Sprott Inc.

Report to Shareholders

MARCH 31,

2012

Table of Contents

Letter to Shareholders	2
Management's Discussion and Analysis	3
Consolidated Financial Statements	27
Notes to the Consolidated Financial Statements	33

May 8, 2012

Dear Shareholders,

In many respects, the first quarter of 2012 unfolded like the first quarter of 2011. The S&P TSX Total Return Index gained 4.4% during the quarter, while the Dow Jones Industrial Average was up by 8%. We believe the current rally will fizzle in the near future because it is not underpinned by strong fundamentals. Trading volumes are low, U.S. economic data is decidedly mixed, and the financial situation in Europe continues to worsen. In our opinion, current asset values are being supported by central bank monetary policy and, much like 2011, the markets remain vulnerable to a downturn in the second half of the year.

Despite strong performance early in the quarter, our investment performance suffered in March, following a steep sell off in resource equities, and many of our funds finished the first quarter in negative territory. As a result, management fees fell by 7.2% from the first quarter of 2011 and Base EBITDA declined by 4.7%. Our AUM stood at $9.7 billion at March 31, 2012, virtually unchanged from the same period last year.

We continue to expand our business through the introduction of new products and by adding portfolio management talent. John Wilson joined us in February as Senior Portfolio Manager and has since taken on lead manager responsibilities for the Sprott Opportunities Funds, and the recently launched Sprott Enhanced Equity Class and Sprott Enhanced Balanced Fund. We are committed to further diversifying our fund line up to provide our clients with a wider range of investment options and we are currently developing several new products and investment vehicles that we expect to introduce later this year.

During the quarter, we also announced that we had signed a letter of intent to acquire the Toscana Companies. This transaction is moving ahead as planned and we expect the acquisition to close before the end of this quarter. Toscana will provide us with additional expertise in the energy sector with their innovative yield-based products, as well as establishing a presence for our Company in Calgary.

Our outlook for the remainder of 2012 remains cautious. As the year goes on, we expect further volatility in the financial markets as investors struggle to balance conflicting economic data and the potential for further central bank intervention. We are committed to our current positioning and believe that precious metals and their related equities are long due for a period of sustained out-performance.

In closing, thank you for your continued support. We look forward to reporting to you on our progress in the quarters to come.

Sincerely,

Peter Grosskopf
Chief Executive Officer

Management's Discussion and Analysis

Three months ended March 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion & Analysis ("MD&A") of financial condition and results of operations, dated May 8, 2012, presents an analysis of the financial condition of Sprott Inc. (the "Company") and its subsidiaries as of March 31, 2012 compared with December 31, 2011, and results of operation for the three months ended March 31, 2012, compared with the three months ended March 31, 2011. The Board of Directors approved this MD&A on May 8, 2012.

The Company was incorporated under the Business Corporations Act (*Ontario*) on February 13, 2008.

This MD&A and unaudited interim condensed consolidated financial statements should be read in conjunction with the MD&A and annual financial statements for the year ended December 31, 2011, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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 27, 2012 (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 May 8, 2012 and will not be updated or revised except as required by applicable securities law. For a more complete discussion of the risk factors that impact actual results, please refer to the "Risk Factors" section of the Company's most recent Annual Information Form which is available at www.sedar.com.

PRESENTATION OF FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial statements for the three months ended March 31, 2012, including the required comparative information, have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

Financial results, including related historical comparatives, contained in this MD&A, unless otherwise specified herein, are based on these unaudited interim condensed consolidated financial statements. The Canadian dollar is our functional and reporting currency for purposes of preparing the Company's unaudited interim condensed consolidated financial statements, given that we conduct most of our operations in that currency. Accordingly, all dollar references in this MD&A are in Canadian dollars, unless otherwise specified herein.

KEY PERFORMANCE INDICATORS (NON-IFRS FINANCIAL MEASURES)

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

Our key performance indicators include:

Assets Under Management

Assets Under Management or AUM refers to the total net assets of our public mutual funds, hedge funds, offshore funds and bullion funds (the "Funds"), managed accounts ("Managed Accounts"), which include the accounts managed by Sprott Asset Management LP ("SAM"), Resource Capital Investment Corporation ("RCIC") and Sprott Asset Management USA Inc. ("SAM US") and managed companies ("Managed Companies") managed by Sprott Consulting LP ("SC") on which management fees ("Management Fees"), performance fees ("Performance Fees") and/or carried interests ("Carried Interests") 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 or Carried Interests, calculated as a percentage of: (i) our Funds', Managed Accounts' and Managed Companies' 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 and Carried Interests we earn is related to both our investment performance and our AUM.

Assets Under Administration

Assets Under Administration or AUA refers to client assets held in accounts at Sprott Private Wealth LP ("SPW") or Global Resource Investments, Ltd. ("GRIL"). AUA is a measure used by management to assess the performance of the broker-dealer companies within the group.

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

Investment performance is a key driver of AUM. 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 determine the level of AUM which, as discussed above, is the basis on which Management Fees are charged and to which Performance Fees or Carried Interests may be applied.

EBITDA

Our method of calculating EBITDA is defined as earnings before interest expense, income taxes, amortization of property and equipment, amortization of intangible assets and non-cash stock-based compensation. Stock-based compensation relating to the Company's Employee Profit Sharing Plan ("EPSP") is treated as a cash expense for the purposes of calculating EBITDA. 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 other companies 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, Performance Fee related compensation and other Performance Fee related expenses. 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 other than for the Funds that are managed by RCIC and certain accounts managed by SAM. 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.

RCIC manages a family of Funds whereby performance fees are earned by way of Carried Interests. Carried Interests are often realized towards the end of the life of these fixed term Funds which, as at March 31, 2012 have an average remaining life of approximately 6 years. The Carried Interests relating to these Funds will be earned once management is assured of their realization.

Base EBITDA 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 proprietary investments.

Cash Flow from Operations

Our method of calculating cash flow from operations is defined as cash provided by operating activities adjusted for the impact of the net change in non-cash balances relating to operations.

This is a relevant measure in the investment management business since it represents cash available for distribution to our shareholders and for general corporate purposes.

We believe that these Key Performance Indicators are important for a more meaningful presentation of our results of operations.

OVERVIEW

The Company operates through four wholly-owned subsidiaries, SAM, SPW, SC and Sprott U.S. Holdings Inc., the parent of the Global Companies which comprises of GRIL, RCIC and SAM US. Through these four subsidiaries, 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 services to our clients.

On June 1, 2009 we completed a corporate reorganization whereby the prior business was dissolved and its operations were separated into three business lines: discretionary portfolio management by SAM, broker-dealer services by SPW and consulting services by SC. SAM is registered with the Ontario Securities Commission ("OSC") as an investment fund manager ("IFM"), portfolio manager ("PM") and exempt market dealer ("EMD"). SPW is an investment dealer and a member of the Investment Industry Regulatory Organization of Canada ("IIROC"). SC provides active management, consulting and administrative services to other companies. Currently SC provides these services to Sprott Resource Corp. ("SRC"), Sprott Resource Lending Corp. ("SRLC") and Sprott Power Corp. ("SPC").

On February 4, 2011 we completed the acquisition of the Global Companies, based in Carlsbad, California, through Sprott U.S. Holdings Inc. GRIL is a California limited partnership that operates as a securities broker-dealer and is registered with the Financial Industry Regulatory Authority ("FINRA") and SAM US, registered with the U.S. Securities and Exchange Commission, provides discretionary investment management services. RCIC is the general partner and discretionary asset manager to the Exploration Capital Partners family of limited partnerships.

Effective February 4, 2011, the accounts of the Global Companies have been consolidated with those of the Company.

The majority of the Company's revenues are earned through SAM in the form of Management Fees and Performance Fees earned from the management of the Funds and Managed Accounts; SPW earns most of its revenues via intercompany trailer fee payments from SAM (these intercompany fees are eliminated on consolidation) and from commissions earned on new and follow-on offerings of Funds managed by SAM and through various private placements. SC earns the majority of its revenues through the management of its Managed Companies in the form of Management Fees and Performance Fees. RCIC earns revenue in the form of Management Fees and Carried Interests through the management of the Funds; GRIL earns commissions and other fees from the sale and purchase of stocks by its clients and from the sale of private placements to its clients. SAM US earns revenue in the form of Management Fees from the management of Managed Accounts.

SPW provides us with a competitive advantage by providing a unique distribution channel for our Fund products and other investment opportunities that we are able to make available to our private clients; as well, it serves as a platform to brand and grow our wealth management business. SC enables us to benefit from our expertise in managing other companies, both public and private. SC provides us with a competitive advantage by providing SPW and GRIL clients access to merchant banking and private equity-style investments.

While we operate through several operating companies, all are focused on growing the AUM or AUA of the Funds, Managed Accounts and Managed Companies that we manage for the benefit of the unitholders, shareholders and partners of those entities and the AUA of our clients, ultimately for the benefit of our shareholders.

The most significant factor that drives our business results continues to be the performance of the assets that we manage. Absolute returns generate growth in AUM, and hence Management Fees while absolute and/or relative returns may result in the receipt of Performance Fees and/or Carried Interests. While there are many factors that influence sales and redemptions of our Funds and Managed Accounts such as general investor sentiment towards certain asset classes and the global economic environment, past investment returns play an important part in an investment decision to buy, hold or sell a particular investment product.

The Company derives revenue primarily from Management Fees earned from the management of our Funds, Managed Accounts and Managed Companies and from Performance Fees earned from the investment of the AUM of our Funds, Managed Accounts and Managed Companies. 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, Managed Accounts and Managed Companies. Our Carried Interests are calculated as a percentage of profits earned by monetizing events at our Funds managed by RCIC. 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, Managed Accounts and Managed Companies. With the addition of GRIL, the Company now derives additional revenue from fees associated with its AUA. Commission and other income is generated from the sale and purchase of stocks by GRIL's clients, and to a lesser extent SPW, and from the sale of private placements to their clients. As at March 31, 2012, we managed approximately $9.7 billion in assets among our various Funds, Managed Accounts and Managed Companies. AUA in client assets totaled to approximately $4.6 billion.

Management Fees are less variable and more predictable than Performance Fees and Carried Interests. Management Fees are generally closely correlated with changes in AUM. However, the rate of change in our Management Fees may not 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, equity mutual Funds have the highest rate of Management Fees, followed by hedge Funds and offshore Funds. We have introduced a suite of income Funds that have lower Management Fees than equity mutual Funds and hedge Funds. In addition, we have a substantial amount of our total AUM in bullion Funds that have the lowest rate of Management Fees. Fees for managing the various Managed Accounts and Managed Companies are negotiated on a case by case basis. Therefore, the weighting of AUM among our various Funds, Managed Accounts and Managed Companies impacts Management Fees as a percentage of AUM.

Commission income is specific to SPW and GRIL and is generated from the trading of securities by clients and from the sale of new and follow-on offerings of products or companies managed by SAM, RCIC or SC, and through private placements of unrelated companies to clients of SPW and GRIL. Commission income is recorded in the financial statements in the month in which the service is rendered.

The majority of Performance Fees are determined as of December 31 each year. However, Performance Fees are accrued in the relevant Funds, Managed Accounts and Managed Companies, as applicable, to properly reflect the Performance Fee that would be payable, if any, based on the Net Asset Value of that Fund, Managed Account or Managed Company. 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. 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. At SC, Performance Fees are generated from time-to-time and are usually based on monetizing events at the Managed Companies. These Performance Fees can be significant when realized. At RCIC, Carried Interests are accrued in the Funds, as applicable, to properly reflect the Carried Interest that would be payable, if any, based on the Net Asset Value of that Fund. The Carried Interests are usually realized towards the end of the term of the Fund and can be significant when realized.

Our most significant expenses include compensation and benefits and trailer fees. With respect to compensation and benefits, employees are paid either a base salary and/or commissions based on sales, trading revenues or other measurable activities. In addition, employees may be eligible to share in a bonus pool, with the size of such discretionary bonuses being tied to both individual performance and the overall financial performance of the Company. Beginning in 2012, a portion of the bonus pool will be paid in equity of the Company through the Company's EPSP and Equity Incentive Plan ("EIP") (see note 8). 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. Both the employee bonus pool component of compensation and trailer fees are correlated with Management Fees whereas only the employee bonus pool component of compensation is correlated with realized Performance Fees and Carried Interests. 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 Management Fees.

In 2009 we introduced a low load sales charge option for some of our Funds. The commissions for these sales have been financed from internal cash flow. Other expenses incurred by our business are general and administration costs, including sales and marketing costs, occupancy, regulatory and professional fees, expenses absorbed by SAM on behalf of certain Funds that it manages, as well as charitable donations and amortization.

BUSINESS HIGHLIGHTS AND GROWTH INITIATIVES

The first quarter of 2012 continued to be active as we execute on various growth and development initiatives across the organization:

Hiring and Retention of Top Talent

In January 2012, John Wilson joined SAM as a Senior Portfolio Manager and is now managing the Sprott Opportunities Hedge Fund as well as the recently launched Sprott Enhanced Equity Class and Sprott Enhanced Balanced Fund.

Also in January 2012, Dr. Neil Adshead joined the Company as an Investment Strategist with specific responsibilities for the Exploration Capital Partners Limited Partnerships managed by RCIC. Dr. Adshead will use his skills and industry experience to identify, analyze and monitor public and private investment opportunities.

In order to motivate and retain key employees and to further align the interests of employees and those of our shareholders, the Company adopted an EPSP for Canadian employees and an EIP for U.S. employees. We are focused on rewarding the types of performance that increase long-term shareholder value, including growing our AUM and AUA, retaining investors in our Funds, developing new investor relationships, improving operational efficiency and managing risks. Pursuant to the EPSP and the EIP, a portion of the bonus allocated to certain employees will be paid by way of the Company's common shares. The shares are available to the relevant employees over a specified vesting period.

Acquisition of the Toscana Companies

On February 29, 2012, the Company announced the signing of a non-binding letter of intent ("LOI") reflecting an agreement in principle to acquire Toscana Capital Corporation and Toscana Energy Corporation (collectively "Toscana").

It is anticipated that the acquisition will provide benefits across the Company through the sharing of investment ideas, deal origination, the development of new products, and by leveraging Toscana's and the Company's products and brands in the oil and gas sector.

We continue with our due diligence of this acquisition and expect to close the acquisition in the second quarter of 2012.

Product and Business Line Expansion

In January 2012, we introduced our third flow-through fund, the Sprott 2012 Flow-Through Limited Partnership. The initial and follow-on offering raised gross proceeds of $30 million in total.

In January 2012, we completed a follow-on offering of the Sprott Physical Silver Trust units, raising gross proceeds of US$349 million.

