Sprott Inc. Annual Report 2015

Sprott INC.

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Sprott INC.

March 11, 2016

Dear Shareholders,

It has been over five years since I joined Sprott and during this time many aspects of our business and the asset management industry have changed dramatically. In 2011, more than 90% of our assets were invested in precious metal strategies and few foresaw the challenges that were to come for our firm.

As gold and other resource markets endured a protracted bear market, we were active making significant investments in nearly every aspect of our business and positioning the firm for future growth. We hired new portfolio managers and business leaders, built a more diversified fund line-up and expanded our exchange-listed offerings. We also put in place a more focused and experienced sales and service team for both our retail and institutional clients. The early results of these efforts have been measurably positive, as most of Sprott's strategies delivered improved investment performance and generated positive net sales in 2015. We expect this trend to continue with the recovery of the precious metal markets and the recent launch of four funds managed by Dennis Mitchell, one of best known portfolio managers in Canada.

While our natural resource strategies continued to endure tough markets in 2015, most of them still generated positive full-year EBITDA. With respect to our resource lending book, we recorded $9 million in loan loss provisions, largely offsetting the related 2015 foreign exchange gains arising from the loan book.

We believe the period of lower financial performance is behind us and that we have entered a growth phase with most of our strategies. With a recognized global brand and an industry-leading precious metals team, we are well positioned to meet the increased investor interest in precious metals which is being driven by the global spread of negative interest rates. Our precious metals strategies have been retooled to deliver more consistent performance and the result is they outperformed their benchmarks by a wide margin in 2015. As gold shows signs of resurgence, these strategies are generating institutional interest and we expect they will attract new AUM this year.

The 2016 year has begun on a positive note as we successfully completed our exchange offer for Central GoldTrust in January. Through this transaction, we added approximately $1.1 billion in AUM and brought 20,000 new investors into our exchange-listed products franchise. We are committed to continuing to expand this business, which was growing at a rate of more than $1 billion per year before the downturn in precious metals, and we plan on launching more ETFs this year. We believe our exchange-listed products have significant competitive advantages which, with total AUM of more than $4 billion, provide us a strong foothold for further growth in the US. To support our US expansion, where more than 50% of our AUM is now based, we recently appointed Whitney George, Chairman of Sprott USA and hired Ed Coyne, a senior sales executive based in New York.

As evidence of our progress, our total AUM stood at $7.4 billion at the end of 2015. Including the Central GoldTrust transaction and strong performance from our actively-managed funds in the early part of 2016, our current AUM has grown to nearly $9 billion. Our balance sheet, selected funds and other proprietary investments have also recovered and performed well since the beginning of the year.

While we are pleased with the headway we have made in positioning Sprott for future success, we realize there are further opportunities for improvement. We remain committed to streamlining certain sub-scale strategies and to prudent cost containment at all times.

Throughout this period of transition, we have been appreciative of the dedication of our loyal investors, clients and employees. On behalf of the board of directors and Sprott employees, I would like to thank you for your continued support and look forward to reporting to you on our progress at the end of the first quarter.

Sincerely,

Peter Grosskopf
Chief Executive Officer

Management's Discussion and Analysis

Year ended December 31, 2015

Sprott INC.

FORWARD LOOKING STATEMENTS

Certain statements in this MD&A, and in particular the "Business Highlights and Growth Initiatives" and "Outlook" sections, contain forward-looking information (collectively referred to herein as the "Forward-Looking Statements") within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify Forward-Looking Statements. In particular, but without limiting the forgoing, this MD&A contains Forward-Looking Statements pertaining to: (i) expectations regarding growth and diversification of our product line offerings; (ii) potential for growth for the exchange listed products; (iii) review of the private resources business; (iv) the Company's belief that management fees and interest income will continue to be sufficient to satisfy ongoing operational needs and the Company's belief that it holds sufficient cash and liquid securities to meet any other operating and capital requirements; and (v) the declaration, payment and designation of dividends.

Although the Company believes that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: (i) the impact of increasing competition in each business in which the Company operates will not be material; (ii) quality management will be available; (iii) the effects of regulation and tax laws of governmental agencies will be consistent with the current environment; and (iv) those assumptions disclosed herein under the heading "Significant Accounting Judgments and Estimates". Actual results, performance or achievements could vary materially from those expressed or implied by the Forward-Looking Statements should assumptions underlying the Forward-Looking Statements prove incorrect or should one or more risks or other factors materialize, including: (i) difficult market conditions; (ii) changes in the investment management industry; (iii) risks related to regulatory compliance; (iv) failure to deal appropriately with conflicts of interest; (v) failure to continue to retain and attract quality staff; (vi) competitive pressures; (vii) corporate growth may be difficult to sustain and may place significant demands on existing administrative, operational and financial resources; (viii) failure to execute the Company's succession plan; (ix) foreign exchange risk relating to the relative value of the U.S. dollar; (x) litigation risk; (xi) employee errors or misconduct could result in regulatory sanctions or reputational harm; (xii) failure to implement effective information security policies, procedures and capabilities; (xiii) failure to develop effective business resiliency plans; (xiv) failure to obtain or maintain sufficient insurance coverage on favourable economic terms; (xv) historical financial information is not necessarily indicative of future performance; (xvi) the market price of common shares of the Company may fluctuate widely and rapidly; (xvii) those risks described under the heading "Risk Factors" in the Company's annual information form dated March 10, 2016; and (xviii) those risks described under the headings "Managing Risk - Financial" and "Managing Risk - Other" in this MD&A. In addition, the payment of dividends is not guaranteed and the amount and timing of any dividends payable by the Company will be at the discretion of the Board of Directors of the Company and will be established on the basis of the Company's earnings, the satisfaction of solvency tests imposed by applicable corporate law for the declaration and payment of dividends, and other relevant factors. The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and the Company does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable Canadian securities laws.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion & Analysis ("MD&A") of financial condition and results of operations, dated March 10, 2016, presents an analysis of the consolidated financial condition of Sprott Inc. (the "Company", "we", "us", "our") and its subsidiaries as at December 31, 2015 compared with December 31, 2014, and the consolidated results of operations for the three and twelve months ended December 31, 2015, compared with the three and twelve months ended December 31, 2014. The Board of Directors approved this MD&A on March 10, 2016. All note references in this MD&A are to the notes to the Company's annual audited consolidated financial statements ("annual financial statements"), unless otherwise noted. The Company was incorporated under the Business Corporations Act (*Ontario*) on February 13, 2008.

PRESENTATION OF FINANCIAL INFORMATION

The annual financial statements, including the required comparative information, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Financial results, including related historical comparatives contained in this MD&A, unless otherwise specified herein, are based on the financial statements. The Canadian dollar is the Company's functional and reporting currency for purposes of preparing the financial statements given that the Company conducts most of its operations in that currency. Accordingly, all dollar references in this MD&A are in Canadian dollars, unless otherwise specified. The use of the term "prior periods" refers to the quarter and year-to-date ended December 31, 2014 as applicable.

KEY PERFORMANCE INDICATORS (NON-IFRS FINANCIAL MEASURES)

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

Assets Under Management

Assets Under Management ("AUM") refers to the total net assets managed by the Company through its various investment product offerings, managed accounts and managed companies.

Assets Under Administration

Assets Under Administration ("AUA") refers to assets administered by us, which are beneficially owned by clients in the form of client accounts at broker-dealer subsidiaries of the Company.

Investment Performance

Investment performance is a key driver of AUM. Growth in AUM resulting from positive investment performance increases the value of the assets managed for clients and the Company, in turn, benefits from higher management fees and the potential for performance fees.

Net Sales

Sales, net of redemptions, is another key performance indicator as the amount of new assets being added to the total AUM of the Company will lead to higher management fees and can potentially lead to increased performance fee generation given that AUM is also the basis upon which performance fees and carried interests are calculated.

EBITDA, Adjusted EBITDA and Adjusted base EBITDA

EBITDA in its most basic form is defined as earnings before interest expense, income taxes, depreciation and amortization. The Company further adjusts EBITDA by the following items to derive a more meaningful measure of its core operations and cash generating ability ("adjusted EBITDA" and "adjusted base EBITDA"): (1) impairment charges (or recoveries of prior period impairments) on intangible assets and goodwill; (2) gains and losses on proprietary investments; (3) general provisions on resource loans (however, specific provisions on resource loans are not excluded from our EBITDA measures). Historically, the Company made provisions on a specific loan-by-loan basis. However, in light of continued and protracted challenges in the global resources sector, effective December 31, 2015, management added a general loan loss provision to its processes. The purpose of a general provision (referred to as a "collective loan loss assessment" in Note 6 of the annual financial statements) is to ensure that resource loans not determined to have specific indicators of impairment but that are part of a pool of resource loans exposed to similar credit risk in this current and ongoing environment, have their credit risk appropriately measured and reported in our financial statements. Consistent with our past practices, however, only known credit loss events in a resource loan and specific resource loan loss provisions will impact adjusted EBITDA and adjusted base EBITDA; (4) non-cash and non-recurring stock-based compensation; (5) other (which includes miscellaneous income and expenses from non-core activities and other one-time or non-recurring items, as applicable); and (6) performance fees and performance fee related expenses.

Effective July 1, 2015, to ensure the ongoing usefulness of adjusted EBITDA and adjusted base EBITDA measures as an indicator of core earnings, we began excluding the impact of foreign exchange gains and losses from these performance measures. Adjusted EBITDA and adjusted base EBITDA in the comparative figures of the table below can be reconciled to previously published reports by excluding the impact of foreign exchange gains and losses and transition expenses (effective October 1, 2015) from the "Other adjustments" section of the table.

	For the three months ended		For the years ended	
($ in thousands)	**December 31, 2015**	December 31, 2014	**December 31, 2015**	December 31, 2014
Net income (loss) for the period	**(4,104)**	(363)	**(39,631)**	19,389
Adjustments:				
Interest expense	**—**	51	**84**	51
Provision for income taxes	**(1,209)**	2,515	**8,653**	8,672
Depreciation and amortization	**1,602**	1,571	**6,396**	6,233
EBITDA	**(3,711)**	3,774	**(24,498)**	34,345
Other adjustments:				
Impairment (reversal) of intangibles	**—**	2,308	**12,073**	2,308
Impairment of goodwill	**3,204**	—	**31,709**	—
(Gains) losses on proprietary investments	**1,128**	7,158	**9,820**	4,516
General loan loss provisions	**1,200**	—	**1,200**	—
(Gains) losses on foreign exchange (1)	**(3,405)**	(2,550)	**(17,020)**	(5,405)
Non-cash and non-recurring stock based compensation	**372**	53	**(674)**	111
Other (2)	**3,317**	1,072	**6,399**	1,273
Adjusted EBITDA	**2,105**	11,815	**19,009**	37,148
Less:				
Performance fees	**(8,703)**	(9,493)	**(8,925)**	(10,693)
Performance fee related expenses	**6,393**	6,527	**6,478**	7,025
Adjusted base EBITDA (3)	**(205)**	8,849	**16,562**	33,480

(1) (Gains) losses on foreign exchange include translation gains and losses relating to U.S. dollar denominated cash, receivable and loan balances.

(2) Other category includes transition expenses paid during the period. Transition expenses were $1.1 million on a three months ended basis (three months ended 2014 - $0.6 million) and $1.6 million on a twelve months ended basis (twelve months ended 2014 - $0.8 million).

(3) Adjusted base EBITDA includes specific loan loss provisions of $4.2 million on a three months ended basis (three months ended 2014 - $0.1 million) and $8.0 million on a twelve months ended basis (twelve months ended 2014 - $0.5 million).

EBITDA in various forms is a measure commonly used in the investment industry by management, investors and investment analysts in understanding and comparing results by factoring out the impact of different financing methods, capital structures, amortization techniques and income tax rates between companies in the same industry. While other companies, investors or investment analysts may not utilize the same method of calculating EBITDA (or adjustments thereto), the Company believes its adjusted base EBITDA metric, in particular, results in a better comparison of the Company's underlying operations against its peers.

Neither EBITDA, adjusted EBITDA or adjusted base EBITDA have standardized meaning under IFRS. Consequently, they should not be considered in isolation, nor should they be used in substitute for, measures of performance prepared in accordance with IFRS.

BUSINESS OVERVIEW

We are, first and foremost, a global independent alternative asset management company dedicated to achieving superior returns for our clients over the long-term. The Company manages and reports its wholly-owned principal subsidiaries across the five reporting segments noted below. For a detailed description of our key operating segments and their related revenues and expenses, refer to the Company's *Annual Information Form* and Note 2 of the annual financial statements, both of which are available on SEDAR at www.sedar.com.

SAM:

The SAM segment offers discretionary portfolio management as well as asset management services to the Company's branded funds and managed accounts. The majority of the Company's revenues are earned through SAM in the form of management and performance fees.

- Sprott Asset Management LP ("SAM")
- Sprott Genpar Ltd.

Global Companies:

The Global Companies segment provides asset management services to the Company's branded funds and managed accounts in the U.S. and also provides securities trading and other transactional services to clients.

- Sprott U.S. Holdings Inc. ("SUSHI")
- Rule Investments Inc. ("RII")
- Sprott Global Resource Investments Ltd. ("SGRIL")
- Sprott Asset Management USA Inc. ("SAM US")
- Resource Capital Investment Corporation ("RCIC")

SRLC:

SRLC is a lender to companies in the mining and energy sectors. Through this business, the Company provides lending services in addition to its core business of asset management.

- Sprott Resource Lending Corp. ("SRLC")

Consulting:

The Consulting segment manages the Company's private investment strategies.

- Sprott Consulting LP (("SC") which holds the management services agreement for Sprott Resource Corp. ("SRC"))
- Toscana Energy Corporation ("TEC") manager of Toscana Energy Income Corporation ("TEIC") and Toscana Capital Corporation ("TCC") former manager of Toscana Financial Income Trust ("TFIT"), which was unwound during the second quarter of 2014 (Collectively, "Sprott Toscana")
- Sprott Korea Corporation ("Sprott Korea")

Corporate & Other:

The Corporate segment provides treasury and shared services to the Company's business units. The Other segment includes the activities of SPW, the private wealth business of the Company.

- Sprott Inc. (non-consolidated; "SII")
- SAMGENPAR Ltd.
- Sprott Private Wealth LP ("SPW")
- Sprott Asia LP ("Sprott Asia")
- Sprott Inc. 2011 Employee Profit Sharing Plan Trust (the "Trust")

BUSINESS HIGHLIGHTS AND GROWTH INITIATIVES

Investment Performance

Global equity and resource markets were significantly challenged in 2015. Investment fund gains experienced in the first half of the year in SAM were more than offset by a particularly difficult second half of 2015. This contributed substantially to the market value depreciation we experienced across most of our product offerings in SAM and was only partially offset by a strengthening of the U.S. dollar, which helped offset some of the market value declines, particularly in our bullion product offerings. Despite these challenges, we continue to successfully grow and diversify our product line offerings in our largest business segment, SAM, through both organic growth and through asset acquisition.

Product and Business Line Expansion

During the fourth quarter, SAM launched four new corporate class funds, *Sprott US Focused Dividend Class, Sprott US Focused Balanced Class, Sprott Global Focused Dividend Class* and *Sprott Global Focused Balance Class*, managed by Dennis Mitchell.

During the third quarter, SAM launched the *Sprott Enhanced U.S. Equity Class*, managed by John Wilson. SAM also launched the *Sprott Global REIT & Property Equity Fund*, which is sub-advised by Michael Underhill of Capital Innovations LLC.

During the second quarter, SAM together with *Sprott Physical Gold Trust* and *Sprott Physical Silver Trust* (the "Trusts") initiated exchange offers for *Central GoldTrust* ("GTU") and *Silver Bullion Trust* ("SBT") ("Exchange Offers"). Subsequent to the year end, on January 16, 2016, the exchange offer for the *Silver Bullion Trust* expired, and on January 15, 2016, we successfully completed our exchange offer to acquire all of the outstanding units of GTU on a net asset value ("NAV") to NAV exchange basis. At the time of closing, the transaction added more than $1.1 billion to our total AUM and provided access to 20,000 new clients based largely in the U.S. Additionally, we launched the *Sprott Credit Income Opportunities Fund*, which unlike traditional bond funds, will seek to generate higher yield with significantly less duration and concentration risk.

During the first quarter, we launched the *Sprott Junior Gold Miners Exchange Traded Fund* on the New York Stock Exchange (NYSE: SGDJ). This new product was created in partnership with ALPS Advisors Inc. ("ALPS") and Zacks Index Services. Additionally, we added $316 million to our AUM on the successful transfer of assets from Royce & Associates, LLC ("Royce") and re-branded these newly acquired funds as the *Sprott Focus Trust Inc.* and the *Sprott Privet Fund*.

Key Employee Addition

During the third quarter, Dennis Mitchell joined the Company as Senior Vice-President & Senior Portfolio Manager for SAM. Mr. Mitchell is a highly-regarded investment professional with deep experience managing global equity, infrastructure and REIT funds. Since joining us in September, we have successfully launched four new funds for which Mr. Mitchell is the lead portfolio manager.

During the second quarter, Mark Wisniewski joined the Company as a senior portfolio manager for SAM. Mr. Wisniewski is a fixed-income specialist with a depth of experience in portfolio management and the trading and analysis of debt securities.

During the first quarter, Eric Sprott stepped down as lead portfolio manager on the *Sprott Canadian Equity Fund*, and various Sprott hedge funds. Mr. Sprott continues to serve as Chairman of the Company. Jonathan Wiesblatt and James Bowen assumed co-lead portfolio management duties for the *Sprott Canadian Equity Fund*. Jason Mayer and Maria Smirnova joined the portfolio management team for the Sprott hedge funds, alongside senior portfolio manager Paul Wong. In addition, they assumed portfolio management duties for the *Sprott Gold and Precious Minerals Fund* following the departure of Charles Oliver from SAM. Additionally, Whitney George commenced his role as senior portfolio manager based in the U.S. In March, Trey Reik (also based in the U.S.), joined the Company as a senior portfolio manager and precious metals strategist.

OUTLOOK

Actively managed assets in our largest business segment (SAM), are poised for growth in 2016 through the launch of several new alternative investment fund products managed by recent addition Dennis Mitchell, and through the continued growth of our Enhanced product and alternative fixed-income product franchises. While SAM's exchange listed products grew in assets by more than $1.1 billion with the close of the GTU Exchange Offer in early 2016, this business has the potential to grow even further in 2016 as the fundamentals for precious metals appear to be improving in the face of volatile equity and credit markets, as well as global growth concerns.

FINANCIAL HIGHLIGHTS

For the three and twelve months ended December 31, 2015

- AUM was $7.4 billion, which was largely flat to September 30, 2015 and an increase of $0.4 billion (6%) from December 31, 2014. Average AUM on a three and twelve months ended basis was $7.5 billion and $7.6 billion, respectively, which increased by $0.4 billion (5%) on a three months ended basis and $0.1 billion (1%) on a twelve months ended basis as compared with the prior periods.
- AUA was $2.0 billion, reflecting a nominal increase from September 30, 2015 and a nominal increase from December 31, 2014.
- Total revenues were $37.8 million on a three months ended basis and $126.0 million on a twelve months ended basis, reflecting an increase of $5.0 million (15%) and $1.5 million (1%), respectively, from the prior periods.
- General loan loss provisions were $1.2 million on a three and twelve months ended basis and are new for the year. Specific loan loss provisions were $4.2 and $8.0 million, respectively on a three and twelve months ended basis. The purpose of the new general provision (referred to as a "collective loan loss assessment" in Note 6 of the annual financial statements) is to ensure that resource loans not determined to have specific indicators of impairment but that are part of a pool of resource loans exposed to similar credit risk in the current and prolonged resources bear market, have their credit risk appropriately measured and reported.
- Total expenses were $43.1 million on a three months ended basis and $157.0 million on a twelve months ended basis, reflecting an increase of $12.5 million (41%) and $60.5 million (63%), respectively, from the prior periods. The majority of the increase over the periods was due to a combination of one-time non-cash charges taken on goodwill and intangible assets during the year and increased loan loss provisions during the year.
- At September 30, 2015, goodwill resulting from the acquisition of Global Companies was assessed as being impaired and a charge against earnings in the amount of $28.5 million was taken at that time. At December 31, 2015, goodwill resulting from the acquisition of Sprott Toscana was assessed as also being impaired and a charge against earnings in the amount of $3.2 million was taken in the current quarter.
- Impairment charges on intangible assets during the year included: (1) a $0.4 million charge on fixed-term limited partnership contracts in Global Companies taken in the third quarter; (2) $2.3 million in charges on carried interests in Global Companies taken in the first and third quarters; and (3) a $9.3 million charge on the TEIC management contract in the Consulting segment taken in the third quarter.
- Net loss was $4.1 million ($(0.02) per share) on a three months ended basis and $39.6 million ($(0.16) per share) on a twelve months ended basis, reflecting a decrease of $3.7 million and $59.0 million, respectively, from the prior periods.
- Adjusted base EBITDA was negative $0.2 million on a three months ended basis and $16.6 million on a twelve months ended basis, reflecting a decrease of $9.1 million and $16.9 million, respectively, from the prior periods.
- Invested capital stood at $308.6 million, reflecting a $34.7 million (10%) decrease from December 31, 2014. The decrease was mainly due to the repayment of the credit facility outstanding in 2014, the funding of deferred costs pertaining to the GTU Exchange Offer, increase in loan loss provisions and proprietary investment losses. The decrease more than offset foreign exchange gains on U.S. dollar denominated cash and loan balances.

