

Sprott | 2022 Third Quarter Report

Contrarian. Innovative. Aligned.

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Dear Fellow Shareholders,

Virtually all markets resumed their bear market behavior during the third quarter after a brief early summer relief rally. The S&P 500 declined 4.89% (23.88% YTD), bonds fell by 4.75% (14.6% YTD) and gold suffered its steepest loss since Q1 2021, losing 8.1% during the period (9% YTD). AUM was \$21 billion as at September 30, 2022, down \$0.9 billion (4%) from June 30, 2022 and up \$0.6 billion (3%) from December 31, 2021. Our AUM was negatively impacted on both a three and nine months ended basis by market value depreciation across our fund products. However, on a nine-months ended basis, market value declines were more than offset by strong inflows to our physical trusts, private strategies and the acquisition of the North Shore Global Uranium Mining ETF.

Net income was \$3.1 million (\$0.12 per share) in the quarter, down 65%, or \$5.6 million (\$0.23 per share) from the quarter ended September 30, 2021 and \$10.3 million on a year-to-date basis (\$0.41 per share), down 55%, or \$12.7 million (\$0.51 per share) from the nine months ended September 30, 2021. Adjusted base EBITDA was \$16.8 million (\$0.67 per share), up 1%, or \$0.1 million from the quarter ended September 30, 2021 and \$52.9 million (\$2.11 per share) on a year-to-date basis up 14%, or \$6.6 million (\$0.25 per share) from the nine months ended September 30, 2021.

Third Quarter Highlights

Our exchange listed products business continues to capture market share and we expanded this product suite during the third quarter, with the launch of the Sprott ESG Gold ETF, a first of its kind vehicle designed to help global institutions achieve their ESG objectives. Despite the challenging market conditions, both the Sprott Physical Silver Trust ("PSLV") and the Sprott Physical Uranium Trust ("SPUT") generated strong sales during the quarter.

Our private strategies continue to build scale, generating \$380 million in net sales during the quarter. The team has added new fund vintages and strategy extensions with strong support from both new and existing limited partners.

New Initiatives

Energy transition is an increasingly important investment theme for Sprott, which we believe will be a growth engine for our business going forward. Over the past year, we have built a strong following in the space due to the success of our uranium vehicles, SPUT and the Sprott Uranium Miners ETF ("URNM"), which we recently launched in the European market through a partnership with HANetf. During the third quarter, we launched an actively-managed strategy focused on energy transition materials. This new offering will access our team's extensive portfolio management and research experience in the mining sector.

Outlook

Our outlook remains unchanged. 2022 is shaping up to be an exceptionally difficult year for investors, even those with very long memories. The attempt to bring down global inflation with historically large and rapid rate hikes are causing dislocations in all markets, especially currency exchange rates. As central banks try to re-establish their credibility as inflation fighters in a highly-charged political environment, concerns are mounting that even the U.S. Treasury market is starting to dysfunction. It remains our view that central banks were not the true culprit behind the current global inflationary pressures. The root causes are the reversal of decades of globalization and the developed world's aspirational energy policies. Central banks have merely been complicit bystanders and monetary policy cannot correct these problems. Rather, the solution will require a capex boom the likes of which we have not seen in decades. Given the scarcity of basic materials due to underinvestment, this is likely to ensure that higher inflation levels are with us for some time. Therefore, interest rates are likely to also remain higher for longer, but overly restrictive liquidity policies, quantitative tightening (QT) will end soon. It is important to remember that central bankers are appointed officials, not elected politicians. We will start to see the latter assert themselves when faced with the choice between growth with higher inflation versus the destruction of wealth and jobs. Given the developed world's current fiscal position we don't think the "Paul Volcker" play book is mathematically possible. With debt to GDP levels not seen since World War II and annual deficits running at multiples of the 1970s, the current plan is leading us toward a sovereign debt crisis. That will end the QT experiment and send us all back to some new version of quantitative easing (QE).

At Sprott, we are convinced that we are well positioned for the next decade. We have creative products well suited for the current market uncertainties, as well as the expected opportunities, especially energy transition. We have loyal customers who appreciate our innovation and transparency. And we have an exceptional culture with talented employees who are closely aligned with our shareholders. Our business model is resilient and allows us to continuously invest through market cycles. In short, we are excited about what is clearly on the horizon. We thank you for your support and look forward to reporting to you on our progress in the quarters ahead.

Sincerely,

A handwritten signature in black ink that reads "W. Whitney George". The signature is written in a cursive, flowing style.

Whitney George
Chief Executive Officer

Management's Discussion and Analysis

Three and nine months ended September 30, 2022

Forward looking statements

Certain statements in this Management's Discussion & Analysis ("MD&A"), and in particular the "Outlook" section, contain forward-looking information and forward-looking statements (collectively referred to herein as the "Forward-Looking Statements") within the meaning of applicable Canadian and U.S. 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) Our belief that energy transition is an increasingly important investment theme for Sprott, which we believe will be a growth engine for business going forward; (ii) our view of the macro-economic effects related to inflation and liquidity in the market; (iii) our conviction that we are well positioned for the next decade with creative products well suited for the current market uncertainties, as well as the expected opportunities, especially energy transition; (iv) our anticipation of good operating results for the remainder of the year; and (v) the declaration, payment and designation of dividends and confidence that our business will support the dividend level without impacting our ability to fund future growth initiatives.

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; (iv) the impact of COVID-19; and (v) those assumptions disclosed herein under the heading "Critical Accounting Estimates, Judgments and Changes in Accounting Policies". 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) failure to continue to retain and attract quality staff; (iv) employee errors or misconduct resulting in regulatory sanctions or reputational harm; (v) performance fee fluctuations; (vi) a business segment or another counterparty failing to pay its financial obligation; (vii) failure of the Company to meet its demand for cash or fund obligations as they come due; (viii) changes in the investment management industry; (ix) failure to implement effective information security policies, procedures and capabilities; (x) lack of investment opportunities; (xi) risks related to regulatory compliance; (xii) failure to manage risks appropriately; (xiii) failure to deal appropriately with conflicts of interest; (xiv) competitive pressures; (xv) corporate growth which may be difficult to sustain and may place significant demands on existing administrative, operational and financial resources; (xvi) failure to comply with privacy laws; (xvii) failure to successfully implement succession planning; (xviii) foreign exchange risk relating to the relative value of the U.S. dollar; (xix) litigation risk; (xx) failure to develop effective business resiliency plans; (xxi) failure to obtain or maintain sufficient insurance coverage on favourable economic terms; (xxii) historical financial information being not necessarily indicative of future performance; (xxiii) the market price of common shares of the Company may fluctuate widely and rapidly; (xxiv) risks relating to the Company's investment products; (xxv) risks relating to the Company's proprietary investments; (xxvi) risks relating to the Company's lending business; (xxvii) risks relating to the Company's brokerage business; (xxviii) those risks described under the heading "Risk Factors" in the Company's annual information form dated February 24, 2022; and (xxix) those risks described under the headings "Managing Financial Risk" and "Managing Non-Financial Risk" 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 securities laws.