In February 2012, Sprott 2010 Flow-Through Limited Partnership completed the tax-deferred transfer of its assets into Sprott Resource Class of Sprott Corporate Class Inc.

In February 2012, we completed a follow-on offering of the Sprott Physical Gold Trust units raising gross proceeds of US$349 million.

In February 2012, we launched a unique equities fund, Sprott Silver Equities Class.

In April 2012, we launched two new funds, Sprott Enhanced Equity Class and Sprott Enhanced Balanced Fund. John Wilson serves as lead manager on both funds and Scott Colbourne and Michael Craig co-manage the Sprott Enhanced Balanced Fund.

We continue to develop new products and investment vehicles that will be available in 2012. The addition of these products will require us to make investments in technology, infrastructure and resources in order to continue to be able to provide effective and efficient service to our clients and to the Funds, Managed Accounts and Managed Companies that we manage.

FINANCIAL HIGHLIGHTS

Financial highlights for the three months ended March 31, 2012 are:

- AUM at March 31, 2012 were $9.7 billion, unchanged from $9.7 billion at March 31, 2011, but an increase of $0.6 billion from $9.1 billion at December 31, 2011. Average AUM in the first quarter of 2.012 was $10.1 billion compared to $8.8 billion in the first quarter of 2.011, an increase of 15.1%. Nominal market value appreciation of portfolios along with net subscription of $0.5 billion, resulted in an increase of $0.6 billion in AUM for the current quarter.
- AUA at March 31, 2012 were $4.6 billion. This reflects a decrease of $1.3 billion (22.7%) from $5.9 billion at March 31, 2011 but an increase of $0.2 billion from $4.4 billion at December 31, 2011.
- Management Fees for the three months ended March 31, 2012 were $33.0 million, representing a decrease of $2.6 million (7.2%) compared with the three months ended March 31, 2011.
- Gross Performance Fees for the three months ended March 31, 2012 were $0.1 million ($0.1 million after related payments to sub-advisors) representing a decrease of $0.1 million (55.3%) over the three months ended March 31, 2011.
- Base EBITDA for the three months ended March 31, 2012 was $16.1 million representing a decrease of $0.8 million (4.7%) compared with the three months ended March 31, 2011.
- EBITDA for the three months ended March 31, 2012 was $20.4 million representing an increase of $3.0 million (17.2%) compared with the three months ended March 31, 2011.
- Cash flow from operations for the three months ended March 31, 2012 was negative $20.8 million ($(0.12) per share) representing a decrease of $29.8 million from $9.0 million ($0.06 per share) for the three months ended March 31, 2011.
- Net income for the three months ended March 31, 2012 increased by 60.4% to $16.9 million as compared with the previous year, and represents basic and diluted earnings per share of $0.10. Net income for the three months ended March 31, 2011 was $10.6 million, representing basic and diluted earnings per share of $0.07.

SUMMARY FINANCIAL INFORMATION

Key Performance Indicators

	For the three months ended		
($ in thousands, except per share amounts)	**March 31, 2012**	March 31, 2011	March 31, 2010
Assets Under Management	**9,683,283**	9,677,558	5,155,225
Assets Under Administration	**4,574,569**	5,918,048	2,355,734
Net Sales	**539,991**	259,709	417,764
EBITDA	**20,400**	17,400	9,913
Base EBITDA	**16,121**	16,911	10,340
Cash Flow from Operations	**(20,845)**	8,977	7,995
EBITDA Per Share - basic and fully diluted	**0.12**	0.11	0.07
Base EBITDA Per Share - basic and fully diluted	**0.10**	0.10	0.07
Cash Flow From Operations Per Share - basic and fully diluted	**(0.12)**	0.06	0.05

Summary Balance Sheet

	As at	
($ in thousands)	**March 31, 2012**	December 31, 2011
Total Assets	**372,053**	400,536
Total Liabilities	**60,166**	99,095
Shareholders' Equity	**311,887**	301,441

Summary Income Statement and Reconciliation to EBITDA and Base EBITDA

($ in thousands, except per share amounts)	For the three months ended March 31, 2012	2011
Total revenue	**44,390**	39,515
Total expenses	**23,184**	24,558
Income before income taxes	**21,206**	14,957
Provision for income taxes	**4,263**	4,391
Net income	**16,943**	10,566
Other expenses [1]	**(806)**	2,443
Provision for income taxes	**4,263**	4,391
EBITDA	**20,400**	17,400
Unrealized and realized gains on proprietary investments	**(4,241)**	(362)
Performance fees net of performance fee related compensation and other performance fee related expenses [2]	**(38)**	(127)
Base EBITDA	**16,121**	16,911
Earnings Per Share - basic and fully diluted	**0.10**	0.07
EBITDA Per Share - basic and fully diluted	**0.12**	0.11
Base EBITDA Per Share - basic and fully diluted	**0.10**	0.10

(1) Includes amortization of property and equipment, amortization of intangibles and non-cash stock-based compensation expense other than stock-based compensation expense related to the EPSP.

(2) Performance Fee related compensation is equal to 25% of Performance Fee revenue.

Summary Cash Flow Statements and Reconciliation to Cash Flow from Operations

($ in thousands, except per share amounts)	For the three months ended March 31, 2012	2011
Operating activities		
Net income for the period	**16,943**	10,566
Non-cash items	**596**	6,419
Income taxes paid	**(38,384)**	(8,008)
Cash flow from operations	**(20,845)**	8,977
Non-cash balances relating to operations	**(19,921)**	136,848
Cash provided by (used in) operating activities	**(40,766)**	145,825
Cash provided by investing activities	**1,627**	4,009
Cash used in financing activities	**(818)**	(90,000)
Net increase (decrease) in cash and cash equivalents during the period	**(39,957)**	59,834
Cash and cash equivalents, beginning of the period	**119,506**	81,209
Cash and cash equivalents, end of the period	**79,549**	141,043
Cash flow from operations per share - basic	**(0.12)**	0.06
Cash flow from operations per share - fully diluted	**(0.12)**	0.06

RESULTS OF OPERATIONS

Three months ended March 31, 2012 compared to three months ended March 31, 2011

Overall Performance

AUM of $9.7 billion as at March 31, 2012 remained unchanged compared to March 31, 2011. Net sales for the three months ended March 31, 2012 were $0.5 billion which represents virtually all of the increase in AUM since December 31, 2011. Average AUM for the three months ended March 31, 2012 was $10.1 billion compared with $8.8 billion for the three months ended March 31, 2011, an increase of 15.1%.

Total revenues increased by $4.9 million or 12.3% from $39.5 million in the three months ended March 31, 2011 to $44.4 million in the three months ended March 31, 2012. Management Fees for the three months ended March 31, 2012 were $33.0 million, representing a decrease of $2.6 million (7.2%) compared with the three months ended March 31, 2011. Gross Crystallized Performance Fees for the three months ended March 31, 2012 were $0.1 million, compared to $0.2 million in the three months ended March 31, 2011. Unrealized and realized gains on proprietary investments totaled $4.2 million for the three months ended March 31, 2012 compared to $0.4 million for the three months ended March 31, 2011. Commissions increased by $2.7 million to $5.7 million in the three months ended March 31, 2012 when compared to $3.0 million in the three months ended March 31, 2011. Other income increased by $1.0 million to $1.4 million in the three months ended March 31, 2012, when compared to $0.4 million in the three months ended March 31, 2011.

Expenses totaled $23.2 million for the three months ended March 31, 2012, which is a decrease of $1.4 million or 5.6% from $24.6 million in the three months ended March 31, 2011.

Net income of $16.9 million for the three months ended March 31, 2012, increased by $6.4 million (60.4%) when compared with net income of $10.6 million for the three months ended March 31, 2011.

Assets Under Management, Investment Performance and Net Sales

The breakdown of AUM by investment product type as at March 31, 2012 and March 31, 2011 was as follows:

	March 31, 2012		March 31, 2011	
Product Type	**$ (in millions)**	**% of AUM**	$ (in millions)	% of AUM
Mutual Funds	**2,503**	**25.8%**	3,543	36.6%
Bullion Funds	**3,867**	**40.1%**	2,122	22.0%
Domestic Hedge Funds	**1,561**	**16.1%**	1,813	18.7%
Offshore Hedge Funds	**426**	**4.4%**	750	7.7%
Direct Management (Managed Companies)	**688**	**7.1%**	604	6.2%
Managed Accounts	**212**	**2.2%**	297	3.1%
Fixed Term Limited Partnerships	**426**	**4.3%**	549	5.7%
Total	**9,683**	**100%**	9,678	100%

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

	For the three months ended March 31,	
($ in millions)	**2012**	2011
AUM, beginning of year	**9,137**	8,545
Net sales	**540**	260
Business acquisition	**—**	695
Market value appreciation of portfolios	**6**	178
AUM, end of year	**9,683**	9,678

The performance of our Funds and Managed Accounts for the three months ended March 31, 2012 resulted in nominal overall market value appreciation. For the three months ended March 31, 2012, our equity hedge Funds experienced significant negative performance offset by increases in the bullion Funds, in particular, the silver bullion Fund. The performance of our mutual Funds was mixed, while the Fixed Term Limited Partnerships experienced strong performance overall for the quarter. Our Managed Companies' AUM remained mostly unchanged at March 31, 2012 compared to December 31, 2011.

Net sales for the three months ended March 31, 2012 were $0.5 billion. The initial and follow-on offering of Sprott 2012 Flow-Through LP, the launch of Sprott Silver Equities Class, follow-on offerings of Sprott Physical Gold Trust and Sprott Physical Silver Trust, added approximately $0.7 billion to sales in the period. Collectively, our other Mutual Funds, Managed Accounts and Domestic Hedge Funds experienced net redemptions of approximately $104 million. Similarly our Offshore Hedge Funds had net redemptions resulting in net outflows of approximately $67 million or 11.8% of opening offshore AUM.

Revenues

During the three months ended March 31, 2012, total revenues increased by $4.9 million (12.3%) from $39.5 million in the three months ended March 31, 2011 to $44.4 million in the three months ended March 31, 2012.

Management Fees decreased by $2.6 million or 7.2% from $35.5 million in the three months ended March 31, 2011 to $33.0 million in the three months ended March 31, 2012, even though average AUM increased by approximately 15.1% over the same period. Management Fee margins (defined as Management Fees as a percentage of average AUM) fell to 1.3% in 2012 from 1.6% in 2011. The decrease in Management Fee margins is mainly due to the addition of fixed income Funds and bullion Funds that have lower average Management Fees than most of our other Funds. Average AUM for fixed income Funds and bullion Funds increased by approximately $2.2 billion to $4.2 billion for the three months ended March 31, 2012, compared to $2.0 billion for the three months ended March 31, 2011. The three months ended March 31, 2012 include Management Fees from RCIC and SAM US for the full period whereas the three months ended March 31, 2011 only include Management Fees from RCIC and SAM US since the acquisition date of February 4, 2011. In 2012, the fee structure for one of the Managed Companies was amended such that the compensation and benefits of certain employees would be paid directly by the Managed Company rather than by SC. This resulted in a reduction to the Management Fees received by the Company by the amount of compensation and benefits costs incurred by the Managed Company and an equivalent reduction to the compensation and benefits expense of the Company. There is no impact to the Company's net income as a result of this amendment.

Gross Crystallized Performance Fees were $0.1 million for the three months ended March 31, 2012 versus $0.2 million for the three months ended March 31, 2011. Virtually all of the gross Crystallized Performance Fees were generated by one Fund in the current quarter.

Gains from our capital that is invested in our proprietary investments (realized and unrealized) for the three months ended March 31, 2012 totaled $4.2 million, compared with gains of $0.4 million for the three months ended March 31, 2011. During three months ended March 31, 2012, sales of proprietary investments resulted in net realized gains of $2.6 million and the market value of most of our proprietary investments appreciated resulting in net unrealized gains of $1.6 million. The unrealized gains in the three months ended March 31, 2011 were driven predominantly by the market value appreciation of silver bullion despite declines in the value of gold bullion, public equities and share purchase warrants.

Commission revenue for the three months ended March 31, 2012, was $5.7 million compared to $3.0 million during the three months ended March 31, 2011. In the three months ended March 31, 2012, Commission revenue was generated by GRIL and SPW**.** During the three months ended March 31, 2011, Commission revenue was mainly due to commissions generated by GRIL and to a lesser extent, SPW. During the first quarter of 2012, GRIL and SPW earned commissions primarily from private placements and from sales of Sprott sponsored Funds and shares of Managed Companies to SPW clients. The three months ended March 31, 2012 include Commission revenue from GRIL for the full period whereas the three months ended March 31, 2011 only include Commission revenue since the acquisition date of February 4, 2011 (approximately two months).

Other income increased by $1.0 million from $0.4 million in the three months ended March 31, 2011 to $1.4 million in the three months ended March 31, 2012. The main components of other income include interest income and redemption fee revenue.

Expenses

Total expenses for the three months ended March 31, 2012 were $23.2 million, a decrease of $1.4 million or 5.6% compared with $24.6 million for the three months ended March 31, 2011.

Changes in specific categories are described in the following discussion:

Compensation and Benefits

Compensation and benefits expense for the three months ended March 31, 2012 amounted to $11.1 million, including contributions to the discretionary employee bonus pool of $3.9 million. A further $0.9 million relating to the equity component of the discretionary employee bonus pool is included in stock-based compensation. For the three months ended March 31, 2011, compensation and benefits expense was $10.7 million, with contributions to the discretionary employee bonus pool amounting to $4.5 million. There was no equity component of the discretionary employee bonus pool in 2011. Excluding the discretionary employee bonus pool, compensation and benefits for the three months ended March 31, 2012 increased by $1.0 million from $6.2 million in 2011 to $7.2 million in 2012. This is primarily due to the increase in headcount of the Company with the average number of employees increasing from 127 for the three months ended March 31, 2011 to 181 for the three months ended March 31, 2012, which includes the headcount added through the acquisition of the Global Companies in 2011. In 2012, the fee structure for one of the Managed Companies was amended such that the compensation and benefits of certain employees would be paid directly by the Managed Company. This resulted in a reduction to the Management Fees received by the Company by the amount of compensation and benefits costs incurred by the Managed Company and an equivalent reduction to the compensation and benefits expense of the Company. There is no impact to the Company's net income as a result of this amendment. The discretionary employee bonus pool increased in 2012 mainly due to the higher Base EBITDA. Beginning in 2012, a portion of the discretionary employee bonus pool will be paid in equity of the Company through the Company's EPSP and EIP (see note 8). The shares are either issued from treasury or purchased in the open market and are available to the relevant employees over a specified vesting period. The three months ended March 31, 2012 include compensation and benefits from the Global Companies for the full period whereas the three months ended March 31, 2011 only include compensation and benefits since the acquisition date of February 4, 2011 (approximately two months).

