Sprott Inc.

Report to Shareholders

June 30,

2009

August 6, 2009

Dear Shareholders,

North American equity markets rallied during the second quarter of 2009, contributing to strong performance from several of our funds, including the Sprott Gold and Precious Minerals Fund, managed by Charles Oliver and Jamie Horvat, which was up 9% for the quarter and 46% for the six months ended June 30, 2009, handily outperforming its benchmark. The Sprott Small Cap Hedge Fund, managed by Allan Jacobs and Peter Imhof, posted a gain of 15% during the quarter and was up 34% over the first six months of the year, compared with a six-month increase of 12% in the Scotia Capital Canadian Hedge Fund Asset Weighted Index. However, due to their defensive positioning, some of our funds did not fully participate in recent market gains and the short positions in a number of our hedge funds were negatively affected by the upswing in stock prices.

Despite the recent momentum in equity markets, in our view these rallies are not supported by economic fundamentals. Our analysis indicates that the "real" economy continues to slow, particularly in the U.S., and that the markets are being propped up by investor sentiment, rather than a strengthening economy. We believe that, over the long-term, gold and other precious metals will be the best "store of value" and that owning physical gold and silver, as well as mining stocks, will position some of our larger funds to benefit in the face of broad market declines. We have a 28-year track record of delivering superior results to our clients and remain confident that, over time, investors in our funds will be rewarded accordingly.

Our Assets Under Management ("AUM") were $4.4 billion at the end of June 2009, down from $7.7 billion at the end of June 2008, before the full impact of the financial crisis was felt, and $4.7 billion at the end of March 2009. The change in AUM over the past 12 months is due to a decrease in the market values of portfolios and increased net redemptions. We are encouraged that the rate of redemptions has continued to slow over the first half of 2009.

As a result of the change in AUM, other key financial measures declined over the comparable quarter last year. Revenues were $23.1 million, compared with $39.5 million last year, and net income was $5.6 million versus $11.4 million in the second quarter of 2008. Despite these decreases, our variable cost structure ensures that our largest expenses are correlated with revenues, allowing us to continue to pay dividends to our shareholders and maintain a solid financial position, with a cash position of more than $33 million and no debt at quarter end.

On June 1, 2009, we completed an internal reorganization, including the introduction of the Sprott Private Wealth brand, to provide both new clients and our more than 2000 existing private client accounts with new services and investment choices. We are currently developing strategies to capitalize on the opportunity in this profitable, growing segment of the market, and look forward to providing you with greater detail on our initiatives in the months to come.

In addition, we continue to review new opportunities to leverage the Sprott brand and diversify our product lineup by identifying potential new funds that either reinforce our current investment themes or complement our existing suite of funds.

Sprott Consulting L.P., ("SCLP") has proved to be a substantial contributor to our business and one from which we expect continued growth in 2009 and beyond. In 2008, SCLP generated significant performance fees and is positioned to be a vehicle for ongoing revenue growth and business expansion. SCLP manages Sprott Resource Corp. (TSX: SCP), which invests in early-stage companies in the resource sector. In addition to its investment in One Earth Farms Corp., announced in March 2009, Sprott Resource Corp. also creates subsidiary companies such as Waseca Energy Ltd., a private oil and gas venture that focuses on heavy oil production in Alberta and Saskatchewan.

As always, we remain focused on delivering superior performance in order to increase AUM and drive sales. Over the longer term, we believe our funds will outperform their benchmarks and hurdle rates to generate performance fees, to the benefit of our shareholders. We are committed to our multi-pronged growth plan and confident in the abilities and diverse investment strategies of our deep team of investment managers. I look forward to providing further updates on these and other growth initiatives in the coming quarters.

Eric Sprott
President and Chief Executive Officer

Management's Discussion & Analysis

This interim Management's Discussion & Analysis ("MD&A") of Financial Condition and Results of Operations presents an analysis of the financial condition of Sprott Inc. (the "Company") and its subsidiaries as of June 30, 2009 compared with December 31, 2008, and the results of operations for the three and six month periods ended June 30, 2009 compared with the corresponding periods in 2008.

The Company was incorporated under the *Business Corporations Act* (Ontario) on February 13, 2008. The Company was incorporated to acquire, through an exchange of shares, all of the shares of Sprott Asset Management Inc. ("SAMI"). On May 8, 2008, the Company filed a prospectus in each of the provinces and territories of Canada in respect of an initial public offering of 20,000,000 common shares to be effected via a secondary offering by certain shareholders of the Company ("the Offering").

This MD&A should be read in conjunction with the accompanying unaudited interim consolidated financial statements for the three and six months ended June 30, 2009 and 2008 and the notes thereto and with the audited consolidated financial statements as at December 31, 2008 and for the year then ended, including the notes thereto and the related MD&A.

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") requiring estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of these statements and the amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates as a result of various factors. For the purposes of the unaudited interim consolidated financial statements, the acquisition of SAMI for the three and six months ended June 30, 2008 has been accounted for using the continuity of interests method of accounting. Under this method, financial statements of the combined Company presented for prior periods are restated to reflect the financial position and results of operations as if the companies had been combined since their inception. The MD&A has been prepared on the same basis.

On June 1, 2009 we completed the proposed internal reorganization of SAMI whereby SAMI was dissolved and its operations were separated into three business lines: discretionary portfolio management by Sprott Asset Management LP ("SAM"), broker-dealer services by Sprott Private Wealth LP ("SPW"), and consulting services by Sprott Consulting LP ("SCLP). The reorganization had no impact on the consolidated financial statements. SAM, is a limited market dealer ("LMD") and investment counsel and portfolio manager ("ICPM"). SPW is a member of the Investment Industry Regulatory Organization of Canada ("IIROC"). SCLP provides management, administrative and consulting services to other companies. Currently SCLP provides these services to Sprott Resource Corp.

FORWARD LOOKING STATEMENTS

This MD&A contains "forward looking statements" which reflect the current expectations of management regarding our future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate", "aim", "endeavour" and similar expressions have been used to identify these forward looking statements. These statements reflect our current beliefs with respect to future events and are based on information currently available to us. Forward looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward looking statements including, without limitation, those listed in the "Risk Factors" section of the Company's annual information form dated March 24, 2009 (the "AIF"). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward looking statements contained in this MD&A. These forward looking statements are made as of the date of this MD&A and will not be updated or revised except as required by applicable securities law.

NON-GAAP FINANCIAL MEASURES

We measure the success of our business using a number of key performance indicators that are not measurements in accordance with GAAP and should not be considered as an alternative to net income or any other measure of performance under GAAP. Non-GAAP financial measures do not have a standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.

Our key performance indicators include:

Assets Under Management

Assets Under Management or AUM refers to the total assets of our Funds and Managed Accounts (as both such terms are hereinafter defined) less total liabilities, on which management fees ("Management Fees") or performance fees ("Performance Fees") are calculated. We believe that AUM is an important measure as we earn Management Fees, calculated as a percentage of AUM, and may earn Performance Fees, calculated as a percentage of: (i) our Funds' and Managed Accounts' excess performance over the relevant benchmark; (ii) the increase in net asset values of our Funds over a predetermined hurdle, if any; or (iii) the net profit in our Funds over the performance period. We monitor the level of our AUM because they drive our level of Management Fees. The amount of Performance Fees we earn is related to both the level of our investment performance and our AUM.

Investment Performance (Market Value Appreciation (Depreciation) of Investment Portfolios)

Investment performance is a key driver of AUM and is the very core of what we do. Our investment track record through varying economic conditions and market cycles has been and will continue to be an important factor in our success. Growth in AUM resulting from positive investment performance increases the value of the assets that we manage for our clients and we, in turn, benefit from higher fees. Alternatively, poor absolute and/or relative investment performance will likely lead to a reduction in our AUM and, hence, our fee revenue.

Net Sales

AUM fluctuates due to a combination of investment performance and net sales (gross sales net of redemptions). Net sales, together with investment performance and Fund expenses, determine the level of AUM which, as discussed above, is the basis on which Management Fees are charged and to which Performance Fees may be applied.

EBITDA

Our method of calculating EBITDA is defined as earnings before interest expense, income taxes, amortization and non-cash compensation. We believe that this is an important measure as it allows us to assess our ongoing business without the impact of interest expense, income taxes, amortization and non-cash compensation, and is an indicator of our ability to pay dividends, invest in our business and continue operations. EBITDA is a measure commonly used in the industry by management, investors and investment analysts in understanding and comparing results by factoring out the impact of different financing methods, capital structures, the amortization of deferred sales charges and income tax rates between companies in the same industry. While each company may not utilize the same method of calculating EBITDA as we do, we believe it enables a better comparison of the underlying operations of comparable companies and we believe that it is an important measure in assessing our ongoing business operations.

Base EBITDA

"Base EBITDA" refers to EBITDA after adjusting for: (i) the exclusion of any gains (losses) on our proprietary investments including our initial contributions to our Funds on their inception, as if such gains (losses) had not been incurred and (ii) Performance Fees and Performance Fee-related bonuses. Management Fees are earned throughout the year. With the exception of Performance Fees attributable to redeemed units (termed as "Crystallized Performance Fees"), Performance Fees are earned on the last day of the fiscal year. Performance Fees are not as predictable and stable as Management Fees and therefore Base EBITDA enables us to evaluate the day-to-day results of operations throughout the year and is meaningful for the same reason.

