Second Quarter Report

June 30, 2017

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SPROTT

August 10, 2017

Dear Shareholders,

During the first half of 2017, we took a significant step to refocus Sprott by entering into an agreement for the sale of our Canadian retail platform. Sprott is now focused on delivering superior investment returns and building the leading global investment house in our core natural resource areas. This transaction further strengthens our balance sheet and positions us to optimize shareholder returns while pursuing the addition of new strategies in synergistic areas.

During the second quarter, we concluded the final phases of Eric Sprott's succession plan as Eric stepped down from the Board of Directors and Jack Lee, who was formerly Lead Independent Director, was appointed Chairman. We also completed a successful marketed offering of a portion of Eric's share position, which broadened our investor base and added several marquee institutions to our shareholder roster. Both the Sprott employee trust and our senior employees were significant participants in this offering. In addition, the offering allowed us to return capital to shareholders through the repurchase and cancellation of five million shares.

In April, we completed the second closing of the Sprott Private Resource Lending LP, raising approximately US$560 million in commitments. The eventual deployment of this capital will result in an increase to our assets under management with performance fee potential. Our lending business has enabled us to develop strong working relationships with many US and global institutional investors and endowments. Going forward, we intend to build on these relationships with the continued growth of this business, as well as the potential introduction of related private equity partnerships.

Our merchant banking business, Sprott Capital Partners, generated a high level of activity in the first half of 2017, participating in equity financings totaling more than $700 million. We are pleased with the early results from this group and expect them to make a significant contribution to our 2017 financial results.

We continue to believe that the financial markets are overdue for a correction, driven by tightening monetary conditions and lower-than-expected global economic growth. In that environment, we are seeing increased investor interest in portfolio insurance and protection in uncorrelated assets such as precious metals and real assets. In addition, we note that advances in technology are occurring which should drive increased customer usage of gold-backed currencies and accounts in the future. These two diverse developments may well drive and inflection for gold popularity over the coming year.

Sprott is committed to more actively managing our balance sheet to create value for our shareholders. We will do this by launching and seeding new funds that complement our existing product suite and selectively exploring acquisition opportunities. We will also continue to return capital to shareholders through both our dividend and a normal course issuer bid, which we intend to launch upon receipt of the required approvals from the Toronto Stock Exchange.

Thank you for your continued support. We look forward to reporting to you on our progress at the end of the third quarter.

Sincerely,

Peter Grosskopf
Chief Executive Officer

Management's Discussion and Analysis

Three and six months ended June 30, 2017

SPROTT

FORWARD LOOKING STATEMENTS

Certain statements in this Management's Discussion & Analysis ("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 Sprott Inc.'s (the "Company", "we", "us", "our") sale of its Canadian diversified funds business and agreement to sell certain private client accounts from SPW to a management led group; (ii) continued sub-advisement of certain AUM by SAM; (iii) the expectation that our remaining AUM will be concentrated in the natural resource sector, consistent with our enhanced focus on delivering superior investment returns and building the leading global investment house in our core natural resources areas; (iv) net commissions as an increasingly material revenue line; (v)continued wind-down of our on balance sheet loans as we build scale in our Private Resource Lending LPs; (vi) our expectation that our Sprott Private Resource Lending LPs will generate increased management fees in the future as that committed capital is eventually deployed in the form of future AUM; (vii) our ongoing cost containment plan; (viii) our belief that management fees and interest income will continue to be sufficient to satisfy ongoing operating needs and that we hold sufficient cash and liquid securities to meet any other operating and capital requirements; and (ix) 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) poor investment performance; (iii) performance fee fluctuations; (iv) changes in the investment management industry; (v) risks related to regulatory compliance; (vi) failure to deal appropriately with conflicts of interest; (vii) failure to continue to retain and attract quality staff; (viii) competitive pressures; (ix) corporate growth may be difficult to sustain and may place significant demands on existing administrative, operational and financial resources; (x) failure to execute the Company's succession plan; (xi) foreign exchange risk relating to the relative value of the U.S. dollar; (xii) litigation risk; (xiii) employee errors or misconduct could result in regulatory sanctions or reputational harm; (xiv) failure to implement effective information security policies, procedures and capabilities; (xv) failure to develop effective business resiliency plans; (xvi) failure to obtain or maintain sufficient insurance coverage on favourable economic terms; (xvii) historical financial information is not necessarily indicative of future performance; (xviii) the market price of common shares of the Company may fluctuate widely and rapidly; (xix) risks relating to the Company's proprietary investments; (xx) risks relating to the Company's lending business; (xxi) those risks described under the heading "Risk Factors" in the Company's annual information form dated March 1, 2017; and (xxii) those risks described under the headings "Managing Risk: Financial" and "Managing Risk: Non-Financial" in this MD&A. In addition, the payment of dividends is not guaranteed and the amount and timing of any dividends payable by the Company will be at the discretion of the Board of Directors of the Company and will be established on the basis of the Company's earnings, the satisfaction of solvency tests imposed by applicable corporate law for the declaration and payment of dividends, and other relevant factors. The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and the Company does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable Canadian securities laws.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This MD&A of financial condition and results of operations, dated August 10, 2017, presents an analysis of the consolidated financial condition of the Company and its subsidiaries as at June 30, 2017, compared with December 31, 2016, and the consolidated results of operations for the three and six months ended June 30, 2017, compared with the three and six months ended June 30, 2016. The Board of Directors approved this MD&A on August 10, 2017. All note references in this MD&A are to the notes to the Company's June 30, 2017 unaudited interim condensed consolidated financial statements ("interim financial statements"), unless otherwise noted. The Company was incorporated under the Business Corporations Act (Ontario) on February 13, 2008.

PRESENTATION OF FINANCIAL INFORMATION

The interim financial statements, including the required comparative information, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically IAS 34 Interim Financial Reporting which relates to interim financial reporting as issued by the International Accounting Standards Board ("IASB"). Financial results, including related historical comparatives contained in this MD&A, unless otherwise specified herein, are based on the interim financial statements. The Canadian dollar is the Company's functional and reporting currency for purposes of preparing the interim 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 period" refers to the three and six months ended June 30, 2016 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.

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.

Net Fees

Management and performance fees, net of trailer and sub-advisor fees, is a key revenue indicator as it represents the net revenue contribution after directly associated costs that we generate from our AUM.

Net Commissions

Commissions, net of commission expenses, is an increasingly significant performance measure for the Company given the ongoing growth of our merchant banking and advisory business.

EBITDA relevant Net Revenues

EBITDA relevant Net Revenues include revenue items with the exception of: (1) gains (losses) on proprietary investments, (2) gains (losses) on foreign exchange, (3) performance fees, net of performance fees paid to sub-advisors; and (4) income from energy assets. EBITDA relevant Net Revenues are used in this MD&A for certain key ratio calculations.

Selling, general and administrative ("SG&A") Expense Ratio

The SG&A Expense Ratio refers to total SG&A expenses as a percentage of EBITDA relevant Net Revenues. The Company uses this ratio to monitor and manage the impact of SG&A on adjusted base EBITDA.

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

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

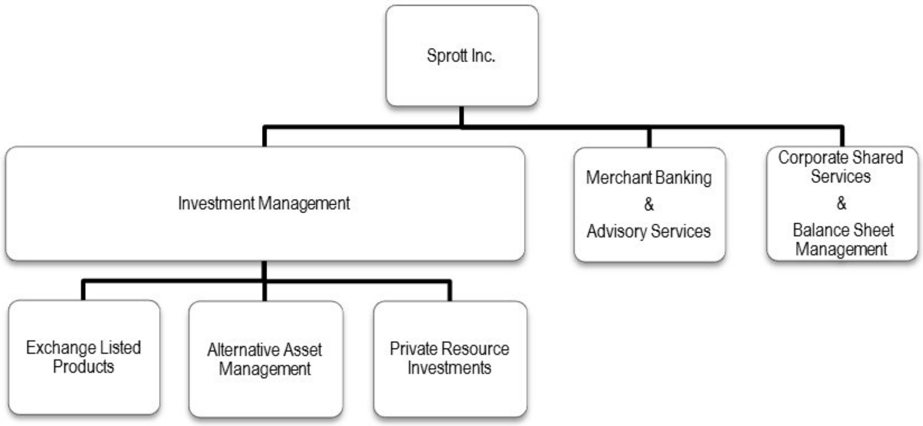
The following table outlines how our EBITDA measures are determined:

	3 months ended		6 months ended	
($ in thousands)	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
Net income (loss) for the periods	(3,606)	16,946	5,209	18,253
Adjustments:				
Interest expense	51	—	55	—
Provision for income taxes	2,322	3,108	3,607	3,658
Depreciation and amortization	1,778	1,844	3,568	3,741
EBITDA	545	21,898	12,439	25,652
Other adjustments:				
Impairment (reversal) of intangibles	—	—	—	3,006
(Gains) losses on proprietary investments	(613)	(17,629)	1,356	(29,115)
(Gains) losses on foreign exchange	2,967	607	4,104	7,392
Non-cash stock-based compensation	529	756	1,257	1,969
Other [(1)]	5,368	848	5,571	2,802
Adjusted EBITDA	8,796	6,480	24,727	11,706
Other adjustments:				
Performance fees	(126)	(1,146)	(257)	(1,233)
Performance fee related expenses	81	419	163	441
Adjusted base EBITDA	8,751	5,753	24,633	10,914

[(1)] Other category includes: (1) transition expenses, (2) unamortized upfront placement fees in the Lending segment; and (3) transaction costs directly related to the sale of our Canadian diversified funds business (see Notes 6 and 13 of the interim financial statements).

BUSINESS OVERVIEW

Our business is organized as follows:



Investment Management

Exchange Listed Products

- This business platform houses the Company's closed-end physical trusts and exchange traded funds ("ETFs"), both of which are actively traded on public securities exchanges.

Alternative Asset Management

- This business platform houses the Company's full suite of public mutual funds (including our Canadian diversified fund assets), alternative investment strategies and managed accounts. On April 10, 2017 the Company announced an agreement to sell the majority of this business' AUM (the Canadian diversified fund assets) to a management led group.

Private Resource Investments

- This business platform houses the Company's private resource-focused asset management activities. Primary activities include the management of: (1) U.S.-based fixed-term limited partnership vehicles, discretionary managed accounts and U.S broker-dealer led private placement activities in our **Global** segment, (2) direct and indirect resource lending activities via the Company's balance sheet and through limited partnership structures in our **Lending** segment, and (3) private equity style and direct asset investments through managed companies in our **Consulting** segment.