Stock-based compensation

Stock-based compensation was $2.6 million for the three months ended March 31, 2012, an increase of $1.7 million compared to $0.9 million in 2011. The increase in the stock-based compensation is due to (i) the portion of the discretionary employee bonus pool that is equity-based that was not applicable in 2011, (ii) the expensing of earn-out shares (see note 8) for the three months ended March 31, 2012 that was only applicable for the period February 4, 2011 to March 31, 2011 in the comparable period, and (iii) other stock-based compensation relating to new hires in the three months ended March 31, 2012 that was not applicable in the comparable period.

Trailer Fees

Trailer fees are somewhat correlated with AUM and with Management Fees. For the three months ended March 31, 2012 trailer fees were $5.6 million versus $6.7 million, a decrease of 16.2% compared with the corresponding period of 2011. Trailer fees as a percentage of Management Fees for the three months ended March 31, 2012 have decreased to 17.0% from 18.8% for the three months ended March 31, 2011. This decline is due to the addition of AUM of the Global Companies along with AUM of the Managed Companies which do not have an associated trailer fee obligation and the increase in the AUM of bullion Funds and our family of fixed income Funds, which pay no or lower trailer fees.

General and Administrative

General and administrative expenses increased by $1.0 million, (21.5%) to $5.4 million for the three months ended March 31, 2012 when compared to the three months ended March 31, 2011. General and administrative expenses consist primarily of rent, marketing, regulatory fees, sub-advisory fees, fund expenses absorbed by SAM on behalf of certain Funds that it manages, legal, insurance, trading costs and professional fees as well as miscellaneous costs such as quote and news services, printing and systems maintenance. The increase in general and administrative expenses in 2012 is partially due to increases in most of the expense categories listed above as a result of an increase in the level of business activity including more employees, additional space, new funds and new streams of expenses resulting from the brokerage activities at GRIL and SPW. The three months ended March 31, 2012 include general and administrative expenses from the Global Companies for the full period whereas the three months ended March 31, 2011 only include general and administrative expenses since the acquisition date of February 4, 2011 (approximately two months).

Charitable Donations

The Company has a charitable donations program whereby 1% of the current year's net income before tax, as may be adjusted from time to time based on profitability, cash flow and other similar measures, is donated to children's charities. In addition to donations under the program described above, we make other corporate donations to selected causes. The donation expense in the three months ended March 31, 2012 increased by $0.1 million from the corresponding three months ended March 31, 2011 mainly due to an increase in the current period's pre-tax income.

Amortization of Intangibles

Amortization expense of intangibles is composed of (i) the amortization of deferred sales commissions and (ii) the amortization of fund management contracts and carried interests, the latter of which was the result of the acquisition of the Global Companies. Amortization expense also includes impairments losses and any reversals of impairment losses of the intangible assets. Amortization expense decreased by $3.5 million in 2012 when compared to 2011 due to a partial reversal of a previously recorded impairment loss on carried interests. At March 31, 2012, management determined that the recoverable amount of the carried interests was in excess of its carrying value. As a result, a reversal of a previous impairment charge was recorded in the amount of $4.0 million ($2.4 million after tax). The underlying inputs and assumptions that determine the recoverable amounts of finite life fund management contracts and carried interests are related to the resource sector and commodity prices which can exhibit significant volatility. As a result, the recoverable amounts of both the finite life fund management contracts and carried interests may demonstrate significant fluctuations in value from quarter to quarter. Management will continue to monitor the recoverable amount of these intangible assets on a quarterly basis and, if appropriate, may record impairment losses and/or reverse all or part of any previously recorded impairment losses in future periods.

EBITDA, Base EBITDA, Cash Flow from Operations and Net Income

As discussed earlier, there are a number of non-IFRS 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 three months ended March 31, 2012, EBITDA was $20.4 million, compared with $17.4 million for the three months ended March 31, 2011. EBITDA increased for the three months ended March 31, 2012 when compared to the three months ended March 31, 2011 mainly as a result of higher gains on proprietary investments. Basic and diluted EBITDA per share for the three months ended March 31, 2012 was $0.12 compared to $0.11 for the three months ended March 31, 2011. For further clarity, EBITDA is reconciled to Net Income in the Summary Financial Information table earlier 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. For the three months ended March 31, 2012 Base EBITDA was $16.1 million compared with $16.9 million in the three months ended March 31, 2011, representing a decrease of $0.8 million (4.7%). Base EBITDA for 2012 decreased when compared to 2011 largely due to lower Management Fees and increased compensation costs partially offset by higher commission revenue. Base EBITDA excludes (i) unrealized and realized gains and losses on proprietary investments and (ii) Performance Fees net of Performance Fee related compensation and other expenses. In the three months ended March 31, 2012, unrealized and realized gains on proprietary investments were $4.2 million, compared to unrealized and realized gains of $0.4 million in the three months ended March 31, 2011. In the three months ended March 31, 2012, Crystallized Performance Fees net of Performance Fee related compensation and other Performance Fee related expenses were $38 thousand compared to $127 thousand in the three months ended March 31, 2011. Base EBITDA per share for the three months ended March 31, 2012 was $0.10 compared to $0.10 for the three months ended March 31, 2011. For further clarity, Base EBITDA is reconciled to Net Income in the Summary Financial Information table earlier in this MD&A.

The Company also assesses its performance using Cash Flow from Operations. Previously defined in this MD&A, this metric helps to assess the ability of the Company to generate cash to fund day-to-day operations, pay dividends, pay sales commissions and support any other capital requirements of the Company. Cash Flow from Operations for the three months ended March 31, 2012 was negative $20.8 million, a decrease of $29.8 million from the $9.0 million reported in the three months ended March 31, 2011. The primary contributor to this was the significant cash tax payment made by the Company in the current quarter relating primarily to the Performance Fees realized in December 2010. The major difference between this measure and EBITDA and Base EBITDA is that it takes into consideration the income taxes paid or payable by the Company. For the three months ended March 31, 2011, income taxes of $8.0 million were paid and for the three months ended March 31, 2012, income taxes of $38.4 million were paid. Cash Flow from Operations per share for the three months ended March 31, 2012 was $(0.12) versus $0.06 for the three months ended March 31, 2011. For further clarity, Cash Flow from Operations is reconciled to Net Income in the Summary Financial Information table earlier in this MD&A.

Income before taxes for the three months ended March 31, 2012 was $21.2 million compared with a pre-tax income of $15.0 million for the three months ended March 31, 2011. The effective tax rate of 20.1% was lower for the three months ended March 31, 2012 when compared to 29.4% for the three months ended March 31, 2011 primarily as a result of the recognition of a $1.6 million tax refund from a prior year. The acquisition of the Global Companies resulted in a deferred income tax liability of $20.1 million relating to the identified intangible assets which is being drawn down over 7 years (approximately 6 years remaining); the same period over which the associated intangible assets are being amortized. At March 31, 2012, management determined that the recoverable amount of the carried interest identified intangible asset was in excess of its carrying value. As a result, a reversal of a previous impairment charge was recorded resulting in an increase to the deferred income tax liability of $1.6 million. The increase to the deferred tax liability results in an increase to the provision for income taxes on the consolidated statement of income. This deferred tax liability is not a cash liability of the Company but is an accounting item resulting from the accounting for the acquisition.

Net income for the three months ended March 31, 2012 was $16.9 million compared to net income of $10.6 million for the three months ended March 31, 2011. The increase in 2012 as compared to 2011 reflects the net effect of the changes previously discussed in this MD&A including the addition of the operations of the Global Companies since February 4, 2011. Basic and diluted net income per share for the three months ended March 31, 2012 was $0.10, versus $0.07 for the three months ended March 31, 2011.

Balance Sheet

Total assets at March 31, 2012 decreased by $28.5 million to $372.1 million. Cash and cash equivalents were $79.5 million, a decrease of $40.0 million from December 31, 2011 due to cash outflows from operating expenses, purchase of proprietary investments, funding of the EPSP and the payment of bonuses and taxes.

Proprietary investments are comprised of investments in various Funds that we manage, including those managed by RCIC, notes receivable, equities and warrants, including an investment in SRLC and gold bullion. Proprietary investments are discussed in more detail in the Revenue section of this MD&A.

Fees receivable at March 31, 2012 were $18.8 million, which is an increase of $8.6 million since December 31, 2011. The increase primarily relates to outstanding Management Fees relating to our Managed Companies from 2011, the majority of which were received subsequent to the quarter end.

Intangible assets as at March 31, 2012 of $41.7 million consist of finite and indefinite life intangible assets. Intangible assets with indefinite useful lives relate to costs incurred to create fund management contracts between SAM and certain Funds managed by SAM. Intangible assets with finite lives relate to (i) the costs assigned to management contracts and carried interests as a result of the acquisition of the Global Companies and, (ii) deferred sales commissions the Company pays to brokers and dealers on the sale of mutual Fund securities. At March 31, 2012, management determined that the recoverable amount of the carried interests were in excess of its carrying value. As a result, a reversal of a previous impairment charge was recorded in the amount of $4.0 million. The underlying inputs and assumptions that determine the recoverable amounts of finite life fund management contracts and carried interests are related to the resource sector and commodity prices which can exhibit significant volatility. As a result, the recoverable amounts of both the finite life fund management contracts and carried interests may demonstrate significant fluctuations in value from quarter to quarter. Management will continue to monitor the recoverable amount of these intangible assets on a quarterly basis and, if appropriate, may record impairment losses and/or may reverse all or part of any previously recorded impairment losses in future periods. Deferred sales commissions are recorded at cost and amortized on a straight line basis over a maximum of three years. Deferred sales commissions at March 31, 2012 of $2.1 million were relatively unchanged from December 31, 2011. During the three months ended March 31, 2012, $0.3 million in commissions were paid for low load funds and were offset by amortization of $0.3 million.

The acquisition of the Global Companies in the first quarter of 2011 resulted in goodwill of $123.1 million at March 31, 2012. Included in goodwill is $2.7 million of foreign exchange differences which form part of other comprehensive income. The Company had not recorded any goodwill prior to the acquisition of the Global Companies. Goodwill is not amortized, but is subject to impairment tests on at least an annual basis. Management last performed its impairment test of goodwill in the fourth quarter of 2011. As at March 31, 2012, management concluded that there were no indicators of impairment during the three months ended March 31, 2012 that required management to reassess the recoverable amount of goodwill.

Accounts payable and accrued liabilities were $8.0 million at March 31, 2012, which is a decrease of $2.4 million from December 31, 2011.

Compensation and employee bonuses payable were $16.1 million at March 31, 2012 compared to $24.2 million at December 31, 2011. The decrease from December 31, 2011 primarily reflects the payment of fiscal 2011 year-end bonuses during the first quarter of 2012. In addition, as previously noted in the "Compensation and Benefits" section earlier in this MD&A, a portion of the discretionary employee bonus pool for 2012 to be paid as equity of the Company and is not included in compensation and employee bonuses payable and instead is recorded as an increase in contributed surplus.

RESULTS OF OPERATIONS - REPORTABLE SEGMENTS

SAM Segment

The SAM segment provides asset management services to the Company's branded Funds and Managed Accounts and includes the operating results of SAM.

Results of operations - SAM Segment

For the three months ended March 31 ($ in thousands)	**2012**	2011
Revenue		
Management fees	**28,401**	31,632
Performance fees	**76**	170
Other	**617**	245
Total revenue	**29,094**	32,046
Expenses		
General and administrative	**11,289**	9,589
Trailer fees	**8,024**	9,535
Amortization of intangibles, property and equipment	**528**	367
Total expenses	**19,841**	19,491
Income before income taxes for the period	**9,253**	12,555
EBITDA	**9,780**	13,089
Base EBITDA	**9,736**	12,981

Three months ended March 31, 2012 compared to three months ended March 31, 2011

Revenues

During the three months ended March 31, 2012, total revenues decreased by $2.9 million (9.2%) from $32.0 million in the three months ended March 31, 2011 to $29.1 million in the three months ended March 31, 2012.

Revenues from Management Fees were $28.4 million for the three months ended March 31, 2012, a decrease of 10.2% from the three months ended March 31, 2011 mainly attributable to the different composition of SAM's AUM.

Revenues from gross Performance Fees were $0.1 million for the three months ended March 31, 2012 versus $0.2 million for the three months ended March 31, 2011.

Other revenues were $0.6 million for the three months ended March 31, 2012, an increase of $0.4 million from the three months ended March 31, 2011. The largest components of other revenue are interest income and early redemption fees.

Expenses

Total expenses for the three months ended March 31, 2012 were $19.8 million, an increase of $0.3 million or 1.8%, compared with $19.5 million for the three months ended March 31, 2011.

General and administrative (including compensation and benefits) expense for the three months ended March 31, 2012 amounted to $11.3 million versus $9.6 million for the three months ended March 31, 2011. The largest components of the increase from the prior year's comparative quarter relates to salaries and benefits and stock-based compensation. Similarly there were increases in various other expenses resulting from the net increase in headcount during the year. Increases in 2012 were also experienced in sub-advisory fees, marketing, trading costs and Fund expenses due to the business expansion resulting from the launch of new Funds.

Trailer fees for the three months ended March 31, 2012 were $8.0 million versus $9.5 million, a decrease of 15.8% over the corresponding period of 2011. The decrease was attributable to the decrease in the average AUM of our mutual Funds and domestic hedge Funds which are the primary products to which trailer fees relate.

Amortization of intangibles, property and equipment increased by $0.2 million for the three months ended March 31, 2012 when compared to the three months ended March 31, 2011, mostly due to the cumulative effect of deferred sales commission payouts resulting in higher amortization and nominal increases to the amortization of property and equipment during the three months ended March 31, 2012 when compared to the three months ended March 31, 2011.

EBITDA and Base EBITDA

For the three months ended March 31, 2012, EBITDA was $9.8 million compared with $13.1 million for three months ended March 31, 2011. The decrease in EBITDA in 2012 when compared to 2011 is mainly a result of lower Management Fees reported in the current period.

For the three months ended March 31, 2012, Base EBITDA was $9.7 million compared with $13.0 million in the three months ended March 31, 2011. Base EBITDA for 2012 decreased when compared to 2011 mostly due to lower Management Fees generated in the current period.

Global Companies Segment

The Global Companies segment provides asset management services to the Company's Funds and Managed Accounts in the US and also provides securities trading services to its clients and includes the operating results of GRIL, RCIC and SAM USA.