SUMMARY FINANCIAL INFORMATION

For the three and twelve months ended December 31, 2015

Key Performance Indicators	As at and for the three months ended December 31		As at and for the years ended December 31	
($ in thousands, except per share amounts)	**2015**	2014	**2015**	2014
Assets Under Management	**7,426,029**	7,027,390	**7,426,029**	7,027,390
Assets Under Administration	**1,975,962**	1,945,750	**1,975,962**	1,945,750
Net Sales (Redemptions)	**83,009**	(53,979)	**112,280**	203,295
EBITDA	**(3,711)**	3,774	**(24,498)**	34,345
EBITDA Per Share - basic and diluted	**(0.02)**	0.02	**(0.10)**	0.14
Adjusted EBITDA	**2,105**	11,815	**19,009**	37,148
Adjusted base EBITDA	**(205)**	8,849	**16,562**	33,480
Adjusted base EBITDA Per Share - basic and diluted	**0.00**	0.04	**0.07**	0.14

Summary Balance Sheets	As at	
($ in thousands)	**December 31 2015**	December 31 2014
Total Assets	**433,876**	500,797
Total Liabilities	**75,634**	82,185
Shareholders' Equity	**358,242**	418,612

Summary Statements of Operations and Reconciliation to Adjusted Base EBITDA	For the three months ended December 31		For the years ended December 31	
($ in thousands, except per share amounts)	**2015**	2014	**2015**	2014
Management fees	**18,504**	18,674	**75,335**	78,435
Performance fees	**8,703**	9,493	**8,925**	10,693
Commissions	**1,515**	1,400	**7,008**	7,837
Interest income	**4,122**	5,687	**18,714**	20,184
Gains (losses) on proprietary investments	**(1,128)**	(7,156)	**(9,820)**	(4,050)
Other income	**6,075**	4,701	**25,845**	11,416
Total revenue	**37,791**	32,799	**126,007**	124,515
Compensation and benefits	**11,774**	10,113	**38,102**	39,566
Stock-based compensation	**770**	910	**1,976**	3,373
Trailer fees	**3,060**	2,867	**12,547**	12,413
Sub-advisor and referral fees	**6,411**	6,401	**9,280**	8,698
Loan loss provisions	**5,351**	134	**9,217**	532
Selling, general and administrative	**7,855**	5,705	**27,036**	22,693
Amortization of intangibles	**1,364**	1,382	**5,550**	5,455
Impairment of intangibles	**—**	2,308	**12,073**	2,308
Impairment of goodwill	**3,204**	—	**31,709**	—
Amortization of property and equipment	**238**	189	**846**	778
Other expenses	**3,077**	638	**8,649**	638
Total expenses	**43,104**	30,647	**156,985**	96,454
Income (loss) before income taxes	**(5,313)**	2,152	**(30,978)**	28,061
Provision for income taxes	**(1,209)**	2,515	**8,653**	8,672
Net income (loss) for the period	**(4,104)**	(363)	**(39,631)**	19,389
Adjustments:				
Interest expense	**—**	51	**84**	51
Provision for income taxes	**(1,209)**	2,515	**8,653**	8,672
Depreciation and amortization	**1,602**	1,571	**6,396**	6,233
EBITDA	**(3,711)**	3,774	**(24,498)**	34,345
Other adjustments:				
Impairment (reversal) of intangibles	**—**	2,308	**12,073**	2,308
Impairment of goodwill	**3,204**	—	**31,709**	—
(Gains) losses on proprietary investments	**1,128**	7,158	**9,820**	4,516
General loan loss provisions	**1,200**	—	**1,200**	—
(Gains) losses on foreign exchange (1)	**(3,405)**	(2,550)	**(17,020)**	(5,405)
Non-cash and non-recurring stock based compensation	**372**	53	**(674)**	111
Other (2)	**3,317**	1,072	**6,399**	1,273
Adjusted EBITDA	**2,105**	11,815	**19,009**	37,148
Less:				
Performance fees	**(8,703)**	(9,493)	**(8,925)**	(10,693)
Performance fee related expenses	**6,393**	6,527	**6,478**	7,025
Adjusted base EBITDA (3)	**(205)**	8,849	**16,562**	33,480
Dividends declared Per Share	**0.03**	0.03	**0.12**	0.12
Earnings Per Share - basic and diluted	**(0.02)**	0.00	**(0.16)**	0.08
EBITDA Per Share - basic and diluted	**(0.02)**	0.02	**(0.10)**	0.14
Adjusted EBITDA Per Share - basic and diluted	**0.01**	0.05	**0.08**	0.15
Adjusted base EBITDA Per Share - basic and diluted	**0.00**	0.04	**0.07**	0.14

(1) (Gains) losses on foreign exchange include translation gains and losses relating to U.S. dollar denominated cash, receivable and loan balances.

(2) Other category includes transition expenses paid during the period. Transition expenses were $1.1 million on a three months ended basis (three months ended 2014 - $0.6 million) and $1.6 million on a twelve months ended basis (twelve months ended 2014 - $0.8 million).

(3) Adjusted base EBITDA includes specific loan loss provisions of $4.2 million on a three months ended basis (three months ended 2014 - $0.1 million) and $8.0 million on a twelve months ended basis (twelve months ended 2014 - $0.5 million).

RESULTS OF OPERATIONS

For the three and twelve months ended December 31, 2015

Assets Under Management, Investment Performance and Net Sales

AUM as at December 31, 2015 was $7.4 billion, which was up $0.4 billion (6%) compared to December 31, 2014 and was largely flat to September 30, 2015. The increase in AUM on a year-over-year basis was due to a combination of good sales momentum in our mutual funds and exchange listed products and foreign exchange gains in our bullion fund products, which was partially offset by market value depreciation across most product lines as well as redemptions of our bullion funds. Average AUM for the three and twelve months ended December 31, 2015 was $7.5 billion and $7.6 billion, respectively, which was up $0.4 billion (5%) on a three months ended basis and $0.1 billion (1%) on a twelve months ended basis, compared with the prior periods.

Breakdown of AUM by investment product type:

	December 31, 2015		December 31, 2014	
Product Type	**$ (in millions)**	**% of AUM**	$ (in millions)	% of AUM
Bullion Funds	**3,043**	**41%**	3,185	45%
Mutual Funds	**2,140**	**29%**	1,705	24%
Alternative Investment Strategies	**892**	**12%**	783	11%
Exchange Listed Funds	**176**	**2%**	133	2%
Managed Companies	**701**	**9%**	770	11%
Managed Accounts	**139**	**2%**	111	2%
Fixed Term Limited Partnerships	**335**	**5%**	340	5%
Total	**7,426**	**100%**	7,027	100%

Breakdown of AUM movements on a three months ended basis by investment product type:

$ (in millions)	**AUM September 30, 2015**	**Net Sales / (Redemptions)**	**Net Market Value Change**	**Acquisitions / (Divestitures)**	**AUM December 31, 2015**
Bullion Funds	3,164	(72)	(49)	—	3,043
Mutual Funds	2,061	118	(39)	—	2,140
Alternative Investment Strategies	835	53	4	—	892
Exchange Listed Funds	179	(10)	7	—	176
Managed Companies	707	—	(6)	—	701
Managed Accounts	149	(6)	(4)	—	139
Fixed Term Limited Partnerships	339	—	(4)	—	335
Total	**7,434**	**83**	**(91)**	**—**	**7,426**

Breakdown of AUM movements on a twelve months ended basis by investment product type:

$ (in millions)	**AUM December 31, 2014**	**Net Sales / (Redemptions)**	**Net Market Value Change**	**Acquisitions / (Divestitures)**	**AUM December 31, 2015**
Bullion Funds	3,185	(282)	140	—	3,043
Mutual Funds	1,705	259	(64)	240	2,140
Alternative Investment Strategies	783	28	(15)	96	892
Exchange Listed Funds	133	101	(58)	—	176
Managed Companies	770	—	(69)	—	701
Managed Accounts	111	6	(31)	53	139
Fixed Term Limited Partnerships	340	—	(5)	—	335
Total	**7,027**	**112**	**(102)**	**389**	**7,426**

Revenues

Management fees were $18.5 million on a three months ended basis and $75.3 million on a twelve months ended basis, reflecting a decrease of $0.2 million (1%) and $3.1 million (4%), respectively, from the prior periods. The decrease was largely due to a decline in the average AUM of bullion funds, managed companies and fixed term-limited partnerships compared to the prior periods. Management fees as a percentage of average AUM were 1% on a three and twelve months ended basis and were unchanged from the prior periods. Management fees include fees earned from precious metal physical trusts which amounted to $2.8 million on a three months ended basis and $11.9 million on a twelve months ended basis, reflecting a decrease of $0.2 million (6%) and $0.9 million (7%), respectively, from the prior periods.

Performance fees were $8.7 million on a three months ended basis and $8.9 million on a twelve months ended basis, reflecting a decrease of $0.8 million (8%) and $1.8 million (17%), respectively, from the prior periods. The decrease was due to a decline in performance fees earned by Sprott Toscana coupled with lower year end performance fees from certain alternative investment funds in SAM.

Commission revenues were $1.5 million on a three months ended basis and $7.0 million on a twelve months ended basis, reflecting an increase of $0.1 million (8%) and a decrease of $0.8 million (11%), respectively, from the prior periods. The increase on a three months ended basis was due to higher commissions in SPW and the decrease on a twelve months ended basis was mainly due to a decrease in private placement activity in SGRIL.

Interest income was $4.1 million on a three months ended basis and $18.7 million on a twelve months ended basis, reflecting a decrease of $1.6 million (28%) and $1.5 million (7%), respectively, from the prior periods. The decrease on both a three and twelve months ended basis was primarily due to lower average loan balances.

Returns on proprietary investments were negative $1.1 million and negative $9.8 million on a three and twelve months ended basis, respectively. Losses experienced over the three and twelve months ended were due to an impairment charge on a seeded energy asset, market value depreciation in certain seeded fund investments and equity holdings during the year.

Other income was $6.1 million on a three months ended basis and $25.8 million on a twelve months ended basis, reflecting an increase of $1.4 million and $14.4 million, respectively, from the prior periods. The increases were mainly due to: (1) strong foreign exchange gains on translation of U.S. dollar denominated cash, receivables and loan balances; and (2) the generation of royalty income on energy assets held in our proprietary investments.

Expenses

Changes in specific expense categories are described below:

Compensation and benefits

The table below summarizes the components of compensation and benefits:

	For the three months ended December 31		For the years ended December 31	
($ in thousands)	**2015**	2014	**2015**	2014
Salaries and benefits	**6,792**	6,366	**24,820**	24,974
Discretionary bonus-cash component	**2,411**	2,268	**7,608**	9,807
Commissions	**1,488**	859	**4,059**	3,199
Transition expenses	**1,083**	620	**1,615**	823
Other compensation expense (1)	**—**	—	**—**	763
Compensation and benefits (2)	**11,774**	10,113	**38,102**	39,566

(1) Other compensation expense relates to the compensation paid on the break-fee received on termination of the TFIT management contract in the prior period.
(2) Discretionary bonus-equity of $0.4 million on a three months ended basis (December 31, 2014 - $0.7 million) and of $2.6 million (December 31, 2014 - $2.5 million) on a twelve months ended basis is included as part of stock-based compensation on the statements of operations.

Total reported compensation and benefits were $11.8 million on a three months ended basis and $38.1 million on a twelve months ended basis, reflecting an increase of $1.7 million (16%) and a decrease of $1.5 million (4%), respectively, from the prior periods. The increase on a three months ended basis was primarily due to: (1) higher commission expense on increased mutual fund and alternative investment fund sales in SAM; (2) higher commissions paid on increased private placement activity in SPW; and (3) transition payments made to departing employees. The decrease on a twelve months ended basis was due to lower discretionary bonus resulting from year-end bonus adjustments and lower year-over-year cash based earn-out obligations in Sprott Toscana as the company reached the end of vesting period.

Stock-based compensation

Reported stock-based compensation was $0.8 million on a three months ended basis and $2.0 million on a twelve months ended basis, reflecting a decrease of $0.1 million (15%) and $1.4 million (41%), respectively, from the prior periods. The decrease was the result of re-measurements of earn-out obligations relating to Sprott Toscana that were fully vested in the second quarter of this year.

Trailer fees

Trailer fees were $3.1 million on a three months ended basis and $12.5 million on a twelve months ended basis, reflecting an increase of $0.2 million (7%) and $0.1 million (1%), respectively, from the prior periods. The increase was due to: (1) a decline in the amount of trailers being paid intercompany to SPW; and (2) an increase in trailer paying AUM of mutual funds.

Sub-advisor and referral fees

Sub-advisor and referral fees were $6.4 million on a three months ended basis and $9.3 million on a twelve months ended basis, which was virtually unchanged on a three months ended basis, but increased by $0.6 million (7%), on a twelve months ended basis. The increase on a twelve months ended basis was due to there being more sub-advised product offerings in 2015 compared to 2014.

Loan loss provisions

Loan loss provisions were $5.4 million on a three months ended basis and $9.2 million on a twelve months ended basis. reflecting an increase of $5.2 million and $8.7 million, respectively, from the prior periods. The increases were primarily the result of higher specific loan loss provisions on resource loans and a new general loan loss provision of $1.2 million that was taken across the resources loan portfolio to reflect the credit risk associated with the ongoing and global resources sector decline.

Selling, general and administrative (SG&A)

SG&A expenses were $7.9 million on a three months ended basis and $27.0 million on a twelve months ended basis, reflecting an increase of $2.2 million (38%) and $4.3 million (19%), respectively, from the prior periods. The increases were primarily the result of higher marketing, technology and fund related operating costs.

Amortization of intangibles

Amortization of intangibles was $1.4 million on a three months ended basis and $5.6 million on a twelve months ended basis, and was largely unchanged from the prior periods. Amortization of intangibles consists of: (1) the amortization of deferred sales commissions; and (2) the amortization of finite life fund management contracts and carried interests.

Impairment (reversals) of goodwill and intangibles

The table below provides a break-down of impairment charges incurred:

	For the three months ended December 31		For the years ended December 31	
($ in thousands)	**2015**	2014	**2015**	2014
Goodwill impairment	**3,204**	—	**31,709**	—
Carried interest impairment	**—**	2,308	**2,333**	2,308
Finite life management contract impairment	**—**	—	**398**	—
Indefinite life management contract impairment	**—**	—	**9,342**	—
DSC impairment	**—**	—	**—**	—
Impairment of goodwill and intangibles	**3,204**	2,308	**43,782**	2,308

The underlying inputs and assumptions that determine the recoverable amounts of goodwill, fund management contracts and carried interests are related to the resource sector and commodity prices which can exhibit significant volatility. As a result, recoverable amounts may demonstrate significant fluctuations in value over the year. Management monitors the recoverable amount of intangible assets on a quarterly basis, and if appropriate, records impairment losses or reversals.

Amortization of property and equipment

Amortization of property and equipment was $0.2 million on a three months ended basis and $0.8 million on a twelve months ended basis, largely unchanged from the prior periods.

Other expenses

Other expenses were $3.1 million on a three months ended basis and $8.6 million on a twelve months ended basis, reflecting an increase of $2.4 million and $8.0 million, respectively, from the prior periods. Other expenses relate to: (1) operating expenses and impairment charges incurred in certain seeded energy assets held as part of proprietary investments; and (2) costs associated with the SBT exchange offer.

Net loss and Adjusted base EBITDA

Net loss was $4.1 million on a three months ended basis and $39.6 million on a twelve months ended basis, reflecting a decrease of $3.7 million and $59.0 million, respectively, from the prior periods.

Excluding impairment charges on goodwill and intangible assets and the loan loss provisions, lower net income for the three months ended was due to: (1) lower management and performance fees; (2) lower interest income; and (3) higher compensation and SG&A expenses. These lower revenue and higher expense items were only partially offset by: (1) lower proprietary investment losses; and (2) higher foreign exchange gains on U.S. dollar denominated cash deposits, receivables and loans. Excluding impairment charges on goodwill and intangible assets and the loan loss provisions, lower net income for the year ended was due to: (1) lower management and performance fees; (2) lower commissions and interest income; (3) higher proprietary investment losses and net losses from seeded energy assets; and (4) higher SG&A expenses and sub-advisor fees. These lower revenue and higher expense items were only partially offset by: (1) lower discretionary bonus; and (2) higher foreign exchange gains on U.S. dollar denominated cash deposits, receivables and loans.

Adjusted base EBITDA was negative $0.2 million on a three months ended basis and $16.6 million on a twelve months ended basis, reflecting a decrease of $9.1 million and $16.9 million, respectively, from the prior periods. The decrease on a three and twelve months ended basis was mainly due to: (1) lower management fees in our resources businesses (primarily the Global Companies and Consulting segments); (2) lower interest income on lower average loan balances; (3) an increase in the specific loan loss provisions; and (4) higher SG&A.

Balance Sheet

Cash and cash equivalents were $107.6 million, a decrease of $13.2 million (11%) from December 31, 2014. The decrease was primarily due to the repayment of the credit facility outstanding in 2014, the payment of dividends during the period, the funding of the Trust as part of our EPSP plan, payment of certain deferred transaction costs related to the exchange offers and the transfer of principal and interest repayments to loan syndicate partners of SRLC. These decreases more than offset net loan repayments received in SRLC, cash received from proprietary investment sales and cash received from a managed company pursuant to a performance fee internalization earlier in the year.

Fees receivable were $13.5 million, reflecting an increase of $0.4 million (3%) from December 31, 2014. The slight increase was primarily due to the timing of year-end management and performance fee receipts in 2015.

Loans receivable (both current and long-term) were $100.8 million, reflecting a decrease of $21.1 million (17%) from December 31, 2014. The decrease was due to a series of net loan repayments during the year, coupled with the general and specific loan loss provisions taken during the year (see Note 6 of the annual financial statements).

Proprietary investments were $136.8 million, reflecting an increase of $4.7 million (4%) from December 31, 2014. The increase was largely due to the seeding of future investment product offerings, which was only partially offset by the sale of certain fixed-income positions and the redemption of certain alternative investment products.

Obligations related to securities sold short were $40.2 million, reflecting an increase of $20.7 million from December 31, 2014. The Company is currently seeding $38.5 million (December 31, 2014 - $19.9 million) of investment strategies and fund product offerings on a market-neutral basis by short-selling $40.2 million (December 31, 2014 - $19.5 million) of related securities positions.

Other assets (both current and long-term) were $24.1 million, reflecting an increase of $13.1 million from December 31, 2014. The increase was primarily due to the capitalization of certain deferred transaction costs this year pertaining to the exchange offers (see Note 7 of the annual financial statements) and syndicate fees receivable.

Intangible assets were $15.0 million, reflecting a decrease of $17.2 million (54%) from December 31, 2014. The decrease was primarily a result of: (1) the partial disposal of the TEIC management contract pursuant to a performance fee internalization transaction earlier in the year; (2) an impairment charge on finite life management contracts in RCIC and indefinite life management contracts relating to Sprott Toscana; and (3) an impairment charge on carried interests in RCIC (see Note 5 of the annual financial statements).

Goodwill was $26.5 million, reflecting a decrease of $23.9 million (47%) from December 31, 2014. The decrease was due to an impairment charge on goodwill in the Global Companies and Consulting segments, partially offset by foreign exchange gains on translation of the Company's U.S. dollar denominated goodwill contained in the SAM segment (see Note 5 of the annual financial statements).

Deferred income tax liabilities (net of deferred income tax assets) were $5.1 million, reflecting an increase of $1.8 million from December 31, 2014. The net increase was primarily caused by the write-off of certain deferred tax loss assets relating to our U.S. businesses.

Accounts payable and accrued liabilities were $22.8 million, reflecting a decrease of $5.5 million (19%) from December 31, 2014. The decrease was mainly the result of syndicate fee payments by SRLC to its loan syndicate partners during the year as well as the payment of previously accrued sub-advisor fees. These decreases were only partially offset by current period accruals.

Compensation and employee bonuses payable were $4.3 million, reflecting a decrease of $5.0 million (54%) from December 31, 2014. The decrease was mainly the result of the payout of 2014 bonuses earlier in the year, which was only partially offset by higher commissions and transition expense payables at the end of 2015 compared to the prior period.

There was no loan payable at December 31, 2015 (December 31, 2014 - $15.0 million). During the fourth quarter of 2014, the Company drew down on its credit facility. The loan was repaid in full during the first quarter of 2015.

RESULTS OF OPERATIONS - REPORTABLE SEGMENTS

SAM Segment

The SAM segment provides asset management services to the Company's branded funds and managed accounts.

Effective July 1, 2015, to ensure the ongoing usefulness of adjusted EBITDA and adjusted base EBITDA measures as an indicator of core earnings, we began excluding the impact of foreign exchange gains and losses from these performance measures. Additionally we have also started excluding one-time transition expenses from the calculation. Adjusted EBITDA and adjusted base EBITDA in the comparative figures of the table below can be reconciled to previously published reports by excluding the impact of foreign exchange gains and losses and transition expenses from the "Other adjustments" section of the table.

Results of operations:

	For the three months ended		For the years ended	
($ in thousands)	**December 31, 2015**	December 31, 2014	**December 31, 2015**	December 31, 2014
Revenue				
Management fees	**15,527**	14,598	**62,864**	61,470
Performance fees	**8,703**	9,296	**8,798**	9,726
Interest income	**(32)**	4	**17**	70
Gains (losses) on proprietary investments	**1,861**	272	**(2,725)**	1,429
Other income	**(162)**	272	**3,441**	1,720
Total revenue	**25,897**	24,442	**72,395**	74,415
Expenses				
Compensation and benefits	**7,458**	6,276	**20,463**	19,791
Stock-based compensation	**587**	637	**2,041**	2,449
Trailer fees	**3,431**	3,276	**14,219**	14,541
Sub-advisor and referral fees	**6,218**	6,232	**8,850**	8,432
Selling, general and administrative	**4,594**	3,241	**15,647**	11,723
Depreciation, amortization and impairment of intangibles	**616**	571	**2,358**	2,335
Other expenses	**750**	—	**750**	—
Total expenses	**23,654**	20,233	**64,328**	59,271
Income before income taxes	**2,243**	4,209	**8,067**	15,144
Adjustments:				
Interest expense	**—**	—	**—**	—
Provision for income taxes	**—**	—	**—**	—
Depreciation and amortization	**616**	571	**2,358**	2,335
EBITDA	**2,859**	4,780	**10,425**	17,479
Other adjustments:				
Impairment (reversal) of intangibles	**—**	—	**—**	—
Impairment of goodwill	**—**	—	**—**	—
(Gains) losses on proprietary investments	**(1,861)**	(272)	**2,725**	(1,429)
(Gains) losses on foreign exchange (1)	**952**	(229)	**(1,525)**	(582)
Non-cash and non-recurring stock based compensation	**369**	—	**454**	—
Other (2)	**750**	621	**956**	738
Adjusted EBITDA	**3,069**	4,900	**13,035**	16,206
Less:				
Performance fees	**(8,703)**	(9,296)	**(8,798)**	(9,726)
Performance fee related expenses	**6,393**	6,477	**6,447**	6,783
Adjusted base EBITDA	**759**	2,081	**10,684**	13,263

(1) (Gains) losses on foreign exchange include translation gains and losses relating to U.S. dollar denominated cash, receivable and loan balances.

