18 months, after which, debt to EBITDA less than 2.50:1
- EBITDA to interest expense more than 2.50:1

## 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 June 30, 2019, the Company had \$22.5 million in co-investment commitments from the Lending segment (December 31, 2018 - \$38.7 million).

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## Corporate Information

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Peter Grosskopf, Chief Executive Officer and Director  
Rick Rule, Director  
Sharon Ranson, FCPA, FCA, Director  
Rosemary Zigrossi, Director  
Whitney George, President  
Kevin Hibbert, CPA, CA, Chief Financial Officer  
Arthur Einav, Corporate Secretary

### Transfer Agent & Registrar

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### Investor Relations

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### Stock Information

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

**Sprott**

[www.sprott.com](http://www.sprott.com)