Results of operations - Global Companies Segment

For the 3 months ended March 31 (in $ thousands)	**2012**	2011*
Revenue		
Management fees	**2,495**	2,073
Commissions	**2,881**	2,322
Other	**1,062**	240
Total revenue	**6,438**	4,635
Expenses		
General and administrative	**4,438**	2,536
Amortization (recovery) of intangibles, property and equipment	**(2,476)**	1,161
Total expenses	**1,962**	3,697
Income before income taxes for the period	**4,476**	938
EBITDA	**3,083**	2,752
Base EBITDA	**2,034**	2,532

* for the period February 4, 2011 to March 31, 2011

Three months ended March 31, 2012 compared to the period February 4, 2011 to March 31, 2011 (the "Period")

Revenues

Total revenues increased by $1.8 million (38.9%) from $4.6 million in the Period to $6.4 million in the three months ended March 31, 2012. The increase is due to a full quarter of revenue reporting in 2012 compared to the Period.

Revenue from Management Fees were $2.5 million for the three months ended March 31, 2012, an increase of $0.4 million from the Period. The increase is due to a full quarter of Management Fees in 2012 compared to the Period. On a month-to-month comparison, Management Fees decreased as a result of lower average AUM at RCIC and SAM US.

Revenue from Commissions were $2.9 million for the three months ended March 31, 2012, an increase of $0.6 million when compared to $2.3 million in the Period. These commissions were generated by GRIL from the trading of securities by clients and from the sale to clients of new and follow-on offerings of products or shares of companies managed by SAM, or SC, and through private placements of unrelated companies. The increase is due to a full quarter of Commissions in 2012 compared to the Period. On a month-to-month comparison, Commission revenue decreased as a result of reduced transaction volumes at GRIL.

Gains from our capital that is invested in our proprietary investments (realized and unrealized) make up the majority of the Other revenue category of $1.1 million for the three months ended March 31, 2012 compared to $0.2 million for the Period.

Expenses

Total expenses decreased by $1.7 million (46.9%) to $2.0 million in the three months ended March 31, 2012 from $3.7 million in the Period. The decrease is due primarily to a partial reversal of $4.0 million of a previously recognized impairment loss partially offset by increased expenses as a result of a full quarter of expense reporting in 2012 compared to the Period.

General and administrative (including compensation and benefits) expenses for the three months ended March 31, 2012 were $4.4 million, an increase of $1.9 million when compared to $2.5 million in the Period. The largest component of general and administrative is compensation and benefits followed by stock-based compensation relating to earn-out shares (see note 8) with other significant expenses consisting of rent, professional fees and expenses relating to its brokerage business. The increase is primarily a result of a full quarter of expense reporting in 2012 compared to the Period. On a month-to-month comparison, general and administrative expenses increased as a result of a higher average headcount and the Company's continued investment to expand the US operations.

Amortization of intangibles, property and equipment of negative $2.5 million relates primarily to those intangible assets identified as part of the acquisition of the Global Companies. At March 31, 2012, management determined that the recoverable amount of the carried interests was in excess of its carrying value. As a result, a reversal of a previous impairment charge was recorded in the amount of $4.0 million ($2.4 million after tax). The underlying inputs and assumptions that determine the recoverable amounts of finite life fund management contracts and carried interests are related to the resource sector and commodity prices which can exhibit significant volatility. As a result, the recoverable amounts of both the finite life fund management contracts and carried interests may demonstrate significant fluctuations in value from quarter to quarter. Management will continue to monitor the recoverable amount of this and other intangible assets on a quarterly basis and, if appropriate, may record impairment losses and/or reverse all or part of previously recorded impairment losses in future periods.

EBITDA and Base EBITDA

For the three months ended March 31, 2012, EBITDA was $3.1 million compared with $2.8 million for the Period. The increase in EBITDA in 2012 when compared to 2011 is mainly a result of a full quarter of EBITDA reporting in 2012 compared to the Period. On a month-to-month comparison, EBITDA decreased for the reasons provided in the immediately preceding paragraphs.

For the three months ended March 31, 2012, Base EBITDA was $2.0 million compared with $2.5 million in the Period. Base EBITDA for 2012 decreased when compared to 2011 mostly due to lower Management Fees generated on a lower level of average AUM in the current period. On a month-to-month comparison, Base EBITDA decreased for the reasons provided in the immediately preceding paragraphs.

Corporate Segment

The Corporate segment provides treasury and common shared services to the Company's business units and includes the operating results of Sprott Inc. without the effect of consolidating its subsidiaries.

Results of operations - Corporate Segment

For the three months ended March 31 ($ in thousands)	**2012**	2011
Revenue		
Other	**3,716**	(337)
Total revenue	**3,716**	(337)
Expenses		
General and administrative	**495**	1,308
Amortization of property and equipment	**24**	13
Total expenses	**519**	1,321
Income (loss) before income taxes for the period	**3,197**	(1,658)
EBITDA	**3,249**	(1,570)
Base EBITDA	**213**	(1,142)

Three months ended March 31, 2012 compared to three months ended March 31, 2011

Revenues

During the three months ended March 31, 2012, total revenues increased by $4.1 million from negative $0.3 million in the three months ended March 31, 2011 to $3.7 million in the three months ended March 31, 2012.

Gains from our capital that is invested in our proprietary investments (realized and unrealized) and interest income make up the majority of Other revenue. For the three months ended March 31, 2012, the Corporate segment recorded net realized and unrealized gains on proprietary investments compared to net realized and unrealized losses recorded for the three months ended March 31, 2011.

Expenses

Total expenses for the three months ended March 31, 2012 were $0.5 million, a decrease of $0.8 million or 60.7%, compared with $1.3 million for the three months ended March 31, 2011.

General and administrative (including compensation and benefits) expenses decreased by $0.8 million to $0.5 million for the three months ended March 31, 2012 when compared to the three months ended March 31, 2011. General and administrative expenses decreased mostly due to the recovery of general and administrative costs from the other reporting segments in 2012. General and administrative costs were not recovered from the other reporting segments in the first quarter of 2011.

EBITDA and Base EBITDA

For the three months ended March 31, 2012, EBITDA was $3.2 million compared with negative $1.6 million for the three months ended March 31, 2011. EBITDA increased for the three months ended March 31, 2012 when compared to the three months ended March 31, 2011, mainly as a result of realized and unrealized gains previously discussed. Base EBITDA was $0.2 million for the three months ended March 31, 2012 compared with negative $1.1 million in the three months ended March 31, 2011, predominately as a result of the recovery of general and administrative costs from the other reporting segments in 2012 that were not recovered from the other reporting segments in the first quarter of 2011.

Other Segment

The Other segment includes the operations of SC and SPW, our consulting and private wealth businesses, respectively.

Results of operations - Other Segment

For the three months ended March 31 ($ in thousands)	**2012**	2011
Revenue		
Management fees	**2,090**	1,842
Commissions	**2,841**	706
Other	**2,685**	3,479
Total revenue	**7,616**	6,027
Expenses		
General and administrative	**3,328**	2,899
Amortization of property and equipment	**8**	6
Total expenses	**3,336**	2,905
Income before income taxes for the period	**4,280**	3,122
EBITDA	**4,288**	3,129
Base EBITDA	**4,138**	2,540

Three months ended March 31, 2012 compared to three months ended March 31, 2011

Revenues

During the three months ended March 31, 2012, total revenues increased by $1.6 million from $6.0 million in the three months ended March 31, 2011 to $7.6 million in the three months ended March 31, 2012.

Revenues from Management Fees were $2.1 million for the three months ended March 31, 2012, an increase of 13.5% from the three months ended March 31, 2011. The increase was mainly attributable to a 32.2% increase in the average AUM on which management fees are earned. In 2012, the fee structure for one of the Managed Companies was amended such that the compensation and benefits of certain employees would be paid directly by the Managed Company. This resulted in a reduction to the Management Fees received by the Company by the amount of compensation and benefits costs incurred by the Managed Company and an equivalent reduction to the compensation and benefits expense of the Company. There is no impact to the Company's net income as a result of this amendment.

Commission revenue for the three months ended March 31, 2012, was $2.8 million compared to $0.7 million during the three months ended March 31, 2011. The increase in Commissions was mainly due to substantial commissions earned by SPW on the sale of units of Sprott Physical Silver Trust, Sprott 2012 Flow-Through Fund and other various private placements to its clients in 2012.

Trailer fee income received from SAM is the significant component of Other revenue and decreased during the current year as a result of the decrease in the average trailer paying AUA of SPW. This inter-company revenue received is eliminated upon consolidation.

Expenses

General and administrative (including compensation and benefits) expenses for the three months ended March 31, 2012 were $3.3 million, an increase from the prior year of $0.4 million. The largest components of the increase from the prior year's comparative quarter relates to salaries and benefits, bonus and stock-based compensation. Similarly there were increases in various other expenses resulting from general business expansion and the net increase in headcount during the year.

EBITDA and Base EBITDA

For the three months ended March 31, 2012, EBITDA was $4.3 million compared with $3.1 million for the three months ended March 31, 2011. The increase in EBITDA in 2012 when compared to 2011 is mainly a result of higher Management Fees and Commissions income partially offset by lower trailer fee income.

For the three months ended March 31, 2012, Base EBITDA was $4.1 million compared with $2.5 million for the three months ended March 31, 2011. Base EBITDA for 2012 increased when compared to 2011 for the same reasons indicated in the previous paragraph.

SUMMARY OF QUARTERLY RESULTS

($ in thousands)	As at 30-Jun-10	As at 30-Sep-10	As at 31-Dec-10	As at 31-Mar-11	As at 30-Jun-11	As at 30-Sep-11	As at 31-Dec-11	As at 31-Mar-12
Assets Under Management	5,546,430	6,513,445	8,545,276	9,677,558	9,292,186	9,881,291	9,137,084	**9,683,283**

($ in thousands, except per share amounts)	3 Months ended 30-Jun-10	3 Months ended 30-Sep-10	3 Months ended 31-Dec-10	3 Months ended 31-Mar-11	3 Months ended 30-Jun-11	3 Months ended 30-Sep-11	3 Months ended 31-Dec-11	3 Months ended 31-Mar-12
Income Statement Information								
Revenue								
Management fees	24,212	24,692	31,534	35,547	37,228	40,350	33,700	**32,986**
Performance fees	196	719	199,139	170	615	1,990	2,528	**76**
Commissions	432	326	2,876	3,027	4,864	3,427	2,861	**5,722**
Unrealized and realized gain (loss) on proprietary investments	949	2,852	5,639	362	(3,996)	(2,389)	(1,963)	**4,241**
Other income	812	501	2,890	409	582	953	987	**1,365**
Total revenue	26,601	29,090	242,078	39,515	39,293	44,331	38,113	**44,390**
Net income	7,766	9,954	108,554	10,566	7,489	10,358	4,625	**16,943**
EBITDA	11,381	13,746	167,397	17,400	14,606	17,389	15,078	**20,400**
Base EBITDA	10,285	10,355	12,404	16,911	18,141	18,285	16,050	**16,121**
Basic and diluted earnings per share	0.05	0.07	0.72	0.07	0.04	0.06	0.03	**0.10**

Performance Fees are earned on the last day of the fiscal year other than for the Funds that are managed by RCIC and a Managed Account. As a result, quarters ending December 31 are significantly more variable than other quarters during the year.

There is generally no other seasonality to our earnings and the trends in fees and expenses relate primarily to the level of our AUM.

At March 31, 2012, management determined that the recoverable amount of the carried interests was in excess of its carrying value. As a result, a reversal of a previous impairment charge was recorded in the amount of $4.0 million ($2.4 million after tax). The underlying inputs and assumptions that determine the recoverable amounts of finite life fund management contracts and carried interests are related to the resource sector and commodity prices which can exhibit significant volatility. As a result, the recoverable amounts of both the finite life fund management contracts and carried interests may demonstrate significant fluctuations in value from quarter to quarter. Management will continue to monitor the recoverable amount of this and other intangible assets on a quarterly basis and, if appropriate, may record impairment losses and/or reverse all or part of previously recorded impairment losses in future periods.

The consolidated results shown in the table above include the results of the Global Companies from the date of its acquisition on February 4, 2011.

Dividends

On March 27, 2012, a dividend of $0.03 per common share was declared for the quarter ended December 31, 2011. This dividend was paid on April 20, 2012 to shareholders of record at the close of business on April 5, 2012.

Capital Stock

The capital stock at the end of 2011 was $208.4 million with 169.5 million common shares issued and outstanding. As at March 31, 2012, capital stock had increased by $1.4 million to $209.8 million as a result of the issuance of 0.2 million common shares in connection with the additional purchase consideration relating to the acquisition of the Global Companies and the purchase of 0.1 million common shares by the Trust for the EPSP. As at March 31, 2012, the Company had 169.6 million common shares issued and outstanding.

Pursuant to the Share Purchase agreement relating to the Global Companies acquisition, an additional 532,500 common shares of the Company are to be provided to employees of the Global Companies. In the first quarter of 2012, 177,500 of those common shares were issued. In addition, the seller and certain current and future employees will be eligible to earn up to an additional 8 million common shares of the Company with the achievement of certain earnings targets by the Global Companies over a period not exceeding five years from the date of the acquisition of the Global Companies.

Earnings per share as at March 31, 2012 and March 31, 2011 have been calculated using the weighted average number of shares outstanding during the respective periods. Basic and diluted earnings per share were $0.10 for the three months ended March 31, 2012 and $0.07 for the three months ended March 31, 2011. For the current year, diluted earnings per share reflects the dilutive effect of in-the-money stock options, shares held for the equity incentive plan, the remaining 0.4 million common shares relating to the additional purchase consideration and the 8 million common shares to be issued by the Company to certain current and future employees of the Global Companies.

A total of 2,650,000 stock options have been issued pursuant to our incentive stock option plan. As at March 31, 2012, 2,533,333 of those stock options were exercisable.

Liquidity and Capital Resources

Management Fees can be projected and forecasted with a higher degree of certainty than Performance Fees and Carried Interests, and are therefore used as a base for budgeting and planning in our business. Management Fees are collected monthly or quarterly, 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. During the quarter ended March 31, 2012 our previous revolving term credit facility with a Canadian chartered bank expired. However, we are in the process of negotiating a similar credit facility with another Canadian chartered bank.

SPW is a member of IIROC and a registered investment dealer and SAM is an OSC registrant in the category of IFM, PM and EMD, and as such each of SPW and SAM is required to maintain a minimum amount of regulatory capital calculated in accordance with the rules of IIROC and of the OSC, respectively. In addition, GRIL is registered with FINRA in the United States and is required to maintain a minimum amount of regulatory capital calculated in accordance with the rules of FINRA. During the three months ended March 31, 2012, SAM, SPW and GRIL were in compliance with specified capital requirements.

Critical Accounting Estimates

These unaudited interim condensed consolidated financial statements were prepared in accordance with IFRS, using the accounting policies the Company adopted in its unaudited interim condensed consolidated financial statements as at and for the three months ending March 31, 2012. In preparing the Company's unaudited interim condensed consolidated financial statements under IFRS, the Company is required to use the standards in effect as at March 31, 2012.