(2) Other category includes transition expenses paid during the period. Transition expenses were $Nil on a three months ended basis (three months ended 2014 - $0.6 million) and $0.2 million on a twelve months ended basis (twelve months ended 2014 - $0.7 million).

For the three and twelve months ended December 31, 2015

Revenues

Management fees were $15.5 million on a three months ended basis and $62.9 million on a twelve months ended basis, reflecting an increase of $0.9 million (6%) and $1.4 million (2%), respectively, from the prior periods. The increases were consistent with the higher average AUM balances over the periods.

Performance fees were $8.7 million on a three months ended basis and $8.8 million on a twelve months ended basis, reflecting a decrease of $0.6 million (6%) and $0.9 million (10%), respectively, from the prior periods, mainly due to lower year-end performance fees from alternative investment funds.

Interest income continues to be nominal and primarily generated from cash deposits with banks and brokerages.

Return on proprietary investments was $1.9 million on a three months ended basis and negative $2.7 million on a twelve months ended basis. The gain on a three months ended basis was largely from the market value appreciation of a certain seed investment. The majority of losses incurred on a twelve months ended basis were due to the wind-up of an alternative investment fund (at a loss) and redemption of a seed investment in a particular mutual fund (also at a loss) during the first half of the year.

Other income continues to be negligible on a three months ended basis but was $3.4 million on a twelve months ended basis. The increase on a twelve months ended basis was mainly a result of work fees received on administration of certain underlying assets of an alternative investment fund and higher foreign exchange gains on U.S. dollar denominated cash deposits and receivables in the period.

Expenses

Compensation and benefits were $7.5 million on a three months ended basis and $20.5 million on a twelve months ended basis, reflecting an increase of $1.2 million (19%) and $0.7 million (3%), respectively, from the prior periods. The increase was primarily caused by higher commissions on increased sales of mutual funds and alternative investments and higher discretionary bonus, which more than offset lower transition costs.

Stock-based compensation was $0.6 million on a three months ended basis and $2.0 million on a twelve months ended basis, which was largely flat on a three months ended basis, but down $0.4 million (17%) on a twelve months ended basis. The declines relate to stock grants to employees hired in prior periods that are amortized against income on a graded vesting basis.

Trailer fees were $3.4 million on a three months ended basis and $14.2 million on a twelve months ended basis, reflecting an increase of $0.2 million (5%) and a decrease of $0.3 million (2%), respectively, from the prior periods. Changes in trailer fees on a three and twelve months ended basis were directly related to average trailer fee paying AUM, which was higher on a three months ended basis but down slightly on a twelve months ended basis from the prior periods.

Sub-advisor fees were $6.2 million on a three months ended basis and $8.9 million on a twelve months ended basis, which was virtually unchanged on a three months ended basis but increased by $0.4 million (5%) on a twelve months ended basis. The increase on a twelve months ended basis was due to there being more sub-advised product offerings in 2015 compared to 2014.

SG&A expenses were $4.6 million on a three months ended basis and $15.6 million on a twelve months ended basis, reflecting an increase of $1.4 million (42%) and $3.9 million (33%), respectively, from the prior periods. The increase was primarily the result of higher technology and marketing costs, higher professional fees and higher fund related operating costs, partially offset by lower intercompany shared services cost allocations from the Corporate segment.

Amortization charges were $0.6 million on a three months ended basis and $2.4 million on a twelve months ended basis, largely unchanged from the prior periods.

Other expenses were $0.8 million on a three and twelve months ended basis (three months and twelve months ended December 31, 2014 - $Nil). Other expenses relate primarily to costs associated with the SBT exchange offer that were expensed in the fourth quarter on expiry of the SBT offer.

Adjusted base EBITDA

Adjusted base EBITDA was $0.8 million on a three months ended basis and $10.7 million on a twelve months ended basis, reflecting a decrease of $1.3 million (64%) and $2.6 million (19%), respectively, from the prior periods. The decrease was mainly due to higher compensation and benefits expenses along with higher SG&A expenses.

Global Companies Segment

The Global Companies segment provides asset management services to the Company's funds and managed accounts in the U.S. and also provides securities trading and other transactional services to its clients. This segment includes the operating results of SGRIL, RCIC and SAM USA.

Effective July 1, 2015, to ensure the ongoing usefulness of adjusted EBITDA and adjusted base EBITDA measures as an indicator of core earnings, we began excluding the impact of foreign exchange gains and losses from these performance measures. Additionally we have also started excluding one-time transition expenses from the calculation. Adjusted EBITDA and adjusted base EBITDA in the comparative figures of the table below can be reconciled to previously published reports by excluding the impact of foreign exchange gains and losses and transition expenses from the "Other adjustments" section of the table.

Results of operations:

	For the three months ended		For the years ended	
(in $ thousands)	**December 31, 2015**	December 31, 2014	**December 31, 2015**	December 31, 2014
Revenue				
Management fees	**1,855**	1,709	**7,436**	8,632
Commissions	**801**	1,243	**3,775**	6,342
Interest income	**18**	28	**77**	66
Gains (losses) on proprietary investments	**(159)**	(1,712)	**(1,239)**	(1,971)
Other income	**100**	166	**(767)**	135
Total revenue	**2,615**	1,434	**9,282**	13,204
Expenses				
Compensation and benefits	**1,375**	1,553	**5,784**	7,251
Stock-based compensation	**—**	—	**—**	406
Sub-advisor and referral fees	**188**	115	**406**	330
Selling, general and administrative	**959**	846	**3,546**	3,340
Depreciation, amortization and impairment of intangibles	**953**	3,295	**6,671**	6,136
Impairment of goodwill	**—**	—	**28,505**	—
Total expenses	**3,475**	5,809	**44,912**	17,463
(Loss) before income taxes	**(860)**	(4,375)	**(35,630)**	(4,259)
Adjustments:				
Interest expense	**—**	—	**—**	—
Provision (recovery) for income taxes	**—**	—	**—**	—
Depreciation and amortization	**953**	987	**3,940**	3,828
EBITDA	**93**	(3,388)	**(31,690)**	(431)
Other adjustments:				
Impairment (reversal) of intangibles	**—**	2,308	**2,731**	2,308
Impairment of goodwill	**—**	—	**28,505**	—
(Gains) losses on proprietary investments	**159**	1,712	**1,239**	1,971
(Gains) losses on foreign exchange (1)	**112**	1	**447**	35
Non-cash and non-recurring stock based compensation	**—**	—	**—**	403
Other (2)	**—**	—	**88**	30
Adjusted EBITDA	**364**	633	**1,320**	4,316
Less:				
Performance fees	**—**	—	**—**	—
Performance fee related expenses	**—**	—	**—**	—
Adjusted base EBITDA	**364**	633	**1,320**	4,316

(1) (Gains) losses on foreign exchange include translation gains and losses relating to Canadian dollar denominated cash, receivable and loan balances.

(2) Other category includes transition expenses paid during the period. Transition expenses were $Nil on a three months ended basis (three months ended 2014 - $Nil) and $0.1 million on a twelve months ended basis (twelve months ended 2014 - $30 thousand).

For the three and twelve months ended December 31, 2015

Revenues

Management fees were $1.9 million on a three months ended basis and $7.4 million on a twelve months ended basis, reflecting an increase of $0.1 million (9%) and a decrease of $1.2 million (14%), respectively, from the prior periods. The increase on a three months ended basis was due solely to foreign exchange gains on translation of U.S. dollar denominated management fees. The decrease on a twelve months ended basis was mainly a result of lower average AUM in RCIC only partially offset by foreign exchange gains noted above.

Commission revenues were $0.8 million on a three months ended basis and $3.8 million on a twelve months ended basis, reflecting a decrease of $0.4 million (36%) and $2.6 million (40%), respectively, from the prior periods. Lower commission income was the result of continued weakness in private placement and client trading activities in SGRIL.

Interest income continues to be nominal and primarily generated from cash deposits with banks and brokerages.

Returns on proprietary investments were negative $0.2 million on a three months ended basis and negative $1.2 million on a twelve months ended basis. The majority of our current period losses were the result of market value depreciation in seeded fixed-term limited partnerships, public equities and share purchase warrants held as part of proprietary investments.

Other income was $0.1 million on a three months ended basis and negative $0.8 million on a twelve months ended basis, reflecting a decrease of $0.1 million and $0.9 million, respectively, from the prior periods. These decreases were mainly due to redemption-related costs incurred in certain fixed-term limited partnerships in the year.

Expenses

Compensation and benefits were $1.4 million on a three months ended basis and $5.8 million on a twelve months ended basis, reflecting a decrease of $0.2 million (11%) and $1.5 million (20%), respectively, from the prior periods. Lower compensation and benefits expense was consistent with weaker commission revenues and lower AUM resulting in lower discretionary bonus accruals.

Stock-based compensation was $Nil on a three and twelve months ended basis as earn-out shares were fully amortized by February 3, 2014.

Sub-advisor fees were $0.2 million on a three months ended basis and $0.4 million on a twelve months ended basis, reflecting an increase of $0.1 million (63%) and $0.1 million (23%), respectively, from the prior periods. Sub-advisor fees were paid by RCIC to the SRLC segment. This intercompany expense is eliminated on consolidation against the related sub-advisor revenue in SRLC.

SG&A expenses were $1.0 million on a three months ended basis and $3.5 million on a twelve months ended basis, reflecting an increase of $0.1 million (13%) and $0.2 million (6%), respectively, from the prior periods. The increases were solely from the translation of U.S. dollar denominated SG&A due to the stronger U.S. dollar.

The table below provides a break-down of impairment charges (reversals) taken in Global on a three and twelve months ended basis:

	For the three months ended December 31		For the years ended December 31	
($ in thousands)	**2015**	2014	**2015**	2014
Goodwill impairment	**—**	—	**28,505**	—
Carried interest impairment	**—**	2,308	**2,333**	2,308
Finite life management contract impairment	**—**	—	**398**	—
Impairment of goodwill and intangibles	**—**	2,308	**31,236**	2,308

The underlying inputs and assumptions that determine the recoverable amounts of goodwill, carried interests and fund management contracts are related to the resource sector and commodity prices which can exhibit significant volatility. As a result, recoverable amounts may demonstrate significant fluctuations in value over the year. Management monitors the recoverable amount of intangible assets on a quarterly basis, and if appropriate, records impairment losses or reversals.

Amortization charges were $1.0 million on a three months ended basis and $3.9 million on a twelve months ended basis, largely unchanged from the prior periods.

Adjusted base EBITDA

Adjusted base EBITDA was $0.4 million on a three months ended basis and $1.3 million on a twelve months ended basis, reflecting a decrease of $0.3 million and $3.0 million, respectively, from the prior periods. The decrease was primarily due to a reduction in average AUM in RCIC and continued declines in commission revenue on private placement and client trading activities in SGRIL. This was only partially offset by lower employee compensation and benefits expense.

SRLC Segment

The SRLC segment provides loans to companies in the mining and energy sectors.

Effective July 1, 2015, to ensure the ongoing usefulness of adjusted EBITDA and adjusted base EBITDA measures as an indicator of core earnings, we began excluding the impact of foreign exchange gains and losses from these performance measures. Additionally we have also started excluding one-time transition expenses from the calculation. Adjusted EBITDA and adjusted base EBITDA in the comparative figures of the table below can be reconciled to previously published reports by excluding the impact of foreign exchange gains and losses and transition expenses from the "Other adjustments" section of the table.

Results of operations:

	For the three months ended		For the years ended	
($ in thousands)	**December 31, 2015**	December 31, 2014	**December 31, 2015**	December 31, 2014
Revenue				
Interest income	**3,741**	5,012	**17,017**	17,830
Gains (losses) on proprietary investments	**(2,086)**	(3,717)	**(2,876)**	(3,754)
Other income	**3,109**	1,805	**11,421**	4,536
Total revenue	**4,764**	3,100	**25,562**	18,612
Expenses				
Compensation and benefits	**(1,521)**	(1,315)	**2,255**	2,787
Stock-based compensation	**78**	81	**483**	289
Sub-advisor and referral fees	**—**	79	**—**	76
Loan loss provisions	**5,351**	134	**9,217**	532
Selling, general and administrative	**322**	323	**922**	2,099
Depreciation, amortization and impairment of intangibles	**1**	—	**1**	—
Total expenses	**4,231**	(698)	**12,878**	5,783
Income before income taxes	**533**	3,798	**12,684**	12,829
Adjustments:				
Interest expense	**—**	—	**—**	—
Provision for income taxes	**—**	—	**—**	—
Depreciation and amortization	**1**	—	**1**	—
EBITDA	**534**	3,798	**12,685**	12,829
Other adjustments:				
Impairment (reversal) of intangibles	**—**	—	**—**	—
Impairment of goodwill	**—**	—	**—**	—
(Gains) losses on proprietary investments	**2,086**	3,719	**2,876**	4,220
General loan loss provisions	**1,200**	—	**1,200**	—
(Gains) losses on foreign exchange (1)	**(2,767)**	(1,236)	**(8,744)**	(2,757)
Non-cash and non-recurring stock based compensation	**—**	—	**—**	—
Other (2)	**—**	—	**40**	—
Adjusted EBITDA	**1,053**	6,281	**8,057**	14,292
Less:				
Performance fees	**—**	—	**—**	—
Performance fee related expenses	**—**	—	**—**	—
Adjusted base EBITDA (3)	**1,053**	6,281	**8,057**	14,292

(1) (Gains) losses on foreign exchange include translation gains and losses relating to U.S. dollar denominated cash, receivable and loan balances.

(2) Other category includes transition expenses paid during the period. Transition expenses were $Nil on a three months ended basis (three months ended 2014 - $Nil million) and $40 thousand on a twelve months ended basis (twelve months ended 2014 - $Nil).

(3) Adjusted base EBITDA includes specific loan loss provisions of $4.2 million on a three months ended basis (three months ended 2014 - $0.1 million) and $8.0 million on a twelve months ended basis (twelve months ended 2014 - $0.5 million).

For the three and twelve months ended December 31, 2015

Revenues

Interest income was $3.7 million on a three months ended basis and $17.0 million on a twelve months ended basis, reflecting a decrease of $1.3 million (25%) and $0.8 million (5%) respectively, from the prior periods. The decrease in interest income was mainly due to lower average loan balances.

Losses on proprietary investments were $2.1 million on a three months ended basis and $2.9 million on a twelve months ended basis. Current period losses were due to market value depreciation of certain equity holdings.

Other income was $3.1 million on a three months ended basis and $11.4 million on a twelve months ended basis, reflecting an increase of $1.3 million and $6.9 million respectively, from the prior periods. The increases were mainly due to foreign exchange gains on U.S. dollar denominated loans and cash deposits throughout the year and arrangement fees earned on a new loan during the third quarter.

Expenses

Compensation and benefits were negative $1.5 million on a three months ended basis and $2.3 million on a twelve months ended basis. The negative compensation in the quarter was due entirely to a year-end bonus adjustment to reflect the specific loan loss provision taken in the year.

Stock-based compensation was $0.1 million on a three months ended basis and $0.5 million on a twelve months ended basis, which remained largely unchanged on a three months ended basis and increased by $0.2 million (67%), on a twelve months ended basis. The increase in stock-based compensation relates to slightly higher discretionary equity bonus allocations to SRLC employees.

Loan loss provisions were $5.4 million and $9.2 million on a three and twelve months ended basis, respectively. Current loan loss provisions include specific loan loss provisions taken during the year on the resource loans and a general loan loss provision taken on the rest of the resource loans portfolio.

SG&A expenses were $0.3 million on a three months ended basis and $0.9 million on a twelve months ended basis, which was largely flat on a three months ended basis but down $1.2 million (56%) on a twelve months ended basis. The decrease on a twelve months ended basis relates to property taxes incurred in the prior period on legacy foreclosed properties and other non-recurring operating costs at that time which did not recur this year.

Adjusted base EBITDA

Adjusted base EBITDA was $1.1 million on a three months ended basis and $8.1 million on a twelve months ended basis, reflecting a decrease of $5.2 million (83%) and $6.2 million (44%), respectively, from the prior periods. The decrease was mainly due to lower interest income on lower average loan balances and the specific loan loss provisions taken on resource loans in the year.

Consulting Segment

The Consulting segment includes the operations of SC, Sprott Toscana, and Sprott Korea, the consulting businesses of the Company.

Effective July 1, 2015, to ensure the ongoing usefulness of adjusted EBITDA and adjusted base EBITDA measures as an indicator of core earnings, we began excluding the impact of foreign exchange gains and losses from these performance measures. Additionally we have also started excluding one-time transition expenses from the calculation. Adjusted EBITDA and adjusted base EBITDA in the comparative figures of the table below can be reconciled to previously published reports by excluding the impact of foreign exchange gains and losses and transition expenses from the "Other adjustments" section of the table.

Results of operations:

	For the three months ended		For the years ended	
($ in thousands)	**December 31, 2015**	December 31, 2014	**December 31, 2015**	December 31, 2014
Revenue				
Management fees	**1,042**	2,311	**4,780**	8,103
Performance fees	**—**	197	**127**	967
Interest income	**4**	5	**27**	43
Gains (losses) on proprietary investments	**(2,400)**	—	**(2,400)**	—
Other income	**993**	335	**3,814**	2,162
Total revenue	**(361)**	2,848	**6,348**	11,275
Expenses				
Compensation and benefits	**682**	1,109	**1,640**	3,681
Stock-based compensation	**5**	64	**(1,101)**	(266)
Sub-advisor and referral fees	**35**	75	**184**	147
Selling, general and administrative	**507**	265	**1,583**	1,244
Depreciation, amortization and impairment of intangibles	**10**	8	**9,375**	43
Impairment of goodwill	**3,204**	—	**3,204**	—
Other expenses	**2,327**	—	**7,899**	—
Total expenses	**6,770**	1,521	**22,784**	4,849
Income (loss) before income taxes	**(7,131)**	1,327	**(16,436)**	6,426
Adjustments:				
Interest expense	**—**	—	**—**	—
Provision for income taxes	**—**	—	**—**	—
Depreciation and amortization	**10**	8	**33**	43
EBITDA	**(7,121)**	1,335	**(16,403)**	6,469
Other adjustments:				
Impairment (reversal) of intangibles	**—**	—	**9,342**	—
Impairment of goodwill	**3,204**	—	**3,204**	—
(Gains) losses on proprietary investments	**2,400**	—	**2,400**	—
(Gains) losses on foreign exchange [(1)]	**(29)**	7	**(22)**	(77)
Non-cash and non-recurring stock based compensation	**—**	53	**(1,146)**	(292)
Other [(2)]	**1,484**	—	**4,104**	54
Adjusted EBITDA	**(62)**	1,395	**1,479**	6,154
Less:				
Performance fees	**—**	(197)	**(127)**	(967)
Performance fee related expenses	**—**	50	**31**	242
Adjusted base EBITDA	**(62)**	1,248	**1,383**	5,429

(1) (Gains) losses on foreign exchange include translation gains and losses relating to U.S. dollar denominated cash, receivable and loan balances.

(2) Other category includes transition expenses paid during the period. Transition expenses were $Nil on a three months (three months ended 2014 - $Nil) ended basis and $0.1 million on a twelve months ended basis (twelve months ended 2014 - $0.1 million).

For the three and twelve months ended December 31, 2015

Revenues

Management fees were $1.0 million on a three months ended basis and $4.8 million on a twelve months ended basis, reflecting a decrease of $1.3 million (55%) and $3.3 million (41%), respectively, from the prior periods. The decreases on a three and twelve months ended basis were largely due to ongoing reductions in average AUM in SRC and TEIC.

Performance fees were $Nil on a three months ended basis and $0.1 million on a twelve months ended basis, reflecting a decrease of $0.2 million and $0.8 million, respectively, from the prior periods. The decrease was mainly due to the partial disposal of the TEIC management contract pursuant to a performance fee internalization transaction earlier in the year, coupled with lower average AUM.

Returns on proprietary investments were negative $2.4 million on a three and twelve months ended basis. The losses were primarily due to an impairment charge on a seeded energy related asset held in proprietary investments.

Interest income continues to be nominal and primarily generated from cash deposits with banks and brokerages.

Other revenues were $1.0 million on a three months ended basis and $3.8 million on a twelve months ended basis, reflecting an increase of $0.7 million and $1.7 million, respectively, from the prior periods. The increase was due to royalty income on seeded energy related assets held in proprietary investments.

Expenses

Compensation and benefits were $0.7 million on a three months ended basis and $1.6 million on a twelve months ended basis, reflecting a decrease of $0.4 million (39%) and $2.0 million (55%), respectively, from the prior periods. The decrease was due to: (1) the inclusion of one-time compensation expense related to the TFIT break-fee in the second quarter 2014 results; (2) a reduction in cash based earn-out expense relating to Sprott Toscana as the Company reached the end of the vesting period as at June 30, 2015; and (3) lower discretionary bonus.

Stock-based compensation was nominal on a three months ended basis and negative $1.1 million on a twelve months ended basis, reflecting a decrease of $0.1 million and $0.8 million, respectively, from the prior periods. The decrease in stock-based compensation was due to re-measurements of the equity based earn-out obligation related to Sprott Toscana as the company reached the end of the vesting period earlier this year.

