Sprott | 2020 First Quarter Report

Contrarian. Innovative. Aligned.

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Dear Fellow Shareholders,

As we write this letter, the spread of COVID-19 has become a global health crisis and the most significant challenge that we have collectively faced in a generation. The impacts of the virus and the related economic fallout are far reaching and will continue to be felt in the months and years to come. Our thoughts are with those who have been hardest hit.

Surveying the financial landscape, we view the pandemic as a pin which punctured the huge credit bubble that had priced almost all markets to perfection. By the end of 2019, markets had long been dependent on liquidity provided by central banks around the globe. The modest ~2% annual economic growth post the great financial crisis was underpinned by constant monetary accommodation, as well as by growing fiscal deficits. That combination served to extend the business cycle into one of the longest expansions on record, but at the cost of a record debt balance which can never be repaid without more central bank largesse and financial repression. Now, as the response to COVID-19 triggers unemployment levels not seen since the 1930's, governments have pledged to support furloughed workers and central banks have rushed to the rescue of the broader markets, consumers and specific industries. The scale of this money printing is unprecedented and, by some estimates, could reach or surpass $7 trillion in the US alone.

After trading above $1,700 an ounce in early March, gold briefly declined as a liquidity crunch set in and investors sold their most liquid assets to raise cash. Once the Fed announced its "QE infinity" program and liquidity conditions began to improve, gold recovered in a similar fashion to 2010 and closed the first quarter up 3.95%. We believe that, in this environment of massive stimulus and negative real interest rates, gold will continue to outperform general markets and is firmly on an upward trajectory.

During the first quarter of 2020, Sprott's Assets Under Management ("AUM") increased by 16% to $10.7 billion. The majority of this increase was attributable to the acquisition of Tocqueville Asset Management's gold strategies, which closed in January. During the quarter, as investor demand for physical gold increased, we generated approximately $500 million in net sales in our physical trusts. Adjusted base EBITDA for the first quarter of 2020 was $8.2 million, up 18% from the prior period. Subsequent to the end of the first quarter, we have experienced a significant surge in investor interest and sales in the physical trusts have now surpassed $1 billion on a year-to-date basis. We have also begun to see improved performance in our managed equities strategies and increased capital deployments in our Lending LPs. Our total pro-forma AUM as at May 6, 2020 was $12.1 billion, up 30% from December 31, 2019.

At Sprott, we built our platform with the belief that global debt levels are unsustainable and that, eventually, a reset would occur that would vindicate gold as a mandatory portfolio insurance asset. Investor flows into investment products backed by physical bullion are at all-time highs and gold equities gained approximately 40% after the quarter. The outlook for gold has rarely looked more positive. We believe gold's role in investor portfolios will continue to gain broader acceptance as we navigate the difficult years ahead and that physical bullion and gold equities forecast to reach new highs over the mid-term.

Sprott is well-positioned to continue building our business during these uncertain times. We have a large and highly-scalable bullion management platform that is perfectly suited to meet rising investor demand for physical bullion. Our gold investment team is deep and experienced and runs one of the largest pools of actively-managed equity capital in the sector. Our private lending offerings provide highly-specialized credit strategies to global institutions. Sprott's investment team, finance, client service and marketing professionals are all focused on capitalizing on this opportunity to deliver outstanding results for our clients and shareholders.

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

Peter Grosskopf
Chief Executive Officer

Management's Discussion and Analysis

Three months ended March 31, 2020

FORWARD LOOKING STATEMENTS

Certain statements in this Management's Discussion & Analysis ("MD&A"), and in particular the "Business Highlights and Growth Initiatives" section and "Outlook" subsection, contain forward-looking information (collectively referred to herein as the "Forward-Looking Statements") within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify Forward-Looking Statements. In particular, but without limiting the forgoing, this MD&A contains Forward-Looking Statements pertaining to: (i) outperform general markets and is firmly on an upward trajectory, (ii) gold's role in investor portfolios will continue to gain broader acceptance, (iii) gold equities will reach new highs over the mid-term; (iv) expectations regarding an increasingly constructive gold and silver pricing environment; (v) expectations regarding deployment of capital called into our lending LPs; (vi) anticipation of flat year-over-year performance in the Brokerage segment; (vii) anticipation of higher year-over-year operating costs (primarily relating to higher SG&A and compensation expense on increased U.S. operating activities) and lower EBITDA contribution from non-reportable segments; (viii) the impact to the Managed Equities segment of the Tocqueville gold strategies asset management business; (ix) the performance of the co-investments in the lending LPs; (x) gold accumulation and new highs as insurance and protection assets; and (xi) 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, 2020; 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. 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 May 7, 2020, presents an analysis of the consolidated financial condition of the Company and its subsidiaries as at March 31, 2020, compared with December 31, 2019, and the consolidated results of operations for the three months ended March 31, 2020, compared with the three months ended March 31, 2019. The Board of Directors approved this MD&A on May 7, 2020. All note references in this MD&A are to the notes to the Company's March 31, 2020 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 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. While the Company's functional currency is the Canadian dollar, its presentation currency has switched to US dollars effective January 1, 2020, with the prior period figures restated accordingly. We believe the US dollar better reflects the Company's consolidated financial position and results of operations given the significance of our revenues denominated in US dollars that further increased in 2020 with the January 17, 2020 close of the Tocqueville Asset Management gold strategies acquisition. Accordingly, all dollar references in this MD&A are in US dollars, unless otherwise specified. The use of the term "prior period" refers to the three months ended March 31, 2019.

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 are discussed below:

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 changes 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 are 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 ("capital distributions").

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) are key revenue indicators as they represent the net revenue contribution after directly associated costs that we generate from our AUM.

Net Commissions

Commissions, net of commission expenses, arise primarily from the transaction based service offerings of our brokerage segment.

Compensation

Compensation excludes 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.

EBITDA, Adjusted EBITDA, Adjusted base EBITDA and Operating margin

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 and a better indicator of recurring results from operations as compared to other non-IFRS financial measures.

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, Adjusted EBITDA and Adjusted base EBITDA measures are determined:

	3 months ended	
(in thousands $)	Mar. 31, 2020	Mar. 31, 2019
Net income for the periods	1,062	2,847
Adjustments:		
Interest expense	236	244
Provision (recovery) for income taxes	1,865	659
Depreciation and amortization	988	829
EBITDA	4,151	4,579
Other adjustments:		
(Gains) losses on investments [1]	4,352	(55)
Non-cash stock-based compensation	98	1,247
Other expenses [2]	(414)	1,147
Adjusted EBITDA	8,187	6,918
Other adjustments:		
Carried interest and performance fees	—	—
Carried interest and performance fee related expenses	—	—
Adjusted base EBITDA	8,187	6,918
Operating margin [3]	43%	39%

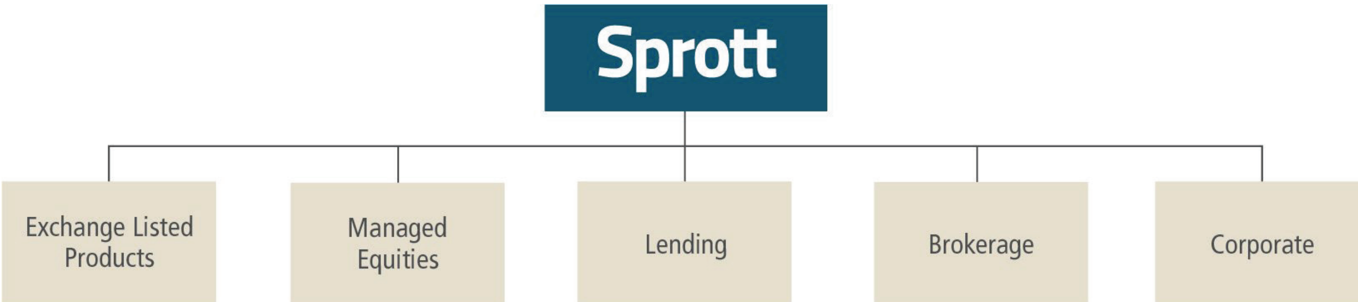
(1) This adjustment removes the income effects of certain gains or losses on short-term investments, co-investments and digital gold strategies to ensure the reporting objectives of our EBITDA metric as described above are met.

(2) See Other expenses in Note 6 of the interim financial statements. In addition to the items outlined in Note 6, Other expenses also includes severance and new hire accruals of $0.7 million for the 3 months ended (3 months ended March 31, 2019 - $0.1 million).