The preparation of the financial statements in conformity with IFRS 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 the use of estimates and assumptions include income taxes, share-based payments and the valuation of goodwill, intangible assets and 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. 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 IFRS 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 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 8 to the Company's unaudited interim condensed consolidated financial statements.

As a result of the acquisition of the Global Companies in 2011, finite life intangible assets and goodwill were identified. The values associated with goodwill and intangibles involve estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates, asset lives and the future stock price of the Company. These estimates require significant judgment regarding market growth rates, fund flow assumptions, expected margins and costs which could affect the Company's future results if the current estimates of future performance and fair value change. These determinations also affect the amount of amortization expense on fund management contracts with finite lives recognized in future periods. Management monitors for indicators of impairment on a regular basis and performs thorough valuations to verify the value of the intangibles and goodwill should an indicator of impairment exist or an indicator of an impairment reversal exists.

The Company's proprietary investments are designated as fair value through profit or loss. Some of these investments are generally not traded in an active market. 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 these investments could subsequently prove to differ from amounts at which they are carried on the balance sheet.

Certain fees recoverable from Funds or third parties relate to new investment products and are contingent upon a successful completion of such product launches. Management evaluates such assets on a regular basis and only capitalizes the portion of the recoverable that is more likely than not to be recovered.

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

Alternative and policy choices under IFRS

A summary of the Company's significant accounting policies under IFRS are provided in note 2 to the unaudited interim condensed consolidated financial statements. These policies have been retrospectively and consistently applied to the unaudited interim condensed consolidated financial statements.

Managing Risk

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 continuity plans; entering new lines of business; fluctuations in Performance Fees and Carried Interests; rapid growth or decline in our AUM and AUA; insufficient insurance coverage; possible volatility of the share price; and control by a principal shareholder. A full description of the Company's risks are discussed in the Company's Annual Information Form dated March 27, 2012 and is available on SEDAR.

We have processes and procedures in place to monitor and mitigate these risks to the extent reasonable and practicable within the framework of our overall strategic objectives of delivering excellence in investment performance.

Certain key risks are managed as described below:

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. In SAM, RCIC and SAM US, at the investment product level, we manage risk through the selection, weighting and monitoring of individual investments based on stated investment objectives and strategies. At SPW and GRIL, we manage risk at the asset allocation level, by focusing on mitigating risk through the appropriate selection and weighting of portfolio investments for each client to reflect their suitability and risk tolerance.

Internal Controls and Procedures

SAM, SPW, GRIL and SAM US operate in regulated environments and are subject to business conduct rules and other rules and regulations. We have internal control policies related to our business conduct. They include controls required to ensure compliance with the rules and regulations of relevant regulatory bodies including the OSC, IIROC, FINRA and the SEC.

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 IFRS.

Consistent with *National Instrument 52-109*, the Company's CEO and CFO have evaluated the DC&P and ICFR as of March 31, 2012 and concluded that the controls have been properly designed and are operating effectively.

There were no changes in the Company's internal control over financial reporting that occurred during the three months ended March 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control 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 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.

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. 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 in respect of its functions.

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.

Insurance

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

Additional information relating to the Company, including the Company's Annual Information Form is available on SEDAR at www.sedar.com.

Consolidated Financial Statements

Three months ended March 31, 2012

INTERIM CONSOLIDATED BALANCE SHEETS (UNAUDITED)

As at *($ in thousands of Canadian dollars)*		**March 31, 2012**	December 31, 2011
Assets			
Current			
Cash and cash equivalents		**79,549**	119,506
Fees receivable		**18,792**	10,199
Other assets	*(Note 7)*	**3,489**	2,800
Total current assets		**101,830**	132,505
Proprietary investments	*(Note 4)*	**80,182**	78,484
Property and equipment, net	*(Note 5)*	**5,444**	5,126
Goodwill and intangibles	*(Note 6)*	**164,709**	165,655
Deferred income taxes	*(Note 9)*	**19,888**	18,766
		270,223	268,031
Total assets		**372,053**	400,536
Liabilities and Shareholders' Equity			
Current			
Accounts payable and accrued liabilities		**8,005**	10,404
Compensation and employee bonuses payable		**16,105**	24,199
Dividends payable		**5,089**	—
Income taxes payable		**13,376**	47,503
Total current liabilities		**42,575**	82,106
Deferred income taxes	*(Note 9)*	**17,591**	16,989
Total liabilities		**60,166**	99,095
Shareholders' equity			
Capital stock	*(Note 8)*	**209,797**	208,413
Contributed surplus	*(Note 8)*	**41,764**	40,857
Retained earnings		**58,892**	47,038
Accumulated other comprehensive income		**1,434**	5,133
Total shareholders' equity		**311,887**	301,441
Total liabilities and shareholders' equity		**372,053**	400,536

See accompanying notes

Events after the reporting period (Note 16)

INTERIM CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

For the three months ended March 31 ($ in thousands of Canadian dollars, except for per share amounts)			**2012**		2011
Revenue					
Management fees			**32,986**		35,547
Performance fees			**76**		170
Commissions			**5,722**		3,027
Unrealized and realized gains on proprietary investments			**4,241**		362
Other income	*(Note 7)*		**1,365**		409
Total revenue			**44,390**		39,515
Expenses					
Compensation and benefits			**11,123**		10,669
Stock-based compensation			**2,597**		896
Trailer fees			**5,597**		6,679
General and administrative			**5,442**		4,478
Donations			**341**		289
Amortization (recovery) of intangibles	*(Note 6)*		**(2,232)**		1,278
Amortization of property and equipment			**316**		269
Total expenses			**23,184**		24,558
Income before income taxes for the period			**21,206**		14,957
Provision for income taxes	*(Note 9)*		**4,263**		4,391
Net income for the period			**16,943**		10,566
Basic earnings per share		**$**	**0.10**	$	0.07
Diluted earnings per share		**$**	**0.10**	$	0.07

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended March 31 ($ in thousands of Canadian dollars)	**2012**	2011
Net income for the period	**16,943**	10,566
Other comprehensive loss		
Foreign currency translation loss on foreign operations, before taxes	**(3,699)**	(3,347)
Total other comprehensive loss	**(3,699)**	(3,347)
Comprehensive income	**13,244**	7,219

See accompanying notes

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

($ in thousands of Canadian dollars, other than number of shares)		Number of Shares Outstanding	Capital Stock	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
At December 31, 2011		**169,082,077**	**208,413**	**40,857**	**47,038**	**5,133**	**301,441**
Shares held for equity incentive plan	*(Note 8)*	**(135,400)**	**(167)**	**(651)**	—	—	**(818)**
Foreign currency translation loss on foreign operations		—	—	—	—	**(3,699)**	**(3,699)**
Additional purchase consideration	*(Note 3)*	**177,500**	**1,551**	**(1,652)**	—	—	**(101)**
Stock-based compensation		—	—	**2,597**	—	—	**2,597**
Deferred tax asset on stock-based compensation		—	—	**613**	—	—	**613**
Regular dividends paid		—	—	—	**(5,089)**	—	**(5,089)**
Net income		—	—	—	**16,943**	—	**16,943**
Balance, March 31, 2012		**169,124,177**	**209,797**	**41,764**	**58,892**	**1,434**	**311,887**
At December 31, 2010		**150,000,000**	**40,105**	**32,406**	**141,751**	—	**214,262**
Business acquisition		**19,467,500**	**168,783**	—	—	—	**168,783**
Shares held for equity incentive plan		**(385,423)**	**(475)**	**(2,199)**	—	—	**(2,674)**
Foreign currency translation gain on foreign operations		—	—	—	—	**5,133**	**5,133**
Additional purchase consideration		—	—	**4,753**	—	—	**4,753**
Stock-based compensation		—	—	**4,391**	—	—	**4,391**
Deferred tax asset on stock-based compensation		—	—	**1,506**	—	—	**1,506**
Regular dividends paid		—	—	—	**(19,751)**	—	**(19,751)**
Special dividend paid		—	—	—	**(108,000)**	—	**(108,000)**
Net income		—	—	—	**33,038**	—	**33,038**
Balance, December 31, 2011		**169,082,077**	**208,413**	**40,857**	**47,038**	**5,133**	**301,441**

See accompanying notes

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

For the three months ended March 31 ($ in thousands of Canadian dollars)	**2012**	2011
Operating Activities		
Net income for the year	**16,943**	10,566
Add (deduct) non-cash items:		
Unrealized and realized gains on proprietary investments	**(4,241)**	(362)
Stock-based compensation	**2,597**	896
Amortization of property and equipment	**316**	269
Amortization (recovery) of intangible assets	**(2,232)**	1,278
Income taxes	**4,240**	5,649
Deferred income taxes (recovery)	**23**	(1,258)
Other items	**(107)**	(53)
Income taxes paid	**(38,384)**	(8,008)
Changes in:		
Fees receivable	**(8,593)**	195,420
Other assets	**(1,285)**	(3,177)
Accounts payable and accrued liabilities	**(1,800)**	(8,213)
Compensation and employee bonuses payable	**(8,094)**	(47,049)
Effect of foreign exchange on cash balances	**(149)**	(133)
Cash provided by (used in) operating activities	**(40,766)**	145,825
Investing Activities		
Purchase of proprietary investments	**(15,875)**	(56)
Sale of proprietary investments	**18,387**	157
Purchase of property and equipment	**(634)**	(1,766)
Deferred sales commissions paid	**(251)**	(743)
Indefinite life fund management contracts	**—**	—
Cash acquired on acquisition	**—**	6,417
Cash provided by investing activities	**1,627**	4,009
Financing Activities		
Acquisition of common shares for long-term incentive plan	**(818)**	—
Dividends paid	**—**	(90,000)
Cash used in financing activities	**(818)**	(90,000)
Net increase (decrease) in cash and cash equivalents during the period	**(39,957)**	59,834
Cash and cash equivalents, beginning of the period	**119,506**	81,209
Cash and cash equivalents, end of the period	**79,549**	141,043
Cash and cash equivalents:		
Cash	**25,665**	141,043
Short-term deposits	**53,884**	—
	79,549	141,043

See accompanying notes

1. CORPORATE INFORMATION

Sprott Inc. (the "Company") was incorporated under the Business Corporations Act (Ontario) on February 13, 2008. Its registered office is at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario, M5J 2J2.

On February 4, 2011, the Company completed an acquisition, through its wholly-owned subsidiary Sprott U.S. Holdings Inc., of all of the outstanding stock of Rule Investments, Inc. (the owner of Global Resource Investments, Ltd. ("GRIL"), Sprott Asset Management USA Inc. ("SAM US") (formerly Terra Resource Investment Management, Inc.) and Resource Capital Investment Corporation ("RCIC") (collectively, the "Global Companies")). GRIL is a California limited partnership that operates as a securities broker-dealer and SAM US provides discretionary investment management services. RCIC is the general partner and discretionary asset manager to the Exploration Capital Partners family of limited partnerships.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. The unaudited interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2011, which have been prepared in accordance with IFRS as issued by the IASB.

The unaudited interim condensed consolidated financial statements of the Company for the three months ended March 31, 2012 were authorized for issue by a resolution of the Board of Directors on May 8, 2012.

Basis of pr esentation

These unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities designated as held for trading or held at fair value through profit or loss both of which have been measured at fair value. The unaudited interim condensed consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand ($000), except when otherwise indicated.

Principles of consolidation

These unaudited interim condensed consolidated financial statements comprise those of the Company and its subsidiaries as well as three limited partnerships in which the Company is the sole limited partner.

The three limited partnerships are Sprott Asset Management LP ("SAM"), Sprott Private Wealth LP ("SPW") and Sprott Consulting LP ("SC") while material wholly-owned subsidiaries are Sprott U.S. Holdings Inc., Sprott Genpar Ltd. and SAMGENPAR Ltd. These are entities over which the Company has control, where control is defined as the power to govern the financial and operating policies of an entity so as to obtain significant benefits from its activities. Generally, control is presumed to exist when the Company owns more than one half of the voting rights of an entity. The Company does not control any entities for which it owns less than one half of the voting rights of an entity, other than the Sprott Inc. 2011 Employee Profit Sharing Plan Trust (the "Trust"), which the Company is deemed to control.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continues to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. All intercompany balances, income and expenses and unrealized gains and losses resulting from intercompany transactions and dividends are eliminated in full.

Recognition of income

The Company earns management fees from the funds, managed accounts and companies that it manages. The management fees are recognized on an accrual basis over the period during which the related services are rendered and are collected monthly, quarterly or annually.

The Company also earns performance fees, calculated for each relevant fund, managed account and/or managed company as a percentage of: (i) the fund's/managed account's excess performance over the relevant benchmark; (ii) the increase in net asset values over a predetermined hurdle, if any; or (iii) the net profit in the fund over the performance period. Performance fee revenue is recognized when earned, according to agreements in the underlying funds, managed accounts and managed companies.

Fees arising from carried interest entitlements are recorded on an accrual basis following disposition of underlying portfolio investments.

The Company, through SPW and GRIL primarily earns trailer fee income, fees and commissions from the sale of new and follow-on offerings of products managed by the Company, through advisory services, through private placements to clients of SPW and GRIL and, particularly with respect to GRIL, from trading in stocks by clients of GRIL. Trailer fee income and commission income are recognized on an accrual basis over the period during which the related service is rendered.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks and with carrying brokers, which are not subject to restrictions, and short-term interest bearing notes and treasury bills with a term to maturity of less than three months from the date of purchase.

Proprietary investments

Securities transactions and related revenue and expenses are accounted for on a trade-date basis.

Precious metal bullion

Precious metal bullion includes investments in gold and silver bullion. Investments in gold and silver bullion are measured at fair value determined by reference to published price quotations, with unrealized and realized gains and losses recorded in income based on the IAS 40 *Investment Property* fair value model as IAS 40 is the most relevant standard to apply. Investment transactions in physical gold and silver bullion are accounted for on the business day following the date the order to buy or sell is executed.

Financial instruments

Financial assets may be classified as held-for-trading ("HFT"), designated at fair value through income or loss, held-to-maturity ("HTM") or loans and receivables. Financial liabilities may be classified as either HFT or other. All financial instruments are initially measured at fair value. After initial recognition, financial instruments classified as HFT or those designated as fair value through income or loss are measured at fair value using quoted market prices in an active market. Changes in fair value of financial instruments are reflected in net income. All other financial instruments, which include those classified as HTM investments, loans and receivables and other financial liabilities, are measured at amortized cost using the effective interest rate method. Transaction costs related to financial assets at fair value through profit or loss are expensed as incurred.

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets classified as loans and receivables or HTM is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets and it can be reliably estimated.