Merchant Banking & Advisory Services

This business platform houses the Company's Canadian merchant banking and advisory services activities through Sprott Capital Partners ("SCP") and Sprott Private Wealth ("SPW"). Effective Q1 2017, we now report the results of our Canadian broker-dealer operations separately from the Corporate segment. This was necessary due to the increased materiality of these operations as we exit our private client business (SPW) and build scale in SCP.

Corporate Shared Service & Balance Sheet Management ("Corporate")

As noted above, the Corporate platform is now reported separately from the results of SCP and SPW. The Corporate segment provides capital, balance sheet management and shared services to the Company's subsidiaries.

For a detailed account of the underlying principal subsidiaries within our business segments, refer to the Company's Annual Information Form and Note 2 of the 2016 annual audited financial statements, both of which are available on SEDAR at www.sedar.com

BUSINESS HIGHLIGHTS AND GROWTH INITIATIVES

Investment Performance

Market value appreciation was $49 million year-to-date. Strong precious metals pricing in the first quarter of the year was followed by a weaker pricing environment in the second quarter.

Product and Business Line Expansion and Other Highlights

- On April 10, 2017, the Company announced an agreement to sell its Canadian diversified funds business and a majority of its Canadian private client assets to a management led group for $46 million. As part of the transaction, the Company will sell approximately $2.9 billion of AUM, of which $783 million will continue to be sub-advised by Sprott Asset Management ("SAM").
- On June 29, 2017, the Company participated in a secondary offering of Sprott Inc. shares, whereby it purchased 12.5 million shares directly from Mr. Eric Sprott, which included 5 million shares being purchased for cancellation.
- SCP completed a number of corporate advisory mandates in the quarter and participated in over $215 million of equity financings. With an additional $70 million of equity financing announced after the quarter, this brings SCPs total equity financings since its inception to over $700 million.

OUTLOOK

On August 1, 2017, we completed the sale of our Canadian diversified funds business. The second part of this transaction, the sale of certain private client accounts from SPW, is expected to close in the fourth quarter of 2017. Going forward, our remaining AUM will be concentrated in the natural resource sector, consistent with our enhanced focus on delivering superior investment returns and building the leading global investment house in our core natural resource areas.

SUMMARY FINANCIAL INFORMATION

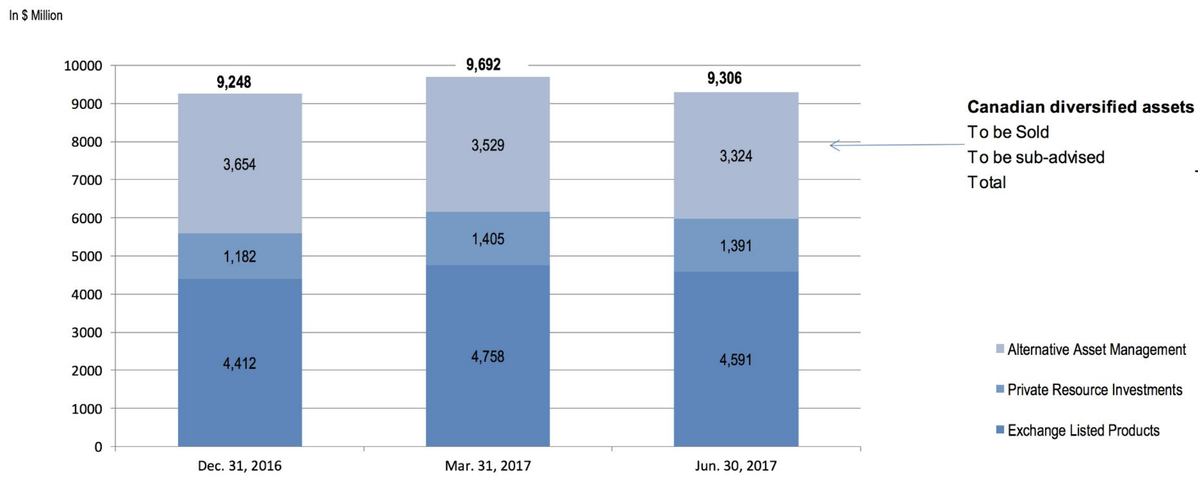
(In $ thousands)	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015	Q3 2015
SUMMARY INCOME STATEMENT								
Management fees	20,460	20,677	21,895	22,586	20,524	19,315	18,504	18,776
Performance fees	126	131	19,935	239	1,146	87	8,703	94
less: Trailer fees	2,762	2,944	3,110	3,325	3,167	3,016	3,060	3,222
less: Sub-advisor fees	1,124	1,060	10,552	1,233	1,107	999	6,234	934
Net Fees	16,700	16,804	28,168	18,267	17,396	15,387	17,913	14,714
Commissions	8,878	8,200	2,959	5,265	4,478	1,133	1,515	1,940
less: Commission Expense	(3,364)	(3,208)	(1,209)	(920)	(921)	(317)	(218)	(644)
Net Commissions	5,514	4,992	1,750	4,345	3,557	816	1,297	1,296
Interest income	3,467	5,896	3,636	2,824	3,900	3,950	4,122	3,953
Gains (losses) on proprietary investments	613	(1,969)	(8,030)	6,809	17,629	11,486	(1,128)	(9,399)
Other income (loss)	(1,505)	1,271	4,805	3,658	1,250	(4,292)	6,075	10,955
Total Net Revenues	24,789	26,994	30,329	35,903	43,732	27,347	28,279	21,519
Compensation (1)	11,992	12,478	18,097	11,157	12,168	10,772	12,326	8,015
Placement and referral fees	4,628	68	2,169	497	1,717	145	177	193
Selling, general and administrative	6,163	6,566	6,949	7,386	7,887	7,263	7,855	7,371
Loan loss provisions (recoveries)	—	(4,942)	(911)	114	346	192	5,351	3,866
Amortization and impairment charges	1,778	1,790	1,836	1,844	1,844	4,903	4,806	41,615
Other expenses	1,512	934	660	502	(284)	2,215	3,077	3,209
Total Expenses	26,073	16,894	28,800	21,500	23,678	25,490	33,592	64,269
SG&A Expense Ratio	20%	20%	26%	27%	30%	32%	36%	33%
Net Income (Loss)	(3,606)	8,815	754	12,531	16,946	1,307	(4,104)	(49,190)
Net Income (Loss) per share (basic & diluted)	(0.01)	0.04	0.00	0.05	0.07	0.01	(0.02)	(0.20)
Adjusted base EBITDA	8,751	15,882	4,715	8,431	5,753	5,161	(205)	2,454
Adjusted base EBITDA per share (basic & diluted)	0.04	0.06	0.02	0.03	0.02	0.02	—	0.01
SUMMARY BALANCE SHEET								
Total Assets	387,636	426,647	440,024	431,149	428,209	412,547	433,876	439,637
Total Liabilities	62,925	64,113	79,710	66,336	67,059	61,987	75,634	69,222
Cash	96,572	113,882	123,955	100,704	111,252	92,496	107,622	124,093
less: syndicate cash holdings	(477)	(3,838)	(394)	(651)	(2,675)	(1,093)	(459)	(1,097)
Net cash	96,095	110,044	123,561	100,053	108,577	91,403	107,163	122,996
Proprietary investments	137,505	156,097	147,545	166,126	152,059	133,603	136,809	139,634
less: obligations related to securities sold short	(26,577)	(30,157)	(29,810)	(36,782)	(38,641)	(31,653)	(40,191)	(42,992)
Net proprietary investments	110,928	125,940	117,735	129,344	113,418	101,950	96,618	96,642
Loans receivable	67,804	73,336	67,678	82,470	81,638	101,253	100,802	89,035
Investable Capital	274,827	309,320	308,974	311,867	303,633	294,606	304,583	308,673
ASSETS UNDER MANAGEMENT								
Exchange Listed Products	4,591,479	4,758,403	4,411,640	4,943,224	4,829,986	4,169,716	2,958,779	3,076,458
Alternative Asset Management	3,323,611	3,529,068	3,653,851	3,937,898	3,816,298	3,476,701	3,328,220	3,202,390
Private Resource Investments	1,391,367	1,404,955	1,182,492	1,207,598	1,154,718	1,153,099	1,139,030	1,155,249
Total Enterprise AUM	9,306,457	9,692,426	9,247,983	10,088,720	9,801,002	8,799,516	7,426,029	7,434,097

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

RESULTS OF OPERATIONS

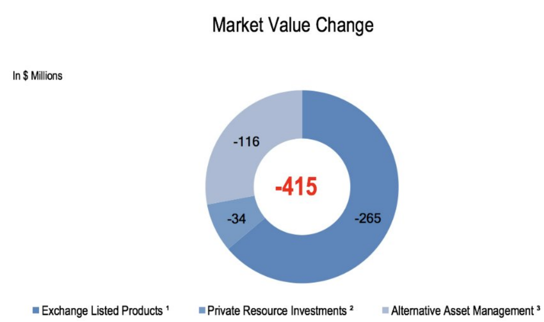
AUM SUMMARY

AUM was $9.3 billion as at June 30, 2017 down $386 million (4%) from March 31, 2017 and up $58 million (6%) from December 31, 2016. The decrease on a three months ended basis was largely due to a decline in precious metals prices in the quarter. On a year-to-date basis, market value appreciation and net sales in our exchange listed and alternative credit products earlier in the year more than offset market value depreciation and net redemptions in our Canadian diversified funds business.



