Third Quarter Report

September 30, 2017

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SPROTT

November 8, 2017

Dear Shareholders,

In October, subsequent to quarter end, we announced an important strategic acquisition through our agreement to acquire management of Central Fund of Canada Ltd. ("CFCL"). The transaction is expected to double our managed physical bullion holdings to nearly $9 billion, while increasing our total assets under management ("AUM") to approximately $11.5 billion. Management believes this acquisition should increase revenues, earnings and profit margins of our exchange-listed product business. We look forward to expanding our US client base with the addition of approximately 90,000 CFCL shareholders. During the third quarter, we also announced the closing of the sale of our Canadian diversified mutual fund business.

All of our business units are currently growing and raising new pools of capital for resource investments. We are committed to launching new institutional strategies in order to build on the strong working relationships we established with US institutions and endowments through the successful raise of the US$640 million Sprott Private Resource Lending LP. Since completing fundraising, we have enjoyed a strong pipeline of opportunities and announced a number of completed transactions. To date, US$150 million of the total capital committed to the LP has been deployed.

Our merchant bank, Sprott Capital Partners has maintained its high level of activity, participating in $760 million in equity financings year-to-date. In our private resource group, Sprott Resource Holdings Inc. recently increased its mining exposure through a US$40 million investment in Chilean copper miner, Minera Tres Valles. The group is continuing to explore new opportunities in metals and mining.

One of the most followed news stories of 2017 has been the continued emergence of cryptocurrencies. While we are skeptical of the investment value of the incumbent cryptos, we sympathize with the desire of their users to break from the realm of centrally-manipulated currencies. We believe that blockchain technology is powerful, particularly well-suited to gold, and that the coming "digitization" of gold will be a revolutionary development for the sector. Sprott has chosen to participate in the sector through our investment in Tradewind Markets, in partnership with the IEX Exchange and Goldcorp. Tradewind Markets is rapidly moving towards a commercial launch of a physically-backed, blockchain-driven, digital gold token.

Thank you for your continued support. We look forward to reporting to you on our progress in the months ahead.

Sincerely,

Peter Grosskopf
Chief Executive Officer

Management's Discussion and Analysis

Three and nine months ended September 30, 2017

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") agreement to acquire the common shares of Central Fund of Canada Limited; (ii) expectations regarding the Sprott-Ceres joint venture; (iii) continued wind-down of our on balance sheet loans as we build scale in our Private Resource Lending LPs; (iv) 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 (v) the declaration, payment and designation of dividends.

Although the Company believes that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: (i) the impact of increasing competition in each business in which the Company operates will not be material; (ii) quality management will be available; (iii) the effects of regulation and tax laws of governmental agencies will be consistent with the current environment; and (iv) those assumptions disclosed herein under the heading "Significant Accounting Judgments and Estimates". Actual results, performance or achievements could vary materially from those expressed or implied by the Forward-Looking Statements should assumptions underlying the Forward-Looking Statements prove incorrect or should one or more risks or other factors materialize, including: (i) difficult market conditions; (ii) 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 November 8, 2017, presents an analysis of the consolidated financial condition of the Company and its subsidiaries as at September 30, 2017, compared with December 31, 2016, and the consolidated results of operations for the three and nine months ended September 30, 2017, compared with the three and nine months ended September 30, 2016. The Board of Directors approved this MD&A on November 8, 2017. All note references in this MD&A are to the notes to the Company's September 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 nine months ended September 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.

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:

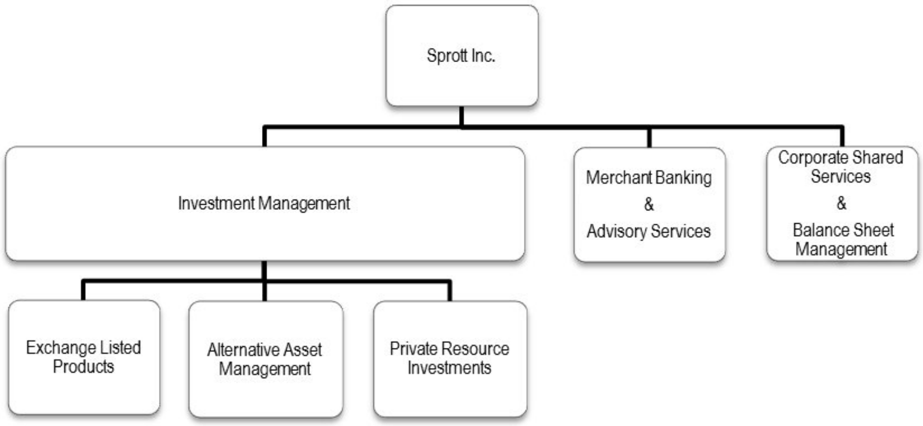
	3 months ended		9 months ended	
($ in thousands)	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2017	Sep. 30, 2016
Net income (loss) for the periods	29,804	12,531	35,013	30,784
Adjustments:				
Interest expense	124	—	179	—
Provision for income taxes	3,401	1,872	7,008	5,530
Depreciation and amortization	1,473	1,844	5,041	5,585
EBITDA	34,802	16,247	47,241	41,899
Other adjustments:				
Impairment (reversal) of intangibles	—	—	—	3,006
(Gains) losses on proprietary investments	3,770	(6,809)	5,126	(35,924)
(Gains) losses on foreign exchange	3,648	(1,799)	7,752	5,593
Non-cash stock-based compensation	(870)	770	387	2,739
Net proceeds from Sale Transaction (1)	(33,829)	—	(32,606)	—
Other (2)	1,262	84	5,608	2,886
Adjusted EBITDA	8,783	8,493	33,508	20,199
Other adjustments:				
Performance fees	(835)	(239)	(1,092)	(1,472)
Performance fee related expenses	59	177	222	618
Adjusted base EBITDA	8,007	8,431	32,638	19,345

(1) See Note 6 of the interim financial statements for further details.

(2) Other category includes: (1) transition expenses; and (2) unamortized upfront placement fees in the Lending segment.

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 August 1, 2017, the Company completed the sale for the majority of this business' AUM 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 depreciation was $119 million in the quarter and $66 million year-to-date. Strong precious metals pricing in the first quarter of the year was more than offset by a weaker pricing environment in the second and third quarter.

Product and Business Line Expansion

- During the quarter, on August 1, 2017, the Company completed the sale of its Canadian diversified funds business (the "Sale Transaction") to a management led group as previously disclosed.
- After the quarter, on October 2, 2017, the Company announced an agreement to acquire the common shares of Central Fund of Canada Limited ("CFCL") for $120 million. This transaction is expected to increase our AUM by $4.3 billion.
- After the quarter, on October 5, 2017, the Company announced a joint venture with Ceres Partners LLC. Ceres is an experienced farmland manager that is focused exclusively on food and agriculture. The Sprott-Ceres joint venture will be focused on making investments to acquire and actively lease farmland in North America and exploring related opportunities.

OUTLOOK

Subsequent to quarter end, we announced our plans to acquire CFCL. This transaction, which is expected to close in the first quarter of 2018, will add $4.3 billion in AUM to our exchange-listed products business line and result in the majority of our AUM being concentrated in precious metals. This transaction is expected to be materially accretive to EBITDA given the lack of material incremental new costs being associated with this new revenue stream. This transaction is consistent with our strategy and marks the culmination of a repositioning process that began with the sale of our Canadian diversified funds business in order to build a more focused global investment house with a concentration on natural resource investment ideas in capacity constrained areas of the asset management industry.