Management's discussion and analysis

This MD&A of financial condition and results of operations, dated November 3, 2022, presents an analysis of the consolidated financial condition of the Company and its subsidiaries as at September 30, 2022, compared with December 31, 2021, and the consolidated results of operations for the three and nine months ended September 30, 2022, compared with the three and nine months ended September 30, 2021. The board of directors approved this MD&A on November 3, 2022. All note references in this MD&A are to the notes to the Company's September 30, 2022 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"), as issued by the International Accounting Standards Board ("IASB") in effect as at September 30, 2022, specifically, IAS 34 *Interim Financial Reporting*. Financial results, including related historical comparatives contained in this MD&A, unless otherwise specified herein, are based on the interim financial statements. While the Company's functional currency is the Canadian dollar, its presentation currency is the U.S. dollar. Accordingly, all dollar references in this MD&A are in U.S. dollars, unless otherwise specified. The use of the term "prior period" refers to the three and nine months ended September 30, 2021.

Key performance indicators and non-IFRS and other 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 and non-IFRS and other financial measures are discussed below. For quantitative reconciliations of non-IFRS financial measures to their most directly comparable IFRS financial measures please see page 10 of this MD&A.

Assets under management

Assets under management ("AUM") refers to the total net assets managed by the Company through its various investment product offerings and managed accounts.

Net inflows

Net inflows (consisting of net sales, capital calls and fee earning capital commitments) result in changes to AUM and are described individually below:

Net sales

Fund sales (net of redemptions), including 'at-the-market' transactions and secondary offerings of our physical trusts and new 'creations' of ETF units, are a key performance indicator as new assets being managed will lead to higher management fees and can potentially lead to increased carried interest and performance fee generation (as applicable) given that AUM is also the basis upon which carried interest and performance fees are calculated.

Capital calls and fee earning capital commitments

Capital calls into our private strategies LPs are a key source of AUM creation, and ultimately, earnings for the Company. Once capital is called into our private strategies LPs, it is included within the AUM of the Company as it will now earn a management fee. It is possible for some forms of committed capital to earn a commitment fee despite being uncalled, in which case, it will also be included in AUM at that time. Conversely, once loans in our private strategies LPs are repaid, capital may be returned to investors in the form of a distribution, thereby reducing our AUM ("capital distributions").

Net fees

Management fees, net of trailer, sub-advisor, fund expenses and direct payouts, and carried interest and performance fees, net of carried interest and performance fee payouts (internal and external), are key revenue indicators as they represent the net revenue contribution after directly associated costs that we generate from our AUM.

Net commissions

Commissions, net of commission expenses (internal and external), arise primarily from transaction-based service offerings of our brokerage segment and purchases and sales of uranium in our exchange listed products segment.

Net compensation

Net compensation excludes commission expenses paid to employees, other direct payouts to employees, carried interest and performance fee payouts to employees, which are all presented net of their related revenues in this MD&A, and severance, new hire accruals and other which are non-recurring.

Total shareholder return

Total shareholder return is the financial gain (loss) that results from a change in the Company's share price, plus any dividends paid over the period.

Return on capital employed

Return on capital employed is calculated as adjusted base EBITDA, plus gain (loss) on investments divided by total capital stock plus outstanding loan facility.

EBITDA, adjusted EBITDA, adjusted base EBITDA and operating margin

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 and a better indicator of recurring results from operations as compared to other non-IFRS financial measures.

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, Adjusted EBITDA and Adjusted base EBITDA measures are determined:

| (in thousands \$) | 3 months ended | | 9 months ended | |
|---------------------------------------------------------|----------------|---------------|----------------|---------------|
| | Sep. 30, 2022 | Sep. 30, 2021 | Sep. 30, 2022 | Sep. 30, 2021 |
| Net income for the period | 3,071 | 8,718 | 10,301 | 23,014 |
| Adjustments: | | | | |
| Interest expense | 884 | 312 | 1,847 | 922 |
| Provision for income taxes | 721 | 2,550 | 5,075 | 8,651 |
| Depreciation and amortization | 710 | 1,134 | 2,645 | 3,416 |
| EBITDA | 5,386 | 12,714 | 19,868 | 36,003 |
| Other adjustments: | | | | |
| (Gain) loss on investments ⁽¹⁾ | (45) | (310) | 9,312 | 1,840 |
| Amortization of stock based compensation | 3,633 | 452 | 10,911 | 1,248 |
| Other expenses ⁽²⁾ | 7,863 | 3,857 | 13,369 | 9,913 |
| Adjusted EBITDA | 16,837 | 16,713 | 53,460 | 49,004 |
| Other adjustments: | | | | |
| Carried interest and performance fees | — | — | (2,046) | (7,937) |
| Carried interest and performance fee payouts - internal | — | — | 1,029 | 4,706 |
| Carried interest and performance fee payouts - external | — | — | 476 | 595 |
| Adjusted base EBITDA | 16,837 | 16,713 | 52,919 | 46,368 |
| Operating margin ⁽³⁾ | 55 % | 52 % | 55 % | 52 % |

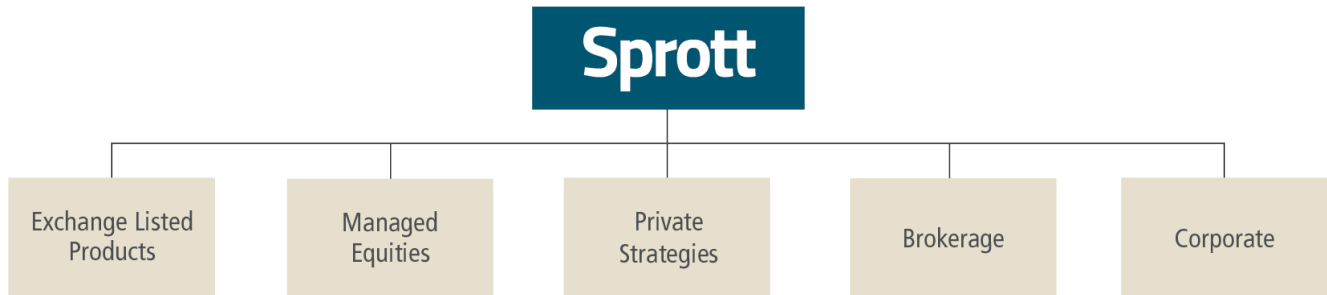
⁽¹⁾ This adjustment removes the income effects of certain gains or losses on short-term investments, co-investments, and digital gold strategies to ensure the reporting objectives of our EBITDA metric as described above are met.