Referral fees were nominal. Referral fees are now being paid on management fees from Sprott Korea as this business continues to develop over time.

SG&A expenses were $0.5 million on a three months ended basis and $1.6 million on a twelve months ended basis, reflecting an increase of $0.2 million (91%) and $0.3 million (27%), respectively, from the prior periods. The increase was primarily due to higher rent and subscription expense related to SRC.

Other expenses were $2.3 million on a three months ended basis and $7.9 million on a twelve months ended basis. On January 1, 2015, seeded energy investments were transferred from the Corporate segment to Sprott Toscana. The costs consist of higher operating expenses, depletion and impairment charges.

An impairment charge of $3.2 million (December 31, 2014 - $Nil) was taken on the goodwill pertaining to Sprott Toscana held in Consulting segment.

An impairment charge of $9.3 million (December 31, 2014 - $Nil) was taken on the TEIC management contract held in the Consulting segment in the third quarter of this year. The impairment charge was necessary as the carrying value of the contract was higher than its recoverable amount. Depreciation and amortization expense continue to be nominal.

Adjusted base EBITDA

Adjusted base EBITDA was negative $0.1 million on a three months ended basis and $1.4 million on a twelve months ended basis, reflecting a decrease of $1.3 million and $4.0 million, respectively, from the prior periods. The decreases were mainly due to a combination of lower management fees on weaker AUM and the impact of break-fees received in the second quarter of 2014 relating to TFIT, which were only partially offset by a reduction in discretionary bonus and cash based earn-out expense relating to Sprott Toscana in 2015.

Corporate and Other Segment

The Corporate segment provides treasury and shared services to the Company's business units and includes the operating results of Sprott Inc. without the effect of consolidating certain subsidiaries. The Other segment includes the activities of SPW, the private wealth business of the Company.

Effective July 1, 2015, to ensure the ongoing usefulness of adjusted EBITDA and adjusted base EBITDA measures as an indicator of core earnings, we began excluding the impact of foreign exchange gains and losses from these performance measures. Additionally we have also started excluding one-time transition expenses from the calculation. Adjusted EBITDA and adjusted base EBITDA in the comparative figures of the table below can be reconciled to previously published reports by excluding the impact of foreign exchange gains and losses and transition expenses from the "Other adjustments" section of the table.

Results of operations:

($ in thousands)	For the three months ended		For the years ended	
	December 31, 2015	December 31, 2014	**December 31, 2015**	December 31, 2014
Revenue				
Management fees	**80**	56	**255**	230
Commissions	**714**	157	**3,233**	1,495
Interest income	**391**	677	**1,576**	2,223
Trailer fee income	**465**	489	**2,045**	2,472
Gains (losses) on proprietary investments	**1,656**	(1,999)	**(580)**	246
Other income	**1,971**	1,934	**7,734**	2,807
Total revenue	**5,277**	1,314	**14,263**	9,473
Expenses				
Compensation and benefits	**3,780**	2,490	**7,960**	6,056
Stock-based compensation	**100**	128	**553**	495
Sub-advisor and referral fees	**—**	(9)	**11**	—
Selling, general and administrative	**1,473**	869	**5,338**	4,336
Depreciation, amortization and impairment of intangibles	**22**	5	**64**	27
Other expenses	**—**	638	**—**	638
Total expenses	**5,375**	4,121	**13,926**	11,552
Income (loss) before income taxes	**(98)**	(2,807)	**337**	(2,079)
Adjustments:				
Interest expense	**—**	51	**84**	51
Provision for income taxes	**—**	—	**—**	—
Depreciation and amortization	**22**	5	**64**	27
EBITDA	**(76)**	(2,751)	**485**	(2,001)
Other adjustments:				
Impairment (reversal) of intangibles	**—**	—	**—**	—
Impairment of goodwill	**—**	—	**—**	—
(Gains) losses on proprietary investments	**(1,656)**	1,999	**580**	(246)
(Gains) losses on foreign exchange [(1)]	**(1,673)**	(1,093)	**(7,176)**	(2,024)
Non-cash and non-recurring stock based compensation	**3**	—	**18**	—
Other [(2)]	**1,083**	451	**1,211**	451
Adjusted EBITDA	**(2,319)**	(1,394)	**(4,882)**	(3,820)
Less:				
Performance fees	**—**	—	**—**	—
Performance fee related expenses	**—**	—	**—**	—
Adjusted base EBITDA	**(2,319)**	(1,394)	**(4,882)**	(3,820)

(1) (Gains) losses on foreign exchange include translation gains and losses relating to U.S. dollar denominated cash, receivable and loan balances.

(2) Other category includes transition expenses paid during the period. Transition expenses were $1.1 million on a three months ended basis (three months ended 2014 - $Nil) and $1.2 million on a twelve months ended basis (twelve months ended 2014 - $Nil).

For the three and twelve months ended December 31, 2015

Revenues

Management fees continue to be nominal.

Commission revenues were $0.7 million on a three months ended basis and $3.2 million on a twelve months ended basis, reflecting an increase of $0.6 million and $1.7 million, respectively, from the prior periods. The increase is directly related to improved private placement activity in SPW.

Interest income was $0.4 million on a three months ended basis and $1.6 million on a twelve months ended basis, reflecting a decrease of $0.3 million (42%) and $0.6 million (29%), respectively, from the prior periods.

Trailer fee income was $0.5 million on a three months ended basis and $2.0 million on a twelve months ended basis, which remained largely unchanged on a three months ended basis and down by $0.4 million (17%) on a twelve months ended basis from the prior periods. The decrease on a twelve months ended basis was due to declines in the average trailer paying AUA of SPW. Trailer fee income received by SPW from the SAM segment is an intercompany revenue, and as such, is eliminated on consolidation against the related trailer fee expense in SAM.

Returns on proprietary investments were $1.7 million on a three months ended basis and negative $0.6 million on a twelve months ended basis. The gains on a three months ended basis were mainly from the sale of seeded funds. The losses on a twelve months ended basis were mainly from the market value depreciation of certain equity investments, partially offset by gains realized from the sale of an equity holding and seeded investment fund holdings.

Other income was $2.0 million on a three months ended basis and $7.7 million on a twelve months ended basis, which remained largely unchanged on a three months ended basis and increased by $4.9 million on a twelve months ended basis. The increase on a twelve months ended basis was primarily due to higher foreign exchange gains on U.S. dollar denominated cash deposits and receivables.

Expenses

Compensation and benefits were $3.8 million on a three months ended basis and $8.0 million on a twelve months ended basis, reflecting an increase of $1.3 million (52%) and $1.9 million (31%), respectively from the prior periods. The increase was due primarily to higher transition costs related to employee exits.

Stock-based compensation was $0.1 million on a three months ended basis and $0.6 million on a twelve months ended basis, which was largely unchanged on a three months ended basis, but up $0.1 million (12%) on a twelve months ended basis. The increase in stock-based compensation on a twelve months ended basis relates to higher discretionary equity bonus allocations to certain Corporate segment employees.

Referral fees were $Nil on a three months ended basis and nominal on a twelve months ended basis. Referral fees are incurred by SPW on private placement activities, and hence, are entirely transaction based.

SG&A expenses were $1.5 million on a three months ended basis and $5.3 million on a twelve months ended basis, reflecting an increase of $0.6 million (70%) and $1.0 million (23%), respectively, from the prior periods. The increase was primarily due to lower recoveries of intercompany shared services costs which more than offset lower professional fees on a year-over-year basis. Intercompany shared services costs are eliminated on consolidation.

Depreciation and amortization continue to be nominal.

Other expenses were $Nil for the three and twelve months ended December 31, 2015 compared to $0.6 million for the three and twelve months ended December 31, 2014. Expenses in the comparative periods relate to seeded energy assets in the proprietary investments portfolio that were transferred from the Corporate segment to Sprott Toscana in the Consulting segment on January 1, 2015. They consist primarily of operating expenses, depletion and impairment charges associated with non-operated working interests. See the Consulting segment section of this MD&A for further details.

Adjusted base EBITDA

Adjusted base EBITDA was negative $2.3 million on a three months ended basis and negative $4.9 million on a twelve months ended basis, reflecting a decrease of $0.9 million (66%) and $1.1 million (28%), respectively, from the prior periods. The decreases were mainly due to lower SG&A charge backs of intercompany shared services costs.

SUMMARY OF QUARTERLY RESULTS

($ in thousands)	**As at 31-Dec-15**	As at 30-Sept-15	As at 30-Jun-15	As at 31-Mar-15	As at 31-Dec-14	As at 30-Sept-14	As at 30-Jun-14	As at 31-Mar-14
Assets Under Management	**7,426,029**	7,434,096	7,801,186	7,817,389	7,027,390	7,363,019	7,842,005	7,694,545

($ in thousands, except per share amounts)	**3 Months ended 31-Dec-15**	3 Months ended 30-Sept-15	3 Months ended 30-Jun-15	3 Months ended 31-Mar-15	3 Months ended 31-Dec-14	3 Months ended 30-Sept-14	3 Months ended 30-Jun-14	3 Months ended 31-Mar-14
Income Statement Information								
Revenue								
Management fees	**18,504**	18,776	19,492	18,563	18,674	20,273	20,116	19,372
Performance fees	**8,703**	94	1	127	9,493	470	460	270
Commissions	**1,515**	1,940	1,478	2,075	1,400	2,013	2,500	1,924
Interest income	**4,122**	3,953	3,807	6,832	5,687	5,327	3,816	5,354
Gains (losses) on proprietary investments	**(1,128)**	(9,399)	3,450	(2,743)	(7,158)	(4,157)	2,783	4,482
Other income	**6,075**	10,955	250	8,565	4,702	4,304	809	1,601
Total revenue	**37,791**	26,319	28,478	33,419	32,798	28,230	30,484	33,003
Net income (loss)	**(4,104)**	(49,190)	6,726	6,937	(363)	4,502	5,011	10,239
Basic and diluted earnings (loss) per share	**(0.02)**	(0.20)	0.03	0.03	0.00	0.02	0.02	0.04

Dividends

See Note 13 of the financial statements.

Capital Stock

Including the 4.5 million unvested common shares currently held in the EPSP Trust (December 31, 2014 - 2.3 million), total capital stock issued and outstanding was 248.5 million (December 31, 2014 - 248.3 million).

Earnings per share for the current and prior periods have been calculated using the weighted average number of shares outstanding during the respective periods. Basic and diluted earnings per share was $(0.02) on a three months ended basis and $(0.16) on a year ended basis, compared to $0.00 and $0.08, respectively, in the prior periods. Diluted earnings per share reflects the dilutive effect of in-the-money stock options, shares held for the equity incentive plan, estimated earn-out shares being accrued over the earn-out vesting period, and outstanding restricted stock units.

A total of 2.7 million stock options have been issued pursuant to our stock option plan, all of which are exercisable, however none of these options are in the money.

Liquidity and Capital Resources

Management fees and interest income 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 by the Company. Management fees and interest income are generally collected monthly or quarterly, which aids the Company's ability to manage cash flow. The Company believes that management fees and interest income will continue to be sufficient to satisfy ongoing operating needs, including expenditures on corporate infrastructure, business development and information systems. In addition, the Company holds sufficient cash and liquid securities to meet any other operating and capital requirements, if any, including its contractual commitments. The nature of the Company's operations ensures that the largest outflows, such as trailer fees and monthly compensation, are correlated with cash inflows such as management fees and interest income.

The Company has an undrawn credit facility with a major Canadian chartered bank in the amount of $35 million. Amounts may be borrowed under the facility through prime rate loans, or bankers' acceptances. Amounts may also be borrowed in U.S. dollars through base rate loans.

SPW and SAM are required to maintain a minimum amount of regulatory capital calculated in accordance with the rules of the Investment Industry Regulatory Organization of Canada ("IIROC") and of the Ontario Securities Commission ("OSC"), respectively. In addition, SGRIL is registered with the Financial Industry Regulatory Authority ("FINRA") in the United States and is required to maintain a minimum amount of regulatory capital calculated in accordance with the rules of FINRA.

Commitments

Besides the Company's long-term lease agreements, there may be commitments to provide loans arising from the SRLC business segment or commitments to make investments in the proprietary investments portfolio of the Company. As at December 31, 2015, the Company had $29.3 million of loan commitments arising from SRLC (December 31, 2014 - $46.0 million) and there were no investment purchase commitments in the proprietary investments portfolio (December 31, 2014 - $0.8 million).

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 annual 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 and estimates as they occur.

Impairment of goodwill and intangible assets

All indefinite life intangible assets and goodwill are assessed for impairment. Finite life intangibles are only tested for impairment to the extent indications of impairment exist at time of a quarterly assessment. In the case of goodwill and indefinite life intangibles, an annual test for impairment augments the quarterly impairment indicator assessments. 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 estimates of future performance and fair value change.

Impairment of energy sector assets

By their nature, estimates of discovered and probable energy reserves, as they pertain to royalties and working interests, including the estimates of future prices, costs, related future cash flows and the selection of a post-tax discount rate relevant to the assets in question are all subject to measurement uncertainty.

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 valuation techniques and models. Model inputs are taken from observable markets where possible, but where this is not feasible, unobservable inputs may be used. The use of unobservable inputs can involve significant judgment and materially affect the reported fair value of financial instruments.

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 (in the case of options grants) the expected life of the option, volatility, and dividend yields, (and in the case of earn-out shares), the 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.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent it is probable that sufficient taxable profit will be generated in order to utilize the losses. 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 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: (i) changes in tax laws and regulations, both domestic and foreign; (ii) an amendment to the calculation of partnership income allocation; or (iii) a change in foreign affiliate rules. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based on the likely timing and the level of future taxable profits together with future tax planning strategies.

Provisions, including provisions for loan losses and debentures

Due to the nature of provisions (both specific and collective loan loss assessments), a considerable part of their determination is based on estimates and judgments, including assumptions concerning the likelihood of future events occurring. The actual outcome of these uncertain events may be materially different from the initial provision in the Company's financial statements. Management exercises judgment to determine whether indicators of loan or debenture impairment exist (on either a specific or collective basis), and if so, management must estimate the timing and amount of future cash flows from loans receivable and debentures.

Investments in other entities

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") and IAS 28 *Investments in Associates and Joint Ventures* ("IAS 28") provide for the use of judgment in determining whether an investee should be included within the consolidated financial statements of the Company and on what basis (subsidiary, joint venture or associate). Significant judgment is applied in evaluating facts and circumstances relevant to the Company and investee, including: (i) the extent of the Company's direct and indirect interests in the investee; (ii) the level of compensation to be received from the investee for management and other services provided to it; (iii) kick out rights available to other investors in the investee; and (iv) other indicators of the extent of power that the Company has over the investee.

Managing Risk - Financial

Market risk

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

Price risk

Price risk arises from the possibility that changes in the price of the Company's proprietary investments will result in changes in carrying value or recoverable amount. The Company's revenues are also exposed to price risk since management fees, performance fees and carried interests are correlated with AUM, which fluctuates with changes in the market values of the assets in the funds and managed accounts managed by the Company. Commodity price risk refers to uncertainty of future market values caused by fluctuation in the price of a commodity. The Company may, from time to time: (i) hold certain investments linked to the market prices of precious metals or energy assets; and (ii) enter into certain precious metal loans, where loan repayments are notionally tied to a specific commodity spot price.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will adversely affect the value of, or cash flows from, financial instrument assets. The Company’s earnings, particularly through its SRLC segment are exposed to volatility as a result of sudden changes in interest rates.

Foreign currency risk

Foreign currency risk arises from foreign exchange rate movements that could negatively impact either the carrying value of financial assets and liabilities or the related cash flows when translating those balances into Canadian dollars. The Company's primary foreign currency is the United States dollar ("USD"). The Company may employ certain hedging strategies to mitigate foreign currency risk.

Credit risk

Credit risk is the risk that a borrower will not honor its commitments and a loss to the Company may result. Credit risk generally arises in the Company's loans receivable and proprietary investments areas.

Loans receivable

The Company incurs credit risk primarily in the loan portfolio of SRLC. In addition to the relative default probability of SRLC borrowers, credit risk is also dependent on loss given default, which can increase credit risk if the values of the underlying assets securing the Company's loans decline to levels approaching or below the loan amounts. A decrease in commodity prices may delay the development of the underlying security or business plans of the borrower and could adversely affect the value of the Company's security against a resource loan or resource debenture. Additionally, the value of the Company's underlying security in a resource loan or resource debenture can be negatively affected if the actual amount or quality of the commodity proves to be less than originally estimated, or the ability to extract the commodity proves to be more difficult or more costly than originally estimated. During the resource loan and resource debenture origination process, management takes into account a number of factors and is committed to several processes to ensure that this risk is appropriately mitigated.

Collectability of loans

Besides the above noted measures we take to manage credit risk, the company will report on credit risk in the notes to the annual financial statements and records loan loss provisions (both specific and general) to ensure the loans are recorded at their estimated recoverable amount (i.e. net of impairment risk we believe to exist as at the balance sheet date and in accordance with IFRS). Actual losses incurred in the loan portfolio could differ materially from our provisions.

Proprietary investments

The Company incurs credit risk when entering into, settling and financing various proprietary transactions.

Other

The majority of accounts receivable relate to management and performance fees receivable from the funds, managed accounts and managed companies managed by the Company. These receivables are short-term in nature and any credit risk associated with them is managed by dealing with counterparties that the Company believes to be creditworthy and by actively monitoring credit exposure and the financial health of the counterparties.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company's exposure to liquidity risk is minimal as it maintains sufficient levels of liquid assets to meet its obligations as they come due. As part of its cash management program, the Company primarily invests in short-term debt securities issued by the Government of Canada with maturities of less than three months.

The Company's exposure to liquidity risk as it relates to loans receivable arise from fluctuations in cash flows from making loan advances and receiving loan repayments. The Company manages its loan commitment liquidity risk through the ongoing monitoring of scheduled loan fundings and repayments and through its broader treasury risk management program.

Financial liabilities, including accounts payable and accrued liabilities and compensation and employee bonuses payable, are short-term in nature and are generally due within a year.

The Company's management team is responsible for reviewing resources to ensure funds are readily available to meet its financial obligations (e.g. dividend payments) as they come due, as well as ensuring adequate funds exist to support business strategies and operations growth. The Company manages liquidity risk by monitoring cash balances on a daily basis and through its broader treasury risk management program. To meet any liquidity shortfalls, actions taken by the Company could include: syndicating a portion of its loans; slowing its lending activities; cutting its dividend; drawing on available loan facilities; liquidating proprietary investments; and/or issuing common shares.

Concentration risk

A significant portion of the Company's AUM as well as its proprietary investments and loans are focused on the natural resource sector. In addition, from time-to-time, certain proprietary and loan positions may be concentrated to a material degree in a single position or group of positions.

Managing Risk - Other

Confidentiality of Information

Confidentiality is essential to the success of the Company's business, and it strives 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. The Company keeps the affairs of its clients confidential and does not disclose the identities of clients (absent expressed client consent to do so). If a prospective client requests a reference, the Company will not provide the name of an existing client before receiving permission from that client to do so.

Conflicts of Interest

The Company established a number of policies with respect to employee personal trading. Employees may not trade any of the securities held or being considered for investment by any of the Company's 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 funds managed by the Company. All employees must comply with the Company's Code of Ethics. The code establishes strict rules for professional conduct including the management of conflicts of interest.

Disclosure Controls and Procedures ("DC&P") and Internal Control over Financial Reporting ("ICFR")

Management is responsible for the design and operational effectiveness of DC&P and ICFR in order to provide reasonable assurance regarding the disclosure of material information relating to the Company. This includes information required to be disclosed in the Company's annual filings, interim filings and other reports filed under securities legislation, as well as the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Consistent with *National Instrument 52-109*, the Company's CEO and CFO evaluate quarterly the DC&P and ICFR. As at December 31, 2015, the Company's CEO and CFO concluded that the Company's DC&P and ICFR were properly designed and were operating effectively.

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 ("IRC") to whom all conflicts of interest matters must be referred for review and approval. The Company established an IRC for its public funds. As required by NI 81-107, the Company established written policies and procedures for dealing with conflict of interest matters and maintains records in respect of these matters and provides assistance to the IRC in carrying out its functions. The IRC is comprised of three independent members, and is subject to requirements to conduct regular assessments and provide reports to the Company and to the holders of interests in public mutual funds in respect of its functions.

Insurance

The Company maintains appropriate insurance coverage for general business and liability risks as well as insurance coverage required by regulation. Insurance coverage is reviewed periodically to ensure continued adequacy.

Internal Controls and Procedures

Several of the Company's subsidiaries operate in regulated environments and are subject to business conduct rules and other rules and regulations. The Company has internal control policies related to 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 U.S. Securities and Exchange Commission ("SEC").

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements, which consolidate the financial results of Sprott Inc. (the "Company"), were prepared by management, who are responsible for the integrity and fairness of all information presented in the consolidated financial statements and management's discussion and analysis ("MD&A") for the year ended December 31, 2015. The consolidated financial statements were prepared by management in accordance with International Financial Reporting Standards. Financial information presented in the MD&A is consistent with that in the consolidated financial statements.

In management's opinion, the consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized in Note 2 of the consolidated financial statements. Management maintains a system of internal controls to meet its responsibilities for the integrity of the consolidated financial statements.

The board of directors (the "Board of Directors") of the Company appoints the Company's audit and risk committee (the "Audit & Risk Committee") annually. Among other things, the mandate of the Audit & Risk Committee includes the review of the consolidated financial statements of the Company on a quarterly basis and the recommendation to the Board of Directors for approval. The Audit & Risk Committee has access to management and the auditors to review their activities and to discuss the external audit program, internal controls, accounting policies and financial reporting matters.

Ernst & Young LLP performed an independent audit of the consolidated financial statements, as outlined in the auditors' report contained herein. Ernst & Young LLP had, and has, full and unrestricted access to management of the Company, the Audit & Risk Committee and the Board of Directors to discuss their audit and related findings and have the right to request a meeting in the absence of management at any time.