(3) Calculated as adjusted base EBITDA inclusive of depreciation and amortization, and excluding income related to legacy balance sheet loans. This figure is then divided by revenues, net of direct costs as applicable.

BUSINESS OVERVIEW

Our reportable operating segments are as follows:



Exchange Listed Products

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

Managed Equities

- The Company's alternative investment strategies (open-end, closed-end) managed in-house and on a sub-advised basis.

Lending

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

Brokerage

- The Company's regulated broker-dealer activities (primarily equity origination, corporate advisory, sales and trading activities), in the U.S. and Canada.

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, *Operating Segments* ("IFRS 8"). See Note 12 of the interim financial statements for further details.

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

BUSINESS HIGHLIGHTS AND GROWTH INITIATIVES

Investment Performance

Market value depreciation was $885 million during the quarter. The Company was impacted by lower silver prices in our exchange listed products and weak equity market valuations in our managed equities fund products that occurred during the last two weeks of March. Subsequent to quarter end, the Company recovered these unrealized losses as silver and global equity markets rebounded from their March lows.

Product and Business Line Expansion

On January 17, 2020, the Company successfully closed on the acquisition of Tocqueville Asset Management's gold strategies ("the Acquisition"). Based on AUM valuations as at January 17, 2020, the Acquisition added approximately $1.7 billion to the Company's total AUM. The Acquisition cost was $15 million ($12.5 million in cash and Sprott Inc. common shares valued at $2.5 million). Contingent consideration valued up to an additional $35 million in cash and Sprott Inc. shares is payable subject to the achievement of certain financial performance conditions over the two years following the closing of the Acquisition.

Other Matters

While the Company's functional currency is the Canadian dollar, its presentation currency has switched to US dollars effective January 1, 2020, with the prior period figures restated accordingly. We believe the US dollar better reflects the Company's consolidated financial position and results of operations given the significance of our revenues denominated in US dollars that further increased in 2020 with the January 17, 2020 close of the Acquisition.

OUTLOOK

Exchange Listed Products

We expect this segment to benefit from an increasingly constructive gold and silver pricing environment in 2020 as more than 98% of this segment's AUM is directly or indirectly impacted by gold and silver price changes, net of redemptions.

Managed Equities

The Acquisition contributed approximately $1.7 billion of AUM to this segment as at quarter-end. We anticipate the Acquisition AUM to be immediately accretive to operating margins, net of anticipated near-term redemptions.

Lending

- Effective 2020, this segment's revenues will be generated primarily from two sources: management fees and co-investment income (included in finance income).

- Our lending strategies had approximately $839 million in AUM at the end of first quarter, earning a blended net management fee rate of approximately 94bps. We expect capital calls (net of capital distributions) in 2020 to be in the range of $100 million to $200 million, based on our lending team's current view of the loan market and their expectations of possible repayments.

Brokerage

We anticipate flat year-over-year performance in this segment.

Corporate & Other Non-reportable Segments

We anticipate higher year-over-year operating costs (primarily relating to higher SG&A and compensation expense on increased U.S. operating activities) and lower EBITDA contribution from non-reportable segments. (see "Elimination and all other segments" column of the segment table in Note 12 of the interim financial statements).

COVID-19

The changing economic and market climate as a result of COVID-19 has led to the Company implementing its business continuity plan. Our portfolio managers, brokerage professionals, enterprise shared services teams and key outsource service providers are fully operational. While the exact impacts of COVID-19 over the short and long-term are undeterminable at the date of this report, management believes the effects of COVID-19 we have witnessed thus far, and in particular, world government responses thereto via fiscal and monetary policy, will continue to be highly constructive to precious metals markets.

SUMMARY FINANCIAL INFORMATION

(In thousands $)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
SUMMARY INCOME STATEMENT								
Management fees	15,125	10,685	10,577	9,962	10,195	9,979	10,498	11,279
Carried interest and performance fees	—	1,811	—	—	—	—	—	531
less: Trailer and sub-advisor fees	154	966	50	67	—	29	34	38
less: Carried interest and performance fee payouts	—	86	—	—	—	—	—	276
Net Fees	14,971	11,444	10,527	9,895	10,195	9,950	10,464	11,496
Commissions	5,179	6,599	6,056	3,293	3,315	4,855	3,499	5,823
less: Commission expense	1,870	2,658	2,654	1,356	1,386	2,047	1,872	2,092
Net Commissions	3,309	3,941	3,402	1,937	1,929	2,808	1,627	3,731
Finance income [(1)]	914	2,481	2,561	3,435	2,946	3,213	3,691	2,551
Gains (losses) on investments	(4,352)	(1,252)	600	(408)	5	5,238	(3,761)	(2,419)
Other income (loss)	113	623	91	(194)	77	173	209	2,389
Total Net Revenues	14,955	17,237	17,181	14,665	15,152	21,382	12,230	17,748
Compensation [(2)]	7,588	7,371	6,891	5,468	6,306	8,450	6,248	8,238
Compensation - severance and new hire accruals	667	154	169	639	109	29	275	—
Placement and referral fees	86	434	114	251	58	279	171	115
Selling, general and administrative	3,544	2,986	3,175	3,256	3,062	3,157	2,604	3,800
Interest expense	236	269	297	226	244	236	20	12
Amortization and impairment charges	988	1,254	893	819	829	453	350	353
Other expenses	(1,081)	2,376	(167)	2,764	1,038	(1,225)	1,024	157
Total Expenses	12,028	14,844	11,372	13,423	11,646	11,379	10,692	12,675
Net Income	1,062	1,445	4,336	1,581	2,847	7,442	1,511	4,583
Net Income per share	0.01	0.01	0.02	0.01	0.01	0.03	0.01	0.02
Adjusted base EBITDA	8,187	7,441	7,612	7,032	6,918	7,639	7,426	8,279
Adjusted base EBITDA per share	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Operating margin	43%	38%	36%	39%	39%	38%	36%	39%
SUMMARY BALANCE SHEET								
Total Assets	318,318	324,943	325,442	338,530	332,504	313,895	310,055	314,214
Total Liabilities	65,945	53,313	51,774	68,008	54,009	40,386	28,185	28,290
Total AUM	10,734,831	9,252,515	8,548,982	8,103,723	7,909,488	7,756,582	7,776,062	8,653,684
Average AUM	11,007,781	8,932,651	8,608,001	7,898,334	7,887,089	7,599,173	7,964,464	8,715,059

[(1)] Finance income includes: (1) interest income from on-balance sheet loans and brokerage client accounts; (2) co-investment income from lending LP units; and (3) ancillary income earned directly or indirectly from lending activities.

[(2)] See 'Compensation' in the key performance indicators (non-IFRS financial measures) section of this MD&A.

SUMMARY MANAGEMENT FEE BREAKDOWN

Below is a detailed list of management fee rates on our fund products as at March 31, 2020 (in millions $):

FUND	AUM	BLENDED NET MANAGEMENT FEE RATE	CARRIED INTEREST & PERFORMANCE FEE CRITERIA
Exchange Listed Products			
Sprott Physical Gold Trust	2,954	0.35%	N/A [1]
Sprott Physical Gold and Silver Trust	2,809	0.40%	N/A [1]
Sprott Physical Silver Trust	914	0.45%	N/A [1]
Sprott Gold Miner's ETF	146	0.35%	N/A [1]
Sprott Physical Platinum & Palladium Trust	121	0.50%	N/A [1]
Sprott Jr. Gold Miner's ETF	41	0.35%	N/A [1]
Total	6,985	0.39%	
Managed Equities: Precious Metals Strategies			
Sprott Gold Equity Fund	781	0.75%	N/A
Institutional Accounts	603	0.31%	0-20% of all net profits in excess of the HWM
Fixed Term Limited Partnerships	195	1.70%	15-30% over preferred return
Bullion Funds [2]	155	0.33%	N/A
Corporate Class Funds [2]	86	0.75%	5% excess over applicable benchmark indices
Gold and Precious Minerals Fund [2]	71	1.00%	5% excess over applicable benchmark indices
Sprott Hathaway Special Situations Fund	28	1.50%	20% of net profits over preferred return
Total	1,919	0.69%	
Managed Equities: Other			
Sprott U.S. Value Strategies	166	1.00%	N/A
Flow-through LPs [2]	34	0.70%	10% of all net profits in excess of the HWM
Legacy Managed Accounts [3]	9	1.00%	N/A
Total	209	0.95%	
Lending			
Sprott private resource lending LPs	839	0.94%	15-70% of net profits over preferred return
Other			
Managed Companies [4]	586	0.50%	20% of net profits over preferred return
Separately Managed Accounts [5]	197	0.61%	20% of net profits over preferred return
Total	783	0.53%	
Total AUM	10,735	0.51%	

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

[2] Management fee rate represents the net amount received by the Company.