Canadian diversified assets	
To be Sold	$ 2,112
To be sub-advised	$ 783
Total	$ 2,895

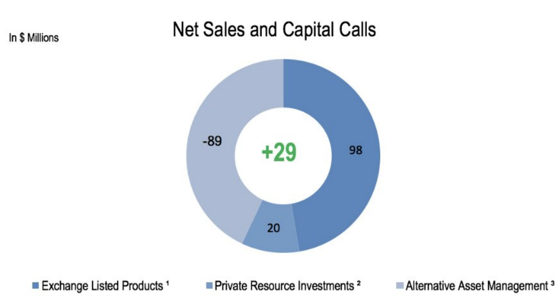
3 months ended



(1) Physical Trusts (-$260MM) and ETFs (-$5MM)

(2) Lending LPs ($Nil), Fixed Term LPs (-$22MM), Managed Companies & Accounts (-$12MM)

(3) Mutual Funds (-$116MM), Alternative Funds (+$4MM) and Managed Accounts (-$4MM)

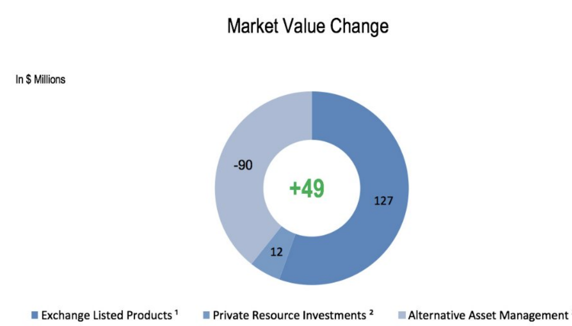


(1) ETFs (+$98MM)

(2) Private Resource Lending LPs (+$20MM)

(3) Mutual Funds (-$89MM), Alternative Funds (+$40MM) and Managed Accounts (-$40MM)

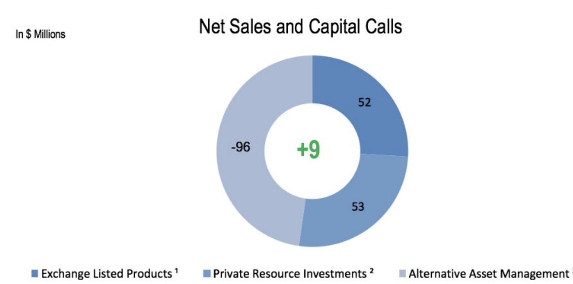
6 months ended



(1) Physical Trusts (+$126MM) and ETFs (+$1MM)

(2) Lending LPs (+$4MM), Fixed Term LPs (-$19MM), Managed Companies & Accounts (+$27MM)

(3) Mutual Funds (-$116MM), Alternative Funds (+$28MM) and Managed Accounts (-$2MM)



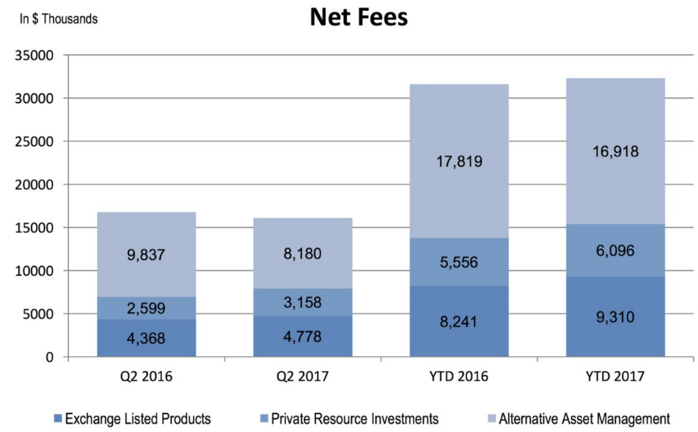
(1) Physical Trusts (-$55MM) and ETFs (+$107MM)

(2) Lending LPs (+$20MM). Includes acquisitions of $32MM

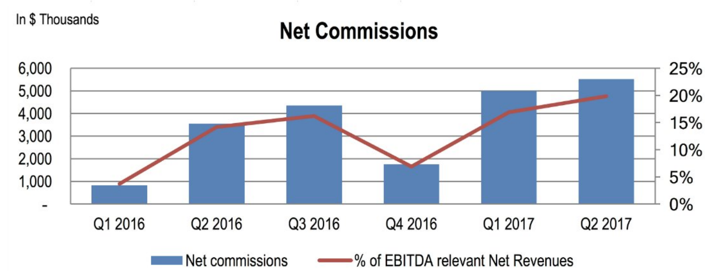
(3) Mutual Funds (-$144MM), Alternative Funds (+$85MM) and Managed Accounts (-$37MM).

NET REVENUES

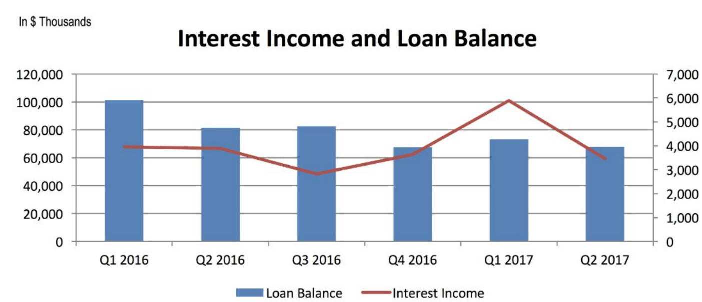
Net Fees in the quarter were $16.7 million, down $0.7 million (4%) from the prior period and were $33.5 million on a year-to-date basis, up $0.7 million (2%). The decline in the quarter was due to performance fees earned in the prior period on a seeded fund investment in our Alternative Asset Management business. The increase on a year-to-date basis was mainly attributable to our Exchange Listed platform as the precious metals pricing environment in the first quarter of the year, coupled with new ETF unit creations year-to-date, helped to offset a relatively weaker pricing environment in the second quarter of the year.



Net Commissions in the quarter were $5.5 million, up $2.0 million (55%) from the prior period and was $10.5 million on a year-to-date basis, up $6.1 million. Robust placement activity in SCP, as well as higher deal flow in our U.S broker-dealer continued to drive this increasingly material revenue line.

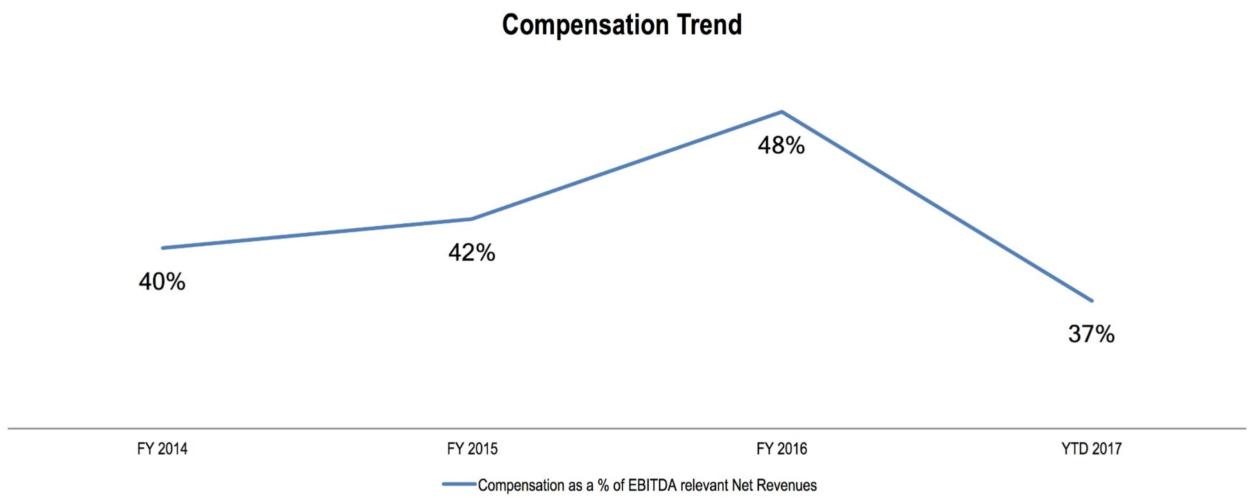


Interest income in the quarter was $3.5 million, down $0.4 million (11%) from the prior period and was $9.4 million on a year-to-date basis, up $1.5 million (19%). The decline in the quarter was due to the continued wind-down of our on balance sheet loans as we build scale in our Private Resource Lending LPs. The increase on a year-to-date basis was largely due to the recognition of interest income on a previously impaired loan in Q1 which more than offset the effects of the loan book run-off.

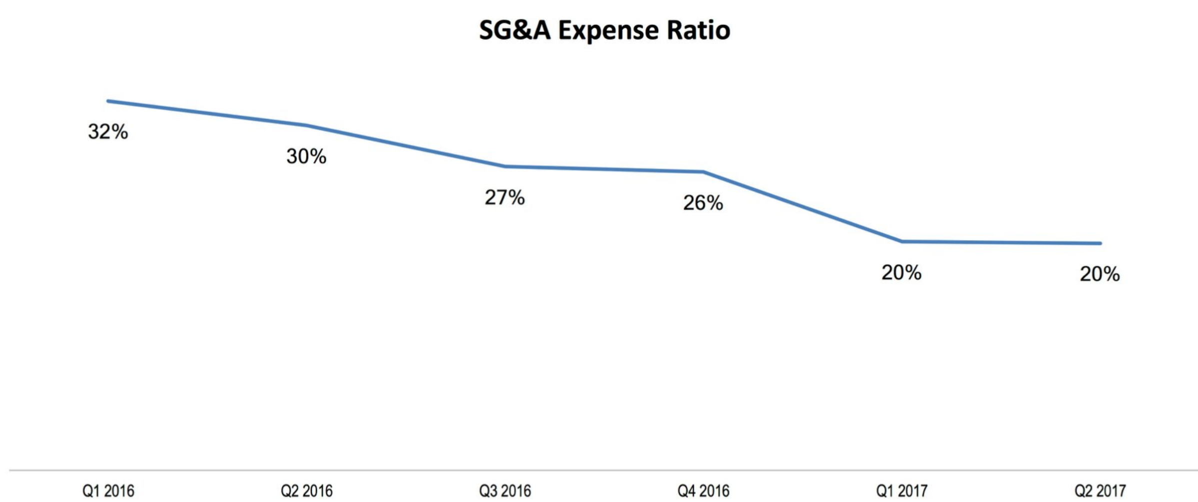


Expenses

Compensation (excluding commissions) in the quarter was $12.0 million, down $0.2 million (1%) from the prior period and was $24.5 million on a year-to-date basis, which was up $1.5 million (7%). The decrease in the quarter was due to lower incentive compensation in our Alternative Asset Management platform as we prepare to exit that platform's Canadian diversified asset management business. The increase on a year-to-date basis was primarily due to higher incentive compensation on improved performance in our Merchant Banking and Advisory, Global and Consulting platform.



SG&A was $6.2 million in the quarter, down $1.7 million (22%) from the prior period and was $12.7 million on a year-to-date basis, down $2.4 million (16%). We continue to see the benefits of our cost containment program with good cost savings across most of our platforms. In addition, we continue to experience materially lower SG&A in our Alternative Asset Management platform as we prepare to exit that platform's Canadian diversified asset management business.