SUMMARY FINANCIAL INFORMATION

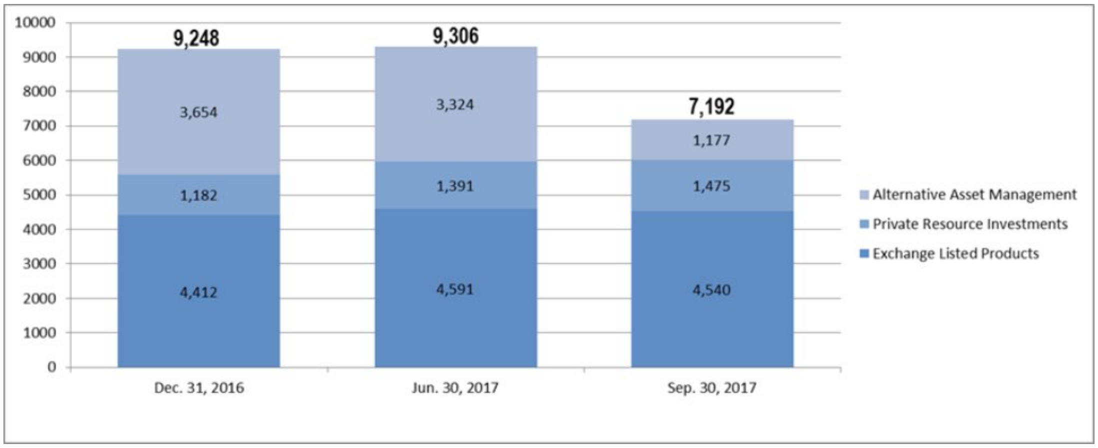
(In $ thousands)	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
SUMMARY INCOME STATEMENT								
Management fees	13,597	20,460	20,677	21,895	22,586	20,524	19,315	18,504
Performance fees	835	126	131	19,935	239	1,146	87	8,703
less: Trailer fees	617	2,762	2,944	3,110	3,325	3,167	3,016	3,060
less: Sub-advisor fees	426	1,124	1,060	10,552	1,233	1,107	999	6,234
Net Fees	13,389	16,700	16,804	28,168	18,267	17,396	15,387	17,913
Commissions	4,746	8,878	8,200	2,959	5,265	4,478	1,133	1,515
less: Commission Expense	(1,553)	(3,364)	(3,208)	(1,209)	(920)	(921)	(317)	(218)
Net Commissions	3,193	5,514	4,992	1,750	4,345	3,557	816	1,297
Interest income	2,405	2,969	5,407	3,171	2,345	3,419	3,554	3,741
Gains (losses) on proprietary investments	(3,770)	613	(1,969)	(8,030)	6,809	17,629	11,486	(1,128)
Other income (loss)	39,300	(1,007)	1,760	5,270	4,137	1,731	(3,896)	6,456
Total Net Revenues	54,517	24,789	26,994	30,329	35,903	43,732	27,347	28,279
Compensation (1)	5,717	11,992	12,478	18,097	11,157	12,168	10,772	12,326
Placement and referral fees	782	4,628	68	2,169	497	1,717	145	177
Selling, general and administrative	5,208	6,163	6,566	6,949	7,386	7,887	7,263	7,855
Loan loss provisions (recoveries)	—	—	(4,942)	(911)	114	346	192	5,351
Amortization and impairment charges	1,473	1,778	1,790	1,836	1,844	1,844	4,903	4,806
Other expenses	8,132	1,512	934	660	502	(284)	2,215	3,077
Total Expenses	21,312	26,073	16,894	28,800	21,500	23,678	25,490	33,592
SG&A Expense Ratio	24%	20%	20%	26%	27%	30%	32%	36%
Net Income (Loss)	29,804	(3,606)	8,815	754	12,531	16,946	1,307	(4,104)
Net Income (Loss) per share (basic & diluted)	0.13	(0.01)	0.04	0.00	0.05	0.07	0.01	(0.02)
Adjusted base EBITDA	8,007	8,751	15,882	4,715	8,431	5,753	5,161	(205)
Adjusted base EBITDA per share (basic & diluted)	0.03	0.04	0.06	0.02	0.03	0.02	0.02	—
SUMMARY BALANCE SHEET								
Total Assets	408,093	387,636	426,647	440,024	431,149	428,209	412,547	433,876
Total Liabilities	61,707	62,925	64,113	79,710	66,336	67,059	61,987	75,634
Cash	152,952	96,572	113,882	123,955	100,704	111,252	92,496	107,622
less: syndicate cash holdings	(649)	(477)	(3,838)	(394)	(651)	(2,675)	(1,093)	(459)
Net cash	152,303	96,095	110,044	123,561	100,053	108,577	91,403	107,163
Proprietary investments	134,306	137,505	156,097	147,545	166,126	152,059	133,603	136,809
less: obligations related to securities sold short	(25,988)	(26,577)	(30,157)	(29,810)	(36,782)	(38,641)	(31,653)	(40,191)
Net proprietary investments	108,318	110,928	125,940	117,735	129,344	113,418	101,950	96,618
Loans receivable	46,215	67,804	73,336	67,678	82,470	81,638	101,253	100,802
Investable Capital	306,836	274,827	309,320	308,974	311,867	303,633	294,606	304,583
ASSETS UNDER MANAGEMENT								
Exchange Listed Products	4,539,751	4,591,479	4,758,403	4,411,640	4,943,224	4,829,986	4,169,716	2,958,779
Alternative Asset Management	1,177,214	3,323,611	3,529,068	3,653,851	3,937,898	3,816,298	3,476,701	3,328,220
Private Resource Investments	1,474,547	1,391,367	1,404,955	1,182,492	1,207,598	1,154,718	1,153,099	1,139,030
Total Enterprise AUM	7,191,512	9,306,457	9,692,426	9,247,983	10,088,720	9,801,002	8,799,516	7,426,029

(1) Compensation, including stock-based compensation, is presented excluding commission expense, which is reported net of commission revenue.

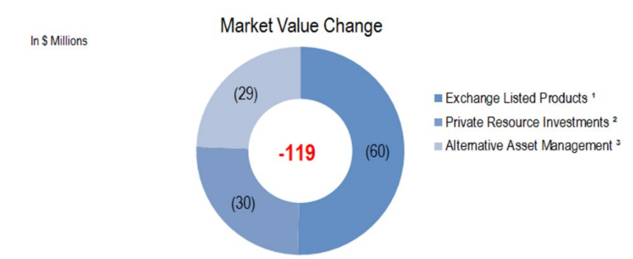
RESULTS OF OPERATIONS

AUM SUMMARY

AUM was $7.2 billion as at September 30, 2017 down $2.1 billion (23%) from June 30, 2017 and down $2.1 billion (22%) from December 31, 2016. The decrease in AUM over both periods was due primarily to the Sale Transaction. Additional details below:



3 months ended

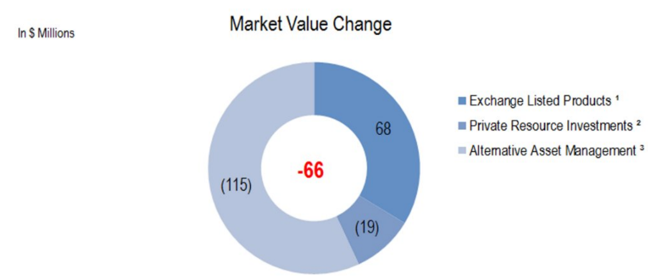


(1) Physical Trusts (-$68MM) and ETFs ($8MM).

(2) Lending LPs ($Nil), Fixed Term LPs (-$1MM), Managed Companies & Managed Accounts (-$29MM).

(3) Mutual Funds (-$31MM), Alternative Investment Funds (+$4MM) and Managed Accounts (-$2MM).

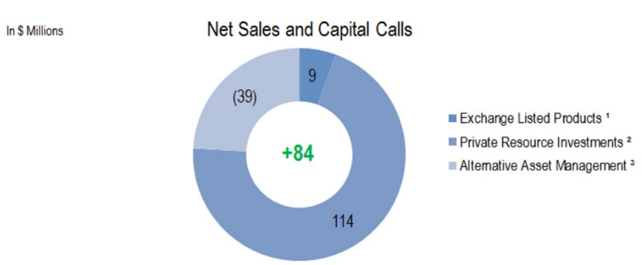
9 months ended



(1) Physical Trusts (+$58MM) and ETFs (+$10MM).

(2) Lending LPs (+$3MM), Fixed Term LPs (-$19MM), Managed Companies & Accounts (-$3MM).

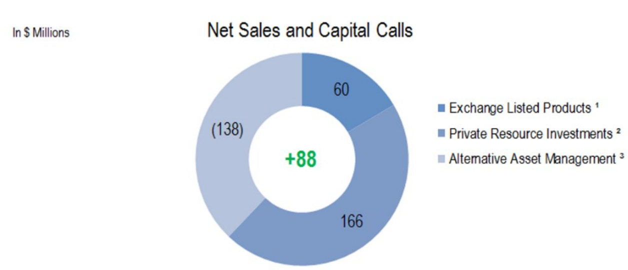
(3) Mutual Funds (-$145MM), Alternative Investment Funds (+$33MM) and Managed Accounts (-$3MM).