[3] Institutional managed accounts.

[4] Includes Sprott Korea Corp.

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

RESULTS OF OPERATIONS

AUM SUMMARY

AUM was $10.7 billion as at March 31, 2020, up $1.5 billion (16%) from December 31, 2019. On a three months ended basis, we benefited from the Acquisition, which added $1.7 billion to our precious metals strategies. We also benefited from strong inflows to our physical trusts and private equity strategies in Asia (see "Other" in the table below). Additionally, we benefited from new capital calls and commitment fee earning assets being added to our lending platform. These increases were partially offset by market value depreciation from lower silver prices and weak equity market valuations that occurred during the last two weeks of March. Subsequent to quarter end, the Company recovered these unrealized losses as silver and global equity markets rebounded from their March lows.

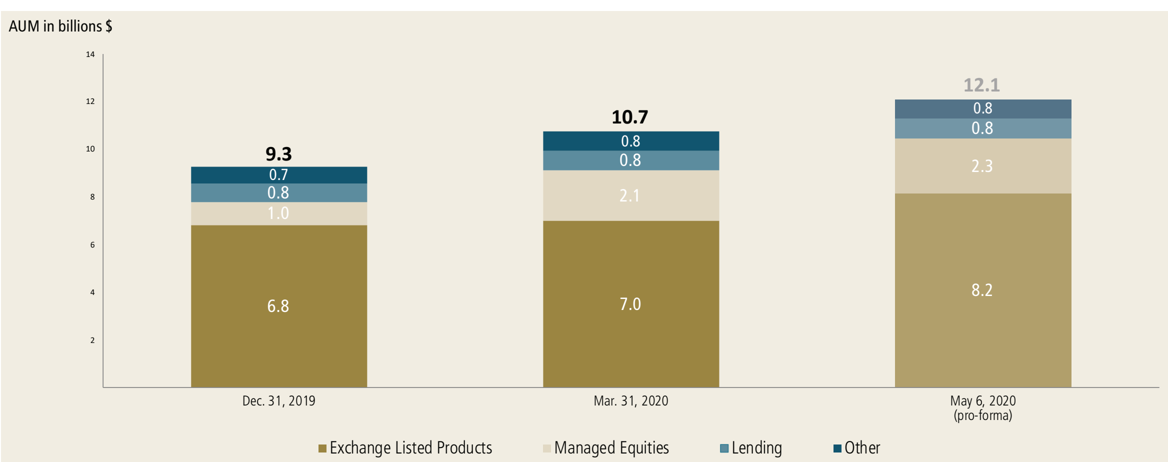
3 months results

(In millions $)	AUM Dec 31, 2019	Net Inflows [1]	Market Value Changes	Other [2]	AUM Mar. 31, 2020
Exchange Listed Products					
- Physical Trusts	6,579	474	(255)	—	6,798
- ETFs	252	(9)	(56)	—	187
	6,831	465	(311)	—	6,985
Managed Equities					
- Precious Metals Strategies	601	(30)	(393)	1,741	1,919
- Other	350	(4)	(137)	—	209
	951	(34)	(530)	1,741	2,128
Lending	783	63	(6)	(1)	839 [3]
Other	688	133	(38)	—	783
Total	9,253	627	(885)	1,740	10,735

[1] See 'Net Inflows' in the key performance indicators (non-IFRS financial measures) section of this MD&A.

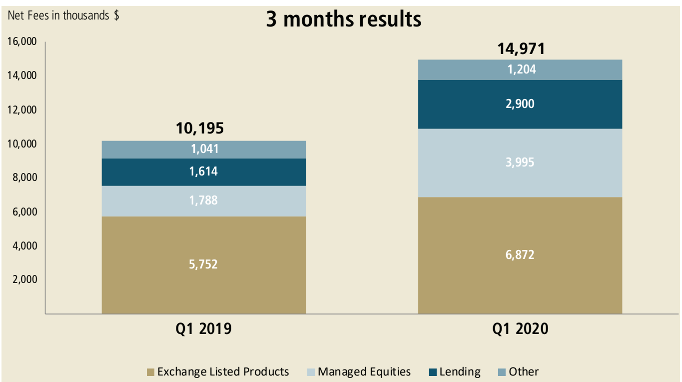
[2] Includes new AUM from fund acquisitions and lost AUM from fund divestitures and capital distributions of our lending LPs.

[3] $1.3 billion of committed capital remains uncalled, of which $506 million earns a commitment fee (AUM), and $748 million does not (future AUM).



KEY REVENUE LINES

Management fees in the quarter were $15.1 million, up $4.9 million (48%) from the prior period. Net fees were $15 million, up $4.8 million (47%) from the prior period. Net fees increased in the quarter due to the Acquisition in our managed equities segment and strong net inflows in our exchange listed products segment. We also benefited from higher fees in our lending segment as we continue to grow AUM in this area.

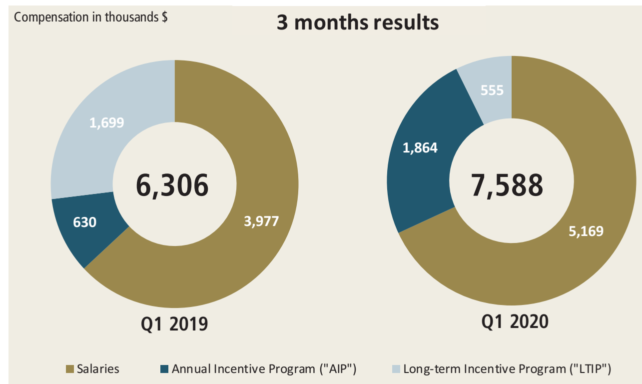


Finance Income in the quarter was $0.9 million, down $2 million (69%) from the prior period. Finance income primarily includes interest income from legacy loans, interest income from our co-investments in LP units and other ancillary income earned directly or indirectly from lending activities. Lower finance income in the quarter was primarily due to the repayment of legacy balance sheet loans and higher capital distribution levels in our lending LPs in 2019.

Commission revenues in the quarter were $5.2 million, up $1.9 million (56%) from the prior period. Net Commissions in the quarter were $3.3 million, up $1.4 million (72%) from the prior period. The increase in the quarter was due to improved equity origination, sales and trading activities in our brokerage segment.

KEY EXPENSE LINES

Compensation was $7.6 million, up $1.3 million (20%) from the prior period. The increase in the quarter was primarily due to higher salaries from new hires related to the Acquisition and higher AIP on increased revenues across the Company. These increases were partially offset by lower LTIP amortization.



SG&A was $3.5 million in the quarter, up $0.5 million (16%) from the prior period. The increase was largely from the expansion of our managed equities segment related to the Acquisition.

EARNINGS

Net income in the quarter was $1.1 million, down $1.8 million (63%). Adjusted base EBITDA in the quarter was $8.2 million, up $1.3 million (18%) from the prior period.

Net income was negatively impacted by unrealized losses on our investments. Adjusted base EBITDA benefited from the Acquisition in our managed equities segment and increased fees from strong net flows in our exchange listed products segment. We also benefited from increased commission revenues in our brokerage segment. These increases were partially offset by lower finance income in our lending segment given the repayment of legacy balance sheet loans and higher capital distribution levels in our lending LPs in 2019.

ADDITIONAL REVENUES AND EXPENSES

Investments losses were mainly due to unrealized market value depreciation of certain equity holdings, co-investments and digital gold strategies.

Other income, placement and referral fees were nominal for the quarter and interest expense was largely flat year-over-year.

Amortization of intangibles was flat for the quarter and amortization of property and equipment was higher in the quarter mainly due to increased depreciation expense related to a new lease attributable to the Acquisition.

Other expenses were lower in the quarter primarily due to FX translation gains in the current period.

BALANCE SHEET

Total Assets were $318 million, down $7 million (2%) from December 31, 2019. The decrease was primarily due to a decline in the value of certain investments.

Total Liabilities were $66 million, up $13 million (24%) from December 31, 2019. The increase was primarily due to an accrual of contingent consideration related to the Acquisition.