This measure also allows us to assess our ongoing business operations, with adjustments for non-recurring items as well as items that are not related to our core operations, such as income or losses relating to our investment in certain proprietary investments.

We believe that these adjustments are necessary for a more meaningful presentation of our results of operations.

Management's Discussion & Analysis

OVERVIEW

The Company is a sole limited partner of SAM, SPW and SCLP. Through the three partnerships, the Company is an independent asset management company dedicated to achieving superior returns for our clients over the long term. Our business model is based foremost on delivering excellence in investment management to our clients. Subsequent to the June 1, 2009 corporate reorganization, majority of the Company's revenues are earned through SAM LP in the form of management fees and incentive fees; SPW LP currently provides cost savings and earns its revenues via an intercompany trailer fee payment from SAM LP. Further to the significant cost savings, SPW LP, provides a competitive advantage by providing a unique distribution channel for our fund products as well serves as a platform to brand and grow our wealth management business. SCLP enables us to benefit from our expertise in managing other companies, both public and private.

As at June 30, 2009, we had approximately 90,000 client accounts, including approximately 2,000 direct client accounts through SPW. Our clients are primarily retail, high net worth and, to a lesser extent, institutional investors who subscribe to our investing strategy and process. As at June 30, 2009, we managed approximately $4.4 billion in assets among our various Funds and Managed Accounts.

As at June 30, 2009, domestic hedge Funds accounted for 34.9% of AUM compared with 25.1% at June 30, 2008 while mutual Funds accounted for 43.1% of AUM compared with 50.5% at June 30, 2008. Offshore Funds at June 30, 2009 totaled 12.7% of AUM as compared with 18.4% at June 30, 2008 and Managed Accounts at June 30, 2009 accounted for 9.3% of AUM compared with 6.0% in the prior year.

As mentioned above, the Company derives revenue primarily from Management Fees earned from the management of our Funds and Managed Accounts and from Performance Fees earned from the investment of the AUM of our Funds and Managed Accounts. Our Management Fees are calculated as a percentage of AUM. Our Performance Fees are calculated as a percentage of the return earned by our Funds and Managed Accounts. Accordingly, the growth in our fees is based on both the growth in AUM and the absolute or relative return, as applicable, earned by our Funds and Managed Accounts.

Our most significant expenses include compensation and benefits and trailer fees. With respect to compensation and benefits, employees are paid a base salary and could be entitled to share in a bonus pool, with the size of such discretionary bonuses being tied directly to individual performance and the overall financial performance of the Company. Trailer fees are paid to dealers that distribute units of a Fund. Such dealers may receive a trailer fee (annualized but paid monthly or quarterly) of up to 1% of the value of the assets held in the respective Fund by the dealer's clients. Other expenses incurred by our business are general and administration costs, including sales and marketing costs, occupancy, regulatory and professional fees as well as charitable donations and amortization.

Metrics of Our Business

The vast majority of our AUM has a fee structure that consists of both a Management Fee component and a Performance Fee component. Management Fees are calculated as a percentage of AUM, varying from 0.8% to 2.5% per annum among series of units of the respective Fund's and Managed Account's average net assets. Management Fees accrue daily or monthly, depending on how frequently a particular Fund is valued, and are payable monthly or quarterly for certain Managed Accounts. Performance Fees are calculated as a percentage of: (i) the relevant Fund's or Managed Account's excess performance over the relevant benchmark; (ii) the increase in net asset values over a predetermined hurdle; or (iii) the net profit in the relevant Fund over the performance period. Performance Fees for our Funds are calculated on a cumulative basis at the end of each fiscal year.

AUM fluctuates as a result of two factors: net sales (Funds and Managed Accounts sales less redemptions) and the changes in the market values of the assets in the Funds and Managed Accounts.

Management Fees are less variable and more predictable than Performance Fees. Management Fees are generally closely correlated with changes in AUM. However, the rate of change in our Management Fees may not exactly mirror the rate of change in our AUM, primarily a result of two factors. First, multi-series or multi-class structures are offered in some of our Funds whereby the Management Fee differs among the applicable series or classes. Second, mutual funds have the highest rate of Management Fees, followed by hedge fund and offshore fund Management Fees; therefore, the balance of AUM among our various Funds impacts Management Fees as a percentage of AUM.

Management's Discussion & Analysis

An investment in our Funds is intended to be a long term investment. While unit holders may request a redemption of their units of a Fund, any domestic Fund units held for less than a prescribed period of time may be surrendered for redemption, subject to an early redemption fee of up to 3% of the aggregate net asset value of the units being surrendered, which is payable to SAM.

Performance Fees for most of our Funds and Managed Accounts are determined as of December 31 each year. However, Performance Fees are accrued in the relevant Funds and Managed Accounts, as applicable, to properly reflect the Performance Fee that would be payable, if any, based on the Net Asset Value of that Fund or Managed Account. Where an investor redeems a domestic hedge Fund or an offshore Fund, any Performance Fee attributable to those units redeemed is paid to SAM as manager of the Funds ("Crystallized Performance Fees"). These Crystallized Performance Fees, as well as the related allocation to the employee bonus pool, are accrued for in the financial statements of SAM for the appropriate month.

The employee bonus pool component of compensation and trailer fees are correlated with average AUM. Changes in levels of trailer fees are generally a reflection of changes in domestic Fund sales through the advisor and dealer channel as well as changes in average AUM. We do not pay trailer fees on certain series/classes of domestic mutual Funds and hedge Funds or our offshore hedge Funds.

General and administration expenses have also increased over time as a result of the addition of employees, office space, technology, and other related infrastructure required to support the growth of our business.

We provide seed capital for our Funds and make other proprietary investments that suit our investment objectives. Proprietary investments are classified as either held for trading, available for sale or held to maturity. Investments classified as held for trading are carried at fair value with the associated gains and losses recorded in the statement of income. Investments classified as available for sale or held to maturity are carried at cost less permanent impairment, if any.

HIGHLIGHTS

Financial highlights for the three and six months ended June 30, 2009 were:

- AUM at June 30, 2009 were $4.4 billion. This reflects a decrease of $0.3 billion from 4.7 billion at March 31, 2009 and a decrease of $3.3 billion from the $7.7 billion of AUM at June 30, 2008. Average AUM in the second quarter of 2009 was approximately $4.5 billion as compared to approximately $7.1 billion in the second quarter of 2008. Net redemptions for the quarter were $43 million and declines in market values totaled to $238 million, resulting in AUM decreasing by approximately $281 million.
- Management Fees for the quarter and six month period ended June 30, 2009 were $21.7 million and $44.3 million, respectively, representing a decrease of $15.0 million (40.8%) and $25.1 million (36.2%) over the corresponding periods in 2008.
- Base EBITDA for the quarter and six months ended June 30, 2009 was $7.6 million and $15.7 million respectively, compared to $17.2 million and $33.8 million in the quarter and six months ending June 30, 2008.
- Net income for the quarter and six months of 2009 was $5.6 million and $13.0 million respectively, and represents earnings per share, basic and diluted, of $0.04 and $0.09. Net Income for the quarter and six months ended June 30, 2008 was $11.4 million and $28.1 million respectively, representing earnings per share, basic and diluted, of $0.08 and $0.20. Had the 150 million issued and outstanding shares been outstanding for the full quarter and six months ended June 30, 2008, earnings per share, basic and diluted, would have been $0.08 and $0.19.

SUMMARY BALANCE SHEET

(In $000's)	June 30, **2009**	December 31, 2008
	$	$
Total Assets	**77,920**	123,430
Total Liabilities	**14,247**	43,916
Shareholders' Equity	**63,673**	79,514

Management's Discussion & Analysis

SUMMARY INCOME STATEMENT

(In $000's, except per share amounts)	For the three months ended June 30, **2009**	For the three months ended June 30, 2008	For the six months ended June 30, **2009**	For the six months ended June 30, 2008
	$	$	$	$
Revenue				
Management fees	**21,673**	36,628	**44,269**	69,391
Crystallized Performance Fees	**405**	3,992	**2,215**	4,297
Unrealized and realized gains (losses) on proprietary investments	**767**	(2,754)	**2,910**	5,396
Other income	**247**	1,634	**354**	3,545
Total revenue	**23,092**	39,500	**49,748**	82,629
Expenses				
Compensation and benefits	**7,114**	11,305	**14,813**	19,801
Trailer fees	**4,831**	7,948	**9,420**	15,056
General and administration	**2,794**	2,824	**5,834**	5,075
Donations	**292**	366	**576**	691
Amortization	**223**	172	**439**	113
Total expenses	**15,254**	22,615	**31,082**	40,736
Income before income taxes	**7,838**	16,885	**18,666**	41,893
Provision for income taxes	**2,248**	5,495	**5,655**	13,793
Net income and comprehensive income for the period	**5,590**	11,390	**13,011**	28,100
Other expenses[1]	**797**	548	**1,587**	489
Provision for income taxes	**2,248**	5,495	**5,655**	13,793
EBITDA	**8,635**	17,433	**20,253**	42,382
Unrealized and realized (gains) losses on proprietary investments	**(767)**	2,754	**(2,910)**	(5,396)
Performance fees net of performance fee related bonus pool[2]	**(304)**	(2,994)	**(1,661)**	(3,223)
Base EBITDA	**7,564**	17,193	**15,682**	33,763
Net Income Per Share – basic	**.04**	.08	**.09**	.20
Net Income Per Share – fully diluted	**.04**	.08	**.09**	.20

[1] Includes interest, amortization and non-cash stock-based compensation expense.