Peter Grosskopf
Chief Executive Officer

Kevin Hibbert, CPA, CA
Chief Financial Officer and Corporate Secretary

March 10, 2016

INDEPENDENT AUDITORS' REPORT

To the shareholders of Sprott Inc.

We have audited the accompanying consolidated financial statements of Sprott Inc. (the "Company"), which comprise the consolidated balance sheets as at December 31, 2015 and 2014, and the consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Toronto, Canada
March 10, 2016

Chartered Professional Accountants
Licensed Public Accountants

CONSOLIDATED BALANCE SHEETS

As at *($ in thousands of Canadian dollars)*		**December 31 2015**	December 31 2014
Assets			
Current			
Cash and cash equivalents		**107,622**	120,774
Fees receivable		**13,531**	13,176
Loans receivable	*(Note 6)*	**53,200**	51,317
Proprietary investments	*(Note 3)*	**136,809**	—
Other assets	*(Note 7)*	**8,327**	6,975
Income taxes recoverable		**1,632**	6,133
Total current assets		**321,121**	198,375
Loans receivable	*(Note 6)*	**47,602**	70,592
Proprietary investments	*(Note 3)*	**—**	132,112
Other assets	*(Note 7)*	**15,819**	4,108
Property and equipment, net	*(Note 4)*	**6,344**	6,270
Intangible assets	*(Note 5)*	**14,968**	32,190
Goodwill	*(Note 5)*	**26,498**	50,427
Deferred income taxes	*(Note 10)*	**1,524**	6,723
		112,755	302,422
Total assets		**433,876**	500,797
Liabilities and Shareholders' Equity			
Current			
Accounts payable and accrued liabilities		**22,818**	28,340
Compensation and employee bonuses payable		**4,313**	9,324
Obligations related to securities sold short	*(Note 3)*	**40,191**	19,520
Loan payable	*(Note 8)*	**—**	15,000
Income taxes payable		**1,704**	—
Total current liabilities		**69,026**	72,184
Deferred income taxes	*(Note 10)*	**6,608**	10,001
Total liabilities		**75,634**	82,185
Shareholders' equity			
Capital stock	*(Note 9)*	**412,344**	414,668
Contributed surplus	*(Note 9)*	**38,749**	42,199
Deficit		**(128,056)**	(58,655)
Accumulated other comprehensive income		**35,205**	20,400
Total shareholders' equity		**358,242**	418,612
Total liabilities and shareholders' equity		**433,876**	500,797
Commitments	*(Note 16)*		

See accompanying notes

Eric Sprott
Director

James Roddy
Director

CONSOLIDATED STATEMENTS OF OPERATIONS

($ in thousands of Canadian dollars, except for per share amounts)		For the years ended December 31 2015	 December 31 2014
Revenue			
Management fees		**75,335**	78,435
Performance fees		**8,925**	10,693
Commissions		**7,008**	7,837
Interest income		**18,714**	20,184
Gains (losses) on proprietary investments		**(9,820)**	(4,050)
Other income	*(Note 7)*	**25,845**	11,416
Total revenue		**126,007**	124,515
Expenses			
Compensation and benefits		**38,102**	39,566
Stock-based compensation	*(Note 9)*	**1,976**	3,373
Trailer fees		**12,547**	12,413
Sub-advisor and referral fees		**9,280**	8,698
Loan loss provisions	*(Note 6)*	**9,217**	532
Selling, general and administrative		**27,036**	22,693
Amortization of intangibles	*(Note 5)*	**5,550**	5,455
Impairment of intangibles	*(Note 5)*	**12,073**	2,308
Impairment of goodwill	*(Note 5)*	**31,709**	—
Amortization of property and equipment	*(Note 4)*	**846**	778
Other expenses	*(Note 7)*	**8,649**	638
Total expenses		**156,985**	96,454
Income (loss) before income taxes for the year		**(30,978)**	28,061
Provision for income taxes	*(Note 10)*	**8,653**	8,672
Net income (loss) for the year		**(39,631)**	19,389
Basic and diluted earnings (loss) per share	*(Note 9)*	**$ (0.16)**	$ 0.08

See accompanying notes

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

($ in thousands of Canadian dollars)	*For the years ended* **December 31 2015**	December 31 2014
Net income (loss) for the year	**(39,631)**	19,389
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation gain on foreign operations (taxes of $Nil)	**14,805**	7,942
Total other comprehensive income	**14,805**	7,942
Comprehensive income (loss)	**(24,826)**	27,331

See accompanying notes

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

($ in thousands of Canadian dollars, other than number of shares)		Number of Shares Outstanding	Capital Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Equity
At December 31, 2014		**246,021,326**	**414,668**	**42,199**	**(58,655)**	**20,400**	**418,612**
Shares acquired for equity incentive plan	*(Note 9)*	**(3,119,030)**	**(7,750)**	—	—	—	**(7,750)**
Shares released on vesting of equity incentive plan	*(Note 9)*	**956,845**	**4,879**	**(4,879)**	—	—	—
Foreign currency translation gain on foreign operations		—	—	—	—	**14,805**	**14,805**
Issuance of share capital on share-base consideration	*(Note 9)*	**136,064**	**543**	**(543)**	—	—	—
Stock-based compensation	*(Note 9)*	—	—	**1,976**	—	—	**1,976**
Issuance of share capital on conversion of Restricted Stock Units ("RSU")	*(Note 9)*	**1,400**	**4**	**(4)**	—	—	—
Dividends declared	*(Note 13)*	—	—	—	**(29,770)**	—	**(29,770)**
Net loss		—	—	—	**(39,631)**	—	**(39,631)**
Balance, December 31, 2015		**243,996,605**	**412,344**	**38,749**	**(128,056)**	**35,205**	**358,242**
At December 31, 2013		245,945,857	410,420	45,664	(48,244)	12,458	420,298
Shares acquired for equity incentive plan		(1,000,000)	(1,686)	(1,315)	—	—	(3,001)
Shares released on vesting of equity incentive plan		672,205	3,915	(3,908)	—	—	7
Foreign currency translation gain on foreign operations		—	—	—	—	7,942	7,942
Additional purchase consideration		177,500	1,223	(1,613)	—	—	(390)
Stock-based compensation		—	—	3,373	—	—	3,373
Shares issued from treasury		225,764	796	(2)	—	—	794
Dividends declared		—	—	—	(29,800)	—	(29,800)
Net income		—	—	—	19,389	—	19,389
Balance, December 31, 2014		246,021,326	414,668	42,199	(58,655)	20,400	418,612

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31 ($ in thousands of Canadian dollars)	**2015**	2014
Operating Activities		
Net income (loss) for the year	**(39,631)**	19,389
Add (deduct) non-cash items:		
Losses on proprietary investments	**9,820**	4,051
Stock-based compensation	**1,976**	3,373
Amortization of property, equipment and intangible assets	**6,396**	6,233
Impairment of intangible assets	**12,073**	2,308
Impairment of goodwill	**31,709**	—
Loan loss provisions	**9,217**	532
Deferred income taxes	**2,400**	8,674
Current income tax expense	**6,253**	(132)
Other items	**(359)**	(9,155)
Income taxes paid	**(57)**	(2,060)
Changes in:		
Fees receivable	**(127)**	10,062
Loans receivable	**13,153**	(20,397)
Accounts payable, accrued liabilities, compensation and employee bonuses payable	**(11,141)**	14,693
Other assets	**(1,124)**	—
Cash provided by operating activities	**40,558**	37,571
Investing Activities		
Purchase of proprietary investments	**(53,512)**	(62,924)
Sale of proprietary investments	**59,325**	51,928
Purchase of property and equipment	**(865)**	(13)
Deferred sales commissions paid	**(1,459)**	(1,716)
Costs related to an exchange offer	**(11,711)**	—
Cash paid for acquisitions	**—**	—
Internalization of performance fees	**3,475**	—
Purchase of intangible assets	**(459)**	(3,544)
Cash used in investing activities	**(5,206)**	(16,269)
Financing Activities		
Acquisition of common shares for equity incentive plan	**(7,750)**	(3,001)
Loan payable (repayment)	**(15,000)**	15,000
Dividends paid	**(29,770)**	(29,800)
Cash used in financing activities	**(52,520)**	(17,801)
Effect of foreign exchange on cash balances	**4,016**	1,603
Net increase (decrease) in cash and cash equivalents during the year	**(13,152)**	5,104
Cash and cash equivalents, beginning of the year	**120,774**	115,670
Cash and cash equivalents, end of the year	**107,622**	120,774
Cash and cash equivalents:		
Cash	**103,373**	115,028
Short-term deposits	**4,249**	5,746
	107,622	120,774
Supplementary disclosure of cash flow information		
Amount of interest received during the year	**8,685**	11,557

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These annual audited consolidated financial statements for the years ended December 31, 2015 and 2014 ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

They have been authorized for issue by a resolution of the Board of Directors of the Company on March 10, 2016.

Basis of presentation

These financial statements have been prepared on a going concern basis and on a historical cost basis, except for financial assets and financial liabilities classified as held-for-trading ("HFT"), designated as fair value through profit or loss ("FVTPL"), or available-for-sale ("AFS"), all of which have been measured at fair value. The financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand ($000), except when indicated otherwise.

Principles of consolidation

These financial statements of the Company are prepared on a consolidated basis so as to include the accounts of all limited partnerships and corporations the Company is deemed to control under IFRS. Controlled limited partnerships and corporations ("subsidiaries") are consolidated from the date the Company obtains control. All intercompany balances with subsidiaries are eliminated upon consolidation. Subsidiary financial statements are prepared over the same reporting period as the Company's and are based on accounting policies consistent with that of the Company.

Control exists if the Company has power over the entity, exposure or rights to variable returns from its involvement with the entity and the ability to use its power over the entity to affect the amount of returns the Company receives. In many, but not all instances, control will exist when the Company owns more than one half of the voting rights of a corporation, or is the sole limited and general partner of a limited partnership.

The Company currently controls the following subsidiaries:

- Sprott Asset Management LP ("SAM");
- Sprott Private Wealth LP ("SPW");
- Sprott Consulting LP ("SC");
- Sprott Asia LP ("Sprott Asia");
- Sprott Korea Corporation ("Sprott Korea");
- Sprott U.S. Holdings Inc., parent company of: (i) Rule Investments Inc. (the parent of Sprott Global Resource Investments Ltd. ("SGRIL")); (ii) Sprott Asset Management USA Inc. ("SAM US"); and (iii) Resource Capital Investment Corporation ("RCIC"). Collectively, the interests of Sprott U.S. Holdings Inc. are referred to as the "Global Companies" in these financial statements;
- Sprott Resource Lending Corp. ("SRLC");
- Toscana Energy Corporation ("TEC") and Toscana Capital Corporation ("TCC") (Collectively, "Sprott Toscana");
- Sprott Genpar Ltd.;
- SAMGENPAR Ltd.; and
- Sprott Inc. 2011 Employee Profit Sharing Plan Trust (the "Trust").

Investments in funds

Investments in funds managed by the Company and included in proprietary investments, are assessed to determine whether the Company has control, joint control or significant influence. This determination includes consideration of all facts and circumstances relevant to a fund, including the extent of the Company's direct and indirect interests in a fund, the level of compensation to be received from a fund for management and other services provided to it, kick out rights available to other investors and other indicators of power the Company has over a fund. If a fund is determined to be controlled, it will be consolidated by the Company. If a fund is determined to be subject to significant influence, the Company may designate the investment at fair value through profit or loss in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39") and as permitted by IAS 28 *Investments in Associates and Joint Ventures*.

The Company manages a range of funds that take the form of public mutual funds, alternative investment strategies, exchange traded funds, bullion funds and fixed-term limited partnerships, all of which meet the definition of structured entities under IFRS. The principal place of business of the funds is Toronto, Ontario. As at December 31, 2015, assets under management in public mutual funds was $2.1 billion (December 31, 2014 - $1.7 billion); alternative investment strategies was $0.9 billion (December 31, 2014 - $0.8 billion); exchange traded funds was $0.2 billion (December 31, 2014 - $0.1 billion); bullion funds was $3.0 billion (December 31, 2014 - $3.2 billion); and fixed-term limited partnerships was $0.3 billion (December 31, 2014 - $0.3 billion). The Company had investments in 20 funds (December 31, 2014 - 22) with an average ownership interest of 9.96% (December 31, 2014 - 8.95%) across its total fund universe. The Company provides no guarantees against the risk of financial loss to the investors of these investment funds.

Recognition of income

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.

Performance fee revenue is recognized when earned, according to agreements in the underlying funds, managed accounts and managed companies which is predominantly on the last day of the fiscal year. Fees arising from carried interest entitlements, and presented as performance fees, are recorded on an accrual basis following the disposition of underlying portfolio investments.

Trailer fee income and commission income are recognized on an accrual basis over the period during which the related service is rendered.

Interest income is recognized on an accrual basis using the effective interest method. Under the effective interest method, the interest rate realized is not necessarily the same as the stated rate in the loan or debenture documents. The effective interest rate is the rate required to discount the future value of all loan or debenture cash flows to their present value and is adjusted for the receipt of cash and non-cash items in connection with the loan.

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

Investments in gold bullion are measured at fair value determined by reference to published price quotations, with unrealized and realized gains and losses recorded in income in accordance with IAS 40 *Investment Property* ("IAS 40") fair value model. Investment transactions in physical gold bullion are accounted for on the business day following the date the order to buy or sell is executed.

Public equities, share purchase warrants and fixed income securities are measured at fair value and are accounted for on a trade-date basis.

Mutual fund and alternative investment strategy investments are valued using the net asset value per unit of the fund, which represents the underlying net assets at fair values determined using closing market prices. These investments are generally made in the process of launching a new fund and are redeemed (if open-end) or sold (if closed-end) as third party investors subscribe. The balance represents the Company's maximum exposure to loss associated with the investments.

Private holdings include the following:

Private company investments

Private company investments are classified as HFT and carried at fair value based on the value of the Company's interests in the private companies determined from financial information provided by management of the private companies, which may include operating results, subsequent rounds of financing and other appropriate information. Any change in fair value is recognized on the consolidated statements of operations.

Energy sector investments

The Company has investments in gross overriding royalties and working interest properties. Interests in gross overriding royalties are accounted for as AFS investments, and thus, are fair valued through other comprehensive income, which is based on estimated future cash flows and expected return from future royalty payments. Working interest properties are accounted for in accordance with IAS 16 *Property, Plant and Equipment*. The initial cost of working interest assets consist of purchase price or construction costs, any costs directly attributable to bringing the asset into operation, including directly attributable general and administrative expenses, the initial estimate of the decommissioning obligation and, for qualifying assets, borrowing costs. All of these costs are initially capitalized as part of proprietary investments on the Company's balance sheets and are net of accumulated depletion and impairment charges, if any. When a development project moves into the production stage, the capitalization of certain construction/development costs ceases and costs are regarded as part of inventory or expensed, except for costs that qualify for capitalization relating to energy property asset additions, improvements, or new developments. Working interests at the development and production stage are depleted on a units-of-production basis over total proved developed and undeveloped energy reserves, as appropriate. The Company does not have oil and gas working interests in the exploration and evaluation stage.

Foreclosed properties

Foreclosed properties held for sale include properties for which the Company is entitled, through court order, to take title or to enforce the sale, unconditionally. In accordance with IFRS 5 *Non-current Assets held For Sale and Discontinued Operations*, foreclosed properties held for sale that are in saleable condition and for which a sale is considered highly probable are classified as held for sale and are initially measured at the lower of carrying value or fair value less estimated costs to sell. Subsequent changes in carrying values of foreclosed properties are reported within gains (losses) on proprietary investments in the consolidated statements of operations. Amortization is not recorded on foreclosed properties held for sale. An extension of the period required to complete the sale would not preclude the properties from being classified as held for sale when the delay is caused by events or circumstances beyond the Company's control and there is sufficient evidence that the Company remains committed to its plan to sell the asset. The Company uses management's best estimate to determine the fair value of foreclosed properties, which involves engaging realtors, valuation experts and other professionals as deemed necessary to obtain independent property appraisals and assessments of market conditions. Costs to sell include property taxes and realtor commissions.

Loans receivable

Precious metal loans

Precious metal loans are initially measured at fair value. After initial measurement, precious metal loans are designated as FVTPL or classified as HTM. All funds advanced to a borrower are first allocated to the value of any shares, warrants, commitment fees, etc. and are recognized as part of proprietary investments on the Company's balance sheet. The remaining funds are recognized as loan principal on the balance sheet. At each reporting period, precious metal loans designated as FVTPL are fair valued using published futures contract prices for precious metals and discount rates to reflect the time value of money. Discount rates are reviewed at each reporting period and adjusted as necessary for changes in credit risk of the borrower, or for changes in relevant market conditions. To assess market changes, the Company reviews yields to maturity for a group of comparable loans or borrowings trading in the market based on similar characteristics such as term to maturity, security rankings and business risks.

Resource loans and debentures

Resource loans and debentures are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially measured at fair value. After initial measurement, they are subsequently measured at amortized cost using the effective interest method, less impairment, if any.

Fees received for originating loans are considered an integral part of the yield earned on the loan and are recognized in interest income over the term of the loan using the effective interest method. Fees received may include cash payments and/or securities in the borrower.

Impairment of resource loans and debentures - Specific loan loss provisions and impairment charges

Loans and debentures invested in by the Company are considered to be impaired when there is objective evidence that, as a result of one or more events that have occurred after the initial recognition of the loan or debenture, the estimated future cash flows have been affected.

At each reporting date, management assesses whether there are indicators that specific loan loss provisions (or impairment charges in the case of debentures) are required based on factors that may include economic and market trends, the impairment status of loans or debentures, the quoted credit rating of the borrower, market value of the asset, and appraisals, if any, of the security underlying the loan or debenture. If these factors indicate that the carrying value may not be recoverable, or the repayment of contractual amounts due may be delayed, management compares the carrying value with the discounted present values of estimated future cash flows which are discounted using the original effective interest rate on the loan or debenture. To the extent that discounted estimated future cash flows are less than the carrying value, a specific loan loss provision (or impairment charge in the case of a debenture) is recorded. Any subsequent recognition of interest income for which a specific loan loss provision or impairment charge exists, is calculated at the discount rate used in determining the provision or impairment charge, which may differ from the contractual rate of interest.

Should the cash flow assumptions used to determine the original specific loan loss provision or impairment charge change, the specific loan loss provision or impairment charge may be reversed. A specific loan loss provision or impairment charge is reversed only to the extent that the revised carrying value does not exceed its amortized cost that would have been recorded had no specific loan loss provision or impairment charge been recognized.

Impairment of resource loans - Collective loan loss assessments

In light of continued challenges in the global resources sector, effective October 1, 2015, management implemented a collective loan loss assessment approach to further augment its loan loss provisioning process over resource loans.

Resource loans which are individually assessed and not determined to be impaired, are collectively assessed for impairment. For the purposes of a collective evaluation of impairment, resource loans are grouped on the basis of similar risk characteristics, taking into account loan type, industry, geographic location, collateral type, past due status and other relevant factors, as necessary.

The collective impairment allowance is determined by reviewing factors including, but not limited to: (1) historical loss experience, which takes into consideration historical probabilities of default and loss given default, in portfolios of similar credit risk characteristics; and (2) management's judgment on the level of impairment losses based on historical experience relative to the actual level as reported at the balance sheet date, taking into consideration the current portfolio credit quality trends, business and economic and credit conditions, the impact of policy and process changes, and other supporting factors. Future cash flows for a group of loans are collectively evaluated for impairment on the basis of the contractual cash flows of the resource loans in the group and historical loss experience for resource loans with credit risk characteristics similar to those in the group. Historical loss experience is adjusted based on the current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based. Collectively-assessed impairment losses reduce the carrying amount of the aggregated resource loan position through an allowance account and the amount of the loss is recognized in the Loan loss provision line of the consolidated statements of operations.

Financial instruments

Financial instrument assets held by the Company are classified as HFT, designated as FVTPL, AFS, HTM or as loans and receivables. Financial instrument liabilities may be classified as either HFT or other. All financial instruments held by the Company are initially measured at fair value. After initial recognition, financial instruments classified as HFT, AFS or those designated as FVTPL are measured at fair value using quoted market prices in active markets where available or through the use of valuation techniques as appropriate. Precious metal loans are designated as FVTPL or classified as HTM. Changes in fair value of the Company's financial instruments are reflected in net income, with the exception of: (i) financial instruments classified as HTM, loans and receivables and other financial liabilities, which are all measured at amortized cost using the effective interest rate method; and (ii) AFS investments that have their changes in fair value recorded in other comprehensive income. Transaction costs related to financial assets classified as HFT or designated as FVTPL 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, AFS 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 have occurred after 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 are classified as HFT;
- Fees receivable, proceeds receivable (part of other assets) and loans receivable (other than precious metal loans) are classified as loans and receivables;
- Precious metal loans are designated as FVTPL or classified as HTM;
- Proprietary investments in financial instruments are classified as follows: (i) public equities and share purchase warrants are classified as HFT; (ii) mutual funds and alternative investment strategies are classified as HFT; (iii) fixed income securities are classified as HFT; (iv) private holdings are classified as HFT or AFS; and
- Accounts payable and accrued liabilities, loan payable and compensation and employee bonuses payable are classified as other financial liabilities.

Fair value option

A financial instrument can be designated as FVTPL (the fair value option) on its initial recognition even if the financial instrument was not acquired or incurred principally for the purpose of selling or repurchasing it in the near term. An instrument that is designated as FVTPL must have a reliably measurable fair value and satisfy one of the following criteria: (i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities, or recognizing gains and losses on them on a different basis; (ii) it belongs to a group of financial assets or financial liabilities or both that are managed, evaluated, and reported to senior management on a fair value basis in accordance with the Company's documented investment or risk management strategy, and information about the group is provided internally on that basis to the Company's key management personnel; or (iii) there is an embedded derivative in the financial or non-financial host contract and the embedded derivative can significantly modify the cash flows required under the contract.