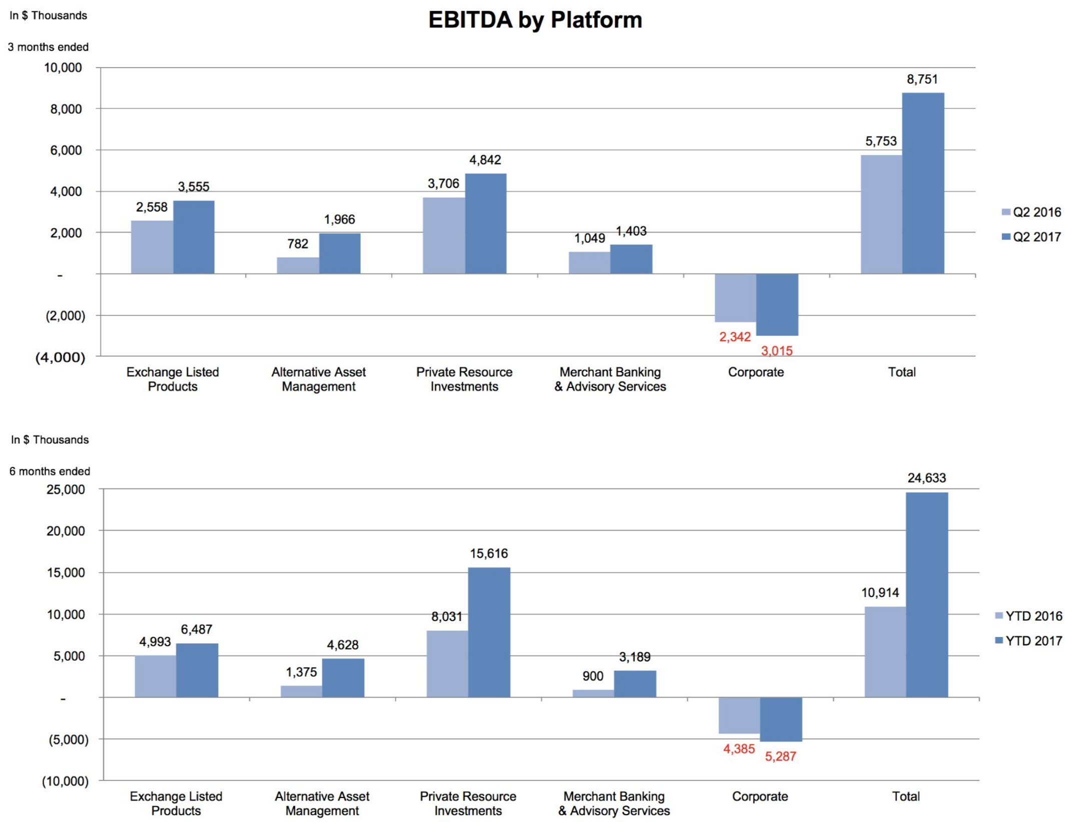


Placement and referral fee expenses in the quarter were $4.6 million, up $2.9 million from the prior period and were $4.7 million on a year-to-date basis, up $2.8 million. These fees were paid in order to acquire clients for the Sprott Private Resource Lending LPs.

Other Expenses in the quarter were $1.5 million, up $1.8 million from the prior period and was $2.4 million on a year-to-date basis, up $0.5 million (27%). The increase is largely due to non-recurring professional fee expenses related to the sale of our Canadian diversified asset management business.

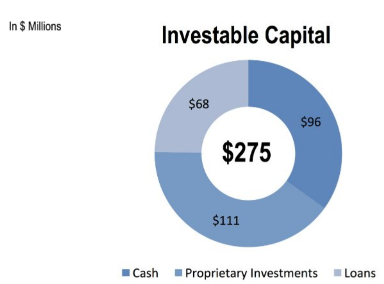
Adjusted Base EBITDA

Adjusted Base EBITDA in the quarter was $8.8 million, up $3.0 million (52%) from the prior period, and was $24.6 million on a year-to-date basis, up $13.7 million. The increases were largely due to: (1) higher net commissions on increased transaction volumes in our Canadian and U.S. brokerage businesses, (2) lower compensation accruals given fewer employees to accrue compensation expenses for as a result of the impending sale of our Canadian diversified asset management business; and (3) lower SG&A as we continue to see the benefits of our cost containment program across the organization and the scale back of investment spend in our Canadian diversified business. On a year-to-date basis, performance was also particularly impacted by the reversal of a previously impaired loan loss provision and the related interest income recognition.



Balance Sheet

Investable Capital was $275 million, down $34 million (11%) from December 31, 2016. The decrease was primarily due to: (1) the Company's participation in the secondary offering of Sprott Inc. shares by Mr. Eric Sprott, (2) the payment of our corporate dividends; and (3) other operating outflows (e.g. cash taxes).



Total Assets were $388 million, down $52.4 million (12%) from December 31, 2016. The decrease was primarily due to the reduction in Investable Capital previously described.

Total Liabilities were $62.9 million, down $16.8 million (21%) from December 31, 2016. The decrease was largely due to the payment of year-end sub-advisor performance fees and the timing and payment of year-end compensation accruals.

REPORTABLE SEGMENTS

Exchange Listed Products

In previous quarters, the results of our Exchange Listed Products platform were reported with the results of our Alternative Asset Management platform. Given the impending sale of our Canadian diversified asset management business (which was historically a component of our alternatives business), management is now required to report these platforms separately as their own reportable segments.

	3 months ended		6 months ended	
(In $ thousands)	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
SUMMARY INCOME STATEMENT				
Management Fees	4,778	4,368	9,310	8,241
Other income (loss)	(366)	(665)	(295)	(496)
Total Revenues	4,412	3,703	9,015	7,745
Compensation	575	873	1,406	1,660
Selling, general and administrative	649	938	1,417	1,587
Amortization and impairment charges	347	312	690	606
Other Expenses	—	17	—	38
Total Expenses	1,571	2,140	3,513	3,891
Net Income (Loss) before income taxes	2,841	1,563	5,502	3,854
Adjusted base EBITDA	3,555	2,558	6,487	4,993
Total AUM	4,591,479	4,829,986	4,591,479	4,829,986

3 and 6 months ended

Adjusted base EBITDA in the quarter was $3.6 million, up $1.0 million (39%) from the prior period and was $6.5 million on a year-to-date basis, up $1.5 million (30%).

- Higher Management Fees on improved precious metals pricing and ETF fund unit creation contributed to the increased EBITDA along with lower compensation accruals and lower SG&A due to our ongoing cost containment efforts.

Non-EBITDA highlights:

- Other Loss was due to the weakening of the U.S dollar.

Alternative Asset Management

In previous quarters, the results of our Alternative Asset Management platform were reported with the results of our Exchange Listed Products platform. Given the impending sale of our Canadian diversified asset management business (which was historically a component of our alternatives business), management is now required to report these platforms separately as their own reportable segments.

	3 months ended		6 months ended	
(In $ thousands)	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
SUMMARY INCOME STATEMENT				
Management Fees	12,385	13,439	25,462	25,804
Performance fees	115	1,146	246	1,233
less: Trailer fees	3,196	3,641	6,605	7,113
less: Sub-advisor fees	1,124	1,107	2,185	2,105
Net Fees	8,180	9,837	16,918	17,819
Interest income	4	7	11	13
Gains (losses) on proprietary investments	126	6,590	480	9,744
Other income (loss)	564	1,004	2,110	1,603
Total Net Revenues	8,874	17,438	19,519	29,179
Compensation	4,344	6,105	9,679	10,760
Selling, general and administrative	2,534	3,644	4,843	7,164
Amortization and impairment charges	431	577	863	4,177
Other expenses	825	—	1,225	—
Total Expenses	8,134	10,326	16,610	22,101
Net Income (Loss) before income taxes	740	7,112	2,909	7,078
Adjusted base EBITDA	1,966	782	4,628 (2)	1,375 (2)
Total AUM (1)	3,323,611	3,816,298	3,323,611	3,816,298

(1) On April 10, the Company announced an agreement to sell its Canadian diversified funds business to a management led group for $46 million. As part of the transaction, the Company will sell approximately $2.9 billion of its Alternative Asset Management AUM, of which $783 million will continue to be sub-advised by SAM (see Note 13 of the interim financial statements).

(2) Approximately 60% was generated by the Canadian diversified assets that were sold on August 1 (June 30, 2016 - 50%)

3 and 6 months ended

Adjusted base EBITDA in the quarter was $2.0 million, up $1.2 million from the prior period and was $4.6 million on a year-to-date basis, up $3.3 million.

- Higher EBITDA was due to lower compensation and SG&A in the period as we prepared to exit this platform's Canadian diversified asset management business. These cost savings more than offset weaker Net Fees generation.

Non-EBITDA highlights:

- Other expenses relate to non-recurring professional fees attributable to the sale of our Canadian diversified asset management business.

Private Resource Investments - Global

	3 months ended		6 months ended	
(In $ thousands)	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
SUMMARY INCOME STATEMENT				
Management Fees	1,789	1,819	3,573	3,721
less: Sub-advisor fees	47	42	92	85
Net Fees	1,742	1,777	3,481	3,636
Commissions	5,271	3,267	7,683	4,165
less: Commission Expense	2,006	815	2,789	1,113
Net Commissions	3,265	2,452	4,894	3,052
Interest income	66	20	115	40
Gains (losses) on proprietary investments	401	627	1,009	900
Other income (loss)	228	21	200	193
Total Net Revenues	5,702	4,897	9,699	7,821
Compensation (1)	1,886	1,385	3,259	2,498
Placement and referral fees	38	76	80	143
Selling, general and administrative	1,015	1,078	1,934	2,093
Amortization and impairment charges	973	924	1,958	1,904
Other expenses	2	—	81	229
Total Expenses	3,914	3,463	7,312	6,867
Net Income (Loss) before income taxes	1,788	1,434	2,387	954
Adjusted base EBITDA	2,135	1,650	3,250	2,070
Total AUM	478,785	492,480	478,785	492,480

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

3 and 6 months ended

Adjusted base EBITDA in the quarter was $2.1 million, up $0.5 million (29%) from the prior period and was $3.3 million on a year-to-date basis, up $1.2 million (57%).

- Higher Net Commissions on increased private placement activity in the U.S broker-dealer component of this segment was the largest contributor to our positive EBITDA performance, and to a lesser extent, lower SG&A expenses.

Non-EBITDA highlights:

- Gains on proprietary investments were due to market value appreciation on certain resource focused equity investments.

Private Resource Investments - Lending

	3 months ended		6 months ended	
(In $ thousands)	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
SUMMARY INCOME STATEMENT				
Management Fees	109	—	251	—
Interest income	2,969	3,419	8,376	6,973
Gains (losses) on proprietary investments	532	1,597	26	4,443
Other income (loss)	(1,775)	(93)	(2,129)	(3,363)
Total Revenues	1,835	4,923	6,524	8,053
Compensation	457	997	1,300	1,597
Placement and referral fees	4,542	1,639	4,542	1,639
Selling, general and administrative	261	145	476	293
Loan loss provision (recovery)	—	346	(4,942)	538
Amortization and impairment charges	1	—	2	—
Total Expenses	5,261	3,127	1,378	4,067
Net Income (Loss) before income taxes	(3,426)	1,796	5,146	3,986
Adjusted base EBITDA	2,383	2,116	12,043	6,096
Total AUM (1)	73,699	—	73,699	—

(1) The Sprott Private Resource Lending LPs have over $800 million in total firm commitments, $71 million of which has been deployed.