[2] Performance Fee related bonus pool is equal to 25% of Performance Fee Revenue.

RESULTS OF OPERATIONS

Three and six months ended June 30, 2009 compared to three and six months ended June 30, 2008

Overall Performance

At June 30, 2009, assets under management were $4.4 billion as compared with $7.7 billion at June 30, 2008 and $4.7 billion at March 31, 2009. In the second quarter of 2009, net redemptions were $43 million along with market value depreciation of $238 million resulting in the net $281 million decrease in AUM. Canadian and U.S. equity markets, as reflected by the S&P/TSX Composite Total Return Index and the S&P 500 Index, rallied from their March 9, 2009 lows to June 30, 2009 by approximately 32% and 30%, respectively. We do not believe that these rallies are supported by economic fundamentals and continue to position many of our funds to survive in a protracted bear market. As a result, while some of our funds performed well in the quarter, others did not fully participate in the recent market rally.

Monthly average AUM for the quarter and six months ended June 30, 2009 was $4.5 billion and $4.6 billion respectively compared with $7.1 billion and $6.8 billion in the comparative prior year periods.

Revenues for the quarter and six months ended June 30, 2009 totaled $23.1 million and $49.7 million respectively, a decrease of $16.4 million (41.5%) and $32.9 million (39.8%) compared to $39.5 million and $82.6 million for the comparable periods in 2008. Management fees fell by $15.0 million, crystallized performance fees were $3.6 million lower but realized and unrealized gains on proprietary investments were $3.5 million more than in the second quarter of 2008.

Expenses totaled $15.3 million for the quarter and $31.1 million for the six months ended June 30, 2009, which is a decrease of $7.3 million or 32.5% and $9.6 million or 23.7%, respectively, as compared with the quarter and six months ended June 30, 2008. The decreases are mainly attributable to a decrease in compensation and benefits and in trailer fees, both of which are correlated with management and performance fees.

Net income of $5.6 million for the quarter ended June 30, 2009 compares with net income of $11.4 million for the quarter ended June 30, 2008. For the quarter ended June 30, 2009, total revenues fell by 41.5% and expenses fell by 32.6%. Income taxes for the quarter ended June 30, 2009 were 59.1% lower than in the corresponding period in 2008 and net income fell by 50.9% when comparing the second quarter of 2009 with the second quarter of 2008. For the six months ended June 30, 2009 net income of 13.0 million is 53.7% lower than the net income of $28.1 million for the six months ended June 30, 2008.

Assets Under Management

The table below summarizes the changes in AUM for the relevant periods.

$ millions	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
AUM, beginning of quarter	4,725	6,801	4,449	6,215
Net sales (redemptions)	(43)	259	(251)	561
Market value appreciation (depreciation) of portfolios	(238)	666	246	950
AUM, end of quarter	4,444	7,726	4,444	7,726

Revenue

In the second quarter of 2009, total revenues decreased by $16.4 million or 41.5% to $23.1 million from $39.5 million in the three months ended June 30, 2008. For the six months ended June 30, 2009, total revenues were $49.7 million or $32.9 million (39.8%) lower than in the corresponding period in 2008.

Management fees for the quarter decreased by $15 million or 40.8% to $21.7 million from $36.6 million in the second quarter of 2008, as monthly average AUM decreased by approximately 36.7% over the same period. Similarly, for the six months to June 30, 2009, Management Fees of $44.3 million were $25.1 (36.2%) less than Management Fees in the first six months of 2008. Management Fee margins (defined as Management Fees as a percentage of AUM) remained fairly constant at 1.9% for the three and six months ended June 30, 2009, slightly lower than the margins realized in the corresponding periods in 2008 at 2%. The decline in management fee margins is due to the fact that hedge funds, which charge lower Management Fees relative to mutual funds, have increased as a percentage of total AUM.

Crystallized performance fees for three and six months ending June 30, 2009 were $0.4 million and $2.2 million, respectively which are $3.6 million and $2.1 million lower than the $4 million and $4.3 million received for the corresponding periods in 2008. During the first six months of 2008 many of our Funds had significant accrued Performance Fees, resulting in the crystallization thereof when such funds were redeemed. Accrued Performance Fees were much lower in 2009, particularly in the second quarter, so little Crystallized Performance Fee revenue was received upon redemptions of the underlying funds.

Gains from proprietary investments in the second quarter and first six months of 2009 totaled $0.8 million and $2.9 million, respectively, as compared with the loss of $2.8 million and gain of $5.4 million for the quarter and six months ended June 30, 2008. The gains in the quarter and six months of 2009 were mainly driven by the appreciation of our investments in public equities. For the second quarter of 2008, the loss was mainly due to the decline in the market value of public equities as well as an investment in a hedge fund managed by Sprott. During first six months of 2008, a substantial portion of proprietary investments was sold as a part of a capital reorganization prior to the IPO thereby resulting in total realized gains of approximately $9.8 million; a majority of the realized gains related to precious metal bullion as well as investments in certain publicly traded equities. During the same period, declines in the market value of investments in other public companies and an investment in a hedge fund triggered an unrealized loss of $4.4 million.

Proprietary investments at June 30, 2009 comprise of an investment in Sprott Molybdenum Participation Corporation and other public and private equities, investments in various funds managed by SAM, gold bullion and an investment in a secured note receivable.

The investment in a secured note receivable was made in the second quarter of 2009 through the Company's wholly owned subsidiary. The note issued by a company in the gold sector, matures in 2014 and bears interest at 10% per annum. The investment was made in order to diversify the portfolio of proprietary investments held as well as to implement a tax planning strategy devised to utilize tax losses recognized by the Company as a future tax asset. The investment in the note was classified as held to maturity. The issuer of the note also issued non-exchange traded warrants to the purchasers of the note, including the Company. The warrants were classified as held for trading.

Other income fell by $1.4 million to $0.2 million for the quarter ended June 30, 2009 and fell by $3.2 million to $0.3 million for the six months ended June 30, 2009 compared with the corresponding periods in 2008. The decline in the current quarter is mainly due to higher foreign exchange loss, lower early redemption fees, and lower interest revenue as compared to the second quarter of 2008. Similarly for the six month period ending June 30, 2008, SAM had a foreign exchange gain as well as higher early redemption fees, higher interest revenue and higher commission income as compared to the corresponding periods in 2009.

Expenses

Total expenses for the three and six month period ended June 30, 2009 were $15.3 million and $31.1 million respectively, a decrease of $7.3 million (32.5%) and $9.6 million (23.7%) compared with $22.6 million and $40.7 million for the corresponding period in 2008. The decline in the current quarter is mainly attributable to a decrease in compensation and benefits of $4.2 million and a decrease in trailer fees of $3.1 million as compared with the second quarter 2008. Similarly the decline in the current six month period is mainly due to a decrease in trailer fees of $5.6 million and a decrease in compensation and benefits of $5.0 million, partially offset by an increase in general and administrative costs of $0.8 million. Although higher year over year, general and administrative expenses have decreased by 8.1% as compared to the first quarter of 2009.

Changes in specific categories are described in the following discussion:

Compensation & Benefits

Compensation and benefits expense for the quarter and six months ended June 30, 2009 amounted to $7.1 million and $14.8 million, respectively, including contributions to the discretionary employee bonus pool of $2.4 million and $5.3 million, respectively. The same expense category for the quarter and six months ended June 30, 2008 was $11.3 million and $19.8 million, respectively. The decrease in compensation and benefits of $4.2 million for the quarter and $5.0 million for the six month period (37.1% and 25.2%, respectively), reflects a lower contribution to the employee bonus pool due to lower operating income based on Management Fees, net of operating expenses, and higher Crystallized Performance Fees to date in 2008 as compared to 2009. Compensation costs also include stock option benefit costs that are higher in the three and six months ended June 30, 2009 as the fair value at the time of grant of the stock options in the Company increased as a result of going public in May 2008 as compared with the stock option costs in the private company.

Trailer Fees

Trailer fees are correlated with AUM and Management Fees. For the quarter and six months ended June 30, 2009 trailer fees of $4.8 million and $9.4 million were 39.2% and 37.4% lower than in the corresponding periods of 2008. As a percentage of management fees, trailer fees increased slightly to 22.3% from 21.7% in the three months ended June 30, 2008. This change is due to the proportionate increase in AUM of Funds that pay trailer fees for the first six months of 2009 as compared with the first six months of 2008.