⁽²⁾ In addition to the items outlined in Note 5 of the interim financial statements, this reconciliation line also includes \$1.3 million severance, new hire accruals and other for the three months ended September 30, 2022 (three months ended September 30, 2021 - \$0.2 million) and \$4 million for the nine months ended September 30, 2022 (nine months ended September 30, 2021 - \$0.5 million). This reconciliation line excludes income (loss) attributable to non-controlling interest of \$(0.8) million for the three months ended September 30, 2022 (three months ended September 30, 2021 - \$0.2 million) and \$(0.9) million for the nine months ended September 30, 2022 (nine months ended September 30, 2021 - \$0.3 million).

⁽³⁾ Calculated as adjusted base EBITDA inclusive of depreciation and amortization. This figure is then divided by revenues before gains (losses) on investments, net of direct costs as applicable.

Business overview

Our reportable operating segments are as follows:



Exchange listed products

- The Company's closed-end physical trusts and exchange traded funds ("ETFs").

Managed equities

- The Company's alternative investment strategies managed in-house and on a sub-advised basis. In the first quarter of the year, the Company completed the restructuring of its U.S.-based discretionary accounts operations which led to the conversion of those client assets from administrated brokerage assets to actively managed AUM. Consequently, these operations were reclassified to form part of the managed equities segment.

Private strategies

- The Company's lending and streaming activities occur through limited partnership vehicles ("private strategies LPs"). In the first quarter of the year, the Company renamed the Lending segment to "Private strategies" in order to reflect the successful growth of its streaming funds alongside its traditional lending partnership vehicles.

Brokerage

- The Company's regulated broker-dealer activities (equity origination, corporate advisory, sales and trading). In the first quarter of the year, the Company completed the restructuring of its U.S.-based discretionary accounts operations which led to the conversion of those client assets from administrated brokerage assets to actively managed AUM. Consequently, these operations were reclassified to form part of the managed equities segment.

Corporate

- Provides the Company's operating segments with capital, balance sheet management and other shared services.

All other segments

- Contains all non-reportable segments as per IFRS 8, *Operating Segments* ("IFRS 8"). See Note 11 of the interim financial statements for further details.

For a detailed account of the underlying principal subsidiaries within our reportable business segments, refer to the Company's Annual Information Form and Note 2 of the audited annual financial statements.

Outlook

Despite ongoing challenges encountered across most global markets and asset classes, our operating results remain solid and we continue to anticipate good operating results for the remainder of the year.

Results of operations

Summary financial information

| (In thousands \$) | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 |
|------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Summary income statements | | | | | | | | |
| Management fees | 29,158 | 30,620 | 27,172 | 27,783 | 28,612 | 25,062 | 22,452 | 22,032 |
| Trailer, sub-advisor and fund expenses | (1,278) | (1,258) | (853) | (872) | (637) | (552) | (599) | (583) |
| Direct payouts | (1,121) | (1,272) | (1,384) | (1,367) | (1,892) | (1,198) | (890) | (695) |
| Carried interest and performance fees | — | — | 2,046 | 4,298 | — | — | 7,937 | 10,075 |
| Carried interest and performance fee payouts - internal | — | — | (1,029) | (2,516) | — | (126) | (4,580) | (5,529) |
| Carried interest and performance fee payouts - external ⁽¹⁾ | — | — | (476) | (790) | — | — | (595) | — |
| Net fees | 26,759 | 28,090 | 25,476 | 26,536 | 26,083 | 23,186 | 23,725 | 25,300 |
| Commissions | 6,101 | 6,458 | 13,077 | 14,153 | 11,273 | 7,377 | 12,463 | 6,761 |
| Commission expense - internal | (2,385) | (2,034) | (3,134) | (4,128) | (3,089) | (3,036) | (5,289) | (2,093) |
| Commission expense - external ⁽¹⁾ | (476) | (978) | (3,310) | (3,016) | (2,382) | (49) | (253) | (98) |
| Net commissions | 3,240 | 3,446 | 6,633 | 7,009 | 5,802 | 4,292 | 6,921 | 4,570 |
| Finance income | 933 | 1,186 | 1,433 | 788 | 567 | 932 | 1,248 | 1,629 |
| Gain (loss) on investments | 45 | (7,884) | (1,473) | (43) | 310 | 2,502 | (4,652) | (3,089) |
| Other income | (227) | 170 | 208 | 313 | 529 | 438 | 303 | 949 |
| Total net revenues | 30,750 | 25,008 | 32,277 | 34,603 | 33,291 | 31,350 | 27,545 | 29,359 |
| Compensation | 18,934 | 19,364 | 21,789 | 20,632 | 18,001 | 15,452 | 22,636 | 20,193 |
| Direct payouts | (1,121) | (1,272) | (1,384) | (1,367) | (1,892) | (1,198) | (890) | (695) |
| Carried interest and performance fee payouts - internal | — | — | (1,029) | (2,516) | — | (126) | (4,580) | (5,529) |
| Commission expense - internal | (2,385) | (2,034) | (3,134) | (4,128) | (3,089) | (3,036) | (5,289) | (2,093) |
| Severance, new hire accruals and other | (1,349) | (2,113) | (514) | (187) | (207) | (293) | (44) | (65) |
| Net compensation | 14,079 | 13,945 | 15,728 | 12,434 | 12,813 | 10,799 | 11,833 | 11,811 |
| Severance, new hire accruals and other ⁽²⁾ | 1,349 | 2,113 | 514 | 187 | 207 | 293 | 44 | 65 |
| Selling, general and administrative | 4,239 | 4,221 | 3,438 | 4,172 | 3,682 | 3,492 | 3,351 | 2,320 |
| Interest expense | 884 | 483 | 480 | 239 | 312 | 260 | 350 | 331 |
| Depreciation and amortization | 710 | 959 | 976 | 1,136 | 1,134 | 1,165 | 1,117 | 1,023 |
| Other expenses | 5,697 | 868 | 1,976 | 2,910 | 3,875 | 876 | 4,918 | 4,528 |
| Total expenses | 26,958 | 22,589 | 23,112 | 21,078 | 22,023 | 16,885 | 21,613 | 20,078 |
| Net income | 3,071 | 757 | 6,473 | 10,171 | 8,718 | 11,075 | 3,221 | 6,720 |
| Net Income per share | 0.12 | 0.03 | 0.26 | 0.41 | 0.35 | 0.44 | 0.13 | 0.27 |
| Adjusted base EBITDA | 16,837 | 17,909 | 18,173 | 17,705 | 16,713 | 15,050 | 14,605 | 14,751 |
| Adjusted base EBITDA per share | 0.67 | 0.71 | 0.73 | 0.71 | 0.67 | 0.60 | 0.59 | 0.60 |
| Operating margin | 55 % | 55 % | 57 % | 55 % | 52 % | 52 % | 51 % | 51 % |
| Summary balance sheet | | | | | | | | |
| Total assets | 375,386 | 376,128 | 380,843 | 365,873 | 375,819 | 361,121 | 356,986 | 377,348 |
| Total liabilities | 103,972 | 89,264 | 83,584 | 74,654 | 84,231 | 64,081 | 67,015 | 86,365 |
| Total AUM | 21,044,252 | 21,944,675 | 23,679,354 | 20,443,088 | 19,016,313 | 18,550,106 | 17,073,078 | 17,390,389 |
| Average AUM | 21,420,015 | 23,388,568 | 21,646,082 | 20,229,119 | 19,090,702 | 18,343,846 | 17,188,205 | 16,719,815 |