Financial instruments included in the Company's accounts have the following classifications:

- Cash and cash equivalents and all proprietary investments (excluding notes receivable, gold and silver bullion) are designated as HFT or fair value through income or loss.
- Fees receivable are classified as loans and receivables.
- Notes receivable are classified as HTM.
- Accounts payable and accrued liabilities, provisions and compensation and employee bonuses payable are classified as other financial liabilities.

Fair value hierarchy

All financial instruments recognized at fair value in the consolidated balance sheets are classified into three fair value hierarchy levels as follows:

Level 1: valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;

Level 2: valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means;

Level 3: valuation techniques with significant unobservable market inputs.

Offsetting of financial instr uments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheets if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Property and equipment

Property and equipment are recorded at cost and are amortized on a declining balance basis at rates ranging from 0% to 100% per annum. Leasehold improvements are amortized on a straight-line basis over the term of the respective lease. The artwork is not amortized since it does not have a determinable useful life.

Assets' residual values, useful lives and methods of amortization are reviewed at each reporting date, and adjusted prospectively if appropriate.

Deferred sales commissions

Sales commissions paid on the sale of mutual fund securities are recorded at cost and amortized on a straight-line basis over a maximum of three years. Unamortized deferred sales commissions are written down to the extent that the carrying value exceeds the expected future revenue on an undiscounted basis.

Intangible assets

The useful life of intangible assets is assessed as either finite or indefinite. Following the initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses net of reversals, if any.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense and any impairment losses on intangible assets with finite lives is recognized in the consolidated statements of income in the expense category consistent with the function of the intangible asset.

The costs incurred to create fund management contracts between SAM and certain of the funds managed by SAM are recognized as intangible assets with an indefinite life. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

At each balance sheet date, finite life intangible assets are assessed for (i) indicators of impairment, and (ii) indicators of impairment reversals. If indicators are present, these assets are subject to an impairment review. Any loss resulting from impairment of intangible assets is expensed in the period the impairment is identified. Any gain resulting from an impairment reversal of intangible assets is recognized in the period the impairment reversal is identified such that the increased carrying amount of the intangible asset shall not exceed the carrying amount that would have been determined (net of amortization) had no impairment loss been recognized for the intangible asset in prior periods.

Business combinations and goodwill

The purchase price of an acquisition accounted for under the acquisition method is allocated based on the fair values of the net identifiable assets acquired. The excess of the purchase price over the values of such assets, including identifiable intangible assets, is recorded as goodwill. Acquisition costs incurred are expensed and included in general and administrative expenses.

Goodwill, which is measured at cost less any accumulated impairment losses, is not amortized, but is subject to impairment tests on at least an annual basis. For the purpose of impairment testing, goodwill acquired in a business acquisition is allocated to each of the Company's cash generating units that are expected to benefit from the acquisition. Goodwill is assessed for impairment annually or more frequently if events or circumstances suggest that there may be impairment. If any impairment is indicated, then it is quantified by comparing the recoverable amount of the cash generating unit to which goodwill is allocated to its carrying value including the allocated goodwill. If the recoverable amount is less than its carrying value, an impairment loss is recognized in the consolidated statement of income in the period in which it occurs. Impairment losses on goodwill cannot be subsequently reversed. Goodwill is allocated to the appropriate cash-generating unit for the purpose of impairment testing.

Income taxes

Income tax is comprised of current and deferred tax. Income tax is recognized in the consolidated statement of income except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the related taxes are also recognized in other comprehensive income or directly in equity respectively as part of a purchase transaction or to the extent it relates to items directly in other comprehensive income, or equity.

Deferred taxes are recognized using the liability method for temporary differences that exist between the carrying amounts of assets and liabilities in the unaudited consolidated balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax assets and liabilities are determined based on the enacted or substantively enacted tax rates that are expected to apply when the assets or liabilities are reported for tax purposes such differences are expected to reverse in the future. Deferred tax assets are recognized only when it is probable that there are sufficient taxable profit will be available or taxable temporary differences reversing in future periods against which deductible temporary differences may be utilized.

Deferred taxes liabilities are not recognized on the following temporary differences:

- Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Taxable temporary differences related to investments in subsidiaries, associates or joint to the extent they are controlled by the Company and they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

The Company records a provision for uncertain tax positions if it is probably that the Company will have to make a payable to tax authorities upon their examination of a tax position. This provision is measured at the Company's best estimate of the amount expected to be paid. Provisions are reversed to income in the period in which management assesses they are no longer required or determined by statute.

The measurement of tax assets and liabilities requires an assessment of the potential tax consequences of items that can only be resolved through agreement with the tax authorities. While the ultimate outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of provisions required for both current and deferred taxes.

Share-based payments

The Company uses the fair value method to account for equity settled share-based payments with employees and directors. Compensation expense is determined using the Black-Scholes option valuation model for stock options. Compensation expense for the share incentive program is determined based on the fair value of the benefit conferred on the employee (see note 8). Compensation expense for the earn-out shares is determined using an appropriate valuation model (see note 8). Compensation expense for the Company's Employee Profit Sharing Plan (the "Trust") is determined based on the value of the Company's common shares purchased by the Trust (see note 8). The amount of compensation expense is recognized over the vesting period with a corresponding increase to contributed surplus. Stock options and common shares held by the Trust vest in installments which require a graded vesting methodology to account for these share-based awards. On the exercise of stock options for shares, the contributed surplus previously recorded with respect to the exercised options and the consideration paid is credited to capital stock. On the issuance of the earn-out shares, the contributed surplus previously recorded with respect to the issued earn-out shares is credited to capital stock. On the withdrawal of vested common shares from the Trust, the contributed surplus previously recorded is credited to cash.

Earnings per share

Basic and diluted earnings per share are computed by dividing net income by the weighted average number of common shares outstanding during the year.

The Company applies the treasury stock method to determine the dilutive impact, if any, of stock options and unvested shares purchased for the Employee Profit Sharing Plan by the Trust. The treasury stock method determines the number of incremental common shares by assuming that the number of shares the Company has granted to employees have been issued.

Foreign currency translation

Items in the financial statements of the Company's subsidiaries are measured using their functional currency, being the currency of the primary economic environment in which the entity operates. The Company's performance is evaluated and its liquidity is managed in Canadian dollars. Therefore, the Canadian dollar is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The functional currency of the Company and all its subsidiaries, with the exception of Sprott U.S. Holdings Inc. and the Global Companies, is the Canadian dollar. The functional currency of Sprott U.S. Holdings Inc. and the Global Companies is the US dollar, and accordingly, assets and liabilities of Sprott U.S. Holdings Inc. and the Global Companies are translated into Canadian dollars using the rate in effect on the dates of the consolidated balance sheets. Revenue and expenses are translated at the average rate over the reporting period. Foreign currency translation gains and losses arising from the Company's translation of its net investment in Sprott U.S. Holdings Inc., including goodwill and the identified intangible assets, are included in accumulated other comprehensive income or loss as a separate component within shareholders' equity until there has been a realized reduction in the value of the underlying investment.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to management. Management is responsible for allocating resources and assessing performance of the operating segments to make strategic decisions.

Significant accounting judgments and estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the unaudited interim condensed consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i. Impairment of goodwill and intangible assets

Goodwill and indefinite life intangible assets are reviewed for impairment annually or more frequently if changes in circumstances indicate that the carrying value may be impaired. The values associated with goodwill and intangibles involve estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates, asset lives and the future stock price of the Company. These estimates require significant judgment regarding market growth rates, fund flow assumptions, expected margins and costs which could affect the Company's future results if the current estimates of future performance and fair value change. These determinations also affect the amount of amortization expense on fund management contracts with finite lives recognized in future periods. Finite life intangible assets are reviewed for impairment when changes in circumstances indicate that the carrying value may be impaired. Similarly, finite life intangible assets are reviewed for impairment reversals when changes in circumstances indicate that the calculated recoverable amount is in excess of the carrying value. The underlying inputs and assumptions that determine the recoverable amount of the finite life intangible assets are related to the resource sector and commodity prices which can exhibit significant volatility. As a result, the recoverable amount of finite life intangible assets may demonstrate significant fluctuations in value from quarter to quarter.

ii. Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated balance sheets cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of liquidity and model inputs such as volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more detail in note 10.

iii. Share-based payments

The Company measures the cost of share-based payments to employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility, dividend yield, probability of a subsidiary attaining certain earnings targets, the future stock price of the Company and the future employment of a senior employee and making assumptions about them.

iv. Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. In addition, taxable income is subject to estimation as a portion of performance fee revenue is an allocation of partnership income. This allocation consists of capital gains and/or losses, interest income, dividend income, carrying charges and other types of income and expenses. Such allocations involve a certain degree of estimation and income tax estimates could change as a result of changes 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. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

v. Provisions

Due to the nature of provisions, a considerable part of their determination is based on estimates and judgments, including assumptions concerning the future. The actual outcome of these uncertain factors may be materially different from the estimates, causing differences with the estimated provisions.

Future changes in accounting policies

The Company is currently evaluating the impact the following new standards issued or amended by the IASB will have on its financial statements. The Company has not yet determined whether to early adopt any of the new or amended standards.

International Accounting Standard	*Issue Date / Amendment Date*	*Effective Date*
IAS 1 - Presentation of Financial Statements	June 16, 2011	July 1, 2012
IFRS 10 - Consolidated Financial Statements	May 12, 2011	January 1, 2013
IFRS 12 - Disclosures of Interests in Other Entities	May 12, 2011	January 1, 2013
IFRS 13 - Fair Value Measurement	May 12, 2011	January 1, 2013
IFRS 9 - Financial Instruments	November 12, 2009	January 1, 2015

IAS 1, *Presentation of Financial Statements,* was amended to require entities to group together items within other comprehensive income (loss) that may be reclassified to net income (loss).

IFRS 10, *Consolidated Financial Statements* ("IFRS 10"), replaces the consolidation requirements in SIC-12, *Consolidation - Special Purpose Entities* and IAS 27, *Consolidated and Separate Financial Statements*. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company.

IFRS 12, *Disclosures of Interests in Other Entities*, establishes disclosure requirements for interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interest in other entities.

IFRS 13, *Fair Value Measurements,* establishes the definition of fair value and sets out a single IFRS framework for measuring fair value and the required disclosures.

IFRS 9, *Financial Instruments* ("IFRS 9"), will replace IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules presently in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

There are no other IFRSs interpretations that are not yet effective that would be expected to have a material impact on the financial statements.

3. BUSINESS ACQUISITION

Toscana Companies

On February 29, 2012, the Company announced the signing of a letter of intent reflecting an agreement in principle to acquire Toscana Capital Corporation and Toscana Energy Corporation (collectively, the "Toscana Companies"). Upon closing of the proposed transaction, the Company will pay approximately $14 million in cash and common shares of the Company in consideration for the acquisition of the Toscana Companies, with the possibility of up to an additional approximately $5.25 million in common shares of the Company to be issued as additional consideration in three years upon the attainment of certain financial performance hurdles. The purchase price will be completed in fiscal 2012 after the Company finalizes the terms of the acquisition and its valuation of the acquired identifiable intangible assets.

Global Companies

On February 4, 2011, the Company acquired all of the outstanding stock of Rule Investments, Inc. (the owner of GRIL), SAM US and RCIC. The purchase price was satisfied by the issue of 19,467,500 common shares of the Company with a value of $8.67 per share, being the closing price of the Company's shares on the TSX on February 4, 2011 and a commitment to issue an additional 532,500 common shares of the Company which will be provided to employees of the Global Companies. On February 6, 2012, 177,500 of the committed additional common shares were issued to employees of the Global Companies. In addition, the seller and certain current and future employees will be eligible to earn up to an additional 8 million common shares of the Company with the achievement of certain earnings targets by the Global Companies.

The Company accounted for the acquisition of the Global Companies using the acquisition method and the results of operations have been consolidated from the date of the transaction.

Fund management contracts and carried interests were acquired as part of this business acquisition and are recognized as intangible assets with a finite life. Amortization is computed on a straight-line basis based on the estimated useful lives of these assets, which is 7 years for both fund management contracts and carried interests. The goodwill acquired of $122.1 million, which is not tax deductible, relates to the expected synergies and/or intangible assets that do not qualify for separate recognition.

4. PROPRIETARY INVESTMENTS

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

	March 31, 2012	December 31, 2011
Gold bullion	**13,894**	13,305
Silver bullion	**—**	9,776
Public equities and share purchase warrants	**22,381**	22,101
Mutual funds and hedge funds	**25,152**	14,936
Private equities	**2,399**	2,400
Secured notes receivable	**16,356**	15,966
Total proprietary investments	**80,182**	78,484

As at March 31, 2012, investments in public equities and share purchase warrants consisted primarily of companies in the resource sector. These investments include $13.9 million in common shares of Sprott Resource Lending Corp., a public company listed on the TSX and NYSE Amex that is managed by a subsidiary of SC under a management services agreement.

Investments in mutual funds and hedge funds consist entirely of investments in mutual funds and hedge funds managed by SAM or RCIC.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following ($ in thousands):

	Artwork	Furniture and fixtures	Computer hardware and software	Leasehold improvements	Total
Cost					
At December 31, 2010	1,691	1,751	1,155	3,104	7,701
Business acquisition	—	291	169	15	475
Additions	—	506	444	1,619	2,569
Net exchange differences	—	9	5	1	15
December 31, 2011	1,691	2,557	1,773	4,739	10,760
Additions	—	29	59	549	637
Net exchange differences	—	(7)	(7)	—	(14)
March 31, 2012	**1,691**	**2,579**	**1,825**	**5,288**	**11,383**
Accumulated amortization					
At December 31, 2010	—	(1,346)	(1,061)	(1,589)	(3,996)
Business acquisition	—	(250)	(150)	(12)	(412)
Charge for the period	—	(280)	(237)	(695)	(1,212)
Net exchange differences	—	(3)	(10)	(1)	(14)
December 31, 2011	—	(1,879)	(1,458)	(2,297)	(5,634)
Charge for the period	—	(63)	(71)	(182)	(316)
Net exchange differences	—	5	5	1	11
March 31, 2012	**—**	**(1,937)**	**(1,524)**	**(2,478)**	**(5,939)**
Net Book Value at:					
December 31, 2011	1,691	678	315	2,442	5,126
March 31, 2012	**1,691**	**642**	**301**	**2,810**	**5,444**

6. GOODWILL AND INTANGIBLES

Goodwill and intangibles consist of the following ($ in thousands):

	Goodwill	Fund management contracts - indefinite life	Fund management contracts - finite life	Carried interests	Deferred sales commissions	Total
Cost						
At December 31, 2010	—	1,370	—	—	1,011	2,381
Business acquisition	122,129	—	20,399	28,821	—	171,349
Additions	—	—	—	—	2,122	2,122
Net exchange differences	3,601	—	602	850	—	5,053
December 31, 2011	125,730	1,370	21,001	29,671	3,133	180,905
Additions	—	—	—	—	251	251
Net exchange differences	(2,676)	—	(447)	(632)	—	(3,755)
At March 31, 2012	**123,054**	**1,370**	**20,554**	**29,039**	**3,384**	**177,401**
Accumulated amortization and impairment losses						
At December 31, 2010	—	—	—	—	(180)	(180)
Charge for the period	—	—	(4,713)	(9,398)	(789)	(14,900)
Net exchange differences	—	—	(76)	(94)	—	(170)
December 31, 2011	—	—	(4,789)	(9,492)	(969)	(15,250)
Reversal (charge) for the period	—	—	(654)	3,159	(273)	2,232
Net exchange differences	—	—	104	222	—	326
At March 31, 2012	**—**	**—**	**(5,339)**	**(6,111)**	**(1,242)**	**(12,692)**
Net Book Value at:						
December 31, 2011	125,730	1,370	16,212	20,179	2,164	165,655
March 31, 2012	**123,054**	**1,370**	**15,215**	**22,928**	**2,142**	**164,709**

As a result of the acquisition of the Global Companies by the Company on February 4, 2011, intangible assets consisting of fund management contracts with a finite life and carried interests were identified. Amortization is computed on a straight-line basis based on the estimated useful lives of these assets, which is 7 years for both fund management contracts and carried interests.