Total Shareholder's Equity was $252 million, down $19 million (7%) from December 31, 2019.

REPORTABLE OPERATING SEGMENTS

Exchange Listed Products

	3 months ended	
(In thousands $)	Mar. 31, 2020	Mar. 31, 2019
SUMMARY INCOME STATEMENT		
Management fees	6,872	5,752
Other income (loss)	5	—
Total Revenues	**6,877**	**5,752**
Compensation	1,004	790
Selling, general and administrative	607	677
Interest expense	116	206
Amortization and impairment charges	233	239
Other expenses	(1,026)	268
Total Expenses	**934**	**2,180**
Income before income taxes	**5,943**	**3,572**
Adjusted base EBITDA	5,282	4,285
Operating margin	75%	74%
Total AUM	6,985,240	5,799,618
Average AUM	7,069,230	5,932,553

3 months ended

Income before income taxes in the quarter was $5.9 million, up $2.4 million (66%) from the prior period. Adjusted base EBITDA in the quarter was $5.3 million, up $1 million (23%) from the prior period. Our three months ended results were positively impacted by higher average AUM given strong inflows this quarter which more than offset higher compensation.

Managed Equities

(In thousands $)	3 months ended Mar. 31, 2020	Mar. 31, 2019
SUMMARY INCOME STATEMENT		
Management fees	**4,181**	**1,819**
less: Trailer and sub-advisor fees	186	31
Net Fees	3,995	1,788
Gains (losses) on investments	(2,700)	454
Other income (loss)	71	107
Total Net Revenues	1,366	2,349
Compensation	1,464	1,642
Selling, general and administrative	647	428
Interest expense	82	—
Amortization and impairment charges	50	55
Other expenses	(1,147)	(52)
Total Expenses	**1,096**	**2,073**
Income before income taxes	**270**	**276**
Adjusted base EBITDA	2,053	688
Operating margin	49%	33%
Total AUM	2,128,134	836,048
Average AUM	2,416,764	807,073

3 months ended

Income before income taxes was $0.3 million, largely flat for the quarter. Higher management fees related to the Acquisition were largely offset by unrealized market value losses on our co-investments that occurred primarily during the last two weeks of March. Subsequent to quarter end, the Company recovered these unrealized losses as global equity markets rebounded from their March lows. Adjusted base EBITDA in the quarter was $2.1 million, up $1.4 million from the prior period. Adjusted base EBITDA was higher in the quarter as a result of increased management fees from the Acquisition, partially offset by higher SG&A.

Lending

(In thousands $)	3 months ended Mar. 31, 2020	3 months ended Mar. 31, 2019
SUMMARY INCOME STATEMENT		
Management fees	2,900	1,614
Finance income [1]	800	2,489
Gains (losses) on investments	1,437	(1,076)
Other income (loss)	38	8
Total Revenues	**5,175**	**3,035**
Compensation	1,570	1,022
Placement and referral fees	8	6
Selling, general and administrative	194	89
Interest expense	3	—
Amortization and impairment charges	26	27
Other expenses	(2,324)	490
Total Expenses	**(523)**	**1,634**
Income before income taxes	**5,698**	**1,401**
Adjusted base EBITDA	2,038	3,042
Operating margin	61%	63%
Total AUM [2]	839,478	547,210
Average AUM	807,882	425,784

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

[2] $1.3 billion of committed capital remains uncalled, of which $506 million earns a commitment fee (AUM), and $748 million does not (future AUM).

3 months ended

Income before income taxes was $5.7 million, up $4.3 million from the prior period. Adjusted base EBITDA in the quarter was $2 million, down $1 million (33%) from the prior period. Higher income before income taxes was primarily due to unrealized market value appreciation of co-investments and FX translation gains in the current period. However, Adjusted base EBITDA was primarily impacted by lower finance income on higher capital distribution levels in 2019 and the full repayment of legacy loans in the third quarter of 2019. Lower finance income more than offset increased management fees in the period.

Brokerage

	3 months ended	
(In thousands $)	Mar. 31, 2020	Mar. 31, 2019
SUMMARY INCOME STATEMENT		
Commissions	**4,771**	**3,238**
less: Commission expense	1,870	1,401
Net Commissions	2,901	1,837
Management fees	400	280
Finance income	114	457
Gains (losses) on investments	(217)	223
Other income	28	16
Total Net Revenues	3,226	2,813
Compensation [(1)]	1,701	1,810
Placement and referral fees	—	44
Selling, general and administrative	1,186	1,119
Interest expense	12	16
Amortization and impairment charges	130	140
Other expenses	37	(33)
Total Expenses	**3,066**	**3,096**
Income (loss) before income taxes	**160**	**(283)**
Adjusted base EBITDA	953	2
Operating margin	26%	(7)%

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

3 months ended

Income before income taxes was $0.2 million, up $0.4 million from the prior period. Adjusted base EBITDA in the quarter was $1 million, up $1 million from the prior period. Our three months ended results were positively impacted by improved equity origination, sales and trading activities.

Corporate

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

	3 months ended	
(In thousands $)	Mar. 31, 2020	Mar. 31, 2019
SUMMARY INCOME STATEMENT		
Gains (losses) on investments	(2,214)	(203)
Other income (loss)	12	13
Total Revenues	**(2,202)**	**(190)**
Compensation	2,152	667
Selling, general and administrative	575	604
Interest expense	23	22
Amortization and impairment charges	543	363
Other expenses	488	175
Total Expenses	**3,781**	**1,831**
Income (loss) before income taxes	**(5,983)**	**(2,021)**
Adjusted base EBITDA	(2,555)	(1,272)

3 months ended

- Net investments losses were due to market value depreciation of certain equity holdings.
- Compensation increased due to the Acquisition, increased executive involvement in our US businesses and higher AIP accruals on higher revenues across the Company.
- SG&A decreased in the quarter due to our ongoing multi-year cost containment program.
- Higher amortization was due to increased depreciation expense due to a new lease.
- Other expenses was primarily due to FX translation movements (CAD-to-USD).

Dividends

The following dividends were declared by the Company during the three months ended March 31, 2020:

Record date	Payment Date	Cash dividend per share (CAD $)	Total dividend amount (in thousands $)
March 09, 2020 - Regular Dividend Q4 - 2019	March 24, 2020	0.03	5,387
Dividends [(1)]			5,387

[(1)] Subsequent to quarter-end, on May 7, 2020, a regular dividend of CAD$0.03 per common share was declared for the quarter ended March 31, 2020. This dividend is payable on June 3, 2020 to shareholders of record at the close of business on May 19, 2020.

Capital Stock

Including the 10 million unvested common shares currently held in the EPSP Trust (December 31, 2019 - 9 million), total capital stock issued and outstanding was 253.7 million (December 31, 2019 - 253.1 million).

Earnings per share for the current and prior periods have been calculated using the weighted average number of shares outstanding during the respective periods. Basic and diluted earnings per share were $0.01 for the quarter compared to $0.01 in the prior period. Diluted earnings per share reflects the dilutive effect of in-the-money stock options, 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, all of which are exercisable.

Liquidity and Capital Resources

As at March 31, 2020, the Company had $18.2 million (December 31, 2019 - $15.3 million) outstanding on its credit facility, $3.5 million of which is due within 12 months and $14.7 million is due after 12 months (December 31, 2019 - $3.8 million and $11.5 million respectively).

The Company has a 5 year, CAD$90 million credit facility with a major Canadian schedule I chartered bank. The facility consists of a CAD$25 million term loan and a CAD$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 2019, the Company drew CAD$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 March 31, 2020, 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, CAD$65 million revolver with "bullet maturity" December 31, 2022
- 5-year, CAD $25 million term loan with 5% of principal amortizing quarterly, with the remaining balance maturing on December 31, 2022

Interest Rate

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

Covenant Terms

- Minimum AUM: CAD$8.2 billion
- Debt to EBITDA less than 2.5:1
- EBITDA to interest expense more than 2.5:1

Commitments

Besides the Company's long-term lease agreements, there are commitments to make co-investments in lending LPs arising from our lending segment or commitments to make investments in the net investments portfolio of the Company. As at March 31, 2020, the Company had $3.5 million in co-investment commitments from the lending segment (December 31, 2019 - $6.6 million).

Significant Accounting Judgments, Estimates and Changes in Accounting Policies

The interim financial statements have been prepared in accordance with IFRS standards in effect as at March 31, 2020, 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, 2019 annual audited financial statements and have been applied consistently to the interim financial statements as at and for the three months ended March 31, 2020.