⁽¹⁾ These amounts are included in the "Trailer, sub-advisor and fund expenses" line on the consolidated statements of operations.

⁽²⁾ The majority of the 2022 amount is compensation and other transition payments to the former CEO that will be paid out over 3 years.

AUM summary

AUM was \$21 billion as at September 30, 2022, down \$0.9 billion (4%) from June 30, 2022 and up \$0.6 billion (3%) from December 31, 2021. Our AUM was negatively impacted on both a three and nine months ended basis by market value depreciation across our fund products. However, on a nine months ended basis, our cumulative market value declines were more than offset by strong inflows to our physical trusts, private strategies and the onboarding of AUM on the closure of North Shore Global Uranium Mining ETF acquisition ("URNM acquisition"), adding \$1 billion to our AUM in the second quarter.

| 3 months results | | | | | | Blended net management fee rate ⁽³⁾ |
|---------------------------------------|-------------------|----------------------------|----------------------|----------------------|-------------------|------------------------------------------------|
| (In millions \$) | AUM Jun. 30, 2022 | Net inflows ⁽¹⁾ | Market value changes | Other ⁽²⁾ | AUM Sep. 30, 2022 | |
| Exchange listed products | | | | | | |
| - Physical trusts | | | | | | |
| - Physical Gold Trust | 5,691 | 12 | (468) | — | 5,235 | 0.35% |
| - Physical Gold and Silver Trust | 3,826 | (12) | (291) | — | 3,523 | 0.40% |
| - Physical Silver Trust | 3,267 | 75 | (207) | — | 3,135 | 0.45% |
| - Physical Uranium Trust | 2,929 | 45 | (131) | — | 2,843 | 0.30% |
| - Physical Platinum & Palladium Trust | 147 | (7) | 7 | — | 147 | 0.50% |
| - Exchange Traded Funds | | | | | | |
| - Uranium ETFs | 758 | 24 | 102 | — | 884 | 0.68% |
| - Gold ETFs | 305 | 24 | (43) | — | 286 | 0.35% |
| | 16,923 | 161 | (1,031) | — | 16,053 | 0.39% |
| Managed equities | | | | | | |
| - Precious metals strategies | 1,714 | (48) | (162) | — | 1,504 | 0.89% |
| - Other ⁽⁴⁾⁽⁵⁾ | 965 | 6 | (68) | — | 903 | 1.20% |
| | 2,679 | (42) | (230) | — | 2,407 | 1.00% |
| Private strategies | 1,611 | 382 | (6) | (91) | 1,896 | 0.75% |
| Non-core AUM ⁽⁶⁾ | 732 | — | (44) | — | 688 | 0.51% |
| Total ⁽⁷⁾ | 21,945 | 501 | (1,311) | (91) | 21,044 | 0.50% |
| 9 months results | | | | | | Blended net management fee rate ⁽³⁾ |
| (In millions \$) | AUM Dec. 31, 2021 | Net inflows ⁽¹⁾ | Market value changes | Other ⁽²⁾ | AUM Sep. 30, 2022 | |
| Exchange listed products | | | | | | |
| - Physical trusts | | | | | | |
| - Physical Gold Trust | 5,008 | 821 | (594) | — | 5,235 | 0.35% |
| - Physical Gold and Silver Trust | 4,094 | (60) | (511) | — | 3,523 | 0.40% |
| - Physical Silver Trust | 3,600 | 257 | (722) | — | 3,135 | 0.45% |
| - Physical Uranium Trust | 1,769 | 894 | 180 | — | 2,843 | 0.30% |
| - Physical Platinum & Palladium Trust | 132 | 17 | (2) | — | 147 | 0.50% |
| - Exchange Traded Funds | | | | | | |
| - Uranium ETFs | — | 36 | (194) | 1,042 | 884 | 0.68% |
| - Gold ETFs | 356 | 39 | (109) | — | 286 | 0.35% |
| | 14,959 | 2,004 | (1,952) | 1,042 | 16,053 | 0.39% |
| Managed equities | | | | | | |
| - Precious metals strategies | 2,141 | (55) | (582) | — | 1,504 | 0.89% |
| - Other ⁽⁴⁾⁽⁵⁾ | 1,141 | 49 | (287) | — | 903 | 1.20% |
| | 3,282 | (6) | (869) | — | 2,407 | 1.00% |
| Private strategies | 1,426 | 692 | (13) | (209) | 1,896 | 0.75% |
| Non-core AUM ⁽⁶⁾ | 776 | — | (88) | — | 688 | 0.51% |
| Total ⁽⁷⁾ | 20,443 | 2,690 | (2,922) | 833 | 21,044 | 0.50% |

⁽¹⁾ See 'Net inflows' in the key performance indicators and non-IFRS and other financial measures section of this MD&A.

⁽²⁾ Includes new AUM from fund acquisitions and lost AUM from fund divestitures and capital distributions of our private strategies LPs.

⁽³⁾ Management fee rate represents the weighted average fees for all funds in the category.

⁽⁴⁾ Includes institutional managed accounts and high net worth discretionary managed accounts in the U.S.

⁽⁵⁾ Prior year figures have been restated to conform with current year presentation. See the "Business overview" section of this MD&A.

⁽⁶⁾ Previously called Other, this AUM is related to our legacy asset management business in Korea, which accounts for less than 1% of consolidated net income and EBITDA.

⁽⁷⁾ No performance fees are earned on exchange listed products. Performance fees are earned on all precious metals strategies (other than bullion funds) and are based on returns above relevant benchmarks. Other managed equities strategies primarily earn performance fees on flow-through products. Private strategies LPs earn carried interest calculated as a pre-determined net profit over a preferred return.