3 months ended

Adjusted base EBITDA was $2.4 million, up $0.3 million (13%) from the prior period.

- Higher EBITDA was the result of lower compensation expense and Loan loss provisions, which more than offset lower Interest income.

Non-EBITDA highlights:

- Lower Gains on proprietary investments were due to material gains in the prior period on certain resource focused equity investments.
- Other Loss was mainly driven by FX losses as the U.S dollar weakened in the quarter.
- Placement fees of $4.5 million were incurred in the quarter to acquire clients for the Private Resource Lending LPs.

6 months ended

Adjusted base EBITDA was $12.0 million, up $5.9 million from the prior period.

- Higher EBITDA was largely due to the commencement of interest income recognition in Q1 of this year on a previously impaired loan as well as the reversal of the related loan loss provision. This interest income was only partially offset by lower interest income from the rest of the loan book as the average loan balance continues to wind-down. Commensurate with the loan book wind-down, we continue to build scale in our private resource lending funds as seen by over $800 million in total firm commitments received to date. This will generate increased management fees in the future as that committed capital is evetually deployed in the form of future AUM.

Non-EBITDA highlights:

- Lower Gains on proprietary investments were due to material gains in the prior period on certain resource focused equity investments.
- Other losses were mainly driven by year-to-date foreign exchange losses.
- Placement fees of $4.5 million were incurred year-to-date to acquire clients within the Private Resource Lending LPs.

Private Resource Investments - Consulting

	3 months ended		6 months ended	
(In $ thousands)	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
SUMMARY INCOME STATEMENT				
Management Fees	1,307	822	2,364	1,920
Interest income	11	2	15	3
Gains (losses) on proprietary investments	507	—	507	—
Other income (loss)	371	442	1,071	888
Total Revenues	2,196	1,266	3,957	2,811
Compensation	808	509	1,459	1,211
Placement and referral fees	5	(10)	25	68
Selling, general and administrative	224	406	622	821
Amortization and impairment charges	8	12	16	23
Other expenses	416	486	871	1,264
Total Expenses	1,461	1,403	2,993	3,387
Net Income (Loss) before income taxes	735	(137)	964	(576)
Adjusted base EBITDA	324	(60)	323	(135)
Total AUM	838,884	662,238	838,884	662,238

3 and 6 months ended

Adjusted base EBITDA was $0.3 million on both a quarter and on a year-to-date basis, up slightly from the prior periods' losses.

- Higher EBITDA was the result of improved Management Fees on higher AUM, coupled with lower SG&A which more than offset increased compensation expense.

Non-EBITDA highlights:

- Lower Other income in the quarter was due to FX losses in our Korean business. On a year-to-date basis, higher other income was largely due to increased royalty income on seeded energy assets held as proprietary investments.

- Lower Other Expenses were mainly due to lower depletion and operating expenses in seeded energy assets held as proprietary investments.

Merchant Banking and Advisory Services

Prior to fiscal 2017, the results of this platform were reported with the results of the Corporate segment. Given the increased materiality of this platform as a result of the new SCP business and the sale of the majority of SPW's assets under administration as part of the previously announced sale on April 10, 2017, it is now material enough to require separate presentation as a reportable segment this year.

	3 months ended		6 months ended	
(In $ thousands)	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
SUMMARY INCOME STATEMENT				
Commissions	3,826	1,211	9,614	1,446
less: Commission Expense	1,577	106	4,001	125
Net Commissions	2,249	1,105	5,613	1,321
Management Fees	92	76	177	153
Interest income	418	445	840	808
Gains (losses) on proprietary investments	18	225	15	163
Other income (loss)	546	572	1,095	1,049
Total Net Revenues	3,323	2,423	7,740	3,494
Compensation (1)	1,355	605	2,971	1,432
Placement and referral fees	43	12	49	12
Selling, general and administrative	547	537	1,559	1,075
Amortization and impairment charges	4	2	11	4
Other expenses	8	150	8	150
Total Expenses	1,957	1,306	4,598	2,673
Net Income (Loss) before income taxes	1,366	1,117	3,142	821
Adjusted base EBITDA	1,403	1,049	3,189	900

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

3 and 6 months ended

Adjusted Base EBITDA in the quarter was $1.4 million, up $0.4 million (34%) over the prior year and was $3.2 million on a year-to-date basis, up $2.3 million.

- Higher EBITDA was due to increased Net Commissions on robust merchant banking activity in our new SCP business. This more than offset higher salary and benefits related compensation pertaining to this activity and the relatively flat interest income over the period.

Non-EBITDA highlights:

- Gains on proprietary investment continue to remain an immaterial portion of this segment's revenues.

- Other income was flat from the prior period.

Corporate

The Corporate segment is a cost centre that provides capital, balance sheet management and shared services to the Company's subsidiaries. In previous quarters, this segment's results were reported on a combined basis with that of our Merchant Banking & Advisory platform.

	3 months ended		6 months ended	
(In $ thousands)	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
SUMMARY INCOME STATEMENT				
Performance fees	11	—	11	—
Interest income	10	7	24	13
Gains (losses) on proprietary investments	(971)	8,590	(3,393)	13,865
Other income (loss)	(592)	487	(1,294)	(1,900)
Total Revenues	(1,542)	9,084	(4,652)	11,978
Compensation	2,567	1,694	4,397	3,782
Sub-advisory fees	—	2	—	2
Selling, general and administrative	944	1,139	1,896	2,117
Amortization and impairment charges	14	17	28	33
Other expenses	261	(937)	261	250
Total Expenses	3,786	1,915	6,582	6,184
Net Income (Loss) before income taxes	(5,328)	7,169	(11,234)	5,794
Adjusted base EBITDA	(3,015)	(2,342)	(5,287)	(4,385)

Corporate is primarily a cost centre. Consequently, it will typically generate negative EBITDA results.

3 and 6 months ended

- Gains (losses) on proprietary investments were due to market value depreciation of specific resource focused equity investments.
- Other loss was due to FX losses on U.S dollar cash and receivables.
- Compensation expense increased due to lower salary recoveries from other segments.
- Lower SG&A was due to our ongoing cost containment plan.

Dividends

The following dividend was declared by the Company during the six months ended June 30, 2017:

Record date	Payment Date	Cash dividend per share ($)	Total dividend amount ($ in thousands)
March 10, 2017 - regular dividend Q4 - 2016	March 27, 2017	0.03	7,457
May 18, 2017 - regular dividend Q1 - 2017	June 2, 2017	0.03	7,457
Dividends (1)			14,914

(1) Subsequent to the quarter-end, on August 10, 2017, a regular dividend of $0.03 per common share was declared for the quarter ended June 30, 2017. This dividend is payable, on September 5, 2017, to shareholders of record at the close of business on August 21, 2017.

Capital Stock

Including the 11.4 million unvested common shares currently held in the EPSP Trust (December 31, 2016 - 5.3 million), total capital stock issued and outstanding was 243.8 million (December 31, 2016 - 248.5 million). The decrease from December 31, 2016 was due to the Company's participation in the secondary offering of Sprott Inc. in which we purchased 5 million shares from Mr. Eric Sprott for cancellation.

Earnings per share for the current and prior period have been calculated using the weighted average number of shares outstanding during the respective periods. Basic and diluted earnings per share were $(0.01) and $0.02 for the quarter and six months ended respectively compared to $0.07 in the respective prior periods. Diluted earnings per share reflects the dilutive effect of in-the-money stock options, shares held in the EPSP Trust 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 10.9 million stock options have been issued pursuant to our stock option plan, of which 5.8 million are exercisable.

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.

As at June 30, 2017, the Company had 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, Sprott Global Resource Investment Ltd. 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 and the Securities Exchange Commission.

Commitments

Besides the Company's long-term lease agreements, there may be commitments to provide loans arising from the Lending segment of our Private Resource Investments platform or commitments to make investments in the proprietary investments portfolio of the Company. As at June 30, 2017, the Company had no loan commitments arising from the Lending business (December 31, 2016 - $Nil) and $30.4 million of investment purchase commitments in the proprietary investments portfolio (December 31, 2016 - $35.5 million).

Significant Accounting Judgments and Estimates

The interim financial statements have been prepared in accordance with IFRS standards in effect as at June 30, 2017, specifically, IAS 34 *Interim Financial Reporting*.

Compliance with IFRS requires the Company to exercise judgment, make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary. Significant accounting judgments and estimates are described in Note 2 of the December 31, 2016 annual audited financial statements and have been applied consistently to the interim financial statements as at and for the three and six months ended June 30, 2017.

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 amounts. 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 Lending 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 Sprott Resource Lending Corporation ("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. Additionally, the Company has access to a $35 million committed line of credit with its primary lender. 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 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 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.

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 June 30, 2017, the Company's CEO and CFO concluded that the Company's DC&P and ICFR were properly designed and were operating effectively. In addition, there were no material changes to ICFR during the quarter.

Managing Risk: Non-financial

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

Consolidated Financial Statements

Three and six months ended June 30, 2017

SPROTT

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

As at *(In $ thousands of Canadian dollars)*		Jun. 30 2017	Dec. 31 2016
Assets			
Current			
Cash and cash equivalents		96,572	123,955
Fees receivable		13,162	26,070
Loans receivable	*(Note 5)*	11,407	11,631
Proprietary investments	*(Note 3)*	137,505	147,545
Other assets	*(Note 6)*	12,806	9,893
Income taxes recoverable		2,039	1,511
Total current assets		273,491	320,605
Loans receivable	*(Note 5)*	56,397	56,047
Other assets	*(Note 6)*	3,191	2,957
Property and equipment, net		6,649	6,311
Intangible assets	*(Note 4)*	20,035	23,059
Goodwill	*(Note 4)*	24,833	25,710
Deferred income taxes	*(Note 8)*	3,040	5,335
		114,145	119,419
Total assets		387,636	440,024
Liabilities and Shareholders' Equity			
Current			
Accounts payable and accrued liabilities		25,619	24,491
Compensation payable		6,773	13,258
Obligations related to securities sold short	*(Note 3)*	26,577	29,810
Income taxes payable		1,006	8,480
Total current liabilities		59,975	76,039
Deferred income taxes	*(Note 8)*	2,950	3,671
Total liabilities		62,925	79,710
Shareholders' equity			
Capital stock	*(Note 7)*	388,158	411,231
Contributed surplus	*(Note 7)*	41,000	41,802
Deficit		(135,969)	(126,264)
Accumulated other comprehensive income		31,522	33,545
Total shareholders' equity		324,711	360,314
Total liabilities and shareholders' equity		387,636	440,024
Commitments and provisions	*(Note 12)*		