Change in presentation currency

Effective January 1, 2020, the Company changed its presentation currency from Canadian to US dollars to better reflect the Company's business activities, given the significance of our revenues denominated in US dollars that further increased in 2020 with the January 17, 2020 close of the Acquisition.

The Company followed the guidance of IAS 21 *Effects of Changes in Foreign Exchange Rates* ("IAS 21") and have applied the change retroactively. As a result, the Company has restated prior year comparatives, including the January 1 opening balance sheet as required by IFRS 1. The change in presentation currency had the following effect:

- Assets and liabilities have been translated at the exchange rate on the respective reporting dates;
- Equity transactions have been translated at the historical exchange rate at the date of the transaction;
- The statements of operations has been translated at the average exchange rate on the respective reporting dates;
- Exchange differences arising on translation are presented in the Accumulated other comprehensive income line in shareholders' equity on the balance sheet.

Contingent consideration

The Acquisition necessitated the recognition of contingent consideration for the amounts payable in cash and shares under the terms of the purchase agreement. The cash settled portion of the contingent consideration has been measured at the closing date fair value, based on management's estimate of the level of future revenue obtained from the contracts over the contingent consideration measurement period. The equity settled portion of the contingent consideration has been measured at its grant date fair value in accordance with the requirements of IFRS 2 *Share-based Payment.* The key judgments utilized in the estimation of the contingent consideration were fund flow assumptions. As at March 31, 2020, there was no change to the estimate of the contingent consideration.

Managing Risk: Financial

COVID-19 risk

The changing economic and market climate as a result of COVID-19 has led to the Company implementing its business continuity plan. Our portfolio managers, brokerage professionals, enterprise shared services teams and key outsource service providers are fully operational. While the exact impacts of COVID-19 over the short and long-term are undeterminable at the date of this report, management believes the effects of COVID-19 we have witnessed thus far, and in particular, world government responses thereto via fiscal and monetary policy, will continue to be highly constructive to precious metals markets.

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

The Company enters into transactions that are denominated primarily in U.S. dollar and Canadian dollar. 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 which are denominated in currencies other than the functional currency of the Company and its subsidiaries. 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 investments portfolio.

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 CAD$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 our co-investments in lending LPs arises from fluctuations in cash flows from making capital calls and receiving capital distributions. The Company manages its loan co-investment liquidity risk through the ongoing monitoring of scheduled capital calls and distributions ("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 investments are focused on the natural resource sector, and in particular, precious metals related investments and transactions. In addition, from time-to-time, certain investment 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 at March 31, 2020, 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, and the implementation of our business continuity plan as a result of COVID-19 has not prevented the normal function of our internal controls.

Managing Risk: Non-financial

For details around other risks managed by the Company (e.g. confidentiality of information, conflicts of interest, etc.) refer to the Company's annual report as well as the Annual Information Form available on SEDAR at www.sedar.com.

Consolidated Financial Statements

Three months ended March 31, 2020

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

As at *(In thousands of US dollars)*		Mar. 31 2020	Dec. 31 2019	Jan. 1 2019
Assets			(Note 2)	(Note 2)
Current				
Cash and cash equivalents		34,908	54,748	34,637
Fees receivable		11,659	8,682	6,330
Loans receivable		—	—	11,197
Short-term investments	*(Notes 3 & 9)*	10,281	17,495	19,580
Other assets	*(Note 6)*	9,561	12,980	7,893
Income taxes recoverable		917	1,439	1,744
Total current assets		67,326	95,344	81,381
Loans receivable		—	—	15,207
Co-investments	*(Note 4 & 9)*	53,952	55,595	56,894
Other assets	*(Note 6 & 9)*	18,036	20,276	19,175
Property and equipment, net		16,221	16,230	16,392
Intangible assets	*(Note 5)*	141,157	114,078	108,726
Goodwill	*(Note 5)*	19,149	19,149	19,149
Deferred income taxes	*(Note 8)*	2,477	4,271	4,322
		250,992	229,599	239,865
Total assets		318,318	324,943	321,246
Liabilities and Shareholders' Equity				
Current				
Accounts payable and accrued liabilities		30,460	23,618	32,106
Compensation payable		4,475	6,912	6,939
Obligations related to securities sold short		—	—	187
Loan facility	*(Note 13)*	3,512	3,829	—
Income taxes payable		1,065	807	445
Total current liabilities		39,512	35,166	39,677
Other accrued liabilities		10,000	4,247	5,769
Loan facility	*(Note 13)*	14,678	11,486	—
Deferred income taxes	*(Note 8)*	1,755	2,414	2,291
Total liabilities		65,945	53,313	47,737
Shareholders' equity				
Capital stock	*(Note 7)*	407,544	407,900	407,775
Contributed surplus	*(Note 7)*	47,280	43,160	42,964
Deficit		(112,547)	(108,222)	(95,422)
Accumulated other comprehensive income		(89,904)	(71,208)	(81,808)
Total shareholders' equity		252,373	271,630	273,509
Total liabilities and shareholders' equity		318,318	324,943	321,246
Commitments and provisions	*(Note 14)*			

The accompanying notes form part of the consolidated financial statements

"Ron Dewhurst"
Director

"Sharon Ranson, FCPA, FCA"
Director

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

		For the three months ended	
(In thousands of US dollars, except for per share amounts)		Mar. 31 2020	Mar. 31 2019
			(Note 2)
Revenues			
Management fees		15,125	10,195
Commissions		5,179	3,315
Finance income		914	2,946
Gain (loss) on investments	*(Note 3 & 4)*	(4,352)	5
Other income	*(Note 6)*	113	77
Total revenue		16,979	16,538
Expenses			
Compensation		9,570	6,102
Stock-based compensation	*(Note 7)*	555	1,699
Trailer and sub-advisor fees		154	—
Placement and referral fees		86	58
Selling, general and administrative		3,544	3,062
Interest expense		236	244
Amortization of intangibles	*(Note 5)*	215	220
Amortization of property and equipment		773	609
Other expenses	*(Note 6)*	(1,081)	1,038
Total expenses		14,052	13,032
Income before income taxes for the period		2,927	3,506
Provision for income taxes	*(Note 8)*	1,865	659
Net income for the period		1,062	2,847
Basic earnings per share	*(Note 7)*	$ 0.01	$ 0.01
Diluted earnings per share	*(Note 7)*	$ 0.01	$ 0.01

Net income for the period	1,062	2,847
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation gain (loss) on foreign operations (taxes of $Nil)	(18,696)	5,022
Total other comprehensive income (loss)	(18,696)	5,022
Comprehensive income (loss)	(17,634)	7,869

The accompanying notes form part of the consolidated financial statements

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

(In thousands of US dollars, other than number of shares)		Number of Shares Outstanding	Capital Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Equity
At Dec. 31, 2019		244,176,419	407,900	43,160	(108,222)	(71,208)	271,630
Shares acquired for equity incentive plan	*(Note 7)*	(1,223,044)	(2,274)	—	—	—	(2,274)
Issuance of share capital on purchase of management contracts	*(Note 7)*	1,047,207	2,500		—	—	2,500
Share-based contingent consideration related to the Acquisition	*(Note 7)*	—	—	4,879	—	—	4,879
Shares released on vesting of equity incentive plan	*(Note 7)*	158,342	376	(376)	—	—	—
Shares acquired and canceled under normal course issuer bid	*(Note 7)*	(1,023,436)	(1,940)	—	—	—	(1,940)
Foreign currency translation gain (loss) on foreign operations		—	—	—	—	(18,696)	(18,696)
Stock-based compensation	*(Note 7)*	—	—	555	—	—	555
Issuance of share capital on conversion of RSUs and other share based considerations	*(Note 7)*	479,585	938	(938)	—	—	—
Dividends declared	*(Note 10)*	22,715	44	—	(5,387)	—	(5,343)
Net income		—	—	—	1,062	—	1,062
Balance, Mar. 31, 2020		243,637,788	407,544	47,280	(112,547)	(89,904)	252,373
At Dec. 31, 2018	*(Note 2)*	243,062,337	407,775	42,964	(95,422)	(81,808)	273,509
Shares acquired for equity incentive plan		(130,000)	(305)	—	—	—	(305)
Shares released on vesting of equity incentive plan		968,967	1,718	(1,718)	—	—	—
Foreign currency translation gain (loss) on foreign operations		—	—	—	—	5,022	5,022
Stock-based compensation		—	—	1,699	—	—	1,699
Issuance of share capital on conversion of RSUs and other share based considerations		476,030	817	588	—	—	1,405
Dividends declared		15,323	36	—	(5,716)	—	(5,680)
Net income		—	—	—	2,847	—	2,847
Balance, Mar. 31, 2019	*(Note 2)*	244,392,657	410,041	43,533	(98,291)	(76,786)	278,497