The Company evaluates goodwill and indefinite life fund management contracts for impairment annually or more often if events or circumstances indicate there may be impairment. These intangible assets would be impaired if the carrying value of a cash-generating unit including the allocated intangible assets exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell or value in use.

Cash-generating units

The Company has five cash-generating units ("CGU") for the purpose of assessing the carrying value of the allocated goodwill, being SAM, Global Companies, Corporate and Other (includes two CGUs) operating segments as described in note 14.

i. *Impairment testing of goodwill*

As at March 31, 2012, the Company had goodwill allocated across its CGUs as follows ($ in millions):

CGU	Allocated Goodwill
SAM	19.2
Global Companies	95.3
Corporate	—
SC	—
SPW	7.6
	122.1

The recoverable amount of goodwill for each of the CGUs was calculated in the fourth quarter of fiscal 2011 at fair value less costs to sell, using a valuation multiple applied to a measure of earnings. The calculation of the recoverable amounts exceeded the carrying amount of goodwill for each of the identified CGUs at that time. Management concluded that there were no indicators of impairment during the first quarter of fiscal 2012 that required management to reassess the recoverable amount of goodwill allocated across its CGUs.

ii. *Impairment testing of indefinite life fund management contracts*

As at March 31, 2012 and March 31, 2011, the Company had indefinite life fund management contracts within the SAM CGU of $1.4 million. These are contracts for the management of exchange listed funds which have no expiry or termination provisions. The recoverable amount of indefinite life intangibles for the SAM operating segment was calculated in the fourth quarter of fiscal 2011 using a value in use calculation, by discounting, at 10%, a perpetuity based on the most recent estimated pre-tax cash flows to the Company by the applicable exchange listed funds. Management concluded that there were no indicators of impairment during the first quarter of fiscal 2012 that required management to reassess the recoverable amount of the indefinite life fund management contracts.

iii. *Impairment testing of finite life fund management contracts*

As at March 31, 2012, the Company had finite life fund management contracts of $15.2 million within the Global Companies CGU. These are contracts for the management of funds that have a fixed termination date. The recoverable amount of these finite life fund management contracts as at March 31, 2012 has been determined from a value in use calculation, by discounting, at 15%, the most recent estimated net cash flows to the Company by these funds.

The underlying inputs and assumptions that determine the recoverable amount of finite life fund management contracts are related to the resource sector and commodity prices which can exhibit significant volatility. As a result, the recoverable amount of finite life fund management contracts may demonstrate significant fluctuations in value from quarter to quarter.

The calculation of the recoverable amounts approximates the carrying amount of finite life fund management contracts as at March 31, 2012.

iv. *Impairment testing of finite life carried interests*

As at March 31, 2012, the Company had carried interests of $22.9 million within the Global Companies CGU. These are rights to participate in the profits of the funds managed by the Global Companies that have a fixed termination date. The recoverable amount of these carried interests as at March 31, 2012 has been determined from a value in use calculation, by discounting, at 35%, the most recent estimated net cash flows to the Company by these funds.

The calculated recoverable amount of these carried interests led to a recognition of an impairment loss reversal of $4.0 million as the calculated recoverable amount resulted in a value greater than than its carrying value. This is a partial reversal of the impairment loss of $5.7 million recorded in the fourth quarter of fiscal 2011. Management has assumed an annual return rate of 24% for these funds to fair value these cash flows.

The underlying inputs and assumptions that determine the recoverable amount of carried interests are related to the resource sector and commodity prices which can exhibit significant volatility. As a result, the recoverable amount of carried interests may demonstrate significant fluctuations in value from quarter to quarter.

The calculation of the recoverable amounts approximates the carrying amount of carried interests as at March 31, 2012.

7. OTHER ASSETS AND OTHER INCOME

Other assets consist primarily of prepaid expenses of the Company and receivables from our funds and managed companies for which the Company has incurred expenses on their behalf.

Other income consists primarily of interest income on cash and cash equivalent balances, income generated by our secured notes receivable and redemption fee revenue.

8. SHAREHOLDERS' EQUITY

a. Capital stock and contributed surplus

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

	Number of shares	Stated value ($ in thousands)
At December 31, 2010	150,000,000	40,105
Issuance of share capital on business acquisition (Note 3)	19,467,500	168,783
Held for equity incentive plan	(385,423)	(475)
At December 31, 2011	169,082,077	208,413
Additional purchase consideration (Note 3)	177,500	1,551
Held for equity incentive plan	(135,400)	(167)
At March 31, 2012	**169,124,177**	**209,797**

Contributed surplus consists of the following:

- i. stock option expense;
- ii. equity incentive plans' expense;
- iii. earn-out shares expense; and
- iv. additional purchase consideration.

	Stated value ($ in thousands)
At December 31, 2010	32,406
Expensing of 2,650,000 Sprott Inc. stock options over the vesting period	476
Expensing of earn-out shares over the vesting period	3,915
Deferred tax asset on earn-out shares	1,506
Additional purchase consideration	4,753
Excess on repurchase of common shares for equity incentive plan *	(2,199)
At December 31, 2011	40,857
Expensing of 2,650,000 Sprott Inc. stock options over the vesting period	27
Expensing of EPSP / EIP shares over the vesting period	1,490
Expensing of earn-out shares over the vesting period	1,080
Deferred tax asset on earn-out shares	613
Issuance of shares relating to additional purchase consideration	(1,652)
Excess on repurchase of common shares for equity incentive plan *	(651)
At March 31, 2012	**41,764**

* The excess on repurchase of common shares represents amounts paid to shareholders by the Company on repurchase of their shares in excess of the book value of those shares.

Stock option plan and share incentive program

Stock option plan

On June 2, 2011, the Company adopted an amended and restated 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 and under all other securities based compensation arrangements (including the EPSP and the EIP as defined below) shall not exceed 10% of the issued and outstanding shares of the Company as at the date of such grant. The options may be granted at a price that is not less than the market price of the Company's common shares at the time of 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.

There were no options issued during the three months ended March 31, 2012 (nil - March 31, 2011).

For valuing share option grants, the fair value method of accounting is used. The fair value of option grants is estimated using the Black-Scholes option-pricing model. Compensation expense is recognized over the three-year vesting period, assuming an estimated forfeiture rate, with an offset to contributed surplus. When exercised, amounts originally recorded against contributed surplus as well as any consideration paid by the option holder is credited to capital stock.

A summary of the changes in the Plan is as follows:

	Number of options (in thousands)	Weighted average exercise price ($)
Options outstanding, December 31, 2010	2,650	9.71
Options exercisable, December 31, 2010	1,633	10.00
Options outstanding, December 31, 2011	2,650	9.71
Options exercisable, December 31, 2011	2,517	9.90
Options outstanding, March 31, 2012	**2,650**	**9.71**
Options exercisable, March 31, 2012	**2,533**	**9.87**

Options outstanding and exercisable as at March 31, 2012 are as follows:

Exercise price ($)	Number of outstanding options (in thousands)	Weighted average remaining contractual life (years)	Number of options exercisable (in thousands)
10.00	2,450	6.1	2,450
4.85	50	7.8	33
6.60	150	8.6	50
4.85 to 10.00	**2,650**	**6.3**	**2,533**

Equity incentive plan

On June 2, 2011, the Company adopted an Employee Profit Sharing Plan ("EPSP") for Canadian employees and an Equity Incentive Plan ("EIP") for its US employees. For employees in Canada, an employee benefit trust (the "Trust") has been established and the Company will fund the Trust with cash, which will be used by the trustee to purchase (a) on the open market, common shares of the Company that will be held in a trust by the trustee until the awards vest and are distributed to eligible members or (b) from treasury, common shares of the Company that will be held in trust by the trustee until the awards vest and are distributed to eligible members. For employees in the US, the Company will allot common shares of the Company as either (i) restricted stock, (ii) unrestricted stock or (iii) restricted stock units ("RSUs"), the resulting common shares of which will be issued from treasury.

There were 30 thousand RSUs issued during the three months ended March 31, 2012 (nil - March 31, 2011). The Trust purchased 135.4 thousand common shares for the three months ended March 31, 2012 (nil - March 31, 2011).

	Number of common shares
Common shares held by the Trust, December 31, 2010	—
Acquired	385,423
Released on vesting	—
Common shares held by the Trust, December 31, 2011	385,423
Acquired	135,400
Released on vesting	—
Common shares held by the Trust, March 31, 2012	**520,823**

Earn-out shares

In connection with the acquisition of the Global Companies (see note 3), up to an additional 8 million common shares of the Company may be issued with the achievement of certain earnings targets by the Global Companies. In accordance with IFRS 2 *Share-based Payment*, this potential award carries a service condition without a performance condition of equal term. As a result, the accounting guidance under IFRS 2 required the Company to estimate the fair value of the potential share-based award on the business acquisition date. The fair value settled upon by the Company of $13.0 million was determined using an acceptable valuation model that utilized several significant assumptions including the probability of continued employment of a senior employee on or after February 4, 2014, the stock price of the Company on February 4, 2016 and the cumulative earnings of the Global Companies for the five year period ending February 4, 2016. The fair value of this share-based award is being charged to the consolidated statements of income equally over the period of the service condition, being 3 years and can only be adjusted upon forfeiture of the share-based award. Forfeiture can only happen if the Company does not employ the senior employee on February 4, 2014.

Additional purchase consideration

In connection with the acquisition of the Global Companies (see note 3), an additional 532,500 common shares of the Company were committed for issuance to employees of the Global Companies. The common shares were not considered compensation but formed part of the business acquisition. This additional consideration was recorded at fair value based on the market price of the Company's common shares as at February 4, 2011. Upon issuance of the common shares, the amount originally recorded against contributed surplus will be credited to capital stock. On February 6, 2012, 177,500 common shares of the Company were issued to employees of the Global Companies.

For the three months ended March 31, 2012, the Company recorded share-based compensation expense of $2.6 million in aggregate (2011 - $0.9 million), with a corresponding increase to contributed surplus. Of the $2.6 million compensation expense, $1.1 million (2011 - $0.7 million) relates to the earn-out shares, $nil (2011 - $0.2 million) to the stock option plan and $1.5 million (2011 - $nil) to the EPSP / EIP.

b. **Basic and diluted earnings per share**

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

For the three months ended		**March 31, 2012**		March 31, 2011
Numerator ($ in thousands):				
Net income - basic and diluted		**16,943**		10,566
Denominator (Number of shares in thousands):				
Weighted average number of common shares		**169,579**		161,897
Weighted average number of unvested shares purchased by the Trust		**(430)**		—
Weighted average number of common shares - basic		**169,149**		161,897
Weighted average number of dilutive stock options *		**12**		63
Weighted average number of additional purchase consideration		**421**		322
Weighted average number of unvested shares purchased by the Trust		**430**		—
Weighted average number of outstanding Restricted Stock Units		**3**		—
Weighted average number of common shares - diluted		**170,015**		162,282
Net income per common share				
Basic	**$**	**0.10**	$	0.07
Diluted	**$**	**0.10**	$	0.07

* The determination of the weighted average number of common shares - diluted excludes 2,450 thousand shares related to stock options that were anti-dilutive for the three months ended March 31, 2012 (2,450 thousand for the three months ended March 31, 2011)

c. **Maximum share dilution**

The following table presents the maximum number of common shares that would be outstanding if all options were exercised and all earn-out shares were issued (in thousands):

Shares outstanding at May 8, 2012	169,645
Additional purchase consideration	355
Options to purchase shares	2,650
Earn-out shares	8,000
Restricted Stock Units	4
	180,654

d. **Capital management**

The Company's objectives when managing capital are:

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

The Company's capital is comprised of equity, including capital stock, contributed surplus, retained earnings and accumulated other comprehensive income (loss). SPW is a member of the Investment Industry Regulatory Organization of Canada ("IIROC"), SAM is a registrant of the Ontario Securities Commission ("OSC") and the US Securities and Exchange Commission and GRIL is a member of the Financial Industry Regulatory Authority ("FINRA"); as a result, all of these entities are required to maintain a minimum level of regulatory capital. To ensure compliance, senior management monitors regulatory and working capital on a regular basis. For the three months ended March 31, 2012, all entities were in compliance with their respective capital requirements.

In the normal course of business, the Company, through its limited partnerships and wholly-owned 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.

9. INCOME TAXES

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

For the three months ended	**March 31, 2012**	March 31, 2011
Current income tax expense		
Based on taxable income of the current year	**5,870**	5,649
Adjustments in respect of previous years	**(1,630)**	—
	4,240	5,649
Deferred income tax expense		
Origination and reversal of temporary differences	**13**	(1,248)
Impact of change in tax rates	**10**	(10)
	23	(1,258)
Income tax expense reported in the income statement	**4,263**	4,391

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

For the three months ended	**March 31, 2012**	March 31, 2011
Income before income taxes	**21,206**	14,957
Tax calculated at domestic tax rates applicable to profits in the respective countries	**6,100**	4,086
Tax effects of:		
Non-taxable stock-based compensation	**282**	64
Non-taxable portion of capital gains and unrealized gains	**(364)**	(241)
Non-taxable foreign affiliate (income) loss	**(339)**	192
Adjustments in respect of previous years	**(1,630)**	—
Rate differences and other	**214**	290
Tax charge	**4,263**	4,391

During the current quarter, the Company recognized a tax refund relating to a prior year of approximately $1.6 million.