See accompanying notes

"Jack C. Lee"
Director

"James Roddy"
Director

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(In $ thousands of Canadian dollars, except for per share amounts)		*For the three months ended* Jun. 30 2017	Jun. 30 2016	*For the six months ended* Jun. 30 2017	Jun. 30 2016
Revenues					
Management fees		20,460	20,524	41,137	39,839
Performance fees		126	1,146	257	1,233
Commissions		8,878	4,478	17,078	5,611
Interest income		3,467	3,900	9,363	7,850
Gains (losses) on proprietary investments		613	17,629	(1,356)	29,115
Other Income (loss)	*(Note 6)*	(1,505)	1,250	(234)	(3,042)
Total revenue		32,039	48,927	66,245	80,606
Expenses					
Compensation		14,229	11,707	28,599	20,938
Stock-based compensation	*(Note 7)*	1,127	1,382	2,443	3,240
Trailer fees		2,762	3,167	5,706	6,183
Sub-advisor fees		1,124	1,107	2,184	2,106
Placement and referral fees		4,628	1,717	4,696	1,862
Loan loss provisions (recoveries)	*(Note 5)*	—	346	(4,942)	538
Selling, general and administrative		6,163	7,887	12,729	15,150
Amortization of intangibles	*(Note 4)*	1,525	1,606	3,097	3,281
Impairment of intangibles	*(Note 4)*	—	—	—	3,006
Amortization of property and equipment		253	238	471	460
Other expenses	*(Note 6)*	1,512	(284)	2,446	1,931
Total expenses		33,323	28,873	57,429	58,695
Income before income taxes for the period		(1,284)	20,054	8,816	21,911
Provision for income taxes	*(Note 8)*	2,322	3,108	3,607	3,658
Net income (loss) for the period		(3,606)	16,946	5,209	18,253
Basic and diluted earnings per share	*(Note 7)*	$ (0.01)	$ 0.07	$ 0.02	$ 0.07

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

	For the three months ended		*For the six months ended*	
(In $ thousands of Canadian dollars)	Jun. 30 2017	Jun. 30 2016	Jun. 30 2017	Jun. 30 2016
Net income (loss) for the period	(3,606)	16,946	5,209	18,253
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation gain (loss) on foreign operations (taxes of $Nil)	(1,459)	(284)	(2,023)	(3,848)
Total other comprehensive loss	(1,459)	(284)	(2,023)	(3,848)
Comprehensive income (loss)	(5,065)	16,662	3,186	14,405

See accompanying notes

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

(In $ thousands of Canadian dollars, other than number of shares)		Number of Shares Outstanding	Capital Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Equity
At Dec. 31, 2016		243,190,293	411,231	41,802	(126,264)	33,545	360,314
Shares acquired for equity incentive plan	*(Note 7)*	(7,500,000)	(16,500)	—	—	—	(16,500)
Shares released on vesting of equity incentive plan	*(Note 7)*	1,407,938	3,763	(3,763)	—	—	—
Foreign currency translation gain (loss) on foreign operations		—	—	—	—	(2,023)	(2,023)
Cancellation of repurchased shares	*(Note 7)*	(5,000,000)	(11,000)				(11,000)
Stock-based compensation	*(Note 7)*	—	—	2,443	—	—	2,443
Issuance of share capital on conversion of Restricted Stock Units ("RSU") and other share based considerations	*(Note 7)*	86,130	196	518	—	—	714
Dividends declared	*(Note 10)*	198,700	468	—	(14,914)	—	(14,446)
Net income		—	—	—	5,209	—	5,209
Balance, Jun. 30, 2017		232,383,061	388,158	41,000	(135,969)	31,522	324,711
At Dec. 31, 2015		243,996,605	412,344	38,749	(128,056)	35,205	358,242
Shares released on vesting of equity incentive plan		706,321	2,350	(2,350)	—	—	—
Foreign currency translation gain on foreign operations		—	—	—	—	(3,848)	(3,848)
Stock-based compensation		—	—	3,240	—	—	3,240
Dividends declared		—	—	—	(14,737)	—	(14,737)
Net income		—	—	—	18,253	—	18,253
Balance, Jun. 30, 2016		244,702,926	414,694	39,639	(124,540)	31,357	361,150

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the six months ended	
(In $ thousands of Canadian dollars, other than number of shares)	Jun. 30 2017	Jun. 30 2016
Operating Activities		
Net income for the period	5,209	18,253
Add (deduct) non-cash items:		
Losses (gains) on proprietary investments	1,356	(29,115)
Stock-based compensation	2,443	3,240
Amortization of property, equipment and intangible assets	3,568	3,741
Impairment of intangible assets	—	3,006
Loan loss provisions (recoveries)	(4,942)	538
Deferred income taxes (recovery)	1,611	(3,296)
Current income tax expense	1,996	6,954
Other items	(1,219)	1,721
Income taxes paid	(9,965)	(6,903)
Changes in:		
Fees receivable	12,872	611
Loans receivable	4,816	18,626
Accounts payable, accrued liabilities and compensation payable	(7,833)	581
Other assets	(9,796)	9,235
Cash provided by operating activities	116	27,192
Investing Activities		
Purchase of proprietary investments	(25,397)	(75,593)
Sale of proprietary investments	31,848	84,835
Purchase of property and equipment	(808)	(179)
Deferred sales commissions paid	(160)	(408)
Purchase of intangible assets	—	(17,096)
Cash provided by (used in) investing activities	5,483	(8,441)
Financing Activities		
Acquisition of common shares for equity incentive plan	(6,600)	—
Acquisition of common shares for cancellation	(11,000)	—
Dividends paid	(14,446)	(14,737)
Cash used in financing activities	(32,046)	(14,737)
Effect of foreign exchange on cash balances	(936)	(384)
Net increase (decrease) in cash and cash equivalents during the year	(27,383)	3,630
Cash and cash equivalents, beginning of the period	123,955	107,622
Cash and cash equivalents, end of the period	96,572	111,252
Cash and cash equivalents:		
Cash	96,311	111,252
Short-term deposits	261	—
	96,572	111,252
Supplementary disclosure of cash flow information		
Amount of interest received during the period	2,138	3,461

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 2J1.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The interim financial statements have been prepared in accordance with IFRS standards in effect as at June 30, 2017, specifically, IAS 34 *Interim Financial Reporting*.

Compliance with IFRS requires the Company to exercise judgment, make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary. Significant accounting judgments and estimates are described in Note 2 of the December 31, 2016 annual audited financial statements and have been applied consistently to the interim financial statements as at and for the three and six months ended June 30, 2017.

Basis of presentation

These interim financial statements have been prepared on a going concern basis and on a historical cost basis, except for financial assets and financial liabilities classified as 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 interim financial statements of the Company are prepared on a consolidated basis so as to include the accounts of all limited partnerships and corporations the Company is deemed to control under IFRS. Controlled limited partnerships and corporations ("subsidiaries") are consolidated from the date the Company obtains control. All intercompany balances with subsidiaries are eliminated upon consolidation. Subsidiary financial statements are prepared over the same reporting period as the Company'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 principal 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. ("SUSHI"), parent of: (i) Rule Investments Inc. ("RII") (ii) Sprott Global Resource Investments Ltd. ("SGRIL"); (iii) Sprott Asset Management USA Inc. ("SAM US"); and (iv) Resource Capital Investment Corporation ("RCIC"). Collectively, the interests of SUSHI are referred to as "Global" in these financial statements;
- Sprott Resource Lending Corp. ("SRLC");
- Toscana Energy Corporation ("TEC") and Sprott Energy Holdco. (Collectively, "Sprott Toscana");
- Sprott Genpar Ltd.;
- SAMGENPAR Ltd.; and
- Sprott Inc. 2011 Employee Profit Sharing Plan Trust (the "Trust").

Discontinued Operations

Revenues and expenses from discontinued operations, as well as non-current assets held for sale, are reported separately on the consolidated statements of operations and consolidated statements of financial position respectively, once the sale of a business segment comprising distinct operations is considered highly probable. A business segment is considered to have distinct operations if the related cash flows have the same level of granularity as a Cash Generating Unit ("CGU").

Given that the April 10, 2017 announced sale of the Canadian diversified funds business (see Note 13) comprises only a portion of the SAM CGU , the operations of that business do not qualify for discontinued operations accounting. Consequently, revenues and expenses generated after the sale becomes highly probable will not be presented as discontinued on the consolidated statements of operations, and the non-current assets being sold will not be reclassified as held for sale on the statements of financial position.

Other accounting policies

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

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):

	Jun. 30, 2017	Dec. 31, 2016
Public equities and share purchase warrants	50,310	42,067
Mutual funds and alternative investment strategies	68,410	83,327
Fixed income securities	225	2,802
Private holdings*	18,560	19,349
Total proprietary investments	137,505	147,545
Obligations related to securities sold short**	26,577	29,810

* Private holdings consist of the following investments: (1) private company investments classified as HFT and AFS. HFT investments have their changes in fair value recorded in the consolidated statements of operations. AFS investments have their changes in fair value recorded as part of the consolidated statements of comprehensive income until such time the asset is either disposed of, or is assessed as being impaired; (2) energy royalties of $2.3 million (December 31, 2016 - $2.6 million) which are based on the estimated future cash flows and expected return from future royalty payments; and (3) working interests in energy properties of $3.7 million (December 31, 2016 - $4.0 million) which are recorded at cost, net of depletion and/or impairment charges. As at June 30, 2017, the Company assessed the carrying amount of its working interest in energy properties and its energy royalties by considering changes in future prices, future costs and reserves and identified no indicators of impairment as at the end of the period.

** 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 $25.3 million (December 31, 2016 - $29.7 million) of long positions in investment strategies and $24.9 million (December 31, 2016 - $29.8 million) of short positions.