The accompanying notes form part of the consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the three months	
(In thousands of US dollars)	Mar. 31 2020	Mar. 31 2019
Operating Activities		(Note 2)
Net income for the period	1,062	2,847
Add (deduct) non-cash items:		
Loss (gain) on net proprietary investments	4,352	(5)
Stock-based compensation	555	1,699
Amortization of property, equipment and intangible assets	988	829
Deferred income tax recovery	1,104	376
Current income tax expense	761	283
Other items	(475)	(1,137)
Income taxes paid	—	(564)
Changes in:		
Fees receivable	(2,977)	481
Loans receivable	—	2,188
Other assets	5,659	(9,974)
Accounts payable, accrued liabilities and compensation payable	(4,985)	(1,302)
Cash provided by (used in) operating activities	6,044	(4,279)
Investing Activities		
Purchase of investments	(3,809)	(10,049)
Sale of investments	2,148	5,506
Purchase of property and equipment	(215)	(2,130)
Purchase of management contracts	(12,500)	—
Cash provided (used in) investing activities	(14,376)	(6,673)
Financing Activities		
Acquisition of common shares for equity incentive plan	(2,274)	(305)
Acquisition of common shares under normal course issuer bid	(1,940)	—
Net advances from loan facility	4,153	15,315
Dividends paid	(5,343)	(5,680)
Cash provided by (used in) financing activities	(5,404)	9,330
Effect of foreign exchange on cash balances	(6,104)	3,050
Net increase (decrease) in cash and cash equivalents during the period	(19,840)	1,428
Cash and cash equivalents, beginning of the year	54,748	34,637
Cash and cash equivalents, end of the period	34,908	36,065
Cash and cash equivalents:		
Cash	29,781	32,127
Short-term deposits	5,127	3,938
	34,908	36,065
Supplementary disclosure of cash flow information		
Amount of interest received during the period	—	1,194

The accompanying notes form part of the consolidated 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 condensed consolidated financial statements have been prepared in accordance with IFRS standards in effect as at March 31, 2020, 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 as of December 31, 2019 annual audited financial statements and have been applied consistently to the interim financial statements as at and for the three months ended March 31, 2020.

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 US 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 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"). Collectively, the interests of SUSHI are referred to as "Global" in these financial statements;
- Sprott Resource Lending Corp. ("SRLC");
- Sprott Inc. 2011 Employee Profit Sharing Plan Trust (the "Trust").

Changes in accounting policies

Change in presentation currency

Effective January 1, 2020, the Company changed its presentation currency from CAD to USD to better reflect the Company's business activities, given the significance of our revenues denominated in US dollars that further increased in 2020 with the January 17, 2020 close of Tocqueville Asset Management's gold strategies ("the Acquisition").

The Company followed the guidance of IAS 21 Effects of Changes in Foreign Exchange Rates ("IAS 21") and have applied the change retroactively. As a result, the Company has restated prior year comparatives, including the January 1 opening balance sheet as required by IFRS 1. The change in presentation currency had the following effect:

- Assets and liabilities have been translated at the exchange rate on the respective reporting dates;
- Equity transactions have been translated at the historical exchange rate at the date of the transaction;
- The statements of operations has been translated at the average exchange rate on the respective reporting dates;
- Exchange differences arising on translation are presented in the accumulated other comprehensive income line in shareholders' equity on the balance sheet.

The exchange rates used for prior periods were as follows:

	Dec. 31, 2019	Mar. 31, 2019	Jan. 1, 2019
As at reporting date	1.31	1.34	1.36
Average rate for the 3 month ended	1.32	1.33	1.32

Contingent consideration

The Acquisition necessitated the recognition of contingent consideration for the amounts payable in cash and shares under the terms of the purchase agreement. The cash settled portion of the contingent consideration has been measured at the closing date fair value, based on management's estimate of the level of future revenue obtained from the contracts over the contingent consideration measurement period. The equity settled portion of the contingent consideration has been measured at its grant date fair value in accordance with the requirements of IFRS 2 *Share-based Payment*. The key judgments utilized in the estimation of the contingent consideration were fund flow assumptions. As at March 31, 2020, there was no change to the estimate of the contingent consideration.

Other accounting policies

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

3 SHORT-TERM INVESTMENTS

Short-term investments

Primarily consist of equity investments in public and private entities we target through our lending, managed equities and brokerage segments (in thousands $):

	Classification and measurement criteria	Mar. 31, 2020	Dec. 31, 2019
Public equities and share purchase warrants	FVTPL	6,582	10,520
Fixed income securities	FVTPL	1,856	4,220
Private holdings:			
- Private investments	FVTPL	1,843	1,864
- Energy contracts	Non-financial instrument	—	891
Total proprietary investments		10,281	17,495

Gains and losses on financial assets and liabilities classified at FVTPL are included in the gain (loss) on investments on the consolidated statements of operations.

4 CO-INVESTMENTS

Co-investments

Consists of the following (in thousands $):

	Classification and measurement criteria	Mar. 31, 2020	Dec. 31, 2019
Co-investments in funds	FVTPL	53,952	55,595
Total co-investments		53,952	55,595

Gains and losses on co-investments in funds are included in the gain (loss) on investments on the consolidated statements of operations.

5 GOODWILL AND INTANGIBLE ASSETS

Consist of the following (in thousands $):

	Goodwill	Fund management contracts (indefinite life)	Fund management contracts (finite life)	Total
Cost				
At December 31, 2018	132,251	97,744	34,768	264,763
Additions	—	1,376	—	1,376
Net exchange differences	—	4,350	1,540	5,890
At December 31, 2019	132,251	103,470	36,308	272,029
Additions	—	36,107	—	36,107
Net exchange differences	—	(8,000)	(813)	(8,813)
At March 31, 2020	132,251	131,577	35,495	299,323
Accumulated amortization				
At December 31, 2018	(113,102)	—	(23,753)	(136,855)
Amortization charge for the period	—	—	(879)	(879)
Net exchange differences	—	—	(1,068)	(1,068)
At December 31, 2019	(113,102)	—	(25,700)	(138,802)
Amortization charge for the period	—	—	(215)	(215)
Net exchange differences	—	—	—	—
At March 31, 2020	(113,102)	—	(25,915)	(139,017)
Net book value at:				
December 31, 2019	19,149	103,470	10,608	133,227
March 31, 2020	19,149	131,577	9,580	160,306

Impairment assessment of goodwill

The Company has identified 5 cash generating units ("CGU") as follows:

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

As at March 31, 2020, the Company had allocated $19.1 million (December 31, 2019 - $19.1 million) of goodwill on a relative value approach basis to the exchange listed products and managed equities CGUs.

In the normal course, goodwill is tested for impairment once per annum, which for the Company is during the fourth quarter of each year 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 March 31, 2020, the Company had indefinite life intangibles related to fund management contracts of $131.6 million (December 31, 2019 - $103.5 million). The addition during the year relates to the Acquisition. The cost of the intangible asset was recorded at the fair value of consideration transferred, including contingent consideration (see Note 2) and the acquisition costs directly attributable to the transfer of the management contracts (see Note 6). There were no indicators of impairment as at March 31, 2020.

Impairment assessment of finite life fund management contracts

As at March 31, 2020, the Company had exchange listed fund management contracts within the exchange listed products CGU of $9.6 million (December 31, 2019 - $11 million). There were no indicators of impairment as at March 31, 2020.

6 OTHER ASSETS, INCOME AND EXPENSES

Other assets

Consist of the following (in thousands $):

	Mar. 31, 2020	Dec. 31, 2019
Digital gold strategies[1]	16,709	18,913
Fund recoveries and investment receivables	5,915	5,951
Deferred costs related to the Acquisition[2]	—	1,806
Prepaid expenses	2,863	4,355
Other [3]	2,110	2,231
Total Other assets	27,597	33,256

(1) Digital gold strategies are financial instruments classified at FVTPL. Gains and losses are included in the gain (loss) on investments on the consolidated statements of operations. These investments were reclassified from long-term investments to other assets.