Financial instruments designated as FVTPL are recorded at fair value with any gain or loss being included with gains (losses) on proprietary investments. These financial instruments cannot be reclassified out of the FVTPL category while they are held or issued. Certain of the Company's precious metal loans are currently designated as FVTPL.

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; and

Level 3: valuation techniques with significant unobservable market inputs.

The Company will transfer financial instruments into or out of levels in the fair value hierarchy to the extent the instrument no longer satisfies the criteria for inclusion in the category in question. Level 3 valuations are prepared by the Company and reviewed and approved by management at each reporting date. Valuation results, including the appropriateness of model inputs, are compared to actual market transactions to the extent readily available. Valuations of level 3 assets are also discussed with the Audit Committee as deemed necessary by the Company.

Available-for-sale investments

AFS investments are measured at fair value. Unrealized gains and losses arising from changes in fair value are included in other comprehensive income. When an AFS investment is sold, the cumulative gain or loss recorded in other comprehensive income is recycled into net income. At each reporting date, and more frequently when conditions warrant, the Company evaluates AFS investments to determine whether there is any objective evidence of impairment. If an AFS investment is impaired, the cumulative unrealized loss previously recognized in other comprehensive income is removed from equity and recognized in net income. Subsequent to impairment, further declines in fair value are recorded in net income, while increases in fair value are recognized in other comprehensive income until the AFS investment is sold.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported on 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 over the expected useful life which ranges from 1 to 5 years. Leasehold improvements are amortized on a straight-line basis over the term of the lease. Artwork is not amortized since it does not have a determinable useful life. The residual values, useful life and methods of amortization for property and equipment are reviewed at each reporting date and adjusted prospectively, if necessary.

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. When redemptions occur, the actual investment period is shorter than expected, and the unamortized deferred sales commission related to the original investment in the funds is charged to net income and included in the amortization of deferred sales commissions.

Intangible assets

The useful life of an intangible asset is either finite or indefinite. Intangible assets other than goodwill are recognized when they are separable or arise from contractual or other legal rights, and have fair values that can be reliably measured.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment indicators at each reporting date, or more frequently if changes in circumstances indicate that the carrying value may be impaired. Intangible assets with finite lives are only tested for impairment if indicators of impairment exist at the time of an impairment assessment. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at each reporting date. 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 are recognized in the consolidated statements of operations.

Intangible assets with indefinite useful lives are not amortized, but are assessed for impairment indicators at each reporting date, or more frequently if changes in circumstances indicate that the carrying value may be impaired. In addition to impairment indicator assessments, indefinite life intangibles must be tested annually for impairment. The indefinite life of an intangible asset is reviewed annually to determine whether the indefinite life continues to be supportable. If no longer supportable, changes in useful life from indefinite to finite are made prospectively.

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 but cannot exceed the carrying amount that would have been determined (net of amortization and impairment) 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 fair values of such identifiable net assets is recorded as goodwill.

Goodwill, which is measured at cost less any accumulated impairment losses, is not amortized, but rather, is assessed for impairment indicators at each reporting date, or more frequently if changes in circumstances indicate that the carrying value may be impaired. In addition to quarterly impairment indicator assessments, goodwill must be tested annually for impairment. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash generating units ("CGUs") that are expected to benefit from the acquisition. The recoverable amount of a CGU is compared to its carrying value plus any goodwill allocated to the CGU. If the recoverable amount of a CGU is less than its carrying value plus allocated goodwill, an impairment charge is recognized, first against the carrying value of the goodwill, with any remaining difference being applied against the carrying value of assets contained in the impacted CGUs. Impairment losses on goodwill are recorded in the consolidated statements of operations and cannot be subsequently reversed.

Income taxes

Income tax is comprised of current and deferred tax.

Income tax is recognized in the consolidated statements of operations except to the extent that it relates to items recognized directly in other comprehensive income or elsewhere in equity, in which case, the related taxes are also recognized in the consolidated statements of comprehensive income (loss) or elsewhere in equity.

Deferred taxes are recognized using the liability method for temporary differences that exist between the carrying amounts of assets and liabilities in the 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 differences related to the assets or liabilities reported for tax purposes are expected to reverse in the future. Deferred tax assets are recognized only when it is probable that sufficient taxable profits 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 ventures or joint operations to the extent they are controlled by the Company and they will not reverse in the foreseeable future;
- Taxable temporary differences arising on the initial recognition of goodwill.

The Company records a provision for uncertain tax positions if it is probable that the Company will have to make a payment 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. Compensation expense for deferred stock units ("DSU") is determined based on the value of the Company's common shares at the time of grant. Compensation expense for earn-out shares is determined using appropriate valuation models. Compensation expense for the Trust is determined based on the value of the Company's common shares purchased by the Trust as of the grant date. Compensation expense is recognized over the vesting period with a corresponding increase to contributed surplus other than for the Company's DSUs where the corresponding increase is to liabilities. 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 vesting of common shares in the Trust, the contributed surplus previously recorded is credited to capital stock. On the exercise of DSUs, the liability 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 period.

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

Foreign currency translation

Accounts 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 the functional currency of the Company. The Canadian dollar is also the functional currency of all its subsidiaries, with the exception of Global Companies, which uses the U.S. dollar as its functional currency. Accordingly, the assets and liabilities of Global Companies are translated into Canadian dollars using the rate in effect on the date 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 Global Companies, 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 these 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 and estimates as they occur.

Impairment of goodwill and intangible assets

All indefinite life intangible assets and goodwill are assessed for impairment. Finite life intangibles are only tested for impairment to the extent indications of impairment exist at time of a quarterly assessment. In the case of goodwill and indefinite life intangibles, an annual test for impairment augments the quarterly impairment indicator assessments. 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 estimates of future performance and fair value change.

Impairment of energy sector assets

By their nature, estimates of discovered and probable energy reserves, as they pertain to royalties and working interests, including the estimates of future prices, costs, related future cash flows and the selection of a post-tax discount rate relevant to the assets in question are all subject to measurement uncertainty.

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 valuation techniques and models. Model inputs are taken from observable markets where possible, but where this is not feasible, unobservable inputs may be used. The use of unobservable inputs can involve significant judgment and materially affect the reported fair value of financial instruments.

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 (in the case of options grants) the expected life of the option, volatility, and dividend yields, (and in the case of earn-out shares), the 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.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent it is probable that sufficient taxable profit will be generated in order to utilize the losses. 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 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: (i) changes in tax laws and regulations, both domestic and foreign; (ii) an amendment to the calculation of partnership income allocation; or (iii) a change in foreign affiliate rules. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based on the likely timing and the level of future taxable profits together with future tax planning strategies.

Provisions, including provisions for loan losses and debentures

Due to the nature of provisions (both specific and collective loan loss assessments), a considerable part of their determination is based on estimates and judgments, including assumptions concerning the likelihood of future events occurring. The actual outcome of these uncertain events may be materially different from provisions recorded on the Company's financial statements. With regard to loan loss provisions and debenture impairments, management exercises judgment to determine whether indicators of loan or debenture impairment exist (on either a specific or collective basis), and if so, management must estimate the timing and amount of future cash flows from loans receivable and debentures.

Investments in other entities

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") and IAS 28 *Investments in Associates and Joint Ventures* ("IAS 28") provide for the use of judgment in determining whether an investee should be included within the consolidated financial statements of the Company and on what basis (subsidiary, joint venture or associate). Significant judgment is applied in evaluating facts and circumstances relevant to the Company and investee, including: (i) the extent of the Company's direct and indirect interests in the investee; (ii) the level of compensation to be received from the investee for management and other services provided to it; (iii) kick out rights available to other investors in the investee; and (iv) other indicators of the extent of power that the Company has over the investee.

Future changes in accounting policies

IFRS 9, *Financial Instruments* ("IFRS 9")

IFRS 9 was issued by the IASB on July 24, 2014 and will replace IAS 39 *Financial instruments: Recognition and Measurement*. IFRS 9 requires financial instrument classification and related measurement practices to be based primarily on an entity's business model objectives when managing those financial assets and on the extent to which contractual cash flows exist within the financial assets. The standard also introduces a new expected loss impairment model. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company is evaluating the potential impact of this new standard on the financial statements.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15")

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry. IFRS 15 will also apply to the recognition and measurement of gains and losses on the sale of certain non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company is evaluating the potential impact of this new standard on the financial statements.

3. PROPRIETARY INVESTMENTS AND OBLIGATIONS RELATED TO SECURITIES SOLD SHORT

Proprietary investments and obligations related to securities sold short consist of the following ($ in thousands):

	December 31, 2015	December 31, 2014
Gold bullion	**—**	4,843
Public equities and share purchase warrants	**12,961**	10,705
Mutual funds and alternative investment strategies*	**106,814**	91,378
Fixed income securities	**2,520**	8,590
Private holdings**	**14,514**	16,596
Total proprietary investments	**136,809**	132,112
Obligations related to securities sold short* **	**40,191**	19,520

* Investments in mutual funds and alternative investment strategies are primarily managed by SAM or RCIC. As at December 31, 2015, the underlying holdings in these mutual funds and alternative investment strategies primarily consisted of cash and short-term investments of $9.0 million (December 31, 2014 - $13.5 million), equities of $43.9 million (December 31, 2014 - $32.1 million), short equity positions of $49.8 million (December 31, 2014 - $111.4 million), fixed income securities of $59.9 million (December 31, 2014 - $125.6 million), bullion of $3.0 million (December 31, 2014 - $3.8 million), loans of $0.1 million (December 31, 2014 - $3.3 million) and derivatives of $0.2 million (December 31, 2014 - $4.4 million).

** Private holdings consist of the following investments: (1) private company investments classified as HFT, which have their changes in fair value recorded on the consolidated statements of operations; (2) energy royalties of $5.6 million (December 31, 2014 - $6.1 million) classified as AFS investments, which have their changes in fair value recorded as part of consolidated statements of comprehensive income until such time the asset is either disposed of or is assessed as being impaired, which is based on the estimated future cash flows and expected return from future royalty payments; (3) working interests in energy properties of $4.9 million (December 31, 2014 - $7.3 million) which are recorded at cost, net of depletion and/or impairment charges; and (4) a foreclosed property. As at December 31, 2015, the Company assessed the carrying amount of its working interest in energy properties by considering changes in future prices, future costs and reserves and identified indicators of impairment as at the end of the period, which led to a $3.3 million impairment charge being recorded on the consolidated statement of operations. As at December 31, 2015, the Company assessed the carrying amount of its energy royalties by considering changes in future prices, future costs and reserves and identified indicators of impairment as at the end of the period, which led to a $2.4 million impairment charge on the consolidated statement of operations. See Note 7 for further details.

*** On occasion, the Company may employ market-neutral investment strategies that involve an investment in our funds or other publicly listed entities and related securities short sales to hedge market risk. Currently, these strategies have employed $38.5 million (December 31, 2014 - $19.9 million) of long positions in mutual funds and alternative investment strategies and $40.2 million (December 31, 2014 - $19.5 million) of short positions.

4. 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, 2013	2,045	2,936	2,122	7,856	14,959
Additions, net of disposals	—	13	—	—	13
Net exchange differences	—	40	34	26	100
December 31, 2014	2,045	2,989	2,156	7,882	15,072
Additions	—	217	179	469	865
Net exchange differences	—	90	77	64	231
December 31, 2015	**2,045**	**3,296**	**2,412**	**8,415**	**16,168**
Accumulated amortization					
At December 31, 2013	—	(2,541)	(2,079)	(3,329)	(7,949)
Charge for the year	—	(150)	(38)	(590)	(778)
Net exchange differences	—	(34)	(34)	(7)	(75)
December 31, 2014	—	(2,725)	(2,151)	(3,926)	(8,802)
Charge for the year	—	(169)	(61)	(616)	(846)
Net exchange differences	—	(80)	(76)	(20)	(176)
December 31, 2015	**—**	**(2,974)**	**(2,288)**	**(4,562)**	**(9,824)**
Net book value at:					
December 31, 2014	2,045	264	5	3,956	6,270
December 31, 2015	**2,045**	**322**	**124**	**3,853**	**6,344**

5. GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets 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, 2013	143,149	14,327	24,879	33,344	6,310	222,009
Net additions	—	2,660	—	1,676	1,716	6,052
Net exchange differences	12,286	—	2,052	3,164	—	17,502
At December 31, 2014	155,435	16,987	26,931	38,184	8,026	245,563
Net additions and (disposals)	—	(3,129)	—	113	1,459	(1,557)
Net exchange differences	27,384	—	4,574	7,316	—	39,274
At December 31, 2015	**182,819**	**13,858**	**31,505**	**45,613**	**9,485**	**283,280**
Accumulated amortization and impairment losses						
At December 31, 2013	(96,771)	—	(12,142)	(30,342)	(3,779)	(143,034)
Amortization charge for the year	—	—	(3,245)	(530)	(1,680)	(5,455)
Net impairment charge for the year	—	—	—	(2,308)	—	(2,308)
Net exchange differences	(8,237)	—	(1,024)	(2,888)	—	(12,149)
At December 31, 2014	(105,008)	—	(16,411)	(36,068)	(5,459)	(162,946)
Amortization charge for the year	—	—	(3,712)	(168)	(1,670)	(5,550)
Net impairment charge for the year	(31,709)	(9,342)	(398)	(2,333)	—	(43,782)
Net exchange differences	(19,604)	—	(2,888)	(7,044)	—	(29,536)
At December 31, 2015	**(156,321)**	**(9,342)**	**(23,409)**	**(45,613)**	**(7,129)**	**(241,814)**
Net book value at:						
December 31, 2014	50,427	16,987	10,520	2,116	2,567	82,617
December 31, 2015	**26,498**	**4,516**	**8,096**	**—**	**2,356**	**41,466**

Impairment assessment of goodwill

The Company identified six CGUs for goodwill impairment assessment and testing purposes: SAM; Global Companies; SRLC; Corporate; SC; and SPW. Operating segments of the Company substantially align with the CGUs. A full description of our segments can be found in Note 15.

As at December 31, 2015, the Company allocated goodwill across the CGUs as follows ($ in thousands):

	December 31, 2015	December 31, 2014
SAM	**26,498**	22,300
Global Companies	**—**	24,927
SRLC	**—**	—
Corporate	**—**	—
SC	**—**	3,200
SPW	**—**	—
	26,498	50,427

In the normal course, goodwill is tested for impairment once per annum, which for the Company is during the fourth quarter of each year. During the first, second and third quarters, goodwill is assessed for indicators of impairment.

During the third quarter impairment assessment process, there were indicators of goodwill impairment in the Global Companies CGU that led to the advanced testing for goodwill impairment in that CGU. The indicators arose from the continued and protracted global resources bear market and its effect on this CGU. The recoverable amount of the Global Companies CGU was determined using a discounted cash flow ("DCF") value-in-use ("VIU") technique. Key inputs and assumptions included: (1) steady top-up and replacement of expiring limited partnership contracts; (2) internal growth rate assumptions on AUM/AUA, as applicable of 0.5%; (3) a discount rate of 10% (pre-tax); and (4) terminal return of 0.38%. For the year ended December 31, 2015, a goodwill impairment charge of $28.5 million (December 31, 2014 - $Nil) was recorded on the "Impairment of goodwill" line on the consolidated statements of operations. As at December 31, 2015, the Company had goodwill (net of impairment described above) of $Nil within the Global Companies CGU (December 31, 2014 - $24.9 million).

During the fourth quarter impairment assessment process, there were indicators of goodwill impairment in the SC CGU that led to the advanced testing for goodwill impairment in that CGU. The indicators arose from the continued and protracted global resources bear market and its effect on this CGU. The recoverable amount of the SC CGU was determined using a DCF-VIU technique. Key inputs and assumptions included: (1) revenues based on annual average barrel of oil equivalents; (2) a discount rate of 10% (pre-tax); and (3) terminal return of 3.33%. For the year ended December 31, 2015, a goodwill impairment charge of $3.2 million (December 31, 2014 - $Nil) was recorded on the "Impairment of goodwill" line in the consolidated statements of operations. As at December 31, 2015, the Company had goodwill (net of impairment described above) of $Nil within the SC CGU (December 31, 2014 - $3.2 million).

Impairment assessment of indefinite life fund management contracts

As at December 31, 2015, the Company had indefinite life fund management contracts within the SAM CGU of $4.5 million (December 31, 2014 - $4.2 million). There were no indicators of impairment.

As at September 30, 2015 the Company determined that the recoverable amount of the Sprott Toscana management contract within the SC CGU was lower than its carrying value.The indicators arose from the continued and protracted global resources bear market and its effect on this CGU. Consequently, an impairment charge of $9.3 million was recorded in the third quarter, leading to total consolidated annual impairment charges of $9.3 million (December 31, 2014 - $Nil) being recorded on the "Impairment of intangibles" line in the consolidated statements of operations. The recoverable amount of the contract within the SC CGU was determined using a DCF-VIU calculation that discounted at 13.3% (pre-tax), the estimated pre-tax cash flows to the Company. As at December 31, 2015, the Company had indefinite life fund management contracts (net of impairment described above) of $Nil within the SC CGU (December 31, 2014 - $12.8 million).

Impairment assessment of finite life fund management contracts

As at September 30, 2015, the Company determined that the recoverable amount of the fixed-term limited partnerships within the Global Companies CGU was lower than its carrying value. The indicators arose from the continued and protracted global resources bear market and its effect on this CGU. Consequently, an impairment charge of $0.4 million was recorded in the third quarter, leading to consolidated annual impairment charges of $0.4 million (December 31, 2014 - $Nil) being recorded on the "Impairment of intangibles" line in the consolidated statements of operations. The recoverable amount of management contracts within the Global companies CGU was determined using a VIU calculation by discounting at 10% (pre-tax), the most recent expected future net cash flows (pre-tax) to the Company from fixed-term limited partnerships. As at December 31, 2015, the Company had management contracts (net of impairments described above) of $8.1 million within the Global Companies CGU (December 31, 2014 - $10.5 million).

Impairment assessment of carried interests

As at March 31, 2015 and September 30, 2015, the Company determined that the recoverable amount of the carried interests within the Global Companies CGU was lower than their carrying value. Consequently, an impairment charge of $0.6 million and $1.7 million, respectively, was recorded in the first and the third quarter of this year, leading to total consolidated annual impairment charges of $2.3 million (December 31, 2014 - $2.3 million) being recorded on the "Impairment of intangibles" line in the consolidated statements of operations. The recoverable amount of carried interests within the Global companies CGU was determined using a VIU calculation by discounting at 10% (pre-tax), the most recent expected future carried interest net cash flows (pre-tax) to the Company from fixed-term limited partnerships. As at December 31, 2015, the Company had carried interests (net of impairments described above) of $Nil within the Global Companies CGU (December 31, 2014 - $2.1 million).

Impairment assessment of deferred sales commissions

As at December 31, 2015, the Company had deferred sales commissions of $2.4 million within the SAM CGU (December 31, 2014 - $2.6 million). There were no indicators of impairment.

6. LOANS RECEIVABLE

Components of loans receivable

Loans receivable (which currently consist of "resource loans" and "resource debentures") are reported at their amortized cost using the effective interest method, other than precious metal loans that are designated as FVTPL which are reported at fair value and included in resource loans. Resource loans are reported net of any general or specific loan loss provision on the "Loan loss provisions" line of the consolidated statements of operations. Impairment of resource debentures are reported as part of the "Gains (losses) on proprietary investments" line of the statements of operations. Total carrying value consists of the following ($ in thousands):

	December 31, 2015	December 31, 2014
Resource loans *		
Loan principal	**115,751**	118,079
Accrued interest	**317**	132
Deferred revenue	**(7,058)**	(6,711)
Mark-to-market	**—**	608
Amortized cost, before loan loss provisions	**109,010**	112,108
Loan loss provisions	**(9,217)**	—
Carrying value of resource loans receivable	**99,793**	112,108
Less: current portion	**(52,191)**	(46,928)
Total non-current resource loans receivable	**47,602**	65,180
Resource debentures		
Debenture principal	**1,000**	7,500
Accrued interest	**9**	259
Deferred revenue	**—**	(100)
Amortized cost, before impairments	**1,009**	7,659
Impairments	**—**	(2,247)
Carrying value of resource debentures receivable	**1,009**	5,412
Less: current portion	**(1,009)**	—
Total non-current resource debentures receivable	**—**	5,412
Real estate loans		
Loan principal	**—**	4,389
Accrued interest	**—**	754
Amortized cost, before loan loss provision	**—**	5,143
Specific loan loss provision	**—**	(754)
Carrying value of real estate loans receivable	**—**	4,389
Less: current portion	**—**	(4,389)
Total non-current real estate loans receivable	**—**	—
Total carrying value of loans receivable	**100,802**	121,909
Less: current portion	**(53,200)**	(51,317)
Total carrying value of non-current loans receivable	**47,602**	70,592

*As at December 31, 2015, $Nil (December 31, 2014 - $4.8 million) of precious metal loan principal was designated as FVTPL and $Nil (December 31, 2014 - $0.8 million) was classified as HTM.

Impaired loans, debentures and loan loss provisions

When a loan or debenture is classified as impaired, the original expected timing and amount of future cash flows may be revised to reflect new circumstances. These revised cash flows are discounted using the original effective interest rate to determine the net realizable value of the loan or debenture. Interest income is thereafter recognized on this net realizable value using the effective interest rate. Additional changes to the amount or timing of future cash flows could result in further losses, or the reversal of previous losses, which would also impact the amount of subsequent interest income recognized.

As at December 31, 2015, the Company performed a comprehensive review of each loan and debenture measured at amortized cost in its portfolio to determine the requirement for specific loan loss provisions and debenture impairment charges. In addition, in light of continued challenges in the global resources sector, effective October 1, 2015, management implemented a collective loan loss assessment approach to further augment its loan loss provisioning process over resource loans. Loan loss provisions taken across the resources loan portfolio to reflect the general and specific credit risk associated with the ongoing and protracted global resources sector decline amounted to $9.2 million (December 31, 2014 - $0.5 million).