(1) Physical Trusts (-$3MM) and ETFs (+$12MM).

(2) Private Resource Lending LPs (+$114MM).

(3) Mutual Funds (-$36MM), Alternative Investment Funds (+$1MM) and Managed Accounts (-$4MM). During the quarter, as part of the Sale Transaction, the Company sold $2.1 billion of this AUM.



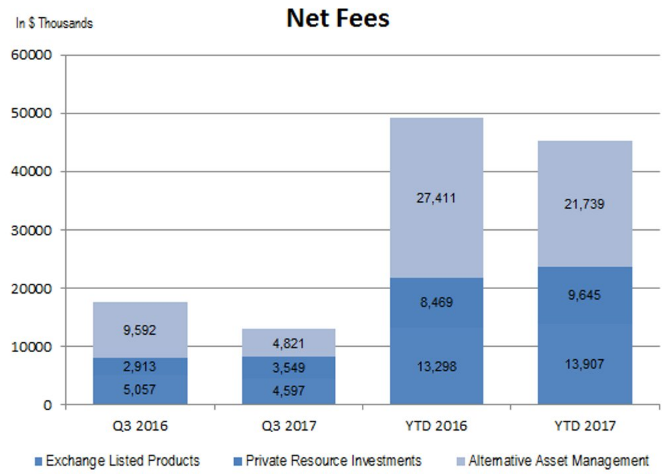
(1) Physical Trusts (-$58MM) and ETFs (+$118MM).

(2) Lending LPs ($134MM). Includes acquisitions of $32MM in our Consulting segment.

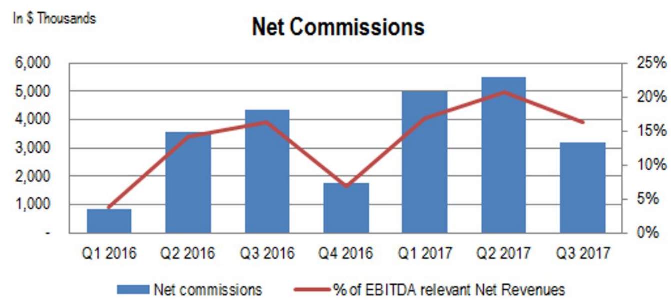
(3) Mutual Funds (-$180MM), Alternative Investment Funds (+$83MM) and Managed Accounts (-$41MM). During the quarter, as part of the Sale Transaction, the Company sold $2.1 billion of this AUM.

NET REVENUES

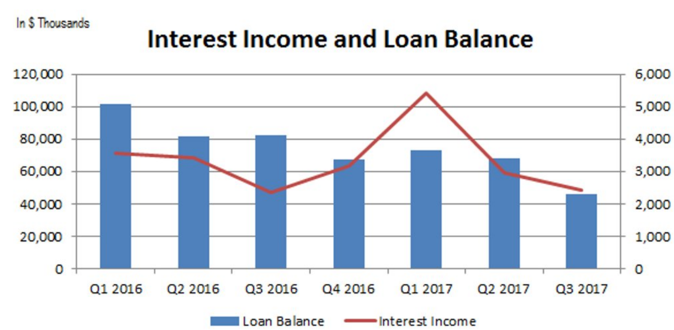
Net Fees in the quarter were $13.4 million, down $4.9 million (27%) from the prior period and were $46.9 million on a year-to-date basis, down $4.2 million (8%). The decline from the prior periods was due primarily to the Sale Transaction during the quarter. In addition to this fee reduction, we also experienced lower fee generation in our Exchange Listed Products business due to a combination of lower precious metals prices and a weaker U.S. dollar. The loss of fees on the Sale Transaction and from our Exchange Listed Products business more than offset the increase in fee income from our private resource business.



Net Commissions in the quarter were $3.2 million, down $1.2 million (27%) from the prior period and were $13.7 million on a year-to-date basis, up $5.0 million (57%). The decline in the quarter was due to lower margin private placement activity in SCP and lower transaction volumes in our U.S broker-dealer. The increase on a year-to-date basis was due to robust placement activity during the first half of the year in both SCP and our U.S broker-dealer.

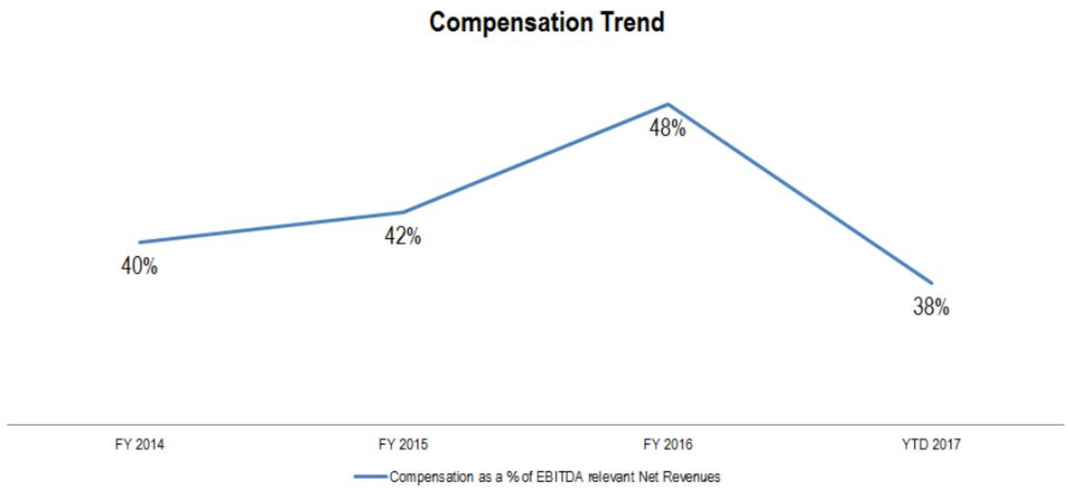


Interest income in the quarter was $2.4 million, up $0.1 million (3%) from the prior period and was $10.8 million on a year-to-date basis, up $1.5 million (16%). The increase was largely due to the recognition of interest income on a previously impaired loan which more than offset the effects of the loan book run-off.



Expenses

Compensation (excluding commissions) in the quarter was $5.7 million, down $5.4 million (49%) from the prior period and was $30.2 million on a year-to-date basis, down $3.9 million (11%). The decrease in the quarter and on a year-to-date basis was due to a combination of lower head count and higher equity grant forfeitures related to the completion of the Sale Transaction.



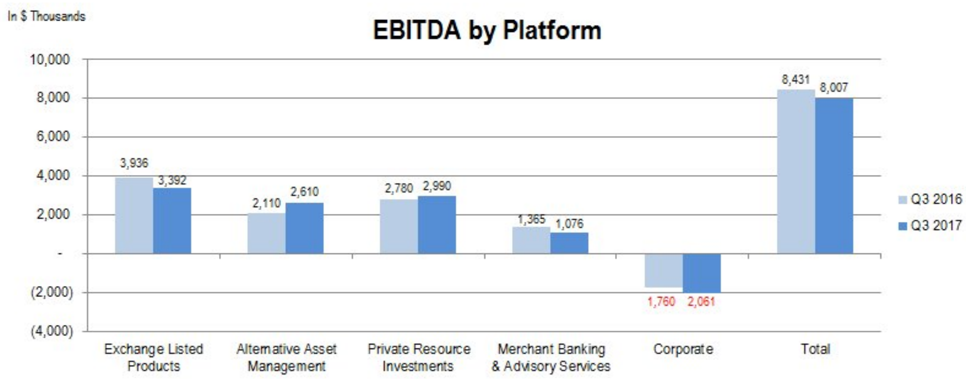
SG&A was $5.2 million in the quarter, down $2.2 million (29%) from the prior period and was $17.9 million on a year-to-date basis, down $4.6 million (20%). This was due primarily to the positive effects of the Sale Transaction in the Alternative Asset Management platform, and to a lesser extent, our ongoing cost containment efforts across the rest of the platforms.

