

Sprott Inc.

Unaudited Interim Consolidated Financial Statements

June 30, 2010 and 2009

Sprott Inc.

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS

(\$ in thousands)	As at June 30, 2010 \$	As at December 31, 2009 \$
ASSETS		
Current		
Cash and cash equivalents	64,993	49,010
Fees receivable	2,671	12,751
Other assets	1,494	2,342
Total current assets	69,158	64,103
Proprietary investments (<i>Note 3</i>)	25,682	28,004
Future income tax asset (<i>Note 9</i>)	1,035	1,289
Fixed assets, net (<i>Note 6</i>)	4,004	4,298
Other assets (<i>Note 10</i>)	1,358	-
Total assets	101,237	97,694
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	3,872	4,546
Compensation and employee bonuses payable	6,565	9,192
Income taxes payable	12,456	7,323
Total current liabilities	22,893	21,061
Future income tax liability (<i>Note 9</i>)	969	493
Total liabilities	23,862	21,554
Shareholders' equity		
Capital stock (<i>Note 4</i>)	40,105	40,105
Contributed surplus (<i>Note 4</i>)	4,954	3,820
Retained earnings	32,316	32,215
Total shareholders' equity	77,375	76,140
Total liabilities and shareholders' equity	101,237	97,694

See accompanying notes

Sprott Inc.

**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME, COMPREHENSIVE INCOME
AND RETAINED EARNINGS**

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
(\$ in thousands, except for per share amounts)	\$	\$	\$	\$
REVENUE				
Management fees	24,212	21,673	47,460	44,269
Crystallized performance fees	196	405	196	2,215
Unrealized and realized gains on proprietary investments	1,132	767	235	2,910
Other income	1,244	247	4,155	354
Total revenue	26,784	23,092	52,046	49,748
EXPENSES				
Compensation and benefits	7,534	7,114	15,801	14,813
Trailer fees	5,143	4,831	10,213	9,420
General and administrative	2,974	2,794	5,585	5,834
Donations	171	292	629	576
Amortization	186	223	358	439
Total expenses	16,008	15,254	32,586	31,082
Income before income taxes for the period	10,776	7,838	19,460	18,666
Provision for income taxes (Note 9)	3,100	2,248	5,859	5,655
Net income and comprehensive income	7,676	5,590	13,601	13,011
Retained earnings, beginning of the period	28,390	19,056	32,215	37,885
Dividends declared	(3,750)	(3,750)	(13,500)	(30,000)
Retained earnings, end of the period	32,316	20,896	32,316	20,896
Basic and diluted earnings per share (Note 8)	\$ 0.05	\$ 0.04	\$ 0.09	\$ 0.09

See accompanying notes

Sprott Inc.

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ in thousands)	Three months ended June 30, 2010 \$	Three months ended June 30, 2009 \$	Six months ended June 30, 2010 \$	Six months ended June 30, 2009 \$
OPERATING ACTIVITIES				
Net income for the period	7,676	5,590	13,601	13,011
Add (deduct) non-cash items:				
Unrealized and realized gains on proprietary investments	(1,132)	(767)	(235)	(2,910)
Stock-based compensation	567	574	1,134	1,148
Amortization	186	223	358	439
Future income taxes	255	(420)	730	(139)
Other items	(39)	-	(100)	-
	<u>7,513</u>	<u>5,200</u>	<u>15,488</u>	<u>11,549</u>
Other assets	1,309	(114)	848	(619)
Fees receivable	(132)	524	10,080	10,249
Income taxes payable	2,846	(11,254)	5,133	(13,193)
Accounts payable and accrued liabilities	(798)	(46)	(674)	(1,701)
Compensation and employee bonuses payable	852	134	(2,627)	(14,775)
Cash provided by (used in) operating activities	11,590	(5,556)	28,248	(8,490)
INVESTING ACTIVITIES				
Purchase of proprietary investments	(1,085)	(15,000)	(1,085)	(25,137)
Sale of proprietary investments	3,011	3,956	3,742	7,412
Purchase of fixed assets	(36)	(207)	(64)	(265)
Other long-term assets	(271)	-	(1,358)	-
Cash provided by (used in) investing activities	1,619	(11,251)	1,235	(17,990)
FINANCING ACTIVITIES				
Dividends paid	(3,750)	(26,250)	(13,500)	(30,000)
Cash used in financing activities	(3,750)	(26,250)	(13,500)	(30,000)
Net increase (decrease) in cash and cash equivalents during the period	9,459	(43,057)	15,983	(56,480)
Cash and cash equivalents, beginning of the period	55,534	76,465	49,010	89,888
Cash and cash equivalents, end of the period	64,993	33,408	64,993	33,408
Cash and cash equivalents:				
Cash	20,456	13,612	20,456	13,612
Short-term deposits	44,537	19,796	44,537	19,796
	<u>64,993</u>	<u>33,408</u>	<u>64,993</u>	<u>33,408</u>
Supplemental cash flow information				
Income taxes paid	-	13,999	-	19,064

See accompanying notes