Interest income on impaired loans and debentures and the changes in loan loss provision and impairment are as follows ($ in thousands):

	For the years ended	
	December 31, 2015	December 31, 2014
Interest on impaired loans and debentures	**266**	1,000
Loan loss provisions and impairments		
Balance, beginning of period	**3,001**	222
Recovery of resource debenture	**(1,746)**	—
Disposal of resource debenture	**(501)**	—
Disposal of real estate loan	**(754)**	532
Loan loss provisions on resource loans	**9,217**	—
Impairment on resource debenture	**—**	2,247
Balance, end of period	**9,217**	3,001

Sector distribution of loan principal

The following table summarizes the distribution of all of the Company's outstanding loan principal balances by sector:

	December 31, 2015		December 31, 2014	
	Number of Loans	**($ in thousands)**	Number of Loans	($ in thousands)
Resource loans				
Metals and mining *	**7**	**54,810**	9	71,957
Energy and other	**7**	**60,941**	5	46,122
Total resource loans principal	**14**	**115,751**	14	118,079
Resource debentures				
Energy and other	**1**	**1,000**	2	7,500
Total resource debentures principal	**1**	**1,000**	2	7,500
Real estate loan				
Land under development	**—**	**—**	1	4,389
Total real estate loan principal	**—**	**—**	1	4,389
Total loan principal	**15**	**116,751**	17	129,968

*As at December 31, 2015, $Nil (December 31, 2014 - $4.8 million) of precious metal loan principal was designated as FVTPL and $Nil (December 31, 2014 - $0.8 million) was classified as HTM.

Geographic distribution of loan principal

The following table summarizes the distribution of all of the Company's outstanding loan principal balances by geographic location of the underlying security:

	December 31, 2015		December 31, 2014	
	Number of Loans	**($ in thousands)**	Number of Loans	($ in thousands)
Resource loans				
Canada *	**6**	**63,456**	8	80,496
United States of America	**1**	**4,843**	1	4,066
Mexico	**2**	**12,607**	1	13,000
Australia	**—**	**—**	1	7,083
Chile	**1**	**6,919**	2	8,845
Brazil	**1**	**2,733**	1	4,589
Peru	**1**	**1,937**	—	—
Romania	**1**	**2,500**	—	—
South Africa	**1**	**20,756**	—	—
Total resource loan principal	**14**	**115,751**	14	118,079
Resource debentures				
Canada	**1**	**1,000**	1	2,000
United States of America	**—**	**—**	1	5,500
Total resource debenture principal	**1**	**1,000**	2	7,500
Real estate loans				
Canada	**—**	**—**	1	4,389
Total real estate loan principal	**—**	**—**	1	4,389
Total loan principal	**15**	**116,751**	17	129,968

*As at December 31, 2015, $Nil (December 31, 2014 - $4.8 million) of precious metal loan principal was designated as FVTPL and $Nil (December 31, 2014 - $0.8 million) was classified as HTM.

Priority of security charges

All of the Company's loans and debentures are senior secured with the exception of two resource loans, which have a carrying value of $7.1 million and are second secured (December 31, 2014 - $15.4 million).

Past due loans that are not impaired

Loans are considered past due once the borrower has failed to make payments within 30 days of the contractual due date. As at December 31, 2015 and December 31, 2014, no loans were past due.

Loan commitments

As at December 31, 2015, the Company had $29.3 million in loan commitments (December 31, 2014 - $46.0 million).

7. OTHER ASSETS, INCOME AND EXPENSES

Other assets consist primarily of: (1) one-time deferred costs of $11.7 million (December 31, 2014 - $Nil) which includes legal, proxy solicitation, investor relations and transfer agent fees, pertaining to the exchange offer with *Central GoldTrust* that successfully closed subsequent to year end. Substantially all these deferred costs will be reclassified in the first quarter of 2016 to indefinite life intangibles within the SAM CGU. Previously deferred costs of $0.8 million relating to the *Silver Bullion Trust* transaction were expensed during the quarter on expiry of that exchange offer; (2) $4.0 million in proceeds receivable on the past sale of an investment by SRLC; (3) a $3.5 million (December 31, 2014 - $3.5 million) non-interest bearing related party demand note between the Company and Sprott Continental Holdings Limited, a company controlled by Eric Sprott. Subsequent to the year-end, Mr. Sprott repaid the demand note in full (see Note 12); and (4) receivables from funds and managed companies for which the Company has incurred expenses on their behalf.

Other income primarily includes: (1) foreign exchange gains of $17.0 million (December 31, 2014 - $5.4 million); (2) royalty income on energy related assets held in proprietary investments of $3.9 million (December 31, 2014 - $0.6 million); and (3) a loan arrangement fee earned on a new loan origination in SRLC.

Other expenses relate to energy assets held as part of proprietary investments. Specifically: (1) operating expenses of $1.9 million (December 31, 2014 - $0.2 million); (2) depletion charges of $2.7 million; (3) impairment charges of $3.3 million (December 31, 2014 - $0.4 million and $Nil; respectively); and (4) costs associated with the SBT exchange offer of $0.8 million (December 31, 2014 - $Nil).

8. LOAN PAYABLE

The Company has a revolving credit facility with a Canadian chartered bank (the "Bank"). The amount that may be borrowed under this facility is $35.0 million. Amounts may be borrowed under the facility through prime rate loans, which bear interest at the Bank's prime rate, or bankers' acceptances, which bear interest at bankers' acceptance rates plus 1.375%. Amounts may also be borrowed in U.S. dollars through base rate loans, which bear interest at the greater of the Bank's reference rate for loans made by it in Canada in U.S. funds and the federal funds effective rate plus 1.00%, or LIBOR loans which bear interest at LIBOR plus 1.375%.

Loans are made by the Bank under a two-year revolving credit facility, the terms of which may be extended annually at the Bank's option. If the Bank elects not to extend the term, all outstanding principal, interest and fees are due at the maturity date.

The credit facility is fully and unconditionally guaranteed by SAM. The credit facility contains a number of financial covenants that require the Company to meet certain financial ratios and financial condition tests. The Company continues to be in compliance with all financial covenants of the credit facility, which require that the funded debt-to-Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) ratio be less than or equal to 2:1, the funded debt-to-SAM EBITDA ratio be less than or equal to 1.5:1 and that the Company's Assets under Management (AUM) not fall below $5.5 billion, calculated on the last day of each fiscal quarter.

There was no loan payable as at December 31, 2015 (December 31, 2014 - $15.0 million). The loan was repaid in full during the first quarter of 2015.

9. SHAREHOLDERS' EQUITY

Capital stock and contributed surplus

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

	Number of shares	Stated value ($ in thousands)
At December 31, 2013	245,945,857	410,420
Additional purchase consideration	177,500	1,223
Issuance of share capital on purchase of management contracts	224,363	792
Issuance of share capital on conversion of RSU	1,401	4
Acquired for equity incentive plan	(1,000,000)	(1,686)
Released on vesting of equity incentive plan	672,205	3,915
At December 31, 2014	246,021,326	414,668
Issuance of share capital on share-base consideration	136,064	543
Issuance of share capital on conversion of RSU	1,400	4
Acquired for equity incentive plan	(3,119,030)	(7,750)
Released on vesting of equity incentive plan	956,845	4,879
At December 31, 2015	**243,996,605**	**412,344**

Contributed surplus consists of: stock option expense; earn-out shares expense; equity incentive plans' expense; and additional purchase consideration.

	Stated value ($ in thousands)
At December 31, 2013	45,664
Expensing of EPSP / EIP shares over the vesting period	3,262
Expensing of earn-out shares over the vesting period	111
Issuance of shares relating to additional purchase consideration	(1,613)
Issuance of share capital on conversion of RSU	(2)
Excess on repurchase of common shares for equity incentive plan *	(1,315)
Released on vesting of common shares for equity incentive plan	(3,908)
At December 31, 2014	42,199
Expensing of EPSP / EIP shares over the vesting period	3,122
Expensing of earn-out shares over the vesting period	(1,146)
Issuance of share capital on share-base consideration	(543)
Issuance of share capital on conversion of RSU	(4)
Released on vesting of common shares for equity incentive plan	(4,879)
At December 31, 2015	**38,749**

* 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

The Company has an option plan (the "Plan") intended to provide incentives to directors, officers, employees and consultants of the Company and its wholly-owned subsidiaries. The aggregate number of shares issuable upon the exercise of all options granted under the Plan and under all other stock-based compensation arrangements including the Trust and Equity Incentive Plan ("EIP") cannot exceed 10% of the issued and outstanding shares of the Company as at the date of grant. The options may be granted at a price that is not less than the market price of the Company's common shares at the time of grant. The options vest annually over a three-year period and may be exercised during a period not to exceed 10 years from the date of grant.

There were no stock options issued during the period ended December 31, 2015 (December 31, 2014 - Nil).

For valuing share option grants, the fair value method of accounting is used. The fair value of option grants is determined using the Black-Scholes option-pricing model, which takes into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Compensation 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, 2013	2,650	9.71
Options exercisable, December 31, 2013	2,650	9.71
Options outstanding, December 31, 2014	2,650	9.71
Options exercisable, December 31, 2014	2,650	9.71
Options outstanding, December 31, 2015	**2,650**	**9.71**
Options exercisable, December 31, 2015	**2,650**	**9.71**

Options outstanding and exercisable as at December 31, 2015 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	2.3	2,450
4.85	50	4.0	50
6.60	150	4.9	150
4.85 to 10.00	**2,650**	**2.5**	**2,650**

Equity incentive plan

For employees in Canada, the Trust has been established and the Company will fund the Trust with cash, which will be used by the trustee to purchase: (1) on the open market, common shares of the Company that will be held in the Trust until the awards vest and are distributed to eligible members; or (2) from treasury, common shares of the Company that will be held in the Trust until the awards vest and are distributed to eligible employees; and (3) from time-to-time, purchases from 2176423 Ontario Ltd., a company controlled by Eric Sprott, pursuant to the terms and conditions of a previously announced share transaction. See Note 12. For employees in the U.S. under the EIP plan, the Company will allot common shares of the Company as either: (1) restricted stock; (2) unrestricted stock; or (3) restricted stock units ("RSUs"), the resulting common shares of which will be issued from treasury.

There were no RSUs issued during the year ended December 31, 2015 (year ended December 31, 2014 - Nil). The Trust purchased 3.1 million common shares for the year ended December 31, 2015 (year ended December 31, 2014 - 1.0 million).

	Number of common shares
Common shares held by the Trust, December 31, 2013	1,981,198
Acquired	1,000,000
Released on vesting	(672,205)
Unvested common shares held by the Trust, December 31, 2014	2,308,993
Acquired	3,119,030
Released on vesting	(956,845)
Unvested common shares held by the Trust, December 31, 2015	**4,471,178**

Earn-out shares

In connection with the acquisition of the Global Companies, up to an additional 8.0 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* ("IFRS 2"), 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 determined 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 has been charged to the consolidated statements of operations equally over the period of the service condition, being 3 years, which ended February 4, 2014.

In connection with the acquisition of Sprott Toscana, up to an additional 0.1 million common shares of the Company were issued with the achievement of certain earnings targets by Sprott Toscana. In accordance with IFRS 2 *Share-based Payment*, this potential award carries a service condition with a market performance condition of equal term. As a result, the accounting guidance under IFRS 2 required the Company to initially estimate the number of equity instruments expected to ultimately vest and to assess the fair value of the equity instrument on the grant date. The fair value for each equity instrument was determined using an acceptable valuation model that utilized several significant assumptions including the probability of future dividends, options pricing and discounts for lock-up restrictions. In addition, the valuation model contemplated cash flow assumptions related to future AUM levels and cumulative earnings. The fair value of this share-based award was charged to the consolidated statements of operations over the period of the service condition, being 3 years and was adjusted each reporting period to reflect the best available estimate of the number of equity instruments expected to ultimately vest. Upon issuance of the common shares, the amount equal to the fair value of the shares at the maturity date of the transaction, originally recorded against contributed surplus was credited to capital stock. On August 18, 2015, 136,064 common shares of the Company were issued to employees of Sprott Toscana.

Additional purchase consideration

In connection with the acquisition of the Global Companies, 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, February 4, 2013 and February 4, 2014, 177,500 common shares of the Company were issued to employees of the Global Companies.

For the year ended December 31, 2015, the Company recorded share-based compensation expense of $2.0 million, (year ended December 31, 2014 - $3.4 million) with a corresponding increase to contributed surplus ($ in thousands).

	For the years ended	
	December 31, 2015	December 31, 2014
Earn-out shares	**(1,146)**	111
EPSP / EIP	**3,122**	3,262
	1,976	3,373

Basic and diluted earnings per share

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

	For the years ended	
	December 31, 2015	December 31, 2014
Numerator ($ in thousands):		
Net income (loss) - basic and diluted	**(39,631)**	19,389
Denominator (Number of shares in thousands):		
Weighted average number of common shares	**247,401**	248,265
Weighted average number of unvested shares purchased by the Trust	**(2,149)**	(1,757)
Weighted average number of common shares - basic	**245,252**	246,508
Weighted average number of additional purchase consideration	**—**	17
Weighted average number of unvested shares purchased by the Trust	**—**	1,757
Weighted average number of outstanding RSU	**—**	2
Weighted average number of shares issuable under acquisition consideration payable	**—**	515
Weighted average number of common shares - diluted	**245,252**	248,799
Net income (loss) per common share		
Basic	**(0.16)**	0.08
Diluted	**(0.16)**	0.08

Capital management

The Company's objectives when managing capital are:

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

The Company's capital is comprised of equity, including capital stock, contributed surplus, retained earnings (deficit) and accumulated other comprehensive income (loss). 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 U.S. Securities and Exchange Commission ("SEC"), SAM US is registered with the SEC and SGRIL is a member of the Financial Industry Regulatory Authority ("FINRA"). As a result, all of these entities are required to maintain a minimum level of regulatory capital. To ensure compliance, management monitors regulatory and working capital on a regular basis. As at December 31, 2015 and 2014, 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.

10. INCOME TAXES

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

	For the years ended	
	December 31, 2015	December 31, 2014
Current income tax expense		
Based on taxable income of the current year	**5,919**	380
Other	**334**	(512)
	6,253	(132)
Deferred income tax expense (recovery)		
Origination and reversal of temporary difference	**2,400**	9,089
Total deferred income tax recovery	**—**	(285)
	2,400	8,804
Income tax expense reported in the statements of operations	**8,653**	8,672

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

	For the years ended	
	December 31, 2015	December 31, 2014
Income before income taxes	**(30,978)**	28,061
Tax calculated at domestic tax rates applicable to profits in the respective countries	**(12,973)**	6,850
Tax effects of:		
Non-deductible stock-based compensation	**—**	104
Non-taxable capital (gains) and losses	**519**	(520)
Capital losses not benefited	**2,216**	3,068
Goodwill impairment	**12,154**	—
Adjustments in respect of previous years	**645**	—
Other temporary differences not benefited	**10,046**	1,264
Non-capital losses not previously benefited	**(3,311)**	(1,461)
Rate differences and other	**(643)**	(633)
Tax charge	**8,653**	8,672

The weighted average statutory tax rate was 41.9% (December 31, 2014 - 24.4%). The higher tax rate year-over-year was due to a large non-deductible goodwill impairment charge within one of our U.S. domiciled entities.

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

For the year ended December 31, 2015

	At December 31, 2014	Recognized in income	Recognized in other comprehensive income	Recognized in equity	At December 31, 2015
Deferred income tax assets					
Prepaid taxes and unrealized losses	8,835	(10,179)	1,344	—	—
Other stock-based compensation	3,663	70	(12)	—	3,721
Non-capital losses	1,174	(984)	—	—	190
Other	1,633	(1,302)	(49)	—	282
Total deferred income tax assets	**15,305**	**(12,395)**	**1,283**	**—**	**4,193**
Deferred income tax liabilities					
Fund management contracts	7,890	(4,879)	689	—	3,700
Deferred sales commissions	680	(56)	—	—	624
Unrealized gains	625	(621)	—	—	4
Transitional partnership income	6,624	(2,944)	—	—	3,680
Proceeds receivable	1,396	—	—	—	1,396
Other	1,368	(1,495)	—	—	(127)
Total deferred income tax liabilities	**18,583**	**(9,995)**	**689**	**—**	**9,277**
Net deferred income tax assets (liabilities)	**(3,278)**	**(2,400)**	**594**	**—**	**(5,084)**

For the year ended December 31, 2014

	At December 31, 2013	Recognized in income	Recognized in other comprehensive income	Recognized in equity	At December 31, 2014
Deferred income tax assets					
Unrealized losses	14,537	(7,294)	1,592	—	8,835
Additional purchase consideration	672	—	28	(700)	—
Other stock-based compensation	2,802	865	(4)	—	3,663
Non-capital losses	7,709	(6,502)	(33)	—	1,174
Other	449	1,219	(8)	(27)	1,633
Total deferred income tax assets	**26,169**	**(11,712)**	**1,575**	**(727)**	**15,305**
Deferred income tax liabilities					
Fund management contracts	8,793	(1,322)	419	—	7,890
Carried interests	335	(349)	14	—	—
Deferred sales commissions	671	9	—	—	680
Unrealized gains	(241)	878	(12)	—	625
Transitional partnership income	9,645	(3,021)	—	—	6,624
Proceeds receivable	1,223	173	—	—	1,396
Other	518	724	126	—	1,368
Total deferred income tax liabilities	**20,944**	**(2,908)**	**547**	**—**	**18,583**
Net deferred income tax assets (liabilities)	**5,225**	**(8,804)**	**1,028**	**(727)**	**(3,278)**

11. FAIR VALUE MEASUREMENTS

The following tables present the Company's recurring fair value measurements within the fair value hierarchy. The Company did not have non-recurring fair value measurements as at December 31, 2015 and December 31, 2014 ($ in thousands).

December 31, 2015	Level 1	Level 2	Level 3	Total
Recurring measurements:				
Cash and cash equivalents	107,622	—	—	107,622
Public equities and share purchase warrants	9,758	3,203	—	12,961
Mutual funds and alternative investment strategies	66,599	40,215	—	106,814
Fixed income securities	—	1,254	1,266	2,520
Private holdings*	—	—	9,652	9,652
Obligations related to securities sold short	(40,191)	—	—	(40,191)
Total net recurring fair value measurements	**143,788**	**44,672**	**10,918**	**199,378**

December 31, 2014	Level 1	Level 2	Level 3	Total
Recurring measurements:				
Cash and cash equivalents	120,774	—	—	120,774
Precious metal loans	—	—	5,662	5,662
Gold bullion	4,843	—	—	4,843
Public equities and share purchase warrants	8,363	2,342	—	10,705
Mutual funds and alternative investment strategies	37,844	53,534	—	91,378
Fixed income securities	—	7,609	981	8,590
Private holdings*	—	—	9,280	9,280
Obligations related to securities sold short	(19,520)	—	—	(19,520)
Total recurring fair value measurements:	**152,304**	**63,485**	**15,923**	**231,712**

* Private holdings measured using fair value techniques include: (i) private company investments classified as HFT and foreclosed properties, which have their changes in fair value recorded on the statements of operations; and (ii) energy royalties classified as AFS investments, which have their changes in fair value recorded as part of other comprehensive income.

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

Changes in the fair value of Level 3 measurements - December 31, 2015

	December 31, 2014	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Net unrealized gains included in OCI	Net realized gains (losses) included in net income	Net realized gains (losses) included in other income	Net realized gains (losses) included in interest income	December 31, 2015
Private holdings	9,280	4,385	(1,282)	(2,731)	—	—	—	—	9,652
Precious metal loans	5,662	—	(5,854)	—	—	377	248	(433)	—
Fixed income securities	981	286	—	(1)	—	—	—	—	1,266
	15,923	**4,671**	**(7,136)**	**(2,732)**	**—**	**377**	**248**	**(433)**	**10,918**

Changes in the fair value of Level 3 measurements - December 31, 2014

	December 31, 2013	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Net unrealized gains included in OCI	Net realized gains (losses) included in net income	Net realized gains (losses) included in other income	Net realized gains (losses) included in interest income	December 31, 2014
Private holdings	5,353	8,996	(7,768)	(120)	—	2,812	7	—	9,280
Precious metal loans	11,658	3,435	(11,854)	126	—	(119)	515	1,901	5,662
Fixed income securities	—	981	—	—	—	—	—	—	981
	17,011	**13,412**	**(19,622)**	**6**	**—**	**2,693**	**522**	**1,901**	**15,923**

During the twelve months ended December 31, 2015, $Nil assets were transferred from Level 2 to Level 1 (December 31, 2014 - $0.1 million).

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.

Loans receivable and debentures (excluding precious metal loans that were designated as FVTPL) had a carrying value of $100.8 million (December 31, 2014 - $116.2 million) and a fair value of $100.2 million (December 31, 2014 - $120.0 million). Loans receivable and debentures (excluding precious metal loans that were designated as FVTPL) lack an available trading market, are not typically exchanged, and have been recorded at amortized cost less impairment. The fair value of resource loans and debentures are measured based on changes in the market price of comparable bonds since the average date that the loans were originated. The Company adjusts the fair value to take into account any significant changes in credit risks using observable market inputs in determining counterparty credit risk. The fair value of loans are not necessarily representative of the amounts realizable upon immediate settlement. The valuation techniques used for amortized cost loans and debentures for which a fair value has been disclosed would fall under Level 3 of the fair value hierarchy.

12. 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 years ended	
	December 31, 2015	December 31, 2014
Fixed salaries and benefits	**4,824**	4,445
Variable incentive-based compensation	**3,438**	4,700
Termination benefits	**1,083**	—
Share-based compensation	**1,188**	1,255
	10,533	10,400

The deferred stock unit ("DSU") plan for independent directors of the Company vests annually over a three-year period and may only be settled in cash upon retirement. There were 226,393 DSUs issued during the year (December 31, 2014 - 287,681). DSU expense is included in "compensation and benefits" line in the consolidated statements of operations and is recognized over the three-year vesting period with an offset to accrued liabilities.