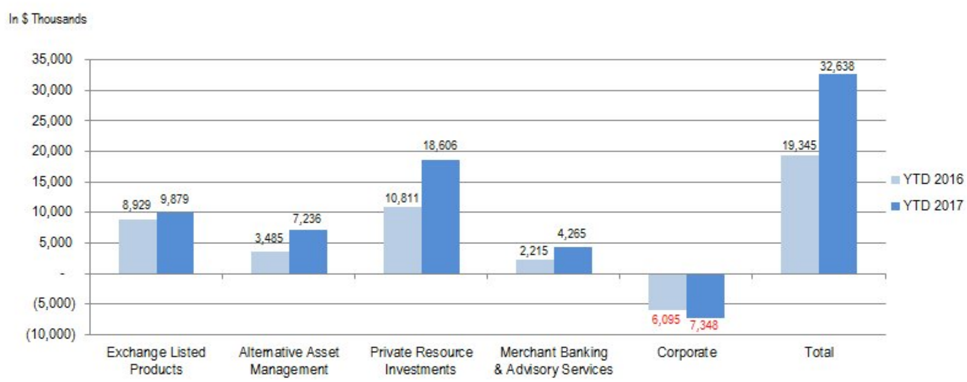
Placement and referral fee expenses in the quarter were $0.8 million, up $0.3 million from the prior period and were $5.5 million on a year-to-date basis, up $3.1 million. These fees were paid in order to acquire clients for the Sprott Private Resource Lending LPs.

Other expenses in the quarter were $8.1 million, up $7.6 million from the prior period and were $10.6 million on a year-to-date basis, up $8.1 million. The increase is largely due to non-recurring transaction expenses related to the Sale Transaction. See Note 6 of the interim financial statements.

Adjusted Base EBITDA

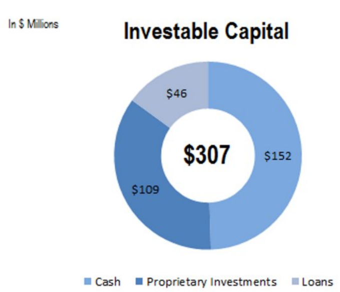
Adjusted Base EBITDA in the quarter was $8.0 million, down $0.4 million (5%) from the prior period, and was $32.6 million on a year-to-date basis, up $13.3 million (69%). The decrease in the quarter was due to lower earnings in our Exchange Listed Products business due to a combination of lower precious metals pricing and a weaker U.S. dollar in the quarter, coupled with lower Net Commissions on lower margin private placement activity and lower client transaction volumes in our Canadian and U.S. brokerage businesses, respectively. These decreases were only partially offset by lower Compensation and SG&A expenses due to the Sale Transaction. On a year-to-date basis, the increase in EBITDA was due to increased Net Commissions on robust private placement activity during the first half of the year, the reversal of a previously impaired loan loss provision and the related interest income recognition earlier in the year, and lower SG&A and Compensation expense due to the Sale Transaction. These increases were only partially offset by lower Net Fees in our Exchange Listed Products business.





Balance Sheet

Investable Capital was $307 million, down $2 million (1%) from December 31, 2016. The decrease was primarily due to the net impact of the following: (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). These decreases were only partially offset by proceeds received on the Sale Transaction.



Total Assets were $408 million, down $32 million (7%) from December 31, 2016. The decrease was primarily due to the reduction in Fees receivable as a result of the Sale Transaction and Amortization of intangible assets.

Total Liabilities were $62 million, down $18 million (23%) 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

Given the sale of our Canadian diversified asset management business (which was historically a component of our alternatives business), beginning in Q2, the results of our Exchange Listed Products platform were reported separately from the results of our Alternative Asset Management platform.

	3 months ended		9 months ended	
(In $ thousands)	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2017	Sep. 30, 2016
SUMMARY INCOME STATEMENT				
Management fees	4,597	5,057	13,907	13,298
Other income (loss)	(394)	735	(689)	239
Total Revenues	4,203	5,792	13,218	13,537
Compensation	555	402	1,961	2,062
Selling, general and administrative	650	720	2,067	2,307
Amortization and impairment charges	340	342	1,030	948
Other expenses	—	—	—	38
Total Expenses	1,545	1,464	5,058	5,355
Net Income (Loss) before income taxes	2,658	4,328	8,160	8,182
Adjusted base EBITDA	3,392	3,936	9,879	8,929
Total AUM	4,539,751	4,943,224	4,539,751	4,943,224

3 months ended

Adjusted base EBITDA in the quarter was $3.4 million, down $0.5 million (14%) from the prior period.

- Lower Management fees on lower precious metals pricing and a weaker U.S dollar more than offset lower SG&A spend in this platform.

Non-EBITDA highlights

- Other loss was mainly driven by FX losses on U.S. dollar denominated cash and receivables as the U.S. dollar continued to weaken over the period.

9 months ended

Adjusted base EBITDA was $9.9 million, up $1.0 million (11%) from the prior period.

- Higher Management fees on improved precious metals pricing during the first half of the year and ETF fund unit creations contributed to the increase along with lower Compensation accruals and lower SG&A spend.

Non-EBITDA highlights

- Other loss was mainly driven by FX losses on U.S. dollar denominated cash and receivables as the U.S. dollar continued to weaken over the period.

Alternative Asset Management

Given the sale of our Canadian diversified asset management business (which was historically a component of our alternatives business), beginning in Q2, the results of our Alternative Asset Management platform were reported separately from the results of our Exchange Listed Products platform.

	3 months ended		9 months ended	
(In $ thousands)	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2017	Sep. 30, 2016
SUMMARY INCOME STATEMENT				
Management fees	5,361	14,483	30,823	40,287
Performance fees	835	239	1,081	1,472
less: Trailer fees	949	3,897	7,554	11,010
less: Sub-advisor fees	426	1,233	2,611	3,338
Net Fees	4,821	9,592	21,739	27,411
Gains (losses) on proprietary investments	86	925	566	10,669
Other income (loss)	41,658	412	43,779	2,028
Total Net Revenues	46,565	10,929	66,084	40,108
Compensation	(116)	5,511	9,563	16,271
Selling, general and administrative	1,377	3,200	6,220	10,364
Amortization and impairment charges	204	532	1,067	4,709
Other expenses	7,470	—	8,695	—
Total Expenses	8,935	9,243	25,545	31,344
Net Income (Loss) before income taxes	37,630	1,686	40,539	8,764
Adjusted base EBITDA	2,610	2,110	7,236 (2)	3,485 (2)
Total AUM (1)	1,177,214	3,937,898	1,177,214	3,937,898

(1) On August 1st, the Company sold its Canadian diversified funds business to a management led group. As part of the transaction, the Company sold $2.1 billion of its Alternative Asset Management AUM, of which $755 million continues to be sub-advised in this platform.

(2) Approximately 38% was generated by the Canadian diversified assets that were sold on August 1 (September 30, 2016 - 50%)

3 and 9 months ended

Adjusted base EBITDA in the quarter was $2.6 million, up $0.5 million from the prior period and was $7.2 million on a year-to-date basis, up $3.8 million.

- Higher EBITDA was due to lower Compensation from reduced head count and increased equity grant forfeitures upon completion of the Sale Transaction, coupled with lower SG&A spend, which more than offset lower Net Fees generation.

Non-EBITDA highlights:

- Other income and Other expenses primarily relate to the net sales proceeds and related costs incurred on the Sale Transaction. See Note 6 of the interim financial statements for further details.

Private Resource Investments - Global

(In $ thousands)	3 months ended Sep. 30, 2017	3 months ended Sep. 30, 2016	9 months ended Sep. 30, 2017	9 months ended Sep. 30, 2016
SUMMARY INCOME STATEMENT				
Management fees	1,720	1,902	5,293	5,623
less: Sub-advisor fees	45	45	137	130
Net Fees	1,675	1,857	5,156	5,493
Commissions	2,172	2,847	9,855	7,012
less: Commission expense	764	817	3,554	1,930
Net Commissions	1,408	2,030	6,301	5,082
Gains (losses) on proprietary investments	3	874	1,012	1,774
Other income (loss)	494	(9)	809	224
Total Net Revenues	3,580	4,752	13,278	12,573
Compensation [1]	808	1,251	4,066	3,749
Placement and referral fees	38	60	118	203
Selling, general and administrative	1,376	1,291	3,310	3,384
Amortization and impairment charges	901	936	2,859	2,840
Other expenses	16	—	97	229
Total Expenses	3,139	3,538	10,450	10,405
Net Income (Loss) before income taxes	441	1,214	2,828	2,168
Adjusted base EBITDA	1,101	1,328	4,351	3,398
Total AUM	480,666	527,198	480,666	527,198

[1] Compensation is presented excluding commission expense, which is reported net of commission revenue.