The weighted average applicable tax rate was 28.77% (2011 - 27.32%). The increase is caused by a change in the profitability of the Company's subsidiaries in the respective countries because of the addition of the Global Companies resident in the US.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The movement in significant components of the Company's deferred income tax assets and liabilities is as follows ($ in thousands):

For the three months ended March 31, 2012

	At December 31, 2011	Recognized in income	Recognized in other comprehensive income	Recognized in contributed surplus	Business acquisition	At March 31, 2012
Deferred income tax liabilities						
Fund management contracts	6,947	(267)	(139)	—	—	6,541
Carried interests	8,223	1,287	(167)	—	—	9,343
Deferred sales commissions	562	(6)	—	—	—	556
Unrealized gains	1,257	(106)	—	—	—	1,151
Total deferred income tax liabilities	**16,989**	**908**	**(306)**	**—**	**—**	**17,591**
Deferred income tax assets						
Unrealized losses	14,684	979	(270)	—	—	15,393
Additional purchase consideration	1,936	(633)	(40)	—	—	1,263
Earn-out shares	1,528	—	(30)	591	—	2,089
Other stock-based compensation	—	374	—	—	—	374
Other	618	165	(14)	—	—	769
Total deferred income tax assets	**18,766**	**885**	**(354)**	**591**	**—**	**19,888**
Net deferred income tax assets (liabilities)	**1,777**	**(23)**	**(48)**	**591**	**—**	**2,297**

For the year ended December 31, 2011

	At December 31, 2010	Recognized in income	Recognized in other comprehensive income	Recognized in contributed surplus	Business acquisition	December 31, 2011
Deferred income tax liabilities						
Fund management contracts	342	(1,921)	214	—	8,312	6,947
Carried interests	—	(3,829)	309	—	11,743	8,223
Deferred sales commissions	210	352	—	—	—	562
Unrealized gains	1,308	(51)	—	—	—	1,257
Total deferred income tax liabilities	**1,860**	**(5,449)**	**523**	**—**	**20,055**	**16,989**
Deferred income tax assets						
Unrealized losses	1,935	4,089	460	—	8,200	14,684
Additional purchase consideration	—	—	55	—	1,881	1,936
Earn-out shares	—	—	22	1,506	—	1,528
Other	—	599	19	—	—	618
Total deferred income tax assets	**1,935**	**4,688**	**556**	**1,506**	**10,081**	**18,766**
Net deferred income tax assets (liabilities)	**75**	**10,137**	**33**	**1,506**	**(9,974)**	**1,777**

The Company did not record a deferred tax liability with respect to cumulative translation gains of $1.4 million as at March 31, 2012. The Company does not recognize deferred taxes when it can control the timing of the reversal of the temporary differences and when it is probable that it will not reverse in the foreseeable future.

10. FINANCIAL INSTRUMENTS

IFRS 7 *Financial Instruments: Disclosures* as issued by the IASB requires disclosure of a three-level hierarchy for fair value measurement based upon transparency of inputs to the valuation of an asset or liability as of the measurement date.

The following tables present the level within the fair value hierarchy for each of the financial assets and liabilities carried at fair value ($ in thousands):

	Financial instruments at fair value			
March 31, 2012	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	79,549	—	—	79,549
Public equities	17,595	142	—	17,737
Private equities	—	—	2,399	2,399
Common share purchase warrants	—	4,644	—	4,644
Mutual funds	16,501	—	—	16,501
Hedge funds	—	8,651	—	8,651
Total	**113,645**	**13,437**	**2,399**	**129,481**

	Financial instruments at fair value			
December 31, 2011	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	119,506	—	—	119,506
Public equities	17,149	259	—	17,408
Private equities	—	—	2,400	2,400
Common share purchase warrants	—	4,693	—	4,693
Mutual funds	6,061	—	—	6,061
Hedge funds	—	8,875	—	8,875
Total	**142,716**	**13,827**	**2,400**	**158,943**

During the three months ended March 31, 2012, $0.3 million was transferred from Level 2 to Level 1. This transfer represented the expiry of the trading restriction on the common shares of certain proprietary investments.

Financial instruments not carried at fair value

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

Secured notes receivable are valued as held to maturity as management has no intention of disposing these financial instruments before maturity.

11. RELATED PARTY TRANSACTIONS

The remuneration of directors and other key management personnel of the Company for employment services rendered are as follows ($ in thousands):

For the three months ended	**March 31, 2012**	March 31, 2011
Fixed salaries and benefits	**1,041**	1,098
Variable incentive-based compensation	**705**	6,471
Share-based compensation	**281**	75
	2,027	7,643

12. DIVIDENDS

The following dividends were declared and payable by the Company during the three months ended March 31, 2012:

Record date	Payment Date	Cash dividend per share ($)	Total dividend amount ($ in thousands)
April 5, 2012 - regular dividend Q4 - 2011	April 20, 2012	0.03	5,089
Dividends payable			5,089

13. RISK MANAGEMENT ACTIVITIES

The Company's 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 a change in the fair value of a financial instrument. The Company's financial instruments are designated as held for trading, fair value through profit or loss, held-to-maturity or loans and receivables. 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 available for sale and for those classified as held-to-maturity or loans and receivables at amortized cost. 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 proprietary investments will result in changes in carrying value. For more details about the Company's proprietary investments, refer to note 4.

If the market values of proprietary investments that are held for trading increased by 5%, with all other variables held constant , this would have increased net income by approximately $2.2 million (March 31, 2011 - $1.4 million); conversely, if the value of proprietary investments decreased by 5%, this would have decreased net income by the same amount.

If the market value of gold and silver bullion increased by 5%, with all other variables held constant, this would have increased net income by approximately $0.6 million (March 31, 2011 - $0.7 million); conversely, if the value of gold and silver bullion decreased by 5%, this would have decreased net income by the same amount.

The Company's revenues are also exposed to price risk since management fees, performance fees and carried interests 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, SC, RCIC and SAM US. Assets under management refer to the total net assets of Sprott funds and managed accounts, on which management fees, performance fees and carried interests 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.

During 2011, the Company, through its wholly-owned subsidiary, SAMGENPAR Ltd., invested approximately $16.2 million in two secured notes bearing a weighted average interest rate of 8.92% per annum and secured against the assets of the issuers. There is no interest rate risk that could immediately affect earnings associated with these investments as it is carried at HTM and 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. The Global Companies' assets are all denominated in USD. The Company is therefore exposed to currency risk, as the value of investments denominated in other currencies and its net investment in the Global Companies will fluctuate due to changes in exchange rates. The Company does not enter into currency hedging transactions.

As at March 31, 2012, approximately $26.8 million or 7.2% (2011 - $22.4 million or 5.6%) of total assets was invested in proprietary investments priced in U.S. dollars ("USD"). Furthermore, a total of $9.9 million (2011 - $8.1 million) of cash, $3.6 million (2011 -$6.0 million) of accounts receivable and $0.6 million (2011 - $3.3 million) of other assets were denominated in USD. As at March 31, 2012, had the exchange rate between the USD and the Canadian dollar increased or decreased by 5% (relative to the Canadian dollar), with all other variables held constant, the increase or decrease, respectively, in net income would have amounted to approximately $1.7 million (2011 - $1.6 million).

As at March 31, 2012, had the exchange rate between the USD and the Canadian dollar increased or decreased by 5% (relative to the Canadian dollar), with all other variables held constant, the increase or decrease, respectively, in net income and other comprehensive income would have amounted to a nominal amount and approximately $8.5 million respectively as a result of the Global Companies impact on the Company.

(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 March 31, 2012, the Company's most significant counterparty is Penson Financial Services Canada Inc. ("Penson"), the carrying broker of SPW, which also acts as a custodian for most of the Company's proprietary investments. Penson 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 notes receivable, as disclosed in note 4. The credit risk is managed by the terms of agreement, in particular, the notes are 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 that 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, managed accounts and managed companies managed by the Company.

The Global Companies incur credit risk when entering into, settling and financing various proprietary transactions. As at March 31, 2012, the Global Companies' most significant counterparty is RBC Capital Markets ("RBC Capital"), the carrying broker of Global and custodian of the net assets of the funds managed by RCIC. RBC Capital is registered as a broker dealer and registered investment advisor subject to regulation by the FINRA and the SEC; as a result, it is required to maintain minimal levels of regulatory capital at all times.

(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 March 31, 2012, the Company had $79.5 million or 21.4% of its total assets in cash and cash equivalents. The majority of current assets reflected on the consolidated balance sheets are highly liquid. Approximately $53.9 million or 67.3% of proprietary 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 a year. 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.

14. SEGMENTED INFORMATION

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

a. SAM, which provides asset management services to the Company's branded Funds and Managed Accounts.

b. Global Companies, which provides asset management services to the Company's branded Funds and Managed Accounts in the US and also provides securities trading services to its clients.

c. Corporate, which provides treasury and common shared services to the Company's business units.

d. Other, which includes its consulting business through SC and its private wealth business through SPW.

Due to their relatively small size, two operating segments have been aggregated to form the Other reportable segment as described in point (d) above.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on (i) earnings before interest expense, income taxes, amortization and stock-based non-cash compensation ("EBITDA") and (ii) Base EBITDA which refers to EBITDA after adjusting for the exclusion (i) of gains (losses) on our proprietary investments as if such gains (losses) had not been incurred and (ii) performance fees, performance fee related compensation and other performance fee related expenses. Income taxes are managed on a consolidated basis and are not allocated to operating segments.

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

EBITDA and Base EBITDA are not measurements in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS.

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

For the three months ended	**March 31, 2012**					
	SAM	Global Companies	Corporate	Other	Adjustments and Eliminations	Consolidated
Revenue						
Management fees	28,401	2,495	—	2,090	—	32,986
Performance fees	76	—	—	—	—	76
Commissions	—	2,881	—	2,841	—	5,722
Other	617	1,062	3,716	2,685	(2,474)	5,606
Total revenue	**29,094**	**6,438**	**3,716**	**7,616**	**(2,474)**	**44,390**
Expenses						
General and administrative	11,289	4,438	495	3,328	(47)	19,503
Trailer fees	8,024	—	—	—	(2,427)	5,597
Amortization (recovery) of intangibles, property and equipment	528	(2,476)	24	8	—	(1,916)
Total expenses	**19,841**	**1,962**	**519**	**3,336**	**(2,474)**	**23,184**
Income (loss) before income taxes for the period	**9,253**	**4,476**	**3,197**	**4,280**	**—**	**21,206**
Provision for income taxes						4,263
Net income for the period						**16,943**
Income (loss) before income taxes for the period, from above	**9,253**	**4,476**	**3,197**	**4,280**	**—**	**21,206**
EBITDA adjustments	527	(1,393)	52	8	—	(806)
EBITDA	**9,780**	**3,083**	**3,249**	**4,288**	**—**	**20,400**
Base EBITDA adjustments	(44)	(1,049)	(3,036)	(150)	—	(4,279)
Base EBITDA	**9,736**	**2,034**	**213**	**4,138**	**—**	**16,121**

For the three months ended	March 31, 2011					
	SAM	Global Companies	Corporate	Other	Adjustments and Eliminations	Consolidated
Revenue						
Management fees	31,632	2,073	—	1,842	—	35,547
Performance fees	170	—	—	—	—	170
Commissions	(1)	2,322	—	706	—	3,027
Other	245	240	(337)	3,479	(2,856)	771
Total revenue	**32,046**	**4,635**	**(337)**	**6,027**	**(2,856)**	**39,515**
Expenses						
General and administrative	9,589	2,536	1,308	2,899	—	16,332
Trailer fees	9,535	—	—	—	(2,856)	6,679
Amortization of intangibles, property and equipment	367	1,161	13	6	—	1,547
Total expenses	**19,491**	**3,697**	**1,321**	**2,905**	**(2,856)**	**24,558**
Income (loss) before income taxes for the period	**12,555**	**938**	**(1,658)**	**3,122**	**—**	**14,957**
Provision for income taxes						4,391
Net income for the period						**10,566**
Income (loss) before income taxes for the period, from above	**12,555**	**938**	**(1,658)**	**3,122**	**—**	**14,957**
EBITDA adjustments	534	1,814	88	7	—	2,443
EBITDA	**13,089**	**2,752**	**(1,570)**	**3,129**	**—**	**17,400**
Base EBITDA adjustments	(108)	(220)	428	(589)	—	(489)
Base EBITDA	**12,981**	**2,532**	**(1,142)**	**2,540**	**—**	**16,911**

Inter-segment revenues are eliminated upon consolidation and reflected in the "Adjustments and Eliminations" column.

Included in Other revenue for the three months ended March 31, 2012 is trailer fee income totaling $2.4 million (March 31, 2011 - $2.9 million) which reflects substantially all of the Company's inter-segment revenue.

Included in Amortization of intangibles, property and equipment for the Global Companies segment for the three months ended March 31, 2012 are impairment loss reversals on finite life intangible assets totaling $4.0 million (March 31, 2011 - $nil).

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

For the three months ended	March 31, 2012	March 31, 2011
Canada	**37,952**	34,880
United States	**6,438**	4,635
	44,390	39,515

15. PROVISIONS

The Company is engaged in litigation arising in the ordinary course of business relating to claims for additional compensation by former employees. The Company has made provisions based on current information and the probable resolution of any such proceedings and claims.

16. EVENTS AFTER THE REPORTING PERIOD

On May 8, 2012, a dividend of $0.03 per common share was declared for the quarter ended March 31, 2012.

CORPORATE INFORMATION

Head Office
Sprott Inc.
Royal Bank Plaza, South Tower
200 Bay Street
Suite 2700, P.O. Box 27
Toronto, Ontario M5J 2J1
Telephone: 416.362.7172
Toll Free: 1.888.362.7172

Directors & Officers
Eric S. Sprott, Chairman
Peter Grosskopf, Chief Executive Officer and Director
Jack C. Lee, Lead Director
Rick Rule, Director
James T. Roddy, Director
Marc Faber, Director
Kevin Bambrough, President
Steven Rostowsky, Chief Financial Officer
Arthur Einav, Corporate Secretary

Transfer Agent & Registrar
Equity Transfer & Trust Company
200 University Avenue, Suite 400
Toronto, Ontario M5H 4H1
Toll Free: 1.866.393.4891
www.equitytransfer.com

Legal Counsel
Heenan Blaikie LLP
2500-333 Bay Street
Toronto, Ontario M5H 2T4

Auditors
Ernst & Young LLP
Ernst & Young Tower
P.O. Box 251, 222 Bay Street
Toronto-Dominion Centre
Toronto, Ontario M5K 1J7

Investor Relations
Shareholder requests may be directed to Investor Relations by e-mail at ir@sprott.com or via telephone at 416.203.2310 or toll free at 1.877.403.2310

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

www.sprottinc.com