General & Administration

General and administration expenses overall were essentially flat at $2.8 million for the quarter ended June 30, 2009 as compared with the second quarter of 2008 and increased by $0.8 million or 15% to $5.8 million for the six months ended June 30, 2009 as compared with the same six month period in 2008. Although higher year over year, general and administrative expenses have decreased by 8.1% as compared to the first quarter of 2009.

Higher year over year expenses are primarily due to higher legal and professional fees incurred due to restructuring of our subsidiaries, higher marketing costs, in particular, the Night With the Bears event in April 2009, increased regulatory fees and new fund start-up costs.

Charitable Donations

In 2007, the Board of Directors of SAMI approved a charitable donations program which became effective in fiscal 2008. Under this program, the amount of charitable donations made each year is 1.0% of the previous year's net income before tax, as may be adjusted from time to time based on profitability, cash flow and other similar measures. In addition to donations under the program that are directed specifically to children's charities, we make other corporate donations to selected causes. Net income before income tax was higher in 2007 than in 2008 and as a result, the accrual under the charitable donations program is lower in 2009 than in 2008. As noted above, we also support other charitable organizations and certain recurring contributions are being accrued through 2009 that were expensed when paid in 2008.

Amortization

In 2007, the Company changed its policy for amortizing artwork since the artwork does not have a determinable useful life. In January 2008, all previously accumulated amortization on artwork, totaling $0.2 million was reversed. Thus, amortization expense was lower in the first six months of 2008, while 2009 reflects a slight increase due to an increase in the fixed assets.

EBITDA, Base EBITDA and Net Income

As discussed earlier, there are a number of non-GAAP measures we use to evaluate the success of our business.

EBITDA allows us to assess our ongoing business without the impact of interest expense, income taxes and certain non-cash expenses, such as amortization and stock based compensation. EBITDA is an indicator of our ability to pay dividends, invest in our business and continue operations.

For the quarter and six months ended June 30, 2009, EBITDA was $8.6 million and $20.3 million, respectively, compared with $17.4 million and $42.4 million for the corresponding periods in 2008. Net income of $5.6 million in 2009 is $5.8 million lower than in the second quarter of 2008 and the provision for income taxes in 2009 is $3.2 million lower than in second quarter of 2008, resulting in EBITDA being $8.8 million lower in the second quarter of 2009 than in the second quarter of 2008.

For the six months ended June 30, 2009, net income of $13.0 million is $15.1 million lower than in the first six months of 2008 or 53.7%. Similarly, EBITDA for the first six months of 2009 of $20.3 million is 52.2% lower than the EBITDA of $42.4 million for the first six months of 2008. For further clarity, EBITDA is reconciled to Net Income in the Summary Income Statement table contained elsewhere in this MD&A.

Base EBITDA, as previously defined in this MD&A, allows us to assess our ongoing business operations, with adjustments for non-recurring items as well as items that are not related to our core operations, such as income or loss relating to investments in certain proprietary investments. For the quarter ended June 30, 2009 Base EBITDA was $7.6 million as compared with $17.2 million in the second quarter of 2008, representing a decrease of 56.0%. Losses on proprietary investments for the second quarter of 2008 of $2.8 million were $3.5 million higher than gains of $0.8 million in the second quarter of 2009, while Performance Fees, net of Performance Fee-related bonus pool contributions, were $2.7 million lower in the second quarter of 2009 than in the corresponding period in 2008. As a result, Base EBITDA fell by 56% for the quarter ending June 30, 2009 while EBITDA declined by 50.5% over the same period.

Similarly Base EBITDA for six months ended June 30, 2009 was $15.7 million as compared with $33.8 million in the first six months of 2008, representing a decrease of 53.6%. Gains on proprietary investments for the six month period in 2008 of $5.4 million were $2.5 million higher than in the first six months of 2009, while Performance Fees, net of Performance Fee-related bonus pool contributions, were $1.6 million lower in the first six months of 2009 than in the corresponding period in 2008. As a result, Base EBITDA fell by 53.6% year-over-year.

Income before taxes for the three and six months ended June 30, 2009 was $7.8 million and $18.7 million compared with a pre-tax net income of $16.9 million and $41.9 million for the quarter and six months ended June 30, 2008. Effective tax rates were lower in the three and six months ended June, 2009 as compared to the same periods in 2008 due to slightly lower statutory tax rates combined with a larger portion of income earned in the form of capital gains as compared to business income.

Net income for the quarter and six months ended June 30, 2009 was $5.6 million and $13.0 million, respectively, as compared to a net income of $11.4 million and $28.1 million for the corresponding period in 2008.

Balance Sheet

Total assets at June 30, 2009 of $77.9 million are $45.5 million less than at December 31, 2008. Cash and cash equivalents of $33.4 million were $56.5 million lower than at December 31, 2008 primarily due to the payment of year-end and first quarter bonuses, dividends, income taxes and the purchase of proprietary investments. Income taxes payment schedule was accelerated due to the corporate reorganization that took place on June 1, 2009. Material proprietary investments purchased in 2009 include the secured note receivable and gold bullion. Proprietary investments are discussed in more detail in the Revenue section of this MD&A. Fees receivable at June 30, 2009 were $3.3 million, which is $10.2 million lower than at December 31, 2008 as year-end fee receivables include some Performance Fees that were received in January 2009. Other assets went up by $0.6 million mainly due to an increase in interest receivable and timing of collection of amounts recoverable from the Funds.

DIVIDENDS

In the first quarter of 2009, the Company recorded a regular dividend and a special dividend in the amount of $0.025 and $0.15 per common share, respectively. The special dividend related to 2008 earnings while the regular dividend related to the first quarter of 2009.

In August 2009, a dividend of $0.025 per common share was declared for the quarter ended June 30, 2009.

OUTSTANDING SHARE DATA

Effective May 15, 2008, the Company acquired all the outstanding shares of SAMI pursuant to terms of a share exchange agreement among SAMI, the shareholders of SAMI and the Company. Each common share of SAMI was exchanged for common shares of the Company on a one for 27.5062984 basis. The Company issued an aggregate of 150,000,000 common shares to the shareholders of SAMI.

Earnings per share as at June 30, 2009 and June 30, 2008 have been calculated using the weighted average number of shares outstanding by applying the exchange ratio above to SAMI shares outstanding prior to May 15, 2008 and the 150 million shares of the Company issued on May 15, 2008 pursuant to the Offering. There has been no change in the number of issued and outstanding shares since the IPO.

A total of 2,550,000 stock options have been issued pursuant to our incentive stock option plan; as at June 30, 2009, 850,000 were exercisable.

MANAGING RISK

Market Risk

We monitor, evaluate and manage the principal risks associated with the conduct of our business. These risks include external market risks to which all investors are subject and internal risk resulting from the nature of our business. We approach investment risk management for our clients on two levels: on the asset allocation level and on the investment product level. At the asset allocation level, we focus on mitigating risk through the appropriate selection and weighting of portfolio models for each client to reflect their suitability and risk tolerance. At the investment product level, we manage risk through the selection, weighting and monitoring of individual investments based on stated investment objectives and strategies.

Internal Controls and Procedures

We have internal control policies related to our business conduct. They are intended to ensure conformity with the rules and regulations of a number of regulatory bodies including the Ontario Securities Commission and the Investment Industry Regulatory Organization of Canada ("IIROC"). IIROC related policies focus on five areas: capital adequacy, insurance, segregation of clients' securities, safeguarding of securities and cash, and pricing of securities. Each policy has a defined control objective and applicable procedures to ensure adherence to sound business practices and high ethical standards.

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 and information required to be disclosed in our 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 Canadian generally accepted accounting principles.

As of December 31, 2008 an evaluation was carried out, using the COSO[1] internal control framework, under the supervision of and with the participation of management, including the CEO and the CFO, of the effectiveness of our DC&P and our ICFR as defined under *National Instrument 52-109*. Based on that evaluation, the CEO and the CFO concluded that the design and operation of these DC&P's and ICFR were effective as of December 31, 2008. No material weaknesses relating to the design or operation of the DC&P or the ICFR were identified based on the evaluation referred to above.

As at June 30, 2009, there were no material changes to the Company's disclosure controls and procedures or internal controls over financial reporting.

Conflicts of Interest

Internally, we have established a number of policies with respect to our employees' personal trading. Employees may not trade any of the securities held or being considered for investment by any of our Funds without prior approval. In addition, employees must receive prior approval of our Chief Compliance Officer before they are permitted to buy or sell securities. Speculative trading is strongly discouraged. While employees are permitted to have investments managed by third parties on a discretionary basis, they generally choose to invest in the Funds. All of our employees must comply with our Code of Ethics. This Code establishes strict rules for professional conduct and management of conflicts of interest.

Confidentiality of Information

We believe that confidentiality is essential to the success of our business, and we strive to consistently maintain the highest standards of trust, integrity and professionalism. Account information is kept under strict control in compliance with all applicable laws, and physical, procedural, and electronic safeguards are maintained in order to protect this information from access by unauthorized parties. We keep the affairs of our clients confidential and do not disclose the identities of our clients (absent express client consent to do so). If a prospective client requests a reference, we will not furnish the name of an existing client before receiving permission from that client to reveal their business relationship with us.