Included in other assets is a receivable of a $3.5 million (December 31, 2014 - $3.5 million) non-interest bearing related party demand note between the Company and Sprott Continental Holdings Limited, a company controlled by Eric Sprott. The demand note was paid in full subsequent to the year-end.

On December 24, 2015, Sprott Inc. 2011 Employee Profit Sharing Trust purchased 1,643,192 shares for the total price of $3.5 million from 2176432 Ontario Ltd., a company controlled by Eric Sprott. The fair value of the shares was based on the price equal to the five-day weighted average trading price as of the day before the date of execution. For the year ended December 31, 2015, the Trust purchased from 2176423 Ontario Ltd., 2.6 million shares for $6.5 million (December 31, 2014 - 1.0 million shares for $3.0 million) under the terms and conditions of a previously announced share transaction.

On November 11, 2014, the Company entered into an agreement to provide a loan facility to Sprott Resource Corp ("SRC") in the amount of $20 million at 7% for the first 12 months and at 8% interest thereafter. On September 29, 2015, the Company amended the agreement and reduced the facility amount to $18 million. As at December 31, 2015, the Company had $13.6 million (December 31, 2014 - $10 million) loan receivable from SRC on the credit facility. The loan is to be repaid on May 11, 2016.

13. DIVIDENDS

The following dividends were declared and paid by the Company during the twelve months ended December 31, 2015:

Record date	Payment Date	Cash dividend per share ($)	Total dividend amount ($ in thousands)
November 20, 2015 - regular dividend Q3 - 2015	December 7, 2015	0.03	7,454
August 20, 2015 - regular dividend Q2 - 2015	September 4, 2015	0.03	7,454
May 22, 2015 - regular dividend Q1 - 2015	June 8, 2015	0.03	7,450
March 16, 2015 - regular dividend Q4 - 2014	March 30, 2015	0.03	7,412
Dividends paid (1)			29,770

(1) Subsequent to the year-end, on March 10, 2016, a regular dividend of $0.03 per common share was declared for the quarter ended December 31, 2015. This dividend is payable on April 5, 2016 to shareholders of record at the close of business on March 22, 2016, and such dividend was an eligible dividend.

14. RISK MANAGEMENT ACTIVITIES

The Company's exposure to market, credit, liquidity and concentration risk is described 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 an asset. The Company's financial instruments are classified as HFT, designated as FVTPL, HTM, AFS, or as loans and receivables. Therefore, certain 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. The Company manages market risk through regular monitoring of its proprietary investments and loans receivable. The Company separates market risk into three categories: price risk, interest rate risk and foreign currency risk.

Price risk

Price risk arises from the possibility that changes in the price of the Company's proprietary investments will result in changes in carrying value. If the market values of proprietary investments classified as HFT increased or decreased by 5%, with all other variables held constant, this would have resulted in an increase or decrease in net income of approximately $4.2 million for the year (December 31, 2014 - $4.7 million). For more details about the Company's proprietary investments, refer to Note 3.

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, Sprott Toscana, RCIC and SAM US.

Commodity price risk refers to uncertainty of future market values caused by a fluctuation in the price of a commodity. The Company may, from time to time: (i) hold certain investments linked to the market prices of precious metals or energy assets; and (ii) enter into certain precious metal loans, where the repayment is notionally tied to a specific commodity spot price at the time of the loan and downward changes to the price of the commodity can reduce the value of the loan and the amounts ultimately repaid to the Company.

As at December 31, 2015, the Company did not hold any precious metal loans (December 31, 2014 - $5.7 million) and was not exposed to price risk as the fair value of these loans is dependent on future gold prices. In 2014, a 5% increase or decrease in the future price of gold, with all other variables held constant, would have resulted in an increase or decrease in net income of approximately $0.2 million. As a mitigating factor, the Company may from time-to-time, implement certain hedging strategies such as imposing a minimum internal rate of return on a precious metal loan or fixing the loan payments at a predetermined price of gold over the full term of the loan.

As at December 31, 2015, the Company did not hold any gold bullion (December 31, 2014 - $4.8 million). The Company was not exposed to price risk in 2015, however, in 2014 if the market value of gold bullion increased or decreased by 5%, with all other variables held constant, this would have resulted in an increase or decrease in net income of approximately $0.2 million.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will adversely affect the value of, or cash flows from, financial instrument assets. The Company's earnings, particularly through its SRLC segment are exposed to volatility as a result of sudden changes in interest rates. As a mitigating factor, the Company from time-to-time sets minimum interest rates or an interest rate floor in its variable rate loans. As at December 31, 2015 the Company's loan portfolio consisted only of fixed-rate loans. The Company is also exposed to changes in the value of a loan when that loan's interest rate is at a rate other than current market rates.

As at December 31, 2015, the Company had 14 fixed-rate resource-based loans and 1 fixed-rate resource-based debenture with an aggregate carrying value of $100.8 million (December 31, 2014 - $121.9 million). The Company's 14 resource loans and 1 fixed-rate resource debenture range in maturity dates from less than 6 months to 4 years.

The carrying amounts of the Company's assets and liabilities in the following table are presented based on the earlier of contractual repricing and maturity dates as at December 31, 2015 ($ in thousands):

December 31, 2015	Floating Rate	Within 6 Months	6 to 12 Months	1 to 3 years	Over 3 years	Non-Interest Sensitive	Total
Total assets	107,622	33,409	16,699	28,166	25,049	222,931	433,876
Total liabilities and equity	—	—	—	—	—	(433,876)	(433,876)
Difference	107,622	33,409	16,699	28,166	25,049	(210,945)	—
Cumulative difference	107,622	141,031	157,730	185,896	210,945	—	—
Cumulative difference as a percentage of total assets	24.8%	32.5%	36.4%	42.8%	48.6%	—	—

The carrying amounts of the Company's assets and liabilities in the following table are presented based on the earlier of contractual repricing and maturity dates as at December 31, 2014 ($ in thousands):

December 31, 2014	Floating Rate	Within 6 Months	6 to 12 Months	1 to 3 years	Over 3 years	Non-Interest Sensitive	Total
Total assets	120,774	29,066	13,930	40,318	42,796	234,393	481,277
Total liabilities and equity	(15,000)	—	—	—	—	(466,277)	(481,277)
Difference	105,774	29,066	13,930	40,318	42,796	(231,884)	—
Cumulative difference	105,774	134,840	148,770	189,088	231,884	—	—
Cumulative difference as a percentage of total assets	22.0%	28.0%	30.9%	39.3%	48.2%	—	—

Foreign currency risk

Foreign currency risk arises from foreign exchange rate movements that could negatively impact either the carrying value of financial assets and liabilities or the related cash flows when translating those balances into Canadian dollars. The Company's primary foreign currency is the United States dollar ("USD"). The Company may employ certain hedging strategies to mitigate foreign currency risk.

The Global Companies' assets are all denominated in USD with their translation impact being reported as part of other comprehensive income in the financial statements. Excluding the impact of the Global Companies, as at December 31, 2015, approximately $32.2 million (December 31, 2014 - $38.9 million) of total Canadian assets were invested in proprietary investments priced in USD. A total of $55.6 million (December 31, 2014 - $55.5 million) of cash, $0.4 million (December 31, 2014 -$1.6 million) of accounts receivable, $70.8 million (December 31, 2014 - $36.5 million) of loans receivable and $1.1 million (December 31, 2014 - $0.7 million) of other assets were denominated in USD. As at December 31, 2015, if the exchange rate between USD and the Canadian dollar increased or decreased by 5%, with all other variables held constant, the increase or decrease in net income would have been approximately $6.6 million for the year (December 31, 2014 - $5.4 million).

(b) Credit risk

Credit risk is the risk that a borrower will not honour its commitments and a loss to the Company may result.

Loans receivable

The Company incurs credit risk primarily in the loan portfolio of SRLC. In addition to the relative default probability of SRLC borrowers, credit risk is also dependent on loss given default, which can increase credit risk if the values of the underlying assets securing the Company's loans decline to levels approaching or below the loan amounts. A decrease in real estate values or commodity or energy prices may delay the development of the underlying security or business plans of the borrower and will adversely affect the value of the Company's security. Additionally, the value of the Company's underlying security in a resource loan and resource debenture can be negatively affected if the actual amount or quality of the commodity proves to be less than that estimated, or the ability to extract the commodity proves to be more difficult or more costly than estimated. During the resource loan and resource debenture origination process, management takes into account a number of factors and is committed to several processes to ensure that this risk is appropriately mitigated. These include:

- emphasis on first priority and/or secured financings;
- the investigation of the creditworthiness of borrowers;
- the employment of qualified and experienced loan professionals;
- a review of the sufficiency of the borrower's business plans including plans that will enhance the value of the underlying security;
- frequent and documented status updates provided on business plans;
- engagement of qualified independent advisors (e.g. lawyers, engineers and geologists) to protect Company interests;

  legal reviews that are performed to ensure that all due diligence requirements are met prior to funding.

As at December 31, 2015, the Company's net exposure to on-balance sheet credit risk (net loans receivable) was $100.8 million (December 31, 2014 - $121.9 million) and the Company had a $29.3 million exposure to off-balance sheet credit risk (loan commitments) (December 31, 2014 - $46.0 million). As at December 31, 2015, the largest loan in the Company's loan portfolio was a resource loan with a carrying value of $22.6 million or 22.4% of the Company's loans receivable (December 31, 2014 - $19.9 million or 16.3% of the Company's loans receivable). The Company will syndicate loans in certain circumstances if it wishes to reduce its exposure to a borrower or comply with loan exposure maximums. The Company reviews its policies regarding its lending limits on an ongoing basis. For precious metal loans, the Company performs the same due diligence procedures as it would for its resource loans and resource debentures.

Collectability of loans

Besides the above noted measures we take to manage credit risk, the company will report on credit risk in the notes to the annual financial statements and records loan loss provisions (both specific and general) to ensure the loans are recorded at their estimated recoverable amount (i.e. net of impairment risk we believe to exist as at the balance sheet date and in accordance with IFRS). Actual losses incurred in the loan portfolio could differ materially from our provisions.

Proprietary investments

The Company incurs credit risk when entering into, settling and financing various proprietary transactions. As at December 31, 2015 and 2014, the Company's most significant proprietary investments counterparty was National Bank Correspondent Network Inc. ("NBCN"), the carrying broker of SPW, which also acts as a custodian for most of the Company's proprietary investments. NBCN is registered as an investment dealer subject to regulation by IIROC; as a result, it is required to maintain minimum levels of regulatory capital at all times.

Other

The majority of accounts receivable relate to management and performance fees receivable from the Funds, managed accounts and managed companies managed by the Company. Credit risk is managed in this regard 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 Global Companies incur credit risk when entering into, settling and financing various proprietary transactions. As at December 31, 2015 and 2014, the Global Companies' most significant counterparty was RBC Capital Markets LLC ("RBCCM"), the carrying broker of SGRIL and custodian of the net assets of the Funds managed by RCIC. RBCCM is registered as a broker-dealer and registered investment advisor subject to regulation by 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 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. As at December 31, 2015, the Company had $107.6 million or 24.8% (December 31, 2014 - $120.8 million or 25.1%) of its total assets in cash and cash equivalents. In addition, approximately $66.2 million or 68.5% (December 31, 2014 - $81.3 million or 72.2%) of proprietary investments held by the Company are readily marketable and are recorded at their fair value.

The Company's exposure to liquidity risk as it relates to loans receivable arises from fluctuations in cash flows from making loan advances and receiving loan repayments. The Company manages its loan commitment liquidity risk through the ongoing monitoring of scheduled loan fundings and repayments. As at December 31, 2015, the Company had $29.3 million in funding commitments (December 31, 2014 - $46.0 million). Financial liabilities, including accounts payable and accrued liabilities and compensation and employee bonuses payable, are short-term in nature and are generally due within a year.

The Company's management team is responsible for reviewing resources to ensure funds are readily available to meet its financial obligations 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. To meet any liquidity shortfalls, actions taken by the Company could include: syndicating a portion of its loans; slowing its lending activities; drawing on available loan facilities; liquidating proprietary investments and/or issuing common shares.

(d) Concentration risk

The majority of the Company's AUM, as well as its proprietary investments and loans receivables are focused on the natural resource sector.

15. SEGMENTED INFORMATION

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

- SAM, which provides asset management services to the Company's branded funds and managed accounts;
- Global Companies, which provides asset management services to the Company's branded funds and managed accounts in the U.S. and also provides securities trading services to its clients;
- SRLC, which provides loans to companies in the mining and energy sectors;
- The Consulting segment, which includes the operations of SC, Sprott Toscana and Sprott Korea, the consulting businesses of the Company; and
- Corporate and Other. The Corporate segment provides treasury and shared services to the Company's business units and includes the operating results of Sprott Inc. without the effect of consolidating certain subsidiaries. The Other segment includes the activities of SPW, the private wealth business of the Company.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on earnings before interest expense, income taxes, amortization and impairment of intangible assets and goodwill, gains and losses on proprietary investments (as if such gains and losses had not occurred), non-cash and non-recurring stock-based compensation and performance fees and performance fee related expenses (adjusted base EBITDA). To ensure the ongoing usefulness of the adjusted base EBITDA measure as an indicator of core earnings, effective July 1, 2015, the Company began excluding the impact of foreign exchange gains and losses from this performance measure and effective October 1, 2015, the Company began excluding the impact of one time transition expenses from this performance measure. Adjusted base EBITDA in the comparative figures of the following tables can be reconciled to previously published reports by excluding the impact of foreign exchange gains and losses and transition expenses from the "Other adjustments" section of the table.

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

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

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

For the year ended	December 31, 2015						
	SAM	Global Companies	SRLC	Consulting	Corporate and Other	Adjustments and Eliminations	Consolidated
Revenue							
Management fees	62,864	7,436	—	4,780	255	—	75,335
Performance fees	8,798	—	—	127	—	—	8,925
Commissions	—	3,775	—	—	3,233	—	7,008
Interest income	17	77	17,017	27	1,576	—	18,714
Trailer fee income	—	—	—	—	2,045	(1,672)	373
Gains (losses) on proprietary investments	(2,725)	(1,239)	(2,876)	(2,400)	(580)	—	(9,820)
Other income	3,441	(767)	11,421	3,814	7,734	(171)	25,472
Total revenue	**72,395**	**9,282**	**25,562**	**6,348**	**14,263**	**(1,843)**	**126,007**
Expenses							
Compensation and benefits	20,463	5,784	2,255	1,640	7,960	—	38,102
Stock-based compensation	2,041	—	483	(1,101)	553	—	1,976
Trailer fees	14,219	—	—	—	—	(1,672)	12,547
Sub-advisor and referral fees	8,850	406	—	184	11	(171)	9,280
Loan loss provisions	—	—	9,217	—	—	—	9,217
Selling, general and administrative	15,647	3,546	922	1,583	5,338	—	27,036
Depreciation, amortization and impairment of intangibles	2,358	6,671	1	9,375	64	—	18,469
Impairment of goodwill	—	28,505	—	3,204	—	—	31,709
Other expenses	750	—	—	7,899	—	—	8,649
Total expenses	**64,328**	**44,912**	**12,878**	**22,784**	**13,926**	**(1,843)**	**156,985**
Income (loss) before income taxes for the year	**8,067**	**(35,630)**	**12,684**	**(16,436)**	**337**	**—**	**(30,978)**
Provision for income taxes							8,653
Net income (loss) for the year							**(39,631)**
Adjustments:							
Interest expense	—	—	—	—	84	—	84
Provision for income taxes	—	—	—	—	—	—	8,653
Depreciation and amortization	2,358	3,940	1	33	64	—	6,396
EBITDA	**10,425**	**(31,690)**	**12,685**	**(16,403)**	**485**	**—**	**(24,498)**
Other adjustments:							
Impairment (reversal) of intangibles	—	2,731	—	9,342	—	—	12,073
Impairment of goodwill	—	28,505	—	3,204	—	—	31,709
(Gains) losses on proprietary investments	2,725	1,239	2,876	2,400	580	—	9,820
General loan loss provisions	—	—	1,200	—	—	—	1,200
(Gains) losses on foreign exchange (1)	(1,525)	447	(8,744)	(22)	(7,176)	—	(17,020)
Non-cash and non-recurring stock based compensation	454	—	—	(1,146)	18	—	(674)
Other (2)	956	88	40	4,104	1,211	—	6,399
Adjusted EBITDA	**13,035**	**1,320**	**8,057**	**1,479**	**(4,882)**	**—**	**19,009**
Less:							
Performance fees	(8,798)	—	—	(127)	—	—	(8,925)
Performance fee related expenses	6,447	—	—	31	—	—	6,478
Adjusted base EBITDA	**10,684**	**1,320**	**8,057**	**1,383**	**(4,882)**	**—**	**16,562**

(1) (Gains) losses on foreign exchange include translation gains and losses relating to U.S. dollar denominated cash, receivable and loan balances.

(2) Other category includes transition expenses paid during the period. Transition expenses were $1.6 million on a twelve months ended basis (twelve months ended 2014 - $0.8 million).

For the year ended	December 31, 2014						
	SAM	Global Companies	SRLC	Consulting	Corporate and Other	Adjustments and Eliminations	Consolidated
Revenue							
Management fees	61,470	8,632	—	8,103	230	—	78,435
Performance fees	9,726	—	—	967	—	—	10,693
Commissions	—	6,342	—	—	1,495	—	7,837
Interest income	70	66	17,830	43	2,223	(48)	20,184
Trailer fee income	—	—	—	—	2,472	(2,128)	344
Gains (losses) on proprietary investments	1,429	(1,971)	(3,754)	—	246	—	(4,050)
Other income	1,720	135	4,536	2,162	2,807	(288)	11,072
Total revenue	**74,415**	**13,204**	**18,612**	**11,275**	**9,473**	**(2,464)**	**124,515**
Expenses							
Compensation and benefits	19,791	7,251	2,787	3,681	6,056	—	39,566
Stock-based compensation	2,449	406	289	(266)	495	—	3,373
Trailer fees	14,541	—	—	—	—	(2,128)	12,413
Sub-advisor and referral fees	8,432	330	76	147	—	(287)	8,698
Loan loss provisions	—	—	532	—	—	—	532
Selling, general and administrative	11,723	3,340	2,099	1,244	4,336	(49)	22,693
Depreciation, amortization and impairment of intangibles	2,335	6,136	—	43	27	—	8,541
Other expenses	—	—	—	—	638	—	638
Total expenses	**59,271**	**17,463**	**5,783**	**4,849**	**11,552**	**(2,464)**	**96,454**
Income (loss) before income taxes for the year	**15,144**	**(4,259)**	**12,829**	**6,426**	**(2,079)**	**—**	**28,061**
Provision for income taxes							8,672
Net income (loss) for the year							**19,389**
Adjustments:							
Interest expense	—	—	—	—	51	—	51
Provision for income taxes	—	—	—	—	—	—	8,672
Depreciation and amortization	2,335	3,828	—	43	27	—	6,233
EBITDA	**17,479**	**(431)**	**12,829**	**6,469**	**(2,001)**	**—**	**34,345**
Other adjustments:							
Impairment (reversal) of intangibles	—	2,308	—	—	—	—	2,308
Impairment of goodwill	—	—	—	—	—	—	—
(Gains) losses on proprietary investments	(1,429)	1,971	4,220	—	(246)	—	4,516
General loan loss provisions	—	—	—	—	—	—	—
(Gains) losses on foreign exchange (1)	(582)	35	(2,757)	(77)	(2,024)	—	(5,405)
Non-cash and non-recurring stock based compensation	—	403	—	(292)	—	—	111
Other (2)	738	30	—	54	451	—	1,273
Adjusted EBITDA	**16,206**	**4,316**	**14,292**	**6,154**	**(3,820)**	**—**	**37,148**
Less:							
Performance fees	(9,726)	—	—	(967)	—	—	(10,693)
Performance fee related expenses	6,783	—	—	242	—	—	7,025
Adjusted base EBITDA	**13,263**	**4,316**	**14,292**	**5,429**	**(3,820)**	**—**	**33,480**

(1) (Gains) losses on foreign exchange include translation gains and losses relating to U.S. dollar denominated cash, receivable and loan balances.
(2) Other category includes transition expenses paid during the period. Transition expenses were $1.6 million on a twelve months ended basis (twelve months ended 2014 - $0.8 million).

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

General and administrative expenses include compensation and benefits and stock-based compensation.

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

	For the years ended	
	December 31, 2015	December 31, 2014
Canada	**116,725**	111,311
United States	**9,282**	13,204
	126,007	124,515

16. COMMITMENTS AND PROVISIONS

Besides the Company's long-term lease agreement, there may be commitments to provide loans arising from the SRLC business segment or commitments to make investments in the proprietary investments portfolio of the Company. As at December 31, 2015, the Company had $29.3 million of loan commitments (December 31, 2014 - $46.0 million) and no investment purchase commitments in the proprietary investments portfolio (December 31, 2014 - $0.8 million).

Future minimum annual rental payments under non-cancellable leases, including operating costs, are as follows ($ thousands):

2016	4,418
2017	4,443
2018	4,416
2019	4,441
2020	4,373
Thereafter	11,322
	33,413

Contingent loss provisions are recorded when it is probable that the Company will incur a loss and the amount of the loss can be reasonably estimated. The Company makes provisions based on current information and the probable resolution of any such proceedings and claims. As at December 31, 2015 and 2014, no provisions were recognized.

CORPORATE INFORMATION

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James T. Roddy, Director
Marc Faber, Director
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Sharon Ranson, Director
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Stock Information
Sprott Inc. common shares are traded on the Toronto Stock Exchange under the symbol "SII"

Annual General Meeting
Friday, May 13, 2016, 11:30 AM
Baker & McKenzie LLP
Brookfield Place, Bay/Wellington Tower
181 Bay Street, Suite 2100
Toronto, Ontario

Sprott INC.

www.sprottinc.com