(2) Includes legal, proxy and investor relations costs.

(3) Other includes miscellaneous third-party receivables.

Other income

Consist of the following (in thousands $):

	For the three months ended	
	Mar. 31, 2020	Mar. 31, 2019
Investment income [1]	113	77
Total Other income	113	77

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

Other expenses

Consist of the following (in thousands $):

	For the three months ended	
	Mar. 31, 2020	Mar. 31, 2019
Costs related to energy assets	798	8
Foreign exchange losses (gains)	(2,214)	769
Other [1]	335	261
Total Other expenses	(1,081)	1,038

(1) 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, 2018	243,062,337	407,775
Issuance of share capital under dividend reinvestment program	61,519	147
Acquired and cancelled under normal course issuer bid	(740,600)	(1,715)
Issuance of share capital on conversion of RSUs	815,289	1,654
Acquired for equity incentive plan	(1,826,124)	(4,906)
Released on vesting of equity incentive plan	2,803,998	4,945
At Dec. 31, 2019	244,176,419	407,900
Issuance of share capital under dividend reinvestment program	22,715	44
Issuance of share capital on conversion of RSUs and other share based considerations	479,585	938
Issuance of share capital on purchase of management contracts	1,047,207	2,500
Acquired for equity incentive plan	(1,223,044)	(2,274)
Acquired and cancelled under normal course issuer bid	(1,023,436)	(1,940)
Released on vesting of equity incentive plan	158,342	376
At Mar. 31, 2020	243,637,788	407,544

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, 2018	42,964
Expensing of Stock-based compensation over the vesting period	5,392
Issuance of share capital on conversion of RSUs	(251)
Released on vesting of common shares for equity incentive plan	(4,945)
At Dec. 31, 2019	43,160
Expensing of Stock-based compensation over the vesting period	555
Share-based contingent consideration related to the Acquisition	4,879
Issuance of share capital on conversion of RSUs and other share based considerations	(938)
Released on vesting of common shares for equity incentive plan	(376)
At Mar. 31, 2020	47,280

Stock option plan

The Company has an option plan (the "Plan") intended to provide incentives to directors, officers and employees 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 or exercised for the three months ended March 31, 2020 (three months ended March 31, 2019 - 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 (CAD $)
Options outstanding, December 31, 2018	3,275	2.57
Options exercisable, December 31, 2018	1,875	2.70
Options outstanding, December 31, 2019	3,275	2.57
Options exercisable, December 31, 2019	2,575	2.60
Options outstanding, March 31, 2020	3,275	2.57
Options exercisable, March 31, 2020	3,275	2.57

Options outstanding and exercisable as at March 31, 2020 are as follows:

Exercise price (CAD $)	Number of outstanding options (in thousands)	Weighted average remaining contractual life (years)	Number of options exercisable (in thousands)
6.60	150	0.6	150
2.33	3,000	5.8	3,000
2.73	125	6.1	125
2.33 to 6.60	3,275	5.6	3,275

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 652,799 RSUs granted during the three months ended March 31, 2020 (three months ended March 31, 2019 - 256,719). The Trust acquired 1.2 million shares in the three months ended March 31, 2020 (three months ended March 31, 2019 - 0.1 million shares).

	Number of common shares
Common shares held by the Trust, December 31, 2018	9,932,256
Acquired	1,826,124
Released on vesting	(2,803,998)
Unvested common shares held by the Trust, December 31, 2019	8,954,382
Acquired	1,223,044
Released on vesting	(158,342)
Unvested common shares held by the Trust, March 31, 2020	10,019,084

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

	For the three months ended	
	Mar. 31, 2020	Mar. 31, 2019
Stock option plan	10	57
EPSP / EIP	545	1,642
	555	1,699

Basic and diluted earnings per share

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

	For the three months ended	
	Mar. 31, 2020	Mar. 31, 2019
Numerator (in thousands $):		
Net income - basic and diluted	1,062	2,847
Denominator (Number of shares in thousands):		
Weighted average number of common shares	254,150	253,417
Weighted average number of unvested shares purchased by the Trust	(8,761)	(9,238)
Weighted average number of common shares - basic	245,389	244,179
Weighted average number of dilutive stock options	3,000	3,125
Weighted average number of unvested shares purchased by the Trust	8,761	9,238
Weighted average number of common shares - diluted	257,150	256,542
Net income per common share		
Basic	$ 0.01	$ 0.01
Diluted	$ 0.01	$ 0.01

Capital management

The Company's objectives when managing capital are:

- to meet regulatory requirements and other contractual obligations;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders;
- to provide financial flexibility to fund possible acquisitions;
- to provide adequate seed capital for the Company's new product offerings; and
- to provide an adequate return to shareholders through growth in assets under management, growth in management fees, carried interest and performance fees and return on the Company's invested capital that will result in dividend payments to shareholders.

The Company's capital is comprised of equity, including capital stock, contributed surplus, retained earnings (deficit) and accumulated other comprehensive income (loss). SCP is a member of the Investment Industry Regulatory Organization of Canada ("IIROC"), SAM is a registrant of the Ontario Securities Commission ("OSC") and the U.S. Securities and Exchange Commission ("SEC"), SAM US is registered with the SEC and SGRIL is a member of the Financial Industry Regulatory Authority ("FINRA"). As a result, all of these entities are required to maintain a minimum level of regulatory capital. To ensure compliance, management monitors regulatory and working capital on a regular basis. As at March 31, 2020 and 2019, all entities were in compliance with their respective capital requirements.

8 INCOME TAXES

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

	For the three months ended	
	Mar. 31, 2020	Mar. 31, 2019
Current income tax expense (recovery)		
Based on taxable income of the current period	761	283
	761	283
Deferred income tax expense (recovery)		
Total deferred income tax expense	1,104	376
Income tax expense reported in the consolidated statements of operations	1,865	659

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

	For the three months ended	
	Mar. 31, 2020	Mar. 31, 2019
Income before income taxes	2,927	3,506
Tax calculated at domestic tax rates applicable to profits in the respective countries	787	936
Tax effects of:		
Non-deductible stock-based compensation	25	34
Non-taxable capital (gains) and losses	939	(114)
Intangibles	33	21
Other temporary differences not benefited	(22)	48
Non-capital losses not benefited previously	—	(358)
Rate differences and other	103	92
Tax charge	1,865	659

The weighted average statutory tax rate was 26.9% (March 31, 2019 - 26.7%). The Company has $5 million of capital tax losses from prior years that will begin to expire in 2020. The benefit of these capital losses has not been recognized.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The ability to realize the tax benefits of these losses is dependent upon a number of factors, including the future profitability of operations in the jurisdictions in which the tax losses arose. The movement in significant components of the Company's deferred income tax assets and liabilities is as follows (in thousands $):

For the three months ended March 31, 2020

	Dec. 31, 2019	Recognized in income	Recognized in other comprehensive income	Mar. 31, 2020
Deferred income tax assets				
Stock-based compensation	4,056	11	(315)	3,752
Non-capital losses	3,432	(1,303)	(163)	1,966
Unrealized losses	910	161	(79)	992
Other	247	149	1	397
Total deferred income tax assets	8,645	(982)	(556)	7,107
Deferred income tax liabilities				
Fund management contracts	7,037	333	(562)	6,808
Other	(249)	(211)	37	(423)
Total deferred income tax liabilities	6,788	122	(525)	6,385
Net deferred income tax assets	1,857	(1,104)	(31)	722

For the year ended December 31, 2019

	Dec. 31, 2018	Recognized in income	Recognized in other comprehensive income	Dec. 31, 2019
Deferred income tax assets				
Other stock-based compensation	3,152	750	154	4,056
Non-capital losses	3,678	(372)	126	3,432
Unrealized losses	283	604	23	910
Other	376	(143)	14	247
Total deferred income tax assets	7,489	839	317	8,645
Deferred income tax liabilities				
Fund management contracts	5,364	1,409	264	7,037
Other	94	(339)	(4)	(249)
Total deferred income tax liabilities	5,458	1,070	260	6,788
Net deferred income tax assets	2,031	(231)	57	1,857

9 FAIR VALUE MEASUREMENTS

The following tables present the Company's recurring fair value measurements within the fair value hierarchy. The Company did not have non-recurring fair value measurements as at March 31, 2020 and December 31, 2019 (in thousands $).