3 months ended

Adjusted base EBITDA in the quarter was $1.1 million, down $0.2 million (17%) from the prior period.

- Due primarily to lower Net Commissions on decreased transaction activity in the U.S broker-dealer component of this segment as well as slightly lower Management fees on lower AUM in our fixed-term limited partnerships which was only partially offset by lower Compensation expense.

Non-EBITDA highlights:

- Gains on proprietary investments were lower in the period due to less market value appreciation on resource focused warrants and other equity kickers received in certain transactions of our U.S. broker-dealer and seeded fixed-term limited partnerships.

9 months ended

Adjusted base EBITDA was $4.4 million, up $1.0 million (28%) from the prior period.

- Higher Net Commissions on increased private placement activity during the first half of the year in the U.S broker-dealer component of this segment was the largest contributor to the increase in EBITDA in this segment.

Non-EBITDA highlights:

- Gains on proprietary investments were lower year-over-year due to less market value appreciation on resource focused warrants and other equity kickers received in certain transactions of our U.S. broker-dealer and seeded fixed-term limited partnerships.

Private Resource Investments - Lending

	3 months ended		9 months ended	
(In $ thousands)	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2017	Sep. 30, 2016
SUMMARY INCOME STATEMENT				
Management fees	450	—	701	—
Interest income	2,405	2,345	10,781	9,318
Gains (losses) on proprietary investments	(212)	3,262	(186)	7,705
Other income (loss)	(2,532)	1,383	(4,661)	(1,980)
Total Revenues	111	6,990	6,635	15,043
Compensation	792	846	2,092	2,443
Placement and referral fees	729	—	5,271	1,639
Selling, general and administrative	203	324	679	617
Loan loss provision (recovery)	—	114	(4,942)	652
Amortization and impairment charges	2	—	4	—
Total Expenses	1,726	1,284	3,104	5,351
Net Income (Loss) before income taxes	(1,615)	5,706	3,531	9,692
Adjusted base EBITDA	1,905	1,289	13,948	7,385
Total AUM (1)	187,000	—	187,000	—

(1) The Sprott Private Resource Lending LPs have over US $640 million in total firm commitments, US $150 million of which has been deployed.

3 months ended

Adjusted base EBITDA was $1.9 million, up $0.6 million (48%) from the prior period.

- Higher EBITDA was the result of new Management fees earned as we deploy capital as fee generating AUM in our Private Resource Lending LPs. We also benefited from slightly higher interest income and lower Compensation expense.

Non-EBITDA highlights:

- Losses on proprietary investments were due to losses on certain resource focused equity kickers received on certain loan arrangements.
- Other loss was mainly driven by FX losses on U.S. dollar denominated cash, receivables and loans as the U.S. dollar continued to weaken over the period.
- Placement fees of $0.7 million were incurred in the quarter to acquire clients for the Private Resource Lending LPs.

9 months ended

Adjusted base EBITDA was $13.9 million, up $6.6 million (89%) 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. We also benefited from the recognition of Management fees on newly deployed capital as AUM in our Private Resource Lending LPs.

Non-EBITDA highlights:

- Losses on proprietary investments were due to losses on certain resource focused equity kickers received on certain loan arrangements.
- Other loss was mainly driven by FX losses on U.S. dollar denominated cash, receivables and loans as the U.S. dollar continued to weaken over the period.
- Placement fees of $5.3 million were incurred year-to-date to acquire clients within the Private Resource Lending LPs.

Private Resource Investments - Consulting

	3 months ended		9 months ended	
(In $ thousands)	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2017	Sep. 30, 2016
SUMMARY INCOME STATEMENT				
Management fees	1,424	1,056	3,788	2,976
Gains (losses) on proprietary investments	(159)	—	348	—
Other income (loss)	274	581	1,360	1,472
Total Revenues	1,539	1,637	5,496	4,448
Compensation	1,316	564	2,775	1,775
Placement and referral fees	15	19	40	87
Selling, general and administrative	364	375	986	1,196
Amortization and impairment charges	7	12	23	35
Other expenses	381	502	1,252	1,766
Total Expenses	2,083	1,472	5,076	4,859
Net Income (Loss) before income taxes	(544)	165	420	(411)
Adjusted base EBITDA	(16)	163	307	28
Total AUM	806,882	680,500	806,882	680,500

3 and 9 months ended

Adjusted base EBITDA was break-even in the quarter and was $0.3 million on a year-to-date basis due primarily to improved Management fees on higher AUM, coupled with lower SG&A expenses.

Non-EBITDA highlights:

- Lower Other income in the quarter was due to lower royalty income from our seeded energy assets held as proprietary investments
- Lower Other expenses were mainly due to lower depletion and operating expenses in the seeded energy assets mentioned above.

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		9 months ended	
(In $ thousands)	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2017	Sep. 30, 2016
SUMMARY INCOME STATEMENT				
Commissions	2,589	2,418	12,203	3,864
less: Commission Expense	789	103	4,790	228
Net Commissions	1,800	2,315	7,413	3,636
Management fees	90	88	267	241
Gains (losses) on proprietary investments	(273)	683	(258)	846
Other income (loss)	808	1,113	2,743	2,969
Total Net Revenues	2,425	4,199	10,165	7,692
Compensation (1)	1,468	989	4,439	2,470
Placement and referral fees	—	418	49	430
Selling, general and administrative	556	738	2,115	1,813
Amortization and impairment charges	4	8	15	11
Other expenses	108	—	116	150
Total Expenses	2,136	2,153	6,734	4,874
Net Income (Loss) before income taxes	289	2,046	3,431	2,818
Adjusted base EBITDA	1,076	1,365	4,265	2,215

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

3 months ended

Adjusted Base EBITDA in the quarter was $1.1 million, down $0.3 million (21%) over the prior period.

- Lower EBITDA was due to decreased Net Commissions as a result of lower margin private placement and advisory income being earned in SCP during the quarter.

Non-EBITDA highlights:

- Losses on proprietary investments were the result of market value depreciation on certain resource focused equity kickers earned on private placements.

9 months ended

Adjusted Base EBITDA was $4.3 million, up $2.1 million (93%) over the prior period.

- Increased EBITDA was due to higher Net Commissions on robust placement and advisory activity during the first half of the year in SCP.

Non-EBITDA highlights:

- Losses on proprietary investments were the result of market value depreciation on certain resource focused equity kickers earned on private placements.

Corporate

The Corporate segment 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 Services platform.

	3 months ended		9 months ended	
(In $ thousands)	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2017	Sep. 30, 2016
SUMMARY INCOME STATEMENT				
Performance fees	—	—	11	—
Gains (losses) on proprietary investments	(3,215)	1,065	(6,608)	14,930
Other income (loss)	(671)	539	(1,941)	(1,347)
Total Revenues	(3,886)	1,604	(8,538)	13,583
Compensation	909	1,594	5,306	5,327
Sub-advisory fees	—	—	—	2
Selling, general and administrative	687	738	2,583	2,855
Amortization and impairment charges	15	14	43	48
Other expenses	157	—	418	250
Total Expenses	1,768	2,346	8,350	8,482
Net Income (Loss) before income taxes	(5,654)	(742)	(16,888)	5,101
Adjusted base EBITDA	(2,061)	(1,760)	(7,348)	(6,095)

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

3 and 9 months ended

- Loss 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 holdings as the U.S dollar continued to weaken.
- Compensation expense decreased due to the reversal of stock option expense as a result of the departure of certain executives upon closing of the Sale Transaction.
- Lower SG&A was due to our ongoing cost containment plan.

Dividends

The following dividend was declared by the Company during the nine months ended September 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
August 21, 2017 - regular dividend Q2 - 2017	September 5, 2017	0.03	7,313
Dividends (1)			22,227

(1) Subsequent to the quarter-end, on November 8, 2017, a regular dividend of $0.03 per common share was declared for the quarter ended September 30 2017. This dividend is payable, on December 4, 2017, to shareholders of record at the close of business on November 17, 2017.