Key revenue lines

Management, carried interest and performance fees

Management fees were \$29.2 million in the quarter, up \$0.5 million (2%) from the quarter ended September 30, 2021 and \$87 million on a year-to-date basis, up \$10.8 million (14%) from the nine months ended September 30, 2021. Carried interest and performance fees were nil in the quarter and \$2 million on a year-to-date basis, down \$5.9 million (74%) from the nine months ended September 30, 2021. Net fees were \$26.8 million in the quarter, up \$0.7 million (3%) from the quarter ended September 30, 2021 and \$80.3 million on a year-to-date basis, up \$7.3 million (10%) from the nine months ended September 30, 2021. Our revenue performance was primarily due to strong net inflows to our exchange listed products segment (primarily our physical uranium and gold trusts) and higher average AUM from the URNM acquisition. These increases were partially offset by lower average AUM in our managed equities segment and lower carried interest crystallization in our private strategies segment on a year-to-date basis.

Commission revenues

Commission revenues were \$6.1 million in the quarter, down \$5.2 million (46%) from the quarter ended September 30, 2021 and \$25.6 million on a year-to-date basis, down \$5.5 million (18%) from the nine months ended September 30, 2021. Net commissions were \$3.2 million in the quarter, down \$2.6 million (44%) from the quarter ended September 30, 2021 and \$13.3 million on a year-to-date basis, down \$3.7 million (22%) from the nine months ended September 30, 2021. Lower commissions were due to weaker mining equity origination activity in our brokerage segment and lower commissions earned in the quarter on the purchase of uranium in our exchange listed products segment.

Finance income

Finance income was \$0.9 million in the quarter, up \$0.4 million (65%) from the quarter ended September 30, 2021 and \$3.6 million on a year-to-date basis, up \$0.8 million (29%) from the nine months ended September 30, 2021. Our results were primarily driven by higher income generation in co-investment positions we hold in LPs managed in our private strategies segment.

Key expense lines

Compensation

Net compensation expense was \$14.1 million in the quarter, up \$1.3 million (10%) from the quarter ended September 30, 2021 and \$43.8 million on a year-to-date basis, up \$8.3 million (23%) from the nine months ended September 30, 2021. The increase was primarily due to higher long-term incentive plan ("LTIP") amortization and higher salaries on new hires that were partially offset by lower annual incentive compensation ("AIP").

Selling, general & administrative ("SG&A")

SG&A was \$4.2 million in the quarter, up \$0.6 million (15%) from the quarter ended September 30, 2021 and \$11.9 million on a year-to-date basis, up \$1.4 million (13%) from the nine months ended September 30, 2021. The increase was mainly due to higher marketing and technology costs.

Earnings

Net income was \$3.1 million (\$0.12 per share) in the quarter, down 65%, or \$5.6 million (\$0.23 per share) from the quarter ended September 30, 2021 and \$10.3 million on a year-to-date basis (\$0.41 per share), down 55%, or \$12.7 million (\$0.51 per share) from the nine months ended September 30, 2021. Our results were negatively impacted by FX translation losses and the settlement of a legacy legal claim. Our earnings were also impacted by net market value depreciation of our co-investments and digital gold strategies on a year-to-date basis.

Adjusted base EBITDA was \$16.8 million (\$0.67 per share) in the quarter, up 1%, or \$0.1 million from the quarter ended September 30, 2021 and \$52.9 million (\$2.11 per share) on a year-to-date basis up 14%, or \$6.6 million (\$0.25 per share) from the nine months ended September 30, 2021. Our results benefited from strong net inflows into our physical trusts (primarily our physical uranium and gold trusts) and the URNM acquisition. These increases were only partially offset by weaker mining equity origination activity in our brokerage segment and lower AUM in our managed equities segment.

Additional revenues and expenses

Investment gains were nominal in the quarter and on a year-to-date basis investment losses were primarily from net market value depreciation of our co-investments and digital gold strategies.

Other income was lower due to a decrease in income attributable to non-controlling interests.

Amortization of intangibles was lower from the prior period due to the reclassification of a management contract from finite life to indefinite life in the first quarter. Depreciation of property and equipment was slightly lower from the prior period.

Other expenses were higher in the quarter and lower on a year-to-date basis. The increase in the quarter was primarily due to higher FX translation losses and costs pertaining to the settlement of a legacy legal claim. On a year-to-date basis these increases were more than offset by last year's payment of contingent consideration related to the Tocqueville acquisition.

Balance sheet

Total assets were \$375.4 million, up \$9.5 million from December 31, 2021. The increase was primarily due to the addition of an indefinite life fund management contract related to the URNM acquisition, increase in assets attributable to non-controlling interest and co-investments in the funds that were partially offset by FX translation losses in the period. Total liabilities were \$104 million, up \$29.3 million from December 31, 2021. The increase was primarily due to loan facility drawdown used to fund certain co-investments and the URNM acquisition in the second quarter as well as an increase in liabilities related to non-controlling interest. Total shareholder's equity was \$271.4 million, down \$19.8 million from December 31, 2021 as a result of FX translation losses in the period.

Reportable operating segments

Exchange listed products

| (In thousands \$) | 3 months ended | | 9 months ended | |
|------------------------------------------|----------------|---------------|----------------|---------------|
| | Sep. 30, 2022 | Sep. 30, 2021 | Sep. 30, 2022 | Sep. 30, 2021 |
| Summary income statement | | | | |
| Management fees | 16,856 | 13,719 | 50,065 | 38,956 |
| Trailer, sub-advisory and fund expenses | (883) | (91) | (2,014) | (244) |
| Net Fees | 15,973 | 13,628 | 48,051 | 38,712 |
| Commissions | 878 | 4,505 | 8,760 | 4,505 |
| Commission expense - internal | (35) | (539) | (656) | (539) |
| Commission expense - external | (447) | (2,357) | (4,401) | (2,357) |
| Net commissions ⁽¹⁾ | 396 | 1,609 | 3,703 | 1,609 |
| Gain (loss) on investments | (631) | — | (631) | — |
| Other income | 30 | 1 | 36 | 2 |
| Total net revenues | 15,768 | 15,238 | 51,159 | 40,323 |
| Net compensation | 2,814 | 1,663 | 9,029 | 4,880 |
| Severance, new hire accruals and other | 139 | — | 427 | — |
| Selling, general and administrative | 722 | 806 | 2,057 | 1,998 |
| Interest expense | 410 | 118 | 788 | 321 |
| Depreciation and amortization | 25 | 250 | 77 | 756 |
| Other expenses | 2,079 | 2,572 | 2,137 | 2,600 |
| Total expenses | 6,189 | 5,409 | 14,515 | 10,555 |
| Income (loss) before income taxes | 9,579 | 9,829 | 36,644 | 29,768 |
| Adjusted base EBITDA | 13,667 | 12,787 | 43,148 | 33,496 |
| Operating margin | 83 % | 82 % | 83 % | 81 % |
| Total AUM | 16,053,185 | 13,825,185 | 16,053,185 | 13,825,185 |
| Average AUM | 16,443,055 | 13,952,266 | 16,615,624 | 13,136,531 |

⁽¹⁾ See 'Net commissions' in the key performance indicators and non-IFRS and other financial measures section of this MD&A.