[1] Committee of Sponsoring Organizations of the Treadway Commission. This model has been adopted as the generally accepted framework for internal control and is widely recognized as the definitive standard against which organizations measure the effectiveness of their systems of internal control.

Insurance

We maintain appropriate insurance coverage for general business and liability risks as well insurance coverage required by regulation. We review our insurance coverage at least monthly to ensure continued adequacy.

Fair Allocation

We believe that our investors have the right to be assured that Fund and Managed Accounts interests will take precedence over the personal trading activities of investment professionals and other access persons. We strive to ensure the fair treatment of our Funds through the highest standards of integrity and ethical business conduct. The principle of fair treatment is recognized by all of our employees, officers and directors. In order to ensure fairness in the allocation of investment opportunities among our Funds and Managed Accounts, we will allocate investment opportunities with consideration of the suitability of such investments to each Fund's or Managed Account's objective and strategy, portfolio composition, Fund or Managed Account restrictions and cash availability (even though the investment objectives and strategies are substantially the same for some of our Funds and Managed Accounts, cash flows of each of our Funds and Managed Accounts can be substantially different given daily/monthly subscriptions and redemptions). If an investment opportunity is suitable for more than one Fund or Managed Account, we will allocate such investment opportunities equitably in order to ensure that our Funds have equal access to the same quality and quantity of investment opportunities. We consistently seek to negotiate the best possible price through a broker, and when allocating block trades, allocations are made on a pro-rata basis, with consideration given to the objective, strategy, restriction, portfolio composition and cash availability of each Fund and Managed Account.

Independent Review Committee

National Instrument 81-107 – *Independent Review Committee for Investment Funds* ("NI 81-107") requires all publicly offered investment funds to establish an independent review committee to whom all conflicts of interest matters must be referred for review or approval. We have established one independent review committee for all of our public mutual Funds and Sprott Molybdenum Participation Corporation. As required by NI 81-107, we have established written policies and procedures for dealing with conflict of interest matters, and we maintain records in respect of these matters and provide assistance to the independent review committee in carrying out its functions. The independent review committee is comprised of three independent members, and is subject to requirements to conduct regular assessments and provide reports to us and to the holders of interests in our public mutual Funds or Sprott Molybdenum Participation Corporation in respect of its functions.

RISKS AND UNCERTAINTIES

There are certain risks inherent in the activities of the Company, including risks related to general market conditions; changes in the financial markets; failure to retain and attract qualified staff; poor investment performance; changes in the investment management industry; competitive pressures; failure to manage risks; rapid growth; regulatory compliance; public company reporting and other regulatory obligations; historical financial information not necessarily indicative of future performance; failure to execute our succession plan; conflicts of interest; litigation risk; employee errors or misconduct; effectiveness of information security policies, procedures and capabilities; failure to develop effective business resiliency plans; entering new lines of business; fluctuations in Performance Fees; rapid growth or decline in our AUM; insufficient insurance coverage; possible volatility of the share price; and control by a principal shareholder.

Risks related to our Funds include: external market conditions; changes in investment strategies and portfolios; inability for one class or series to pay expenses of a Fund; fluctuation in frequency and size of redemptions; qualifying as mutual fund trusts; expenses; indemnification obligations; the success of our management strategies; reliance on key personnel; recognition of limited liability of limited partners or unitholders; valuation; fluctuation in commodity prices; foreign exchange and currency risk; interest rate risk; litigation risk; fluctuations in small cap companies; illiquidity; indebtedness secured by assets of a Fund; securities lending losses; special investment techniques; due diligence process; investments in companies we do not control; and ineffective risk management systems. For further details, please refer to the Annual Information Form dated March 24, 2009.

LIQUIDITY AND CAPITAL RESOURCES

Management Fees can be projected and forecasted with a higher degree of certainty than Performance Fees, and are therefore used as a base for budgeting and planning in our business. Management Fees are accrued daily or monthly in the relevant Funds and collected monthly, which assists our ability to manage cash flow. We believe that Management Fees will continue to be sufficient to satisfy our ongoing operational needs, including expenditure on our corporate infrastructure, business development and information systems. The nature of our operations ensures that the largest outflows, such as trailer fees and monthly compensation, are correlated with cash inflows, in the form of Management Fees. Fixed costs, such as rent, base payroll and general and administrative expenses are managed to comprise a relatively low percentage of monthly Management Fees.

We do not have off-balance sheet contractual arrangements and no material contractual obligations other than our long-term lease agreement expiring on December 31, 2013.

SAM is an LMD and ICPM and SPW is a member of IIROC. Both entities are required to maintain minimum levels of capital as prescribed by the relevant rules and/or regulation. Our credit facility of $35 million also provides a source of funding for short-term cash flow requirements. During the quarter ended June 30, 2009, SPW was in compliance with the capital requirements of IIROC and SAM was in compliance with the capital requirements prescribed by the OSC. The Company was in compliance with the covenants under the credit facility. No amount was drawn under the credit facility to date in 2009.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may vary from the current estimates. Items that require use of estimates and assumptions include income taxes, stock options and valuation of certain proprietary investments.

A portion of Performance Fee revenue is earned by a wholly-owned subsidiary that acts as the general partner to the domestic limited partnerships managed by us. For income tax purposes, as at the end of each income tax year these Performance Fees are an allocation of partnership income and, for the purposes of calculating taxable income, consists of capital gains and/or losses, interest income, dividend income, carrying charges and other types of income and expenses allocated to the general partner. In addition, a portion of Performance Fee revenue is earned by a wholly-owned foreign affiliate. We work with third party advisors to calculate allocations of partnership income, however, such allocations involve a certain degree of estimation. Income tax estimates could change as a result of change in taxation laws and regulations, both domestic and foreign, an amendment to the calculation of allocation of partnership income and/or a change in foreign affiliate rules.

Stock-based compensation expense is estimated based on the value of the option on its grant date. Management adopted a fair value-based valuation methodology as required by GAAP that will best determine the value of options and the cost over the vesting period of the option. The valuation model utilizes multiple observable market inputs including interest rates, however the model requires judgment and assumptions be applied in determining certain inputs including fair value of common shares, expected volatility and expected option life. Management reviews all inputs on a regular basis to ensure consistency of application and reasonableness. Details regarding stock options granted, including key inputs and assumptions are contained in note 6(b) to the Company's audited consolidated financial statements.

Some of the Company's proprietary investments are classified as held to maturity, available for sale and/or held for trading. Such investments are generally not traded in an active market and are valued at cost less permanent impairment, if any, or at "fair value". Management monitors all proprietary investments on a regular basis and makes all reasonable efforts to obtain publicly available information related to such investments. However, since the amount of information for investments that are not publicly traded is often limited, fair value of available for sale, held to maturity investments and certain held for trading investments could subsequently prove to differ from amounts at which they are carried on the balance sheet.

We review all estimates periodically and, as adjustments become necessary, they are reported in income in the period in which they become known.

FINANCIAL INSTRUMENTS

Our financial instruments consist of cash and cash equivalents, investments in private and public equities, an investment in a secured note as well as investments in mutual funds and hedge funds, fees receivable, accounts payable and accrued liabilities and compensation payable. Investments in public equities, mutual funds and hedge funds are recorded on the balance sheet at their fair values; investments in private equities are recorded at cost less any impairment, while the secured note has been classified as held to maturity.

The maximum loss that the Company can incur in respect of proprietary investments is the carrying value thereof. The market value of our proprietary investments varies daily based on general market conditions and the values of securities in the relevant Funds.

RELATED PARTY TRANSACTIONS

Most of the artwork displayed in our office area is rented from Mr. Sprott, President and CEO of the Company as well as from Sprott Securities Ltd., a corporation wholly owned by Mr. Sprott. The rental rate is equal to 3% per annum of the original acquisition cost of such artwork. From May 2009, Mr. Sprott and Sprott Securities Ltd. terminated the artwork rental charges.

CHANGES IN ACCOUNTING POLICIES

There were no significant accounting policy changes adopted by the Company during the quarter.

FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards

The Canadian Accounting Standards Board has now confirmed that the use of IFRS will be required commencing 2011 for publicly accountable, profit oriented enterprises. IFRS will replace current Canadian GAAP followed by the Company. The Company will be required to begin reporting under IFRS for its fiscal year ended December 31, 2011 and will be required to provide information that conforms with IFRS for the comparative periods presented. The Company is currently evaluating the impact of adopting IFRS. We have engaged a major accounting firm to assist with the diagnostic review, which was completed in the second quarter of 2009. The diagnostic review helped us identify and assess the overall effort required to produce financial information under IFRS. The diagnostic review has identified several areas of focus for the Company, including consolidation and financial instruments. In the third quarter of 2009, we will proceed with drafting of particular accounting policies as well as evaluate any required system changes.