Capital Stock

Including the 9.8 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 $0.13 and $0.15 for the quarter and nine months ended respectively compared to $0.05 and $0.13 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 7.5 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 September 30, 2017, the Company had an undrawn credit facility with a major Canadian chartered bank. 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 September 30, 2017, the Company had no loan commitments arising from the Lending business (December 31, 2016 - $Nil) and $1.3 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 September 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 nine months ended September 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 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 September 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 nine months ended September 30, 2017

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

As at *(In $ thousands of Canadian dollars)*		Sep. 30 2017	Dec. 31 2016
Assets			
Current			
Cash and cash equivalents		152,952	123,955
Fees receivable		7,543	26,070
Loans receivable	*(Note 5)*	12,361	11,631
Proprietary investments	*(Note 3)*	134,306	147,545
Other assets	*(Note 6)*	12,626	9,893
Income taxes recoverable		1,444	1,511
Total current assets		321,232	320,605
Loans receivable	*(Note 5)*	33,854	56,047
Other assets	*(Note 6)*	1,397	2,957
Property and equipment, net		5,430	6,311
Intangible assets	*(Note 4)*	17,653	23,059
Goodwill	*(Note 4)*	23,893	25,710
Deferred income taxes	*(Note 8)*	4,634	5,335
		86,861	119,419
Total assets		408,093	440,024
Liabilities and Shareholders' Equity			
Current			
Accounts payable and accrued liabilities		25,934	24,491
Compensation payable		2,837	13,258
Obligations related to securities sold short	*(Note 3)*	25,988	29,810
Income taxes payable		5,027	8,480
Total current liabilities		59,786	76,039
Deferred income taxes	*(Note 8)*	1,921	3,671
Total liabilities		61,707	79,710
Shareholders' equity			
Capital stock	*(Note 7)*	391,638	411,231
Contributed surplus	*(Note 7)*	38,873	41,802
Deficit		(113,478)	(126,264)
Accumulated other comprehensive income		29,353	33,545
Total shareholders' equity		346,386	360,314
Total liabilities and shareholders' equity		408,093	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* Sep. 30 2017	Sep. 30 2016	*For the nine months ended* Sep. 30 2017	Sep. 30 2016
Revenues					
Management fees		13,597	22,586	54,734	62,425
Performance fees		835	239	1,092	1,472
Commissions		4,746	5,265	21,824	10,876
Interest income		2,405	2,345	10,781	9,318
Gains (losses) on proprietary investments		(3,770)	6,809	(5,126)	35,924
Other income	*(Note 6)*	39,300	4,137	40,053	1,972
Total revenue		57,113	41,381	123,358	121,987
Expenses					
Compensation		5,943	10,689	34,542	31,627
Stock-based compensation	*(Note 7)*	1,327	1,388	3,770	4,628
Trailer fees		617	3,325	6,323	9,508
Sub-advisor fees		426	1,233	2,610	3,339
Placement and referral fees		782	497	5,478	2,359
Loan loss provisions (recoveries)	*(Note 5)*	—	114	(4,942)	652
Selling, general and administrative		5,208	7,386	17,937	22,536
Amortization of intangibles	*(Note 4)*	1,284	1,623	4,381	4,903
Impairment of intangibles	*(Note 4)*	—	—	—	3,006
Amortization of property and equipment		189	221	660	682
Other expenses	*(Note 6)*	8,132	502	10,578	2,433
Total expenses		23,908	26,978	81,337	85,673
Income before income taxes for the period		33,205	14,403	42,021	36,314
Provision for income taxes	*(Note 8)*	3,401	1,872	7,008	5,530
Net income for the period		29,804	12,531	35,013	30,784
Basic and diluted earnings per share	*(Note 7)*	$ 0.13	$ 0.05	$ 0.15	$ 0.13

See accompanying notes

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

(In $ thousands of Canadian dollars)	*For the three months ended* Sep. 30 2017	Sep. 30 2016	*For the nine months ended* Sep. 30 2017	Sep. 30 2016
Net income for the period	29,804	12,531	35,013	30,784
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)	(2,169)	878	(4,192)	(2,970)
Total other comprehensive income (loss)	(2,169)	878	(4,192)	(2,970)
Comprehensive income	27,635	13,409	30,821	27,814

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)*	3,021,795	7,216	(7,216)	—	—	—
Foreign currency translation loss on foreign operations		—	—	—	—	(4,192)	(4,192)
Cancellation of repurchased shares	*(Note 7)*	(5,000,000)	(11,000)				(11,000)
Stock-based compensation	*(Note 7)*	—	—	3,770	—	—	3,770
Issuance of share capital on conversion of RSUs and other share based considerations	*(Note 7)*	86,130	196	517	—	—	713
Dividends declared	*(Note 10)*	211,053	495	—	(22,227)	—	(21,732)
Net income		—	—	—	35,013	—	35,013
Balance, Sep. 30, 2017		234,009,271	391,638	38,873	(113,478)	29,353	346,386
At Dec. 31, 2015		243,996,605	412,344	38,749	(128,056)	35,205	358,242
Shares acquired for equity incentive plan		(1,500,000)	(3,680)	—	—	—	(3,680)
Shares released on vesting of equity incentive plan		1,033,426	3,334	(3,334)	—	—	—
Foreign currency translation loss on foreign operations		—	—	—	—	(2,970)	(2,970)
Stock-based compensation		—	—	4,628	—	—	4,628
Dividends declared		—	—	—	(22,191)	—	(22,191)
Net income		—	—	—	30,784	—	30,784
Balance, Sep. 30, 2016		243,530,031	411,998	40,043	(119,463)	32,235	364,813

See accompanying notes

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In $ thousands of Canadian dollars, other than number of shares)	*For the nine months ended* Sep. 30 2017	Sep. 30 2016
Operating Activities		
Net income for the period	35,013	30,784
Add (deduct) non-cash items:		
Losses (gains) on proprietary investments	5,126	(35,924)
Stock-based compensation	3,770	4,628
Amortization of property, equipment and intangible assets	5,041	5,585
Sale of property, equipment and intangible assets	2,062	—
Impairment of intangible assets	—	3,006
Loan loss provisions (recoveries)	(4,942)	652
Deferred income tax recovery	(984)	(4,089)
Current income tax expense	7,991	9,619
Other items	(1,301)	2,777
Income taxes paid	(11,342)	(4,234)
Changes in:		
Fees receivable	18,452	1,496
Loans receivable	26,409	17,871
Accounts payable, accrued liabilities and compensation payable	(9,353)	(7,088)
Other assets	(9,215)	13,036
Cash provided by operating activities	66,727	38,119
Investing Activities		
Purchase of proprietary investments	(47,905)	(89,608)
Sale of proprietary investments	52,287	89,773
Purchase of property and equipment	(813)	(429)
Deferred sales commissions paid	(165)	(521)
Purchase of intangible assets	—	(17,148)
Cash provided by (used in) investing activities	3,404	(17,933)
Financing Activities		
Acquisition of common shares for equity incentive plan	(6,600)	(3,680)
Acquisition of common shares for cancellation	(11,000)	—
Dividends paid	(21,732)	(22,191)
Cash used in financing activities	(39,332)	(25,871)
Effect of foreign exchange on cash balances	(1,802)	(1,233)
Net increase (decrease) in cash and cash equivalents during the period	28,997	(6,918)
Cash and cash equivalents, beginning of the period	123,955	107,622
Cash and cash equivalents, end of the period	152,952	100,704
Cash and cash equivalents:		
Cash	152,692	95,447
Short-term deposits	260	5,257
	152,952	100,704
Supplementary disclosure of cash flow information		
Amount of interest received during the period	4,160	4,396

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 2600, 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 September 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 nine months ended September 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 sale of the Canadian diversified funds business ("the Sale Transaction") comprised only a portion of the previous SAM CGU, the operations of that business do not qualify for discontinued operations accounting. Consequently, revenues and expenses generated after the sale became highly probable were not presented as discontinued on the consolidated statements of operations, and the non-current assets that were sold was not reclassified as held for sale on the statements of financial position.