4. 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 Dec. 31, 2015	182,819	13,858	31,505	45,613	9,485	283,280
Net additions and (disposals)	—	—	17,203	—	686	17,889
Transfers	—	(1,510)	1,510	—	—	—
Net exchange differences	(5,070)	—	(847)	(1,355)	—	(7,272)
At Dec. 31, 2016	177,749	12,348	49,371	44,258	10,171	293,897
Net additions and (disposals)	—	—	—	—	160	160
Transfers	—	—	—	—	—	—
Net exchange differences	(5,649)	—	(944)	(1,510)	—	(8,103)
At Jun. 30, 2017	172,100	12,348	48,427	42,748	10,331	285,954
Accumulated amortization and impairment losses						
At Dec. 31, 2015	(156,321)	(9,342)	(23,409)	(45,613)	(7,129)	(241,814)
Amortization charge for the year	—	—	(4,941)	—	(1,560)	(6,501)
Net impairment charge for the year	—	(3,006)	—	—	—	(3,006)
Net exchange differences	4,282	—	556	1,355	—	6,193
At Dec. 31, 2016	(152,039)	(12,348)	(27,794)	(44,258)	(8,689)	(245,128)
Amortization charge for the period	—	—	(2,556)	—	(541)	(3,097)
Net impairment charge for the period	—	—	—	—	—	—
Net exchange differences	4,772	—	857	1,510	—	7,139
At Jun. 30, 2017	(147,267)	(12,348)	(29,493)	(42,748)	(9,230)	(241,086)
Net book value at:						
Dec. 31, 2016	25,710	—	21,577	—	1,482	48,769
Jun. 30, 2017	24,833	—	18,934	—	1,101	44,868

Impairment assessment of goodwill

The Company identified six CGUs for goodwill impairment assessment and testing purposes: SAM, Global, Lending, Corporate, Consulting; and SPW. Operating segments of the Company substantially align with the CGUs. A full description of our segments can be found in Note 11. As at June 30, 2017, the Company had allocated goodwill of $24.8 million (December 31, 2016 - $25.7 million) to the SAM CGU.

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 quarter impairment assessment process, there were no indicators of goodwill impairment in the SAM CGU.

Impairment assessment of finite life fund management contracts

As at June 30, 2017, the Company had fixed-term limited partnerships within the Global CGU of $2.1 million (December 31, 2016 - $2.9 million) and exchange listed funds within the SAM CGU of $16.8 million (December 31, 2016 - $18.7 million). There were no indicators of impairment as at June 30, 2017.

Impairment assessment of deferred sales commissions

As at June 30, 2017, the Company had deferred sales commissions of $1.1 million within the SAM CGU (December 31, 2016 - $1.5 million). There were no indicators of impairment as at June 30, 2017.

5. LOANS RECEIVABLE

Components of loans receivable

Loans are reported at their amortized cost using the effective interest method. Loans are reported net of any general or specific loan loss provisions on the Loan loss provisions line of the consolidated statements of operations. Total carrying value consists of the following (In $ thousands):

	Jun. 30, 2017	Dec. 31, 2016
Loans		
Loan principal	72,168	78,814
Accrued interest	9	86
Deferred revenue	(4,373)	(6,229)
Amortized cost, before loan loss provisions	67,804	72,671
Loan loss provisions	—	(4,993)
Total carrying value of loans receivable	67,804	67,678
Less: current portion	(11,407)	(11,631)
Total carrying value of non-current loans receivable	56,397	56,047

Impaired loans and loan loss provisions

When a loan 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. 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 June 30, 2017, the Company performed a comprehensive review of each loan measured at amortized cost in its portfolio to determine the requirement for specific loan loss provisions. There were no credit events in the quarter. On a six month ended basis, the Company reversed a $5.0 million specific loan loss provision.

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

	For the six months ended	
	Jun. 30, 2017	Jun. 30, 2016
Interest on impaired loans	—	538
Loan loss provisions		
Balance, beginning of the year	4,993	8,951
Specific loan loss provision (recovery) on resource loan	(4,942)	538
Net exchange differences	(51)	(274)
Balance, end of period	—	9,215

Sector distribution of loan principal

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

	Jun. 30, 2017		Dec. 31, 2016	
	Number of Loans	(in $ thousands)	Number of Loans	(in $ thousands)
Metals and mining	3	31,936	5	38,514
Energy and other	4	40,232	4	40,300
Total loan principal	7	72,168	9	78,814

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:

	Jun. 30, 2017		Dec. 31, 2016	
	Number of Loans	(in $ thousands)	Number of Loans	($ in thousands)
Canada	2	24,939	2	24,765
United States of America	3	34,655	2	32,446
Chile	—	—	1	4,363
Brazil	—	—	1	964
Peru	1	1,556	1	1,880
Romania	—	—	1	2,275
South Africa	1	11,018	1	12,121
Total loan principal	7	72,168	9	78,814

Priority of security charges

As at June 30, 2017 and December 31, 2016, all of the Company's loans are senior secured.

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 June 30, 2017 and December 31, 2016, no loans were past due.

Loan commitments

As at June 30, 2017, the Company had no loan commitments (December 31, 2016 - $Nil).

6. OTHER ASSETS, INCOME AND EXPENSES

Other Assets

Other assets (both current and long term) consist primarily of: (1) $3.0 million (December 31, 2016 - $2.8 million) in proceeds receivable on the past sale of an investment; (2) receivables of $5.4 million (December 31, 2016 - $4.6 million) from funds and managed companies for which the Company has incurred expenses on their behalf; and (3) prepaid expenses of $1.5 million (December 31, 2016 - $2.9 million).

Other Income (loss)

Other income (loss) on a three months ended basis primarily includes: (1) foreign exchange losses of $3.0 million (June 30, 2016 - $0.6 million loss); (2) royalty income on energy related assets held in proprietary investments of $0.5 million (June 30, 2016 - $0.5 million); (3) income earned on other investments of $0.6 million (June 30, 2016 - $1.0 million); and (4) accretion income of $0.1 million on a share receivable (June 30, 2016 - $0.1 million).

Other income (loss) on a six months ended basis primarily includes: (1) foreign exchange losses of $4.1 million (June 30, 2016 - $7.4 million loss); (2) royalty income on energy related assets held in proprietary investments of $1.0 million (June 30, 2016 - $0.9 million); (3) income earned on other investments of $2.0 million (June 30, 2016 - $1.5 million); and (4) accretion income of $0.2 million on a share receivable (June 30, 2016 - $1.4 million).

Other Expenses

Other expenses on a three months ended basis primarily include: (1) costs related to energy assets including: (a) operating expenses of $0.3 million (June 30, 2016 - $0.2 million); and (b) depletion charges of $0.2 million (June 30, 2016 - $0.3 million); and (2) professional fees and other transaction costs of $0.8 million (June 30, 2016 - $Nil) related to the sale of the Company's Canadian diversified funds business (see Note 13).

Other expenses on a six months ended basis primarily include: (1) costs related to energy assets including: (a) operating expenses of $0.5 million (June 30, 2016 - $0.7 million); and (b) depletion charges of $0.3 million (June 30, 2016 - $0.6 million); and (2) professional fees and other transaction costs of $1.2 million (June 30, 2016 - $Nil) related to the sale of the Company's Canadian diversified funds business (see Note 13).

7. SHAREHOLDERS' EQUITY

Capital stock and contributed surplus

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

	Number of shares	Stated value (in $ thousands)
At Dec. 31, 2015	243,996,605	412,344
Issuance of share capital under dividend reinvestment program	10,262	26
Acquired for equity incentive plan	(1,850,000)	(4,473)
Released on vesting of equity incentive plan	1,033,426	3,334
At Dec. 31, 2016	243,190,293	411,231
Issuance of share capital under dividend reinvestment program	198,700	468
Issuance of share capital on conversion of RSU	86,130	196
Cancellation of repurchased shares	(5,000,000)	(11,000)
Acquired for equity incentive plan	(7,500,000)	(16,500)
Released on vesting of equity incentive plan	1,407,938	3,763
At Jun. 30, 2017	232,383,061	388,158

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

	Stated value (in $ thousands)
At Dec. 31, 2015	38,749
Expensing of Sprott Inc. stock options over the vesting period	2,477
Expensing of EPSP / EIP shares over the vesting period	3,910
Released on vesting of common shares for equity incentive plan	(3,334)
At Dec. 31, 2016	41,802
Expensing of Sprott Inc. stock options over the vesting period	786
Expensing of EPSP / EIP shares over the vesting period	1,657
Issuance of share capital on conversion of Restricted Stock Units ("RSU") and other share based considerations	518
Released on vesting of common shares for equity incentive plan	(3,763)
At Jun. 30, 2017	41,000

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.

No stock options were issued for the three month and six months ended June 30, 2017 (three months ended June 30, 2016 - 1,000,000 options issued and six months ended June 30, 2016 - 8,250,000 options issued).

For valuing share option grants, the fair value method of accounting is used. The fair value of option grants is determined using the Black-Scholes option-pricing model, which takes into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Compensation cost is recognized over the 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, 2015	2,650	9.71
Options exercisable, December 31, 2015	2,650	9.71
Options granted	7,250	2.33
Options granted	1,000	2.73
Options outstanding, December 31, 2016	10,900	4.16
Options exercisable, December 31, 2016	4,100	7.10
Options outstanding, June 30, 2017	10,900	4.16
Options exercisable, June 30, 2017	5,800	5.72

Options outstanding and exercisable as at June 30, 2017 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	0.8	2,450
4.85	50	2.5	50
6.60	150	3.4	150
2.33	7,250	8.6	2,900
2.73	1,000	8.9	250
2.33 to 10.00	10,900	6.8	5,800

Equity incentive plan

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

There were no RSUs issued during the quarter and 246,832 issued during the six months ended (three and six months ended June 30, 2016 - 185,186). The Trust purchased 7.5 million common shares in the three and six months ended June 30, 2017 (three and six months ended June 30, 2016 - Nil).

	Number of common shares
Common shares held by the Trust, December 31, 2015	4,471,178
Acquired	1,850,000
Released on vesting	(1,033,426)
Unvested common shares held by the Trust, December 31, 2016	5,287,752
Acquired	7,500,000
Released on vesting	(1,407,938)
Unvested common shares held by the Trust, June 30, 2017	11,379,814

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

	For the three months ended		For the six months ended	
	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
Stock option plan	494	484	786	1,423
EPSP / EIP	822	898	1,657	1,817
	1,316	1,382	2,443	3,240

Basic and diluted earnings per share

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

	For the three months ended		For the six months ended	
	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
Numerator ($ in thousands):				
Net income (loss) - basic and diluted	(3,606)	16,946	5,209	18,253
Denominator (Number of shares in thousands):				
Weighted average number of common shares	244,616	247,527	244,636	247,527
Weighted average number of unvested shares purchased by the Trust	(3,962)	(3,766)	(3,929)	(3,771)
Weighted average number of common shares - basic	240,654	243,761	240,707	243,756
Weighted average number of dilutive stock options	—	673	—	—
Weighted average number of unvested shares purchased by the Trust	3,962	3,766	3,929	3,771
Weighted average number of common shares - diluted	244,616	248,200	244,636	247,527
Net income (loss) per common share				
Basic	(0.01)	0.07	0.02	0.07
Diluted	(0.01)	0.07	0.02	0.07

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 June 30, 2017 and 2016, all entities were in compliance with their respective capital requirements.