OUTLOOK

The economic indicators that we follow to track real economic activity are still signaling a significant slowdown, particularly in the U.S. economy. While the rate of decline in a number of sectors may have slowed, economic activity continues to decline, government tax revenues are falling and unemployment continues to rise. We do not expect the recent market rallies to last as the rallies are not supported by economic fundamentals. The short positions in a number of our funds were negatively affected by the upswing in the prices of many of those stocks. However, we believe that our long-term views will play out in the stock markets and that investors in our funds will be rewarded accordingly. Several of our funds have performed well over the past quarter and year-to-date. For example, the Sprott Gold and Precious Minerals Fund managed by Charles Oliver and Jamie Horvat was up 9% for the quarter to June 30, 2009 and up over 45% for the six months then ended, and the Sprott Small Cap Hedge Fund managed by Allan Jacobs and Peter Imhof was up by 15% and 34%, respectively, over the same periods.

U.S. bailouts and stimulus spending has led, or will lead, to continued printing of money and a debasing of the currency. It continues to be our view that gold (and other precious metals) will be the best "store of value" and that owning physical gold and silver along with mining stocks will enable our funds to benefit from the anticipated appreciation in the value of gold and other precious metals or, at the very least, to retain their value in the face of broad market declines.

Effective June 1, 2009 we completed the internal reorganization described earlier in this MD&A. The creation of SPW provides us with a platform to separately brand and market our private wealth business. We are actively developing strategies to capitalize on that opportunity.

Management's Discussion & Analysis

We continually review our product line-up to identify opportunities for new funds that would either reinforce our current investment themes or complement our existing suite of funds. In particular, we are considering adding one or more investment products into our lineup in the next year.

In May, Charles Oliver and Jamie Horvat assumed lead responsibility for managing the Sprott Opportunities Fund and the Sprott Opportunities Offshore Fund subsequent to the retirement of Jean-Francois Tardif in July. Jamie and Charles continue to manage the Opportunities funds with a similar philosophy to Jean-Francois. Generally, such transitions result in a level of above average redemptions, which is not unusual and consistent with our expectations. However, we believe that this is also an excellent opportunity to highlight the investment management talent of Charles Oliver and Jamie Horvat. With over 30 years of combined investment experience, a strong track record as well as the continued support of the same investment analyst team, we feel that Charles and Jamie are well positioned to carry out the fundamental investment objectives and strategies of the Opportunities funds.

Through Sprott Consulting LP ("SCLP"), we have introduced into our business operations the concept of providing management and administrative services to other companies. SCLP has proven to be a valuable addition to our business, generating significant Performance Fees in 2008 and is positioned to be an avenue for revenue growth and business expansion. Currently, SCLP manages Sprott Resource Corp. (TSX: SCP), which invests in early stage corporate investments in the resource sector. Sprott Resource Corp. recently announced an investment in One Earth Farms Corp. ("OEF"), a proposed large-scale corporate farm operation in western Canada. Sprott Resource Corp. has also created other subsidiary companies including a private oil and gas company, Waseca Energy Ltd., to focus on heavy oil production in Alberta and Saskatchewan.

Our sales force is working diligently to generate new sales but it continues to be a difficult sales environment. We are relentlessly pursuing the long term longevity and growth of our business through strong conviction in our investments themes, innovation and expansion of our product line and business platforms as well as continued determination to deliver fund performance to our clients.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Sprott Inc.

Unaudited Interim Consolidated Balance Sheets

($ in thousands)	As at June 30, 2009	As at December 31, 2008
	$	$
Assets		
Current		
Cash and cash equivalents	**33,408**	89,888
Proprietary investments *(Note 3)*	**33,643**	13,008
Fees receivable	**3,308**	13,557
Other assets	**1,419**	800
Total current assets	**71,778**	117,253
Future tax asset	**1,620**	1,481
Fixed assets, net *(Note 6)*	**4,522**	4,696
	6,142	6,177
Total assets	**77,920**	123,430
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	**3,924**	5,625
Compensation and employee bonuses payable	**7,036**	21,811
Income taxes payable	**3,287**	16,480
Total current liabilities	**14,247**	43,916
Total liabilities	**14,247**	43,916
Shareholders' equity		
Capital stock *(Note 4)*	**40,105**	40,105
Contributed surplus *(Note 4)*	**2,672**	1,524
Retained earnings	**20,896**	37,885
Total shareholders' equity	**63,673**	79,514
Total liabilities and shareholders' equity	**77,920**	123,430

See accompanying notes

Unaudited Interim Consolidated Statements of Income, Comprehensive Income and Retained Earnings

($ in thousands, except for per share amounts)	*For the three months ended* **June 30, 2009**	*For the three months ended* June 30, 2008	*For the six months ended* **June 30, 2009**	*For the six months ended* June 30, 2008
	$	$	$	$
Revenue				
Management fees	**21,673**	36,628	**44,269**	69,391
Crystallized performance fees	**405**	3,992	**2,215**	4,297
Unrealized and realized gains (losses) on proprietary investments	**767**	(2,754)	**2,910**	5,396
Other income	**247**	1,634	**354**	3,545
	23,092	39,500	**49,748**	82,629
Expenses				
Compensation and benefits	**7,114**	11,305	**14,813**	19,801
Trailer fees	**4,831**	7,948	**9,420**	15,056
General and administrative	**2,794**	2,824	**5,834**	5,075
Donations	**292**	366	**576**	691
Amortization	**223**	172	**439**	113
Total expenses	**15,254**	22,615	**31,082**	40,736
Income before income taxes	**7,838**	16,885	**18,666**	41,893
Provision for income taxes *(Note 9)*	**2,248**	5,495	**5,655**	13,793
Net income and comprehensive income for the period	**5,590**	11,390	**13,011**	28,100
Retained earnings, beginning of the period	**19,056**	37,109	**37,885**	123,173
Dividends declared	**(3,750)**	(27,149)	**(30,000)**	(134,649)
Dividend tax refund	**–**	–	**–**	4,726
Retained earnings, end of the period	20,896	21,350	20,896	21,350
Basic and diluted earnings per share *(Note 8)*	**$0.04**	$0.08	**$0.09**	$0.20

See accompanying notes

Unaudited Interim Consolidated Statements of Cash Flows

($ in thousands)	For the three months ended **June 30, 2009**	For the three months ended June 30, 2008	For the six months ended **June 30, 2009**	For the six months ended June 30, 2008
	$	$	$	$
OPERATING ACTIVITIES				
Net income for the period	**5,590**	11,390	**13,011**	28,100
Add (deduct) non-cash items:	**–**	–	**–**	
Unrealized and realized (gains) losses on proprietary investments	**(767)**	2,754	**(2,910)**	(5,396)
Stock-based compensation	**574**	376	**1,148**	376
Amortization	**223**	172	**439**	113
Future income taxes	**(420)**	(267)	**(139)**	(267)
	5,200	14,425	**11,549**	22,926
Other assets	**(114)**	(238)	**(619)**	(1,005)
Fees receivable	**524**	917	**10,249**	44,168
Income taxes payable	**(11,254)**	5,588	**(13,193)**	9,160
Accounts payable and accrued liabilities	**(46)**	947	**(1,701)**	(1,654)
Compensation and employee bonuses payable	**134**	3,726	**(14,775)**	(115,298)
Proprietary investments	**–**	6,647	**–**	92,652
Cash provided by (used in) operating activities	(5,556)	32,012	(8,490)	50,949
INVESTING ACTIVITIES				
Purchase of proprietary investments	**(15,000)**	–	**(25,137)**	–
Sale of proprietary investments	**3,956**	–	**7,412**	–
Purchase of fixed assets	**(207)**	(343)	**(265)**	(976)
Long-term investments	**–**	(20)	**–**	(151)
Cash used in investing activities	**(11,251)**	(363)	**(17,990)**	(1,127)
FINANCING ACTIVITIES				
Issuance of common shares	**–**	17,373	**–**	25,190
Dividend tax refund	**–**	–	**–**	4,726
Dividends paid	**(26,250)**	(17,000)	**(30,000)**	(124,500)
Cash provided by (used in) financing activities	**(26,250)**	373	**(30,000)**	(94,584)
Net increase (decrease) in cash and cash equivalents during the period	**(43,057)**	32,022	**(56,480)**	(44,762)
Cash and cash equivalents, beginning of the period	**76,465**	17,509	**89,888**	94,293
Cash and cash equivalents, end of the period	**33,408**	49,531	**33,408**	49,531
Cash and cash equivalents:				
Cash	**4,813**	4,444	**4,813**	4,444
Cash at carrying broker	**8,799**	1,681	**8,799**	1,681
Short-term deposits	**19,796**	43,406	**19,796**	43,406
	33,408	49,531	**33,408**	49,531
SUPPLEMENTAL CASH FLOW INFORMATION				
Income taxes paid	**13,999**	–	**19,064**	–

See accompanying notes

Sprott Inc.
Notes to the Unaudited Interim Consolidated Financial Statements *For the three and six months ended June 30, 2009*

1. Corporate Activities

Sprott Inc. (the "Company") was incorporated under the Business Corporations Act (Ontario) on February 13, 2008. The Company was incorporated to acquire, through an exchange of shares, all of the shares of Sprott Asset Management Inc. ("SAM").

On May 8, 2008, the Company filed a prospectus ("Prospectus") in each of the provinces and territories of Canada in respect of the initial public offering of 20 million common shares to be effected via a secondary offering by certain shareholders of the Company (the "Offering" or "IPO"). Common shares of the Company are traded on the Toronto Stock Exchange under the symbol SII.