Short-term investments

Mar. 31, 2020	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	5,164	1,418	—	6,582
Fixed income securities	—	1,150	706	1,856
Private holdings	—	—	1,843	1,843
Total net recurring fair value measurements	5,164	2,568	2,549	10,281

Dec. 31, 2019	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	7,537	2,983	—	10,520
Fixed income securities	—	3,454	766	4,220
Private holdings	—	—	1,864	1,864
Total net recurring fair value measurements	7,537	6,437	2,630	16,604

Co-investments

Mar. 31, 2020	Level 1	Level 2	Level 3	Total
Co-investments in funds	—	48,872	5,080	53,952
Total net recurring fair value measurements	—	48,872	5,080	53,952

Dec. 31, 2019	Level 1	Level 2	Level 3	Total
Co-investments in funds	—	51,065	4,530	55,595
Total net recurring fair value measurements	—	51,065	4,530	55,595

Other Assets

Mar. 31, 2020	Level 1	Level 2	Level 3	Total
Digital gold strategies	—	—	16,709	16,709
Total net recurring fair value measurements	—	—	16,709	16,709

Dec. 31, 2019	Level 1	Level 2	Level 3	Total
Digital gold strategies	—	—	18,913	18,913
Total net recurring fair value measurements	—	—	18,913	18,913

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

Short-term investments

	Changes in the fair value of Level 3 measurements - Mar. 31 2020				
	Dec. 31, 2019	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Mar. 31, 2020
Private holdings	1,864	—	—	(21)	1,843
Fixed income securities	766	—	—	(60)	706
	2,630	—	—	(81)	2,549

	Changes in the fair value of Level 3 measurements - Dec. 31, 2019				
	Dec. 31, 2018	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Dec. 31, 2019
Private holdings	2,075	34	(43)	(202)	1,864
Fixed income securities	733	—	—	33	766
	2,808	34	(43)	(169)	2,630

Co-investments

	Changes in the fair value of Level 3 measurements - Mar. 31, 2020				
	Dec. 31, 2019	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Mar. 31, 2020
Co-investments in funds	4,530	800	—	(250)	5,080
	4,530	800	—	(250)	5,080

	Changes in the fair value of Level 3 measurements - Dec. 31, 2019				
	Dec. 31, 2018	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Dec. 31, 2019
Co-investments in funds	3,574	1,193	—	(237)	4,530
	3,574	1,193	—	(237)	4,530

Other Assets

	Changes in the fair value of Level 3 measurements - Mar. 31, 2020				
	Dec. 31, 2019	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Mar. 31, 2020
Digital gold strategies	18,913	—	—	(2,204)	16,709
	18,913	—	—	(2,204)	16,709

	Changes in the fair value of Level 3 measurements - Dec. 31, 2019				
	Dec. 31, 2018	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Dec. 31, 2019
Digital gold strategies	18,285	2,574	0	(1,946)	18,913
	18,285	2,574	0	(1,946)	18,913

During the three months ended March 31, 2020, the Company transferred public equities of $0.5 million (December 31, 2019 - $2.5 million) from Level 2 to Level 1 within the fair value hierarchy due to the release of trading restrictions by the issuer. For the three months ended March 31, 2020, the Company purchased level 3 investments of $0.8 million (December 31, 2019 - $3.9 million). For the three months ended March 31, 2020, the Company transferred $Nil million (December 31, 2019 - $0.1 million) from Level 3 to Level 1 within the fair value hierarchy.

The following table presents the valuation techniques used by the Company in measuring 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.
Hedge funds and private equity 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.
Private holdings (including digital gold strategies)	Fair values based on variety of valuation techniques, including discounted cash flows, comparable recent transactions and other techniques used by market participants

The Company's Level 3 securities consist of private holdings, private equity funds and fixed income securities of private companies. The significant unobservable inputs 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 $0.9 million (December 31, 2019 - $0.9 million).

Financial instruments not carried at fair value

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

10 DIVIDENDS

The following dividends were declared by the Company during the three months ended March 31, 2020:

Record date	Payment Date	Cash dividend per share (CAD $)	Total dividend amount (in thousands $)
March 09, 2020 - Regular Dividend Q4 - 2019	March 24, 2020	0.03	5,387
Dividends [1]			5,387

[1] Subsequent to quarter-end, on May 7, 2020, a regular dividend of CAD$0.03 per common share was declared for the quarter ended March 31, 2020. This dividend is payable on June 3, 2020 to shareholders of record at the close of business on May 19, 2020.

11 RISK MANAGEMENT

COVID-19 risk

The changing economic and market climate as a result of COVID-19 has led to the Company implementing its business continuity plan. Our portfolio managers, brokerage professionals, enterprise shared services teams and key outsource service providers are fully operational. While the exact impacts of COVID-19 over the short and long-term are undeterminable at the date of this report, management believes the effects of COVID-19 we have witnessed thus far, and in particular, world government responses thereto via fiscal and monetary policy, will continue to be highly constructive to precious metals markets.

Other risk management activities

All other risk management activities described in the annual audited financial statements are consistent with the consolidated interim financial statements.

12 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;
- **Managed Equities** (reportable), which provides asset management and sub-advisory services to the Company's branded funds, fixed-term LPs and managed accounts;
- **Lending** (reportable), which provides lending activities through limited partnership vehicles as well as through direct lending activities using the Company's balance sheet;
- **Brokerage** (reportable), which includes the activities of our Canadian and U.S broker-dealers;
- **Corporate** (reportable), which provides capital, balance sheet management and enterprise shared services to the Company's subsidiaries;
- **All Other Segments** (non-reportable), which do not meet the definition of reportable segments as per IFRS 8.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on earnings before interest expense, income taxes, amortization and impairment of intangible assets and goodwill, gains and losses on proprietary investments (as if such gains and losses had not occurred), foreign exchange gains and losses, one time non-recurring expenses, non-cash and non-recurring stock-based compensation, carried interest and performance fees and carried interest and performance fee payouts (adjusted base EBITDA).

Adjusted base EBITDA is not a measurement in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS.

Transfer pricing between operating segments is performed on an arm's length basis in a manner similar to transactions with third parties.

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

For the three months ended March 31, 2020

	Exchange Listed Products	Managed Equities	Lending	Brokerage	Corporate	Elimination and all other segments	Consolidated
Total revenue	6,877	1,552	5,175	5,096	(2,202)	481	16,979
Total expenses	934	1,282	(523)	4,936	3,781	3,642	14,052
Income (loss) before income taxes	5,943	270	5,698	160	(5,983)	(3,161)	2,927
Adjusted base EBITDA	5,282	2,053	2,038	953	(2,555)	416	8,187

For the three months ended March 31, 2019

	Exchange Listed Products	Managed Equities	Lending	Brokerage	Corporate	Elimination and all other segments	Consolidated
Total revenue	5,752	2,380	3,035	4,214	(190)	1,347	16,538
Total expenses	2,180	2,104	1,634	4,497	1,831	786	13,032
Income (loss) before income taxes	3,572	276	1,401	(283)	(2,021)	561	3,506
Adjusted base EBITDA	4,285	688	3,042	2	(1,272)	173	6,918

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

	For the three months ended	
	Mar. 31, 2020	Mar. 31, 2019
Canada	13,801	13,791
United States	3,178	2,747
	16,979	16,538

13 LOAN FACILITY

As at March 31, 2020, the Company had $18.2 million (December 31, 2019 - $15.3 million) outstanding on its credit facility, $3.5 million of which is due within 12 months and $14.7 million is due after 12 months (December 31, 2019 - $3.8 million and $11.5 million respectively).

The Company has a 5 year, CAD$90 million credit facility with a major Canadian schedule I chartered bank. The facility consists of a CAD$25 million term loan and a CAD$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 2019, the Company drew CAD$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 March 31, 2020, 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, CAD$65 million revolver with "bullet maturity" December 31, 2022
- 5-year, CAD $25 million term loan with 5% of principal amortizing quarterly, with the remaining balance maturing on December 31, 2022

Interest Rate

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

Covenant Terms

- Minimum AUM: CAD$8.2 billion
- Debt to EBITDA less than 2.5:1
- EBITDA to interest expense more than 2.5:1

14 COMMITMENTS AND PROVISIONS

Besides the Company's long-term lease agreement, there are commitments to make investments in the net investments portfolio of the Company. As at March 31, 2020, the Company had $3.5 million in co-investment commitments from the lending segment (December 31, 2019 - $6.6 million).

Corporate Information

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