3 and 9 months ended

Income before income taxes was \$9.6 million in the quarter, down \$0.3 million (3%) from the quarter ended September 30, 2021 and was \$36.6 million on a year-to-date basis, up \$6.9 million (23%) from the nine months ended September 30, 2021. Adjusted base EBITDA was \$13.7 million in the quarter, up \$0.9 million (7%) from the quarter ended September 30, 2021 and was \$43.1 million on a year-to-date basis, up \$9.7 million (29%) from the nine months ended September 30, 2021. Our three and nine months ended results benefited from higher average AUM given strong inflows into our physical trusts (particularly our physical uranium and gold trusts) and the URNM acquisition in the second quarter. We also benefited from higher commissions earned on the purchase of uranium on a year-to-date basis.

Managed equities

| (In thousands \$) | 3 months ended | | 9 months ended | |
|---------------------------------------------------------|----------------|------------------------------|----------------|------------------------------|
| | Sep. 30, 2022 | Sep. 30, 2021 ⁽¹⁾ | Sep. 30, 2022 | Sep. 30, 2021 ⁽¹⁾ |
| Summary income statement | | | | |
| Management fees | 6,890 | 8,470 | 24,191 | 25,399 |
| Trailer, sub-advisor and fund expenses | (371) | (464) | (1,303) | (1,137) |
| Direct payouts | (857) | (1,171) | (3,074) | (3,062) |
| Carried interest and performance fees | — | — | 19 | 708 |
| Carried interest and performance fee payouts - internal | — | — | (14) | (526) |
| Net fees | 5,662 | 6,835 | 19,819 | 21,382 |
| Gain (loss) on investments | (147) | (2,463) | (5,097) | (4,523) |
| Other income | 97 | 164 | 473 | 785 |
| Total net revenues | 5,612 | 4,536 | 15,195 | 17,644 |
| Net compensation | 2,645 | 2,821 | 8,904 | 8,298 |
| Severance, new hire accruals and other | 67 | — | 214 | 30 |
| Selling, general and administrative | 1,250 | 1,076 | 3,930 | 3,414 |
| Interest expense | 443 | 123 | 960 | 416 |
| Depreciation and amortization | 75 | 86 | 231 | 261 |
| Other expenses | 397 | 61 | 1,054 | 4,712 |
| Total expenses | 4,877 | 4,167 | 15,293 | 17,131 |
| Income (loss) before income taxes | 735 | 369 | (98) | 513 |
| Adjusted base EBITDA | 2,085 | 3,113 | 8,087 | 10,468 |
| Operating margin | 37 % | 46 % | 41 % | 49 % |
| Total AUM | 2,406,862 | 3,079,658 | 2,406,862 | 3,079,658 |
| Average AUM | 2,559,687 | 3,281,824 | 3,031,804 | 3,327,864 |

⁽¹⁾ Prior year figures have been restated to conform with current year presentation. In the first quarter of the year, the Company completed the restructuring of its U.S.-based discretionary accounts operations which led to the conversion of those client assets from administrated brokerage assets to actively managed AUM. Consequently, these operations were reclassified to form part of the managed equities segment.

3 months ended

Income before income taxes was \$0.7 million in the quarter, up \$0.4 million (99%) from the quarter ended September 30, 2021. The increase was mainly due to lower losses on co-investments that were partially offset by lower management fees, higher FX translation loss and higher SG&A. Adjusted base EBITDA was \$2.1 million in the quarter, down \$1 million (33%) from the quarter ended September 30, 2021. The decrease was primarily due to lower management fees and higher SG&A.

9 months ended

Loss before income taxes was \$0.1 million on a year-to-date basis, down \$0.6 million from the nine months ended September 30, 2021. The decrease was mainly due to lower management fees, higher losses on co-investments, higher salaries and SG&A partially offset by lower other expenses. Adjusted base EBITDA was \$8.1 million on a year-to-date basis, down \$2.4 million (23%) from the nine months ended September 30, 2021. The decrease was mainly due to lower management fees and higher salaries and SG&A.

Private strategies ⁽¹⁾

| (In thousands \$) | 3 months ended | | 9 months ended | |
|---------------------------------------------------------|----------------|---------------|----------------|---------------|
| | Sep. 30, 2022 | Sep. 30, 2021 | Sep. 30, 2022 | Sep. 30, 2021 |
| Summary income statement | | | | |
| Management fees | 4,311 | 5,867 | 9,843 | 9,817 |
| Trailer, sub-advisor and fund expenses | (24) | (21) | (72) | (84) |
| Direct payouts | (264) | (721) | (703) | (918) |
| Carried interest and performance fees | — | — | 2,027 | 7,229 |
| Carried interest and performance fee payouts - internal | — | — | (1,015) | (4,180) |
| Carried interest and performance fee payouts - external | — | — | (476) | (595) |
| Net fees | 4,023 | 5,125 | 9,604 | 11,269 |
| Finance income | 890 | 526 | 3,475 | 2,674 |
| Gain (loss) on investments | 944 | (374) | 665 | (2,096) |
| Other income | 1 | 44 | 59 | 221 |
| Total net revenues | 5,858 | 5,321 | 13,803 | 12,068 |
| Net compensation | 2,159 | 2,174 | 5,411 | 4,847 |
| Severance, new hire accruals and other | 88 | 182 | 313 | 461 |
| Selling, general and administrative | 259 | 256 | 800 | 748 |
| Interest expense | — | — | — | 7 |
| Depreciation and amortization | — | — | — | 1 |
| Other expenses | 1,466 | (585) | 790 | (191) |
| Total expenses | 3,972 | 2,027 | 7,314 | 5,873 |
| Income (loss) before income taxes | 1,886 | 3,294 | 6,489 | 6,195 |
| Adjusted base EBITDA | 2,503 | 3,474 | 6,411 | 6,699 |
| Operating margin | 51 % | 61 % | 51 % | 59 % |
| Total AUM | 1,896,033 | 1,383,072 | 1,896,033 | 1,383,072 |
| Average AUM | 1,706,127 | 1,104,661 | 1,562,318 | 988,548 |

⁽¹⁾ In the first quarter of the year, the Company renamed the Lending segment to "Private strategies" in order to reflect the successful growth of its streaming funds alongside its traditional lending partnership vehicles.