On June 1, 2009, SAM completed a corporate reorganization and transferred its discretionary portfolio management business to Sprott Asset Management LP ("SAM LP") and its broker dealer services to Sprott Private Wealth LP ("SPW LP"). After the reorganization, SAM was wound up into Sprott Inc. As a result of the reorganization, Sprott Inc. is now the sole limited partner of SAM LP, SPW LP and Sprott Consulting LP. The reorganization had no impact on the consolidated financial statements. SAM LP is registered with the Ontario Securities Commission ("OSC") as a limited market dealer and investment counsel and portfolio manager ("LMD/ICPM") and SPW LP is a member of IIROC and entered into a Type II introducing broker agreement with Cormark Securities Inc. ("Cormark"). Under the terms of the agreement, Cormark performs trading, clearing, segregation/safekeeping and recordkeeping services for SPW LP. Sprott Consulting LP provides management and administrative services to other companies.

2. Significant Accounting Policies

Basis of presentation

The unaudited interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") and include the accounts of the Company, its wholly owned subsidiaries as well as three limited partnerships in which the Company is the sole limited partner. The three limited partnerships are SAM LP, SPW LP and Sprott Consulting LP while material wholly owned subsidiaries are Sprott Genpar Ltd. and SAMGENPAR Ltd. All intercompany accounts are eliminated on consolidation.

Certain information and note disclosures normally included in the annual financial statements have been condensed or excluded. As a result, these unaudited interim consolidated financial statements do not contain all disclosures required for annual financial statements and should be read in conjunction with the Company's audited financial statements and notes thereto for the year ended December 31, 2008. All material adjustments which, in the opinion of management, are necessary for fair presentation of the results of the interim periods have been reflected in these consolidated financial statements. The results of operations for the six months ended June 30, 2009 are not necessarily indicative of the results to be expected for the full year.

For the purposes of unaudited interim consolidated financial statements, the acquisition of SAM in the fiscal year ended December 31, 2008 has been accounted for using the continuity of interest method because the acquisition did not result in a substantive change in the owners' interests. Under this method, financial statements of the combined companies presented for prior periods are restated to reflect the financial position and results of operations as if the companies had been combined since their inception.

These unaudited interim consolidated financial statements have been prepared on a basis consistent with policies outlined in the notes to the audited financial statements for the fiscal year ended December 31, 2008.

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited interim consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may vary from the current estimates. Management reviews these estimates periodically and, as adjustments become necessary, they are reported in income in the period in which they become known.

3. Proprietary Investments

Proprietary investments consist of the following ($ in thousands):

	June 30, 2009	*December 31,* 2008
	$	$
Precious metal bullion		
Gold bullion	6,067	–
		–
Securities designated as held for trading		
Public equities and share purchase warrants	10,706	5,050
Mutual funds and hedge funds	790	7,958
	11,496	13,008
Securities held to maturity		–
Note receivable	14,250	–
	14,250	–
Securities available for sale		
Private equities	1,830	–
Total proprietary investments	33,643	13,008

As at June 30, 2009, investments in public equities consisted of an investment in Sprott Molybdenum Participation Corporation ("Sprott Moly") as well as investments in equities and share purchase warrants of companies in the gold and precious minerals sector.

Investments in mutual funds and hedge funds consisted entirely of investments in mutual funds and hedge funds managed by SAM LP.

Securities, classified as held to maturity consisted of a senior security term note receivable from a company in the gold sector paying 10% annual interest and maturing in 2014 and are recorded at amortized cost, less impairment.

Securities classified available for sale consisted of investments in equities of private companies in the gold and precious minerals sector.

As at December 31, 2008, investments in public equities consisted of an investment in Sprott Moly and investments in mutual funds and hedge funds consisted entirely of investments in mutual funds and hedge funds managed by SAM.

4. Shareholders' Equity

(a) Capital stock and contributed surplus

Due to the application of continuity of interest accounting, all SAM share transactions in the comparative reporting periods were restated accordingly.

Capital stock consists of the following:

	Number of shares (pre-IPO conversion factor)	Number of shares (post-IPO conversion factor)	Stated value (in thousands)
			$
AUTHORIZED			
Unlimited common shares, without par value			
ISSUE			
Balance, December 31, 2007	4,852,476	133,463,948	14,802
Issuance of common shares on exercise of stock options	601,217	16,536,052	25,303
Balance, December 31, 2008	5,453,693	150,000,000	40,105
Balance, June 30, 2009	5,453,693	150,000,000	40,105

Contributed surplus relates to stock options expense and consists of the following:

	Stated value (in thousands)
	$
Balance, December 31, 2007	113
Exercise of 601,217 SAM stock options	(113)
Contributed surplus related to SAM stock options immediately prior the completion of the IPO	–
Expensing of fair value of 2,550,000 Sprott Inc. stock options over the vesting period	1,524
Balance, December 31, 2008	1,524
Expensing of fair value of 2,550,000 Sprott Inc. stock options over the vesting period	1,148
Balance, June 30, 2009	2,672

(b) Stock option plans and IPO conversion

(i) SAM

On March 17, 2008, 109,128 SAM options were granted, with an exercise price of $81.39, vesting in equal portions over three years with a fair value of nil. By resolution of the Board of Directors of the Company in April 2008, exercise prices were amended as follows: (i) from $48.3715 to $17.41 for 185,953 options granted in January 2006; (ii) from $76.9335 to $45.98 for 120,550 options granted in August 2007; (iii) from $78.30 to $47.34 for 33,966 options granted in November 2007 and (iv) from $81.39 to $64.00 for 109,128 options granted in March 2008. The revaluation of stock options did not result in an increase in their fair value.

During the fiscal year ended December 31, 2008, a total of 601,217 SAM options were exercised for proceeds of $25.2 million; as a result of the exercise, $0.1 million previously recorded in contributed surplus was credited to capital stock.

Immediately prior to the completion of the initial public offering (the "Offering") of the Company, option holders exercised all of their stock options to acquire common shares of SAM. Also, immediately prior to the completion of the Offering, shareholders of SAM transferred their shares to the Company in exchange for an aggregate of 150,000,000 common shares of the Company.

Immediately prior to the completion of the Offering, the SAM stock option plan was terminated.

(ii) Sprott Inc.

On April 3, 2008, the Company adopted an option plan (the "Plan") to provide incentives to directors, officers, employees and consultants of the Company and its wholly-owned subsidiaries. The aggregate number of shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding shares of the Company as at the date of grant of each option under the Plan. 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 the 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.

In the second quarter of 2008, the Board of Directors of the Company granted options to its directors and certain key employees. On May 6, 2008, 2,450,000 options were granted, with a fair market value of $2.71 and an exercise price of $10, expiring on May 6, 2018. On June 2, 2008, 100,000 options were granted, with a fair market value of $2.49 and an exercise price of $9.06, expiring on June 2, 2018. The fair value of the options granted in the second quarter of 2008 was determined using a weighted average risk free rate of 3.05% to 3.27%, an expected life of five years, weighted average expected volatility of 28% and an expected dividend yield of 1%. As at June 30, 2009, 850,000 options became exercisable.

For the three and six months ended June 30, 2009, the Company recorded a compensation expense of $0.6 million (2008 – 0.4) and $1.1 million (2008 – $0.4 million) with a corresponding increase to contributed surplus. During the year ended December 31, 2008, the Company recorded a compensation expense of $1.5 million with a corresponding increase to contributed surplus, with respect to these options; the entire 2008 expense was incurred after the first quarter of 2008.

There were no stock options granted in the six months ended June 30, 2009.

(c) Objectives of managing capital

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; and
- To provide an adequate return to shareholders through the growth in assets under management and growth in management fees and incentive fees that will result in higher dividend payments to shareholders.

The Company's capital is comprised of equity, including capital stock, contributed surplus and retained earnings. The Company is a sole limited partner of three limited partnerships: SPW LP, SAM LP and Sprott Consulting LP. SPW LP is a member of IIROC and SAM LP is a registrant of the OSC; as a result, both limited partnerships are required to maintain a minimum level of regulatory capital. To ensure compliance, senior management monitors regulatory and working capital on a daily basis. The Company and SAM LP also have a joint credit facility from a major Canadian chartered bank. One of the covenants related to this facility requires the Company to maintain a minimum tangible net worth of $40 million (see Note 7(b)). As at June 30, 2009, SAM's tangible net worth, as defined in the agreement, is approximately $63.7 million.

In the normal course of business, the Company, through its limited partnerships and subsidiaries, generates adequate operating cash flow and has limited capital requirements.

The Company may adjust its capital levels in light of changes in business specific circumstances as well as overall economic conditions.

5. Related Party Transactions

(a) Sprott Molybdenum Participation Corporation

As at June 30, 2009, the Company owned 3,976,000 shares or 10.08% of Sprott Moly (June 30, 2008 – 3,976,000 shares or 9.38%) (see Note 3), which is also managed by SAM LP.