Future Accounting Standards

IFRS 9, Financial Instruments ("IFRS 9")

IFRS 9 was issued by the IASB on July 24, 2014 and will replace IAS 39 Financial instruments: Recognition and Measurement. IFRS 9 requires financial instrument classification and related measurement practices to be based primarily on an entity's business model objectives when managing those financial assets and on the characteristics of their contractual cash flows. The standard also introduces a new expected loss impairment model. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Management has established a working group and plan to ensure compliance with IFRS 9 by January 1, 2018, which includes identifying differences between existing policies and this new standard and disclosing the prior years' quantitative impact within the notes of the annual 2017 consolidated financial statements. Management is currently executing its adoption plan of this new standard and continues to assess the impact on the Company's consolidated financial statements.

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

IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry. IFRS 15 will also apply to the recognition and measurement of gains and losses on the sale of certain non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. Management has established a working group and plan to ensure compliance with IFRS 15 by January 1, 2018, which includes identifying differences between existing policies and this new standard and disclosing the prior years' quantitative impact within the notes of the annual 2017 consolidated financial statements. Management is currently executing its adoption plan of this new standard and continues to assess the impact on the Company's consolidated financial statements.

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):

	Sep. 30, 2017	Dec. 31, 2016
Public equities and share purchase warrants	45,984	42,067
Mutual funds and alternative investment strategies	69,542	83,327
Fixed income securities	245	2,802
Private holdings*	18,535	19,349
Total proprietary investments	134,306	147,545
Obligations related to securities sold short**	25,988	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 $2.2 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 $3.5 million (December 31, 2016 - $4.0 million) which are recorded at cost, net of depletion and/or impairment charges. As at September 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 $25.0 million (December 31, 2016 - $29.7 million) of long positions in investment strategies and $24.5 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)	—	—	—	—	(10,171)	(10,171)
Net exchange differences	(11,706)	—	(1,955)	(3,127)	—	(16,788)
At Sep. 30, 2017	166,043	12,348	47,416	41,131	—	266,938
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	—	—	(3,761)	—	—	(3,761)
Disposal of intangible assets	—	—	—	—	8,689	8,689
Net exchange differences	9,889	—	1,792	3,127	—	14,808
At Sep. 30, 2017	(142,150)	(12,348)	(29,763)	(41,131)	—	(225,392)
Net book value at:						
Dec. 31, 2016	25,710	—	21,577	—	1,482	48,769
Sep. 30, 2017	23,893	—	17,653	—	—	41,546

Impairment assessment of goodwill

During the period, the Company completed its strategic review and reorganization of the business which, in part, culminated in the sale of a material portion of one of its former CGUs. This will fundamentally change how the business is managed, viewed and internally and externally reported, thereby requiring a change in the reporting of our CGUs.

Previously, the Company reported six CGUs for Goodwill impairment assessment and testing purposes:

- SAM
- Global
- Lending
- Corporate
- Consulting
- SPW

As at September 30, 2017, the Company reorganized its CGUs as follows:

- Exchange Listed Products
- Alternative Asset Management
- Global
- Lending
- Consulting
- Merchant Banking & Advisory
- Corporate

As at September 30, 2017, the Company had allocated $23.9 million (December 31, 2016 - $25.7 million) of goodwill on a relative value approach basis to the Exchange Listed Products and Alternative Asset Management CGUs.

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 third quarter impairment assessment process, there were no indicators of goodwill impairment in the Exchange Listed Products and Alternative Asset Management CGUs.

Impairment assessment of finite life fund management contracts

As at September 30, 2017, the Company had fixed-term limited partnerships within the Global CGU of $1.1 million (December 31, 2016 - $2.9 million) and exchange listed funds within the Exchange Listed Products CGU of $16.6 million (December 31, 2016 - $18.7 million). There were no indicators of impairment as at September 30, 2017.

Impairment assessment of deferred sales commissions

As part of the Sale Transaction, the Company sold $1.5 million of deferred sales commissions. As a result, as at September 30, 2017, the Company had no deferred sales commissions (December 31, 2016 - $1.5 million).

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):

	Sep. 30, 2017	Dec. 31, 2016
Loans		
Loan principal	49,495	78,814
Accrued interest	231	86
Deferred revenue	(3,511)	(6,229)
Amortized cost, before loan loss provisions	46,215	72,671
Loan loss provisions	—	(4,993)
Total carrying value of loans receivable	46,215	67,678
Less: current portion	(12,361)	(11,631)
Total carrying value of non-current loans receivable	33,854	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 September 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 nine 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 nine months ended	
	Sep. 30, 2017	Sep. 30, 2016
Interest on impaired loans	—	652
Loan loss provisions		
Balance, beginning of the year	4,993	8,951
Specific loan loss provision (recovery) on resource loan	(4,942)	652
Net exchange differences	(51)	(205)
Balance, end of period	—	9,398

Sector distribution of loan principal

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

	Sep. 30, 2017		Dec. 31, 2016	
	Number of Loans	(in $ thousands)	Number of Loans	(in $ thousands)
Metals and mining	2	13,312	5	38,514
Energy and other	4	36,183	4	40,300
Total loan principal	6	49,495	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:

	Sep. 30, 2017		Dec. 31, 2016	
	Number of Loans	(in $ thousands)	Number of Loans	($ in thousands)
Canada	1	5,578	2	24,765
United States of America	3	30,605	2	32,446
Chile	—	—	1	4,363
Brazil	—	—	1	964
Peru	1	1,497	1	1,880
Romania	—	—	1	2,275
South Africa	1	11,815	1	12,121
Total loan principal	6	49,495	9	78,814

Priority of security charges

As at September 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 September 30, 2017 and December 31, 2016, no loans were past due.

6. OTHER ASSETS, INCOME AND EXPENSES

Other Assets

Other assets (both current and long term) consist primarily of: (1) one-time deferred costs of $3.6 million (December 31, 2016 - $1.4 million), which includes legal, proxy, solicitation, investor relations pertaining to the acquisition of Central Fund of Canada. Substantially all of these deferred costs will be reclassified upon the closing of the transaction to indefinite life intangibles; (2) $1.3 million (December 31, 2016 - $2.8 million) in proceeds receivable on the past sale of an investment; (2) receivables of $4.7 million (December 31, 2016 - $4.6 million) from funds and other companies for which the Company has incurred expenses on their behalf; and (3) prepaid expenses of $0.7 million (December 31, 2016 - $1.5 million).

Other Income

Other income on a three months ended basis primarily includes: (1) proceeds of $41.3 million received upon the closing of the Sale Transaction (September 30, 2016 - $Nil), (2) foreign exchange losses of $3.6 million (September 30, 2016 - $1.8 million gain); (2) royalty income on energy related assets held in proprietary investments of $0.3 million (September 30, 2016 - $0.4 million) and (3) income earned on other investments of $0.5 million (September 30, 2016 - $1.0 million);

Other income on a nine months ended basis primarily includes: (1) proceeds of $41.3 million received upon the closing of the Sale Transaction (September 30, 2016 - $Nil), (2) foreign exchange losses of $7.8 million (September 30, 2016 - $5.6 million loss); (2) royalty income on energy related assets held in proprietary investments of $1.2 million (September 30, 2016 - $1.3 million); and (3) income earned on other investments of $2.5 million (September 30, 2016 - $2.5 million).

Other Expenses

Other expenses on a three months ended basis primarily includes: (1) one-time costs of $7.5 million (September 30, 2016 - $Nil) relating to professional fees (including legal, audit and tax), investor relations and transition expenses pertaining to the Sale Transaction; and (2) costs related to energy assets including: (a) operating expenses of $0.2 million (September 30, 2016 - $0.3 million); and (b) depletion charges of $0.2 million (September 30, 2016 - $0.2 million)

Other expenses on a nine months ended basis primarily include: (1) one-time costs of $8.7 million (September 30, 2016 - $Nil) relating to professional fees (including legal, audit and tax), investor relations and transition expenses pertaining to the Sale Transaction; and (2) costs related to energy assets including: (a) operating expenses of $0.8 million (September 30, 2016 - $1.0 million); and (b) depletion charges of $0.5 million (September 30, 2016 - $0.8 million).