3 months ended

Income before income taxes was \$1.9 million in the quarter, down \$1.4 million (43%) from the quarter ended September 30, 2021. The year-over-year decrease was primarily a result of higher commitment fees earned on the rebalancing of certain LPs last year and higher other expenses in the current quarter pertaining to the settlement of a legacy legal claim, partially offset by gains on our co-investments compared to losses in the prior period. Adjusted base EBITDA was \$2.5 million in the quarter, down \$1 million (28%) from the quarter ended September 30, 2021. The decrease was primarily from last year's commitment fees mentioned above.

9 months ended

Income before income taxes was \$6.5 million on a year-to-date basis, up \$0.3 million (5%) from the nine months ended September 30, 2021. The increase was primarily due to gains on co-investments compared to losses in the prior period and higher finance income partially offset by lower net carried interests, higher other expenses mentioned previously and higher compensation costs. Adjusted base EBITDA was \$6.4 million on a year-to-date basis, down \$0.3 million (4%) from the nine months ended September 30, 2021. The decrease was primarily due to higher salaries and AIP partially offset by higher finance income.

Brokerage

| (In thousands \$) | 3 months ended | | 9 months ended | |
|------------------------------------------|----------------|------------------------------|----------------|------------------------------|
| | Sep. 30, 2022 | Sep. 30, 2021 ⁽¹⁾ | Sep. 30, 2022 | Sep. 30, 2021 ⁽¹⁾ |
| Summary income statement | | | | |
| Commissions | 5,162 | 6,605 | 16,476 | 25,828 |
| Commission expense - internal | (2,350) | (2,550) | (6,897) | (10,846) |
| Commission expense - external | (29) | (25) | (363) | (327) |
| Net commissions | 2,783 | 4,030 | 9,216 | 14,655 |
| Finance income | 43 | 16 | 77 | 48 |
| Gain (loss) on investments | (252) | (963) | (1,104) | 29 |
| Other income | 140 | 11 | 246 | 52 |
| Total net revenues | 2,714 | 3,094 | 8,435 | 14,784 |
| Net compensation | 1,400 | 1,563 | 4,107 | 5,315 |
| Severance, new hire accruals and other | 196 | 14 | 318 | 42 |
| Selling, general and administrative | 975 | 765 | 2,299 | 1,923 |
| Interest expense | — | 5 | 3 | 21 |
| Depreciation and amortization | 13 | 140 | 295 | 422 |
| Other expenses | (26) | 104 | 113 | 549 |
| Total expenses | 2,558 | 2,591 | 7,135 | 8,272 |
| Income (loss) before income taxes | 156 | 503 | 1,300 | 6,512 |
| Adjusted base EBITDA | 615 | 1,841 | 3,206 | 7,618 |
| Operating margin | 21 % | 43 % | 32 % | 47 % |

⁽¹⁾ Prior year figures have been restated to conform with current year presentation. In the first quarter of the year, the Company completed the restructuring of its U.S.-based discretionary accounts operations which led to the conversion of those client assets from administrated brokerage assets to actively managed AUM. Consequently, these operations were reclassified to form part of the managed equities segment.

3 and 9 months ended

Income before income taxes was \$0.2 million in the quarter, down \$0.3 million (69%) from the quarter ended September 30, 2021 and was \$1.3 million on a year-to-date basis, down \$5.2 million (80%) from the nine months ended September 30, 2021. Adjusted base EBITDA was \$0.6 million in the quarter, down \$1.2 million (67%) from the quarter ended September 30, 2021 and was \$3.2 million on a year-to-date basis, down \$4.4 million (58%) from the nine months ended September 30, 2021. Our three and nine months ended results were impacted by weaker mining equity origination activity in both our Canadian and U.S. broker dealers. Our results were also impacted by losses on certain equity holdings on a year-to-date basis.

Corporate

This segment is primarily a cost centre that provides capital, balance sheet management and shared services to the Company's subsidiaries.

| (In thousands \$) | 3 months ended | | 9 months ended | |
|------------------------------------------|----------------|----------------|-----------------|-----------------|
| | Sep. 30, 2022 | Sep. 30, 2021 | Sep. 30, 2022 | Sep. 30, 2021 |
| Summary income statement | | | | |
| Gain (loss) on investments | 112 | 4,008 | (3,506) | 4,625 |
| Other income | 8 | 24 | 53 | 47 |
| Total revenues | 120 | 4,032 | (3,453) | 4,672 |
| Net compensation | 4,445 | 3,977 | 14,292 | 10,504 |
| Severance, new hire accruals and other | 852 | — | 2,697 | — |
| Selling, general and administrative | 734 | 526 | 1,899 | 1,605 |
| Interest expense | 31 | 62 | 96 | 153 |
| Depreciation and amortization | 445 | 619 | 1,369 | 1,854 |
| Other expenses | 2,222 | 1,541 | 4,545 | 1,109 |
| Total expenses | 8,729 | 6,725 | 24,898 | 15,225 |
| Income (loss) before income taxes | (8,609) | (2,693) | (28,351) | (10,553) |
| Adjusted base EBITDA | (2,593) | (4,377) | (8,399) | (11,754) |

3 and 9 months ended

- Investment loss on a year-to-date basis was primarily from market value depreciation of certain digital gold strategies.
- Net compensation was higher largely due to higher LTIP amortization, partially offset by lower AIP.
- Severance, new hire accruals and other primarily includes compensation and other transition payments to the former CEO that will be paid out over 3 years.
- Other expenses increased primarily due to FX translation movements.

Dividends

The following dividends were declared by the Company during the nine months ended September 30, 2022:

| Record date | Payment Date | Cash dividend per share | Total dividend amount (in thousands \$) |
|------------------------------------------|-----------------|-------------------------|-----------------------------------------|
| March 7, 2022 - Regular dividend Q4 2021 | March 22, 2022 | \$0.25 | 6,467 |
| May 5, 2022 - Regular dividend Q1 2022 | May 31, 2022 | \$0.25 | 6,500 |
| Aug 12, 2022 - Regular dividend Q2 2022 | August 29, 2022 | \$0.25 | 6,484 |
| Dividends ⁽¹⁾ | | | 19,451 |

⁽¹⁾ Subsequent to quarter-end, on November 3, 2022, a regular dividend of \$0.25 per common share was declared for the quarter ended September 30, 2022. This dividend is payable on November 29, 2022 to shareholders of record at the close of business on November 14, 2022.