(b) Artwork rental

The Company rents artwork from Mr. Sprott, CEO and President, as well as from Sprott Securities Ltd., a corporation wholly-owned by Mr. Sprott. The rental rate is equal to 3% per annum of the amount paid to acquire the artwork displayed in the office area of the Company. For the three and six months ended June 30, 2009, SAM incurred an expense of $0.07 million and $0.3 million, respectively (2008 – $0.2 million and $0.3, respectively), in artwork rental fees to Mr. Sprott and Sprott Securities Ltd. No amount remained payable as at June 30, 2009. Starting in May, 2009, Mr. Sprott terminated the artwork rental contract with himself as well as Sprott Securities Ltd.

(c) Sale of certain proprietary investments

Certain proprietary investments sold in anticipation of the initial public offering of the Company in the second quarter of 2008 were sold by SAM to Mr. Sprott, at fair market value. The total value of proprietary investments sold to Mr. Sprott during the year ended December 31, 2008 amounted to approximately $8 million, $4 million of which was sold during the first quarter of 2008 and the remaining $4 million, in the second quarter of 2008. Fair market value was determined by reference to publicly available price quotations and, for investments in private equities, by reference to recent arms-length transactions in the stock.

(d) Purchase of proprietary investments from Sprott Strategic Gold Master Fund Ltd.

In January 2009 the Company purchased certain portfolio investments from the Sprott Strategic Gold Master Fund Ltd. pursuant to the compulsory redemption of all the holders of that fund. Some of those investments are investments in private companies for which there is no active market. Those investments were purchased for $1.8 million, are classified as "available for sale" and are recorded at cost less any permanent impairment.

6. Fixed Assets

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

	June 30, 2009		
	Cost	Accumulated amortization	Net book value
	$	$	$
Artwork	1,691	–	1,691
Furniture and equipment	1,698	933	765
Computer hardware and software	920	813	107
Leasehold improvements	2,903	944	1,959
	7,212	2,690	4,522

	December 31, 2008		
	Cost	Accumulated amortization	Net book value
	$	$	$
Artwork	1,512	–	1,512
Furniture and equipment	1,684	793	891
Computer hardware and software	871	710	161
Leasehold improvements	2,880	748	2,132
	6,947	2,251	4,696

7. Lease Commitments And Other Obligations

(a) Lease commitments

Future minimum rental payments under a non-cancellable lease for office premises, including operating costs, are as follows:

	$ (in thousands)
2009	778
2010	1,555
2011	1,555
2012	1,555
2013	1,555
	6,998

(b) Credit facility

The Company and SAM LP have a credit facility provided by a major Canadian chartered bank for a maximum of $35 million. The Company and SAM LP may obtain credit under the credit facility by way of bankers' acceptances and prime rate loans. The credit facility has the following covenants:

(i) Assets under management must be greater than or equal to $3 billion. Assets under management refers to the total assets of Sprott funds and managed accounts less total liabilities, on which management fees or performance fees are calculated;

(ii) Total debt taken under the credit facility divided by EBITDA of of the Company, as defined in the credit facility agreement, has to be less than or equal to 1.25; and

(iii) Minimum tangible net worth of the Company, as defined in the agreement, must be greater than $40 million.

As at June 30, 2009, there were no funds drawn under this credit facility.

8. Earnings Per Share

For the three and six months ended June 30, 2009, basic and diluted earnings per common share were $0.04 and $0.09, respectively. For the three and six months ended June 30, 2008, basic and diluted earnings per common share were $0.08 and $0.20, respectively.

9. Income Taxes

The reconciliation of the Company's effective tax rate to the statutory tax rate is as follows:

	Three months ended June 30, 2009	*Six months ended June 30,* 2009
	$ (in thousands)	$ (in thousands)
Income taxes at statutory tax rate (33%)	2,587	6,160
Decrease in income taxes resulting from:		
Rate differences and other	(339)	(505)
Income tax provision as reported, effective tax rate of 28.68% and 30.30%, respectively	2,248	5,655

	Three months ended June 30, 2008	*Six months ended June 30,* 2008
	$ (in thousands)	$ (in thousands)
Income taxes at statutory tax rate (33.5%)	5,657	14,034
Decrease in income taxes resulting from:		
Rate differences and other	(162)	(241)
Income tax provision as reported, effective tax rate of 32.5% and 32.9%, respectively	5,495	13,793

As at June 30, 2009, the future tax asset in the amount of $1.6 million related entirely to foreign accrual property losses and capital losses. As at June 30, 2009, the Company had approximately $7.2 million of unused capital losses realized on the disposition of a subsidiary by means of a dividend-in-kind; a future tax asset generated by these losses has been reduced by a valuation allowance to reflect the net amount of an entitlement to an asset that more likely than not will be realized.

10. Risk Management Activities

Financial instruments present a number of specific risks as identified below:

(a) Market risk

Market risk refers to the risk that a change in the level of one or more of market prices, interest rates, foreign exchange rates, indices, volatilities, correlations or other market factors, such as liquidity, will result in losses. The Company's financial instruments are classified as either held for trading, available for sale or held to maturity and measured either at fair value or cost less permanent impairment, if any. Therefore, changes in fair value or permanent impairment, if any, affect reported earnings as they occur. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments classified as held for trading and cost less permanent impairment, if any, for investments classified as available for sale or held to maturity. The Company manages market risk by regular monitoring of its proprietary investments.

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

Price risk

Price risk arises from the possibility that changes in the price of the Company's investments will result in changes in carrying value. For a listing of the Company's proprietary investments, refer to Note 3. As at June 30, 2009, investments in funds managed by SAM LP and Sprott Consulting LP amounted to $0.8 million or 1.01% of total assets.

If the market values of proprietary investments that are held for trading increased by 5%, with all other variables held constant and before tax, this would have increased income before income taxes by approximately $0.5 million; conversely, if the value of proprietary investments decreased by 5%, this would have decreased net income by the same amount.

The Company's revenues are also exposed to price risk since both management fees and performance fees are correlated with assets under management, which fluctuates with changes in the market values of the assets in the funds and managed accounts managed by SAM LP and Sprott Consulting LP. Assets under management refers to the total assets of Sprott funds and managed accounts less total liabilities, on which management fees or performance fees are calculated.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The Company does not hedge its exposure to interest rate risk as such risk is minimal. 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.

In the second quarter of 2009, the Company, through its wholly owned subsidiary SAMGENPAR Ltd., invested $15 million into a senior secured term note which bears interest at 10% per annum. There is no interest rate risk associated with this investment as management intends to hold the investment to maturity.

Foreign exchange risk

Foreign exchange risk arises from the possibility that changes in the price of foreign currencies will result in changes in carrying value. The Company holds assets denominated in currencies other than the Canadian dollar. It is therefore exposed to currency risk, as the value of investments denominated in other currencies will fluctuate due to changes in exchange rates. The Company does not enter into currency hedging transactions.

As June 30, 2009, approximately $7.5 million or 9.57% of total assets was invested in proprietary investments held for trading and precious metal bullion priced in U.S. dollars ("USD"). Furthermore, a total of $0.2 million of cash, $1.0 million of accounts receivable and $0.2 million of other assets were denominated in USD. As at June 30, 2009, had the exchange rate between the USD and the Canadian dollar increased or decreased by 5%, with all other variables held constant and before tax, the increase or decrease, respectively, in income before income taxes would have amounted to approximately $0.4 million.

(b) Credit risk

Credit risk arises from the potential that counterparties will fail to satisfy their obligations as they come due. The Company incurs credit risk when entering into, settling and financing various proprietary transactions. As at June 30, 2009, the Company's most significant counterparty is Cormark, the carrying broker of SPW, which also acts as a custodian for most of the Company's proprietary investments. Cormark is registered as an investment dealer subject to regulation by the IIROC; as a result, it is required to maintain minimal levels of regulatory capital at all times.

The Company's main exposure to credit risk relates to the secured note receivable, as disclosed in Note 3. The credit risk is managed by the terms of agreement, in particular, the note is secured and the issuer is subject to a number of financial covenants, which are monitored on a regular basis.

Credit risk is also managed by dealing with counterparties the Company believes to be creditworthy and by actively monitoring credit exposure and the financial health of the counterparties. The majority of accounts receivable relate to management and performance fees receivable from the funds and managed accounts managed by the Company.

(c) 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. As at June 30, 2009, the Company also has $33.4 million or 43% of its total assets in cash and cash equivalents. The majority of current assets reflected on the consolidated balance sheets are highly liquid. Approximately $10.7 million or 31.94% of investments held by the Company are readily marketable and are recorded at their fair value. Financial liabilities, including accounts payable and accrued liabilities and compensation and employee bonuses payable, are short-term in nature and are generally due within several months. The Company's management is responsible for reviewing liquidity resources to ensure funds are readily available to meet its financial obligations 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 maintaining a credit facility (see Note 7(b)).

11. Segmented Information

Management has determined that the Company's dominant industry segment is investment management services in Canada. Substantially all of the Company's assets are located in Canada.

12. Comparative Unaudited Interim Consolidated Financial Statements

The comparative unaudited interim consolidated financial statements have been reclassified from statements previously presented to conform to the current year's presentation.

13. Subsequent Event

In August, 2009, a dividend of $0.025 per common share was declared for the quarter ended June 30, 2009.

Corporate Information

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