8. INCOME TAXES

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

	For the six months ended	
	Jun. 30, 2017	Jun. 30, 2016
Current income tax expense		
Based on taxable income of the current period	1,946	6,929
Other	50	25
	1,996	6,954
Deferred income tax expense (recovery)		
Total deferred income tax expense	1,611	(3,296)
Income tax expense reported in the statements of operations	3,607	3,658

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

	For the six months ended	
	Jun. 30, 2017	Jun. 30, 2016
Income before income taxes	8,816	21,911
Tax calculated at domestic tax rates applicable to profits in the respective countries	2,655	5,942
Tax effects of:		
Non-deductible stock-based compensation	1,651	582
Non-taxable capital (gains) and losses	317	(3,149)
Capital losses not benefited	43	233
Goodwill/Amortization of Intangibles	83	936
Adjustments in respect of previous periods	(132)	25
Other temporary differences not benefited	(544)	(161)
Non-capital losses not previously benefited	(694)	(782)
Rate differences and other	228	32
Tax charge	3,607	3,658

The weighted average statutory tax rate was 30.1% (June 30, 2016 - 27.1%). This increase was mainly due to increased profitability of our Global segment, which is U.S based, which are subject to a higher tax rate than the Canadian operations. The Company has $35 million of unused non-capital tax losses and $10 million of unused capital tax losses from prior years that will begin to expire in 2037 and 2022, respectively. The benefit of these capital and non-capital tax losses has not been recognized.

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

For the six months ended June 30, 2017

	Dec. 31, 2016	Recognized in income	Recognized in other comprehensive income	Jun. 30, 2017
Deferred income tax assets				
Other stock-based compensation	4,222	(2,693)	—	1,529
Non-capital losses	553	117	—	670
Other	572	(136)	—	436
Total deferred income tax assets	5,347	(2,712)	—	2,635
Deferred income tax liabilities				
Fund management contracts	2,039	(780)	(37)	1,222
Deferred sales commissions	392	(101)	—	291
Unrealized gains	186	(306)	—	(120)
Proceeds receivable	993	82	—	1,075
Other	73	4	—	77
Total deferred income tax liabilities	3,683	(1,101)	(37)	2,545
Net deferred income tax assets (liabilities)	1,664	(1,611)	37	90

For the year ended December 31, 2016

	Dec. 31, 2015	Recognized in income	Recognized in other comprehensive income	Dec. 31, 2016
Deferred income tax assets				
Other stock-based compensation	3,721	502	—	4,223
Non-capital losses	190	363	—	553
Other	282	289	—	571
Total deferred income tax assets	4,193	1,154	—	5,347
Deferred income tax liabilities				
Fund management contracts	3,700	(1,542)	(119)	2,039
Deferred sales commissions	624	(232)	—	392
Unrealized gains	4	182	—	186
Transitional partnership income	3,680	(3,680)	—	—
Proceeds receivable	1,396	(403)	—	993
Other	(127)	200	—	73
Total deferred income tax liabilities	9,277	(5,475)	(119)	3,683
Net deferred income tax assets (liabilities)	(5,084)	6,629	119	1,664

9. FAIR VALUE MEASUREMENTS

The following tables present the Company's recurring fair value measurements within the fair value hierarchy. The Company did not have non-recurring fair value measurements as at June 30, 2017 and December 31, 2016 (in $ thousands).

Jun. 30, 2017	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	43,865	6,445	—	50,310
Mutual funds and alternative investment strategies	36,145	32,265	—	68,410
Fixed income securities	—	225	—	225
Private holdings*	—	—	14,909	14,909
Obligations related to securities sold short	(26,577)	—	—	(26,577)
Total net recurring fair value measurements	53,433	38,935	14,909	107,277

Dec. 31, 2016	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	36,842	5,225	—	42,067
Mutual funds and alternative investment strategies	44,774	38,554	—	83,328
Fixed income securities	—	1,538	1,264	2,802
Private holdings*	—	—	15,395	15,395
Obligations related to securities sold short	(29,810)	—	—	(29,810)
Total net recurring fair value measurements	51,806	45,317	16,659	113,782

* Private holdings measured using fair value techniques include private company investments classified as HFT and foreclosed properties, which have their changes in fair value recorded on the statements of operations; and private holdings and 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 - Jun. 30, 2017					
	Dec. 31, 2016	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Jun. 30, 2017
Private holdings	15,395	(2,957)	(296)	2,767	14,909
Fixed income securities	1,264	—	(1,264)	—	—
	16,659	(2,957)	(1,560)	2,767	14,909

Changes in the fair value of Level 3 measurements - Dec. 31, 2016					
	Dec. 31, 2015	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Dec. 31, 2016
Private holdings	9,652	9,345	(4,898)	1,296	15,395
Fixed income securities	1,266	—	—	(2)	1,264
	10,918	9,345	(4,898)	1,294	16,659

During the six months ended June 30, 2017, the Company transferred public equities of $2.9 million (Dec. 31, 2016 - $1.0 million) from Level 2 to Level 1 within the fair value hierarchy due to the release of trading restrictions by the issuer. The Company transferred $3.3 million (Dec. 31, 2016 - $Nil) from Level 3 to Level 1 within the fair value hierarchy due to the initial public offering of an investment that was previously privately owned.

The following table presents the valuation techniques used by the Company in measuring Level 2 fair values:

Type	Valuation Technique
Public equities and share purchase warrants	Fair values are determined using pricing models which incorporate market-observable inputs.
Mutual funds and alternative investment strategies	Fair values are based on the last available Net Asset Value.
Fixed income securities	Fair values are based on independent market data providers or third-party broker quotes.

Financial instruments not carried at fair value

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

Loans receivable and debentures had a carrying value of $67.8 million (Dec. 31, 2016 - $67.7 million) and a fair value of $69.2 million (Dec. 31, 2016 - $74.1 million). Loans receivable and debentures 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 significant inputs used to disclose the fair value of loans and debentures measured at amortized cost would fall under Level 3 of the fair value hierarchy.

10. DIVIDENDS

The following dividend was declared by the Company during the six months ended June 30, 2017:

Record date	Payment Date	Cash dividend per share ($)	Total dividend amount (in $ thousands)
March 10, 2017 - regular dividend Q4 - 2016	March 27, 2017	0.03	7,457
May 18, 2017 - regular dividend Q1 - 2017	June 2, 2017	0.03	7,457
Dividends (1)			14,914

(1) Subsequent to the quarter-end, on August 10, 2017, a regular dividend of $0.03 per common share was declared for the quarter ended June 30, 2017. This dividend is payable, on September 5, 2017, to shareholders of record at the close of business on August 21, 2017.

11. SEGMENTED INFORMATION

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

- Exchange Listed Products, which provides management services to the Company's closed-end physical trusts and exchange traded funds ("ETFs"), both of which are actively traded on public securities exchanges.
- Alternative Asset Management, which provides asset management services to the Company's branded funds and managed accounts;
- Global, 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 through the Company's U.S. broker-dealer.
- Lending, which provides loans to companies in the mining and energy sectors;
- Consulting, which includes the operations of SC, Sprott Toscana and Sprott Korea, the consulting businesses of the Company;
- Merchant Banking and Advisory Services, the Company's Canadian broker-dealer.
- Corporate, which provides capital, balance sheet management and shared services to the Company's subsidiaries.

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

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

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

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

For the three months ended June 30, 2017

	Exchange Listed Products	Alternative Asset Management	Global	Lending	Consulting	Merchant Banking & Advisory Services	Corporate	Eliminations	Consolidated
Total revenue	4,412	13,194	7,755	1,835	2,196	4,900	(1,542)	(711)	32,039
Total expenses	1,571	12,454	5,967	5,261	1,461	3,534	3,786	(711)	33,323
Pre-tax Income (loss)	2,841	740	1,788	(3,426)	735	1,366	(5,328)	—	(1,284)
Adjusted base EBITDA	3,555	1,966	2,135	2,383	324	1,403	(3,015)	—	8,751

For the three months ended June 30, 2016

	Exchange Listed Products	Alternative Asset Management	Global	Lending	Consulting	Merchant Banking & Advisory Services	Corporate	Eliminations	Consolidated
Total revenue	3,703	22,186	5,754	4,923	1,266	2,529	9,084	(518)	48,927
Total expenses	2,140	15,074	4,320	3,127	1,403	1,412	1,915	(518)	28,873
Pre-tax Income (loss)	1,563	7,112	1,434	1,796	(137)	1,117	7,169	—	20,054
Adjusted base EBITDA	2,558	782	1,650	2,116	(60)	1,049	(2,342)	—	5,753

For the six months ended June 30, 2017

	Exchange Listed Products	Alternative Asset Management	Global	Lending	Consulting	Merchant Banking & Advisory Services	Corporate	Eliminations	Consolidated
Total revenue	9,015	28,309	12,580	6,524	3,957	11,741	(4,652)	(1,229)	66,245
Total expenses	3,513	25,400	10,193	1,378	2,993	8,599	6,582	(1,229)	57,429
Pre-tax Income (loss)	5,502	2,909	2,387	5,146	964	3,142	(11,234)	—	8,816
Adjusted base EBITDA	6,487	4,628	3,250	12,043	323	3,189	(5,287)	—	24,633

For the six months ended June 30, 2016

	Exchange Listed Products	Alternative Asset Management	Global	Lending	Consulting	Merchant Banking & Advisory Services	Corporate	Eliminations	Consolidated
Total revenue	7,745	38,397	9,019	8,053	2,811	3,619	11,978	(1,016)	80,606
Total expenses	3,891	31,319	8,065	4,067	3,387	2,798	6,184	(1,016)	58,695
Pre-tax Income (loss)	3,854	7,078	954	3,986	(576)	821	5,794	—	21,911
Adjusted base EBITDA	4,993	1,375	2,070	6,096	(135)	900	(4,385)	—	10,914

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

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

	For the three months ended		For the six months ended	
	Jun. 30, 2017	Jun. 30, 2016	Jun. 30, 2017	Jun. 30, 2016
Canada	24,284	43,173	53,665	71,587
United States	7,755	5,754	12,580	9,019
	32,039	48,927	66,245	80,606

12. COMMITMENTS AND PROVISIONS

Besides the Company's long-term lease agreement, there may be commitments to provide loans arising from the Lending business or commitments to make investments in the proprietary investments portfolio of the Company. As at June 30, 2017, the Company had no loan commitments (December 31, 2016 - $Nil) and $30.4 million of investment purchase commitments in the proprietary investments portfolio (December 31, 2016 - $35.5 million).

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 June 30, 2017, no provisions were recognized.

13. EVENTS AFTER THE REPORTING PERIOD

On August 1, 2017, the Company announced the closing of the sale of our Canadian diversified funds business to a management led group for $46 million. The sold assets totaled $2.9 billion in AUM, of which $783 million will continue to be sub-advised by the Company.

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Stock Information
Sprott Inc. common shares are traded on the
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www.sprottinc.com