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	211,053	495
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	3,021,795	7,216
At Sep. 30, 2017	234,009,271	391,638

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	(16)
Expensing of EPSP / EIP shares over the vesting period	3,786
Issuance of share capital on conversion of RSUs and other share based considerations	517
Released on vesting of common shares for equity incentive plan	(7,216)
At Sep. 30, 2017	38,873

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 and nine months ended September 30, 2017 (nine months ended September 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 forfeited	(3,375)	2.37
Options outstanding, September 30, 2017	7,525	4.96
Options exercisable, September 30, 2017	5,800	5.72

Options outstanding and exercisable as at September 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	0.6	2,450
4.85	50	2.3	50
6.60	150	3.1	150
2.33	4,250	8.3	2,900
2.73	625	8.6	250
2.33 to 10.00	7,525	5.7	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 nine months ended (nine months ended September 30, 2016 - 185,186). The Trust purchased no common shares in the three months ended and 7.5 million shares in the nine months ended September 30, 2017 (three and nine months ended September 30, 2016 - $1.5 million).

	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	(3,021,795)
Unvested common shares held by the Trust, September 30, 2017	9,765,957

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 nine months ended	
	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2017	Sep. 30, 2016
Stock option plan	(802)	546	(16)	1,968
EPSP / EIP	2,129	842	3,786	2,660
	1,327	1,388	3,770	4,628

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 nine months ended	
	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2017	Sep. 30, 2016
Numerator ($ in thousands):				
Net income - basic and diluted	29,804	12,531	35,013	30,784
Denominator (Number of shares in thousands):				
Weighted average number of common shares	243,217	247,527	246,763	247,527
Weighted average number of unvested shares purchased by the Trust	(10,830)	(4,016)	(6,255)	(3,853)
Weighted average number of common shares - basic	232,387	243,511	240,508	243,674
Weighted average number of dilutive stock options	—	451	—	—
Weighted average number of unvested shares purchased by the Trust	10,830	4,016	6,255	3,853
Weighted average number of common shares - diluted	243,217	247,978	246,763	247,527
Net income per common share				
Basic	0.13	0.05	0.15	0.13
Diluted	0.13	0.05	0.15	0.13

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 September 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 nine months ended	
	Sep. 30, 2017	Sep. 30, 2016
Current income tax expense		
Based on taxable income of the current period	9,165	9,494
Other	(1,174)	125
	7,991	9,619
Deferred income tax expense (recovery)		
Total deferred income tax expense	(983)	(4,089)
Income tax expense reported in the statements of operations	7,008	5,530

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 nine months ended	
	Sep. 30, 2017	Sep. 30, 2016
Income before income taxes	42,021	36,314
Tax calculated at domestic tax rates applicable to profits in the respective countries	11,515	9,914
Tax effects of:		
Non-deductible stock-based compensation	1,388	739
Non-taxable capital (gains) and losses	(4,159)	(3,535)
Capital losses not benefited	41	288
Goodwill/Amortization of Intangibles	173	469
Adjustments in respect of previous periods	(1,356)	125
Other temporary differences not benefited	(1,522)	(389)
Non-capital losses not previously benefited	201	(2,149)
Rate differences and other	727	68
Tax charge	7,008	5,530

The weighted average statutory tax rate was 27.4% (September 30, 2016 - 27.3%). 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 $36 million of unused non-capital tax losses and $12 million of unused capital tax losses from prior years that will begin to expire in 2027 and 2019, 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 nine months ended September 30, 2017

	Dec. 31, 2016	Recognized in income	Recognized in other comprehensive income	Sep. 30, 2017
Deferred income tax assets				
Other stock-based compensation	4,223	(2,169)	—	2,054
Non-capital losses	553	210	—	763
Other	571	(154)	—	417
Total deferred income tax assets	5,347	(2,113)	—	3,234
Deferred income tax liabilities				
Fund management contracts	2,039	(1,171)	(66)	802
Deferred sales commissions	392	(392)	—	—
Unrealized gains	186	(971)	—	(785)
Proceeds receivable	993	(546)	—	447
Other	73	(16)	—	57
Total deferred income tax liabilities	3,683	(3,096)	(66)	521
Net deferred income tax assets (liabilities)	1,664	983	66	2,713

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 September 30, 2017 and December 31, 2016 (in $ thousands).

Sep. 30, 2017	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	39,893	6,090	—	45,983
Mutual funds and alternative investment strategies	20,121	49,421	—	69,542
Fixed income securities	—	245	—	245
Private holdings*	—	—	15,083	15,083
Obligations related to securities sold short	(25,988)	—	—	(25,988)
Total net recurring fair value measurements	34,026	55,756	15,083	104,865

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 - Sep. 30, 2017				
	Dec. 31, 2016	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Sep. 30, 2017
Private holdings	15,395	(2,957)	(419)	3,064	15,083
Fixed income securities	1,264	—	(1,264)	—	—
	16,659	(2,957)	(1,683)	3,064	15,083

	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 nine months ended September 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 purchased level 3 investments of $0.3 million and 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 $46.2 million (Dec. 31, 2016 - $67.7 million) and a fair value of $49.6 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 nine months ended September 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
August 21, 2017 - regular dividend Q2 - 2017	September 5, 2017	0.03	7,313
Dividends (1)			22,227

(1) Subsequent to the quarter-end, on November 8, 2017, a regular dividend of $0.03 per common share was declared for the quarter ended September 30, 2017. This dividend is payable on December 4, 2017 to shareholders of record at the close of business on November 17, 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 September 30, 2017

	Exchange Listed Products	Alternative Asset Management	Global	Lending	Consulting	Merchant Banking & Advisory Services	Corporate	Eliminations	Consolidated
Total revenue	4,203	47,940	4,389	111	1,539	3,214	(3,886)	(397)	57,113
Total expenses	1,545	10,310	3,948	1,726	2,083	2,925	1,768	(397)	23,908
Pre-tax Income (loss)	2,658	37,630	441	(1,615)	(544)	289	(5,654)	—	33,205
Adjusted base EBITDA	3,392	2,610	1,101	1,905	(16)	1,076	(2,061)	—	8,007

For the three months ended September 30, 2016

	Exchange Listed Products	Alternative Asset Management	Global	Lending	Consulting	Merchant Banking & Advisory Services	Corporate	Eliminations	Consolidated
Total revenue	5,792	16,059	5,614	6,990	1,637	4,302	1,604	(617)	41,381
Total expenses	1,464	14,373	4,400	1,284	1,472	2,256	2,346	(617)	26,978
Pre-tax Income (loss)	4,328	1,686	1,214	5,706	165	2,046	(742)	—	14,403
Adjusted base EBITDA	3,936	2,110	1,328	1,289	163	1,365	(1,760)	—	8,431

For the nine months ended September 30, 2017

	Exchange Listed Products	Alternative Asset Management	Global	Lending	Consulting	Merchant Banking & Advisory Services	Corporate	Eliminations	Consolidated
Total revenue	13,218	76,249	16,969	6,635	5,496	14,955	(8,538)	(1,626)	123,358
Total expenses	5,058	35,710	14,141	3,104	5,076	11,524	8,350	(1,626)	81,337
Pre-tax Income (loss)	8,160	40,539	2,828	3,531	420	3,431	(16,888)	—	42,021
Adjusted base EBITDA	9,879	7,236	4,351	13,948	307	4,265	(7,348)	—	32,638

For the nine months ended September 30, 2016

	Exchange Listed Products	Alternative Asset Management	Global	Lending	Consulting	Merchant Banking & Advisory Services	Corporate	Eliminations	Consolidated
Total revenue	13,537	54,456	14,633	15,043	4,448	7,920	13,583	(1,633)	121,987
Total expenses	5,355	45,692	12,465	5,351	4,859	5,102	8,482	(1,633)	85,673
Pre-tax Income (loss)	8,182	8,764	2,168	9,692	(411)	2,818	5,101	—	36,314
Adjusted base EBITDA	8,929	3,485	3,398	7,385	28	2,215	(6,095)	—	19,345

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 nine months ended	
	Sep. 30, 2017	Sep. 30, 2016	Sep. 30, 2017	Sep. 30, 2016
Canada	52,724	35,767	106,389	107,354
United States	4,389	5,614	16,969	14,633
	57,113	41,381	123,358	121,987

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 September 30, 2017, the Company had no loan commitments (December 31, 2016 - $Nil) and $1.3 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 September 30, 2017, no provisions were recognized.

CORPORATE INFORMATION

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