Capital stock

Including the 0.9 million unvested common shares currently held in the EPSP Trust (December 31, 2021 - 0.8 million), total capital stock issued and outstanding was 25.9 million (December 31, 2021 - 25.8 million). During the year, the Company issued 72,464 shares related to the URNM acquisition. This issuance was more than offset by the repurchase and cancellation of 81,538 shares through the normal course issuer bid.

Earnings per share for the current and prior periods have been calculated using the weighted average number of shares outstanding during the respective periods. Basic earnings per share was \$0.12 for the quarter and \$0.41 on a year-to-date basis compared to \$0.35 and \$0.92 in the prior periods, respectively. Diluted earnings per share was \$0.12 in the quarter and \$0.39 on a year-to-date basis compared to \$0.34 and \$0.89 in the prior periods, respectively. Diluted earnings per share reflects the dilutive effect of in-the-money stock options, unvested shares held in the EPSP Trust and outstanding restricted stock units.

A total of 12,500 stock options are outstanding pursuant to our stock option plan, all of which are exercisable.

Liquidity and capital resources

As at September 30, 2022, the Company had \$55.2 million (December 31, 2021 - \$29.8 million) outstanding on its credit facility, all of which is due on December 14, 2025. The increase was due to the loan facility drawdown used to fund the URNM acquisition and certain co-investments.

The Company has access to a credit facility of \$120 million with a major Canadian schedule I chartered bank. Amounts under the facility may be borrowed through prime rate loans or bankers' acceptances. Amounts may also be borrowed in U.S. dollars through base rate loans. As at September 30, 2022, the Company was in compliance with all covenants, terms and conditions under the credit facility. Key terms under the credit facility are noted below:

Structure

- 5-year, \$120 million revolver with "bullet maturity" December 14, 2025

Interest rate

- Prime rate + 0 bps or;
- Banker acceptance rate + 170 bps

Covenant terms

- Minimum AUM: 70% of AUM on November 13, 2020
- Debt to EBITDA less than or equal to 2.5:1
- EBITDA to interest expense more than or equal to 2.5:1

Commitments

The Company has commitments to make co-investments in private strategies LPs arising from our private strategies segment or commitments to make investments in the net investments portfolio of the Company. As at September 30, 2022, the Company had \$8.1 million in co-investment commitments from the private strategies segment due within one year (December 31, 2021 - \$7.7 million), and \$1 million due after 12 months (December 31, 2021 - \$Nil).

Critical accounting estimates, judgements and changes in accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions and estimates as they occur. The Company's significant accounting policies are described in Note 2 of the December 31, 2021 audited annual financial statements. Certain of these accounting policies require management to make key assumptions concerning the future and consider other sources of estimation uncertainty at the reporting date. These accounting estimates are considered critical because they require subjective and/or complex judgements that may have a material impact on the value of our assets, liabilities, revenues and expenses.

Critical accounting estimates

Impairment of goodwill and intangible assets

All indefinite life intangible assets and goodwill are assessed for impairment annually, however, finite life intangibles are only tested for impairment to the extent indicators of impairment exist at the time of a quarterly assessment. In the case of goodwill and indefinite life intangibles, this annual test for impairment augments the quarterly impairment indicator assessments. Values associated with goodwill and intangibles involve estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates, AUM and asset lives. These estimates require significant judgment regarding market growth rates, fund flow assumptions, expected margins and costs, which could affect the Company's future results if estimates of future performance and fair value change.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated balance sheets cannot be derived from active markets, they are determined using valuation techniques and models. Model inputs are taken from observable markets where possible, but where this is not feasible, unobservable inputs may be used. These unobservable inputs include, but are not limited to, projected cash flows, discount rates, comparable recent transactions, volatility of underlying securities in warrant valuations and extraction recovery rates of mining projects. The use of unobservable inputs can involve significant judgment and materially affect the reported fair value of financial instruments.

Contingent consideration

The URNM acquisition necessitated the recognition of contingent consideration for the amounts payable in cash under the terms of the purchase agreement. The consideration is subject to certain financial performance conditions based on the average AUM of the fund over the two-year period from closing of the transaction. The key judgements utilized in the estimation of the contingent consideration were fund flow assumptions.

Significant judgements

Investments in other entities

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") and IAS 28 *Investments in Associates and Joint Ventures* ("IAS 28") provide for the use of judgment in determining whether an investee should be included within the consolidated financial statements of the Company and on what basis (subsidiary, joint venture, financial instrument or associate). Significant judgment is applied in evaluating facts and circumstances relevant to the Company and investee, including: (1) the extent of the Company's direct and indirect interest in the investee; (2) the level of compensation to be received from the investee for management and other services provided to it; (3) "kick out rights" available to other investors in the investee; and (4) other indicators of the extent of power that the Company has over the investee.

Managing financial risks

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 on and off-balance sheet assets and liabilities will result in changes in carrying value or recoverable amounts. The Company's revenues are also exposed to price risk since management fees, carried interest and performance fees 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.

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 and liabilities. The Company's earnings, particularly through its private strategies segment, are exposed to volatility as a result of sudden changes in interest rates. Management takes into account a number of factors and is committed to several processes to ensure that this risk is appropriately managed.

Foreign currency risk

The Company enters into transactions that are denominated primarily in U.S. and Canadian dollars. 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 which are denominated in currencies other than the functional currency of the Company and its subsidiaries. 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 investments portfolio.

Investments

The Company incurs credit risk when entering into, settling and financing transactions with counterparties. Management takes into account a number of factors and is committed to several processes to ensure that this risk is appropriately managed.

Other

The majority of accounts receivable relate to management fees, carried interest and performance fees receivable from the funds and managed accounts 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 \$120 million committed line of credit with a major Canadian schedule I chartered bank. 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 our co-investments in private strategies LPs arises from fluctuations in cash flows from making capital calls and receiving capital distributions. The Company manages its co-investment liquidity risk through the ongoing monitoring of scheduled capital calls and distributions ("match funding") and through its broader treasury risk management program and enterprise capital budgeting.

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

The Company's management team is responsible for reviewing resources to ensure funds are readily available to meet its financial obligations as they come due, as well as ensuring adequate funds exist to support business strategies and operations growth. The Company manages liquidity risk by monitoring cash balances on a daily basis and through its broader treasury risk management program. To meet any liquidity shortfalls, actions taken by the Company could include: slowing its co-investment activities; adjust or otherwise temporarily suspend AIPs; cut or temporarily suspend its dividend; drawing on the line of credit; liquidating net investments; and/or issuing common shares.

Concentration risk

A significant portion of the Company's AUM as well as its investments are focused on the natural resource sector, and in particular, precious metals and commodity related investments and transactions. In addition, from time-to-time, certain investment may be concentrated to a material degree in a single position or group of positions. Management takes into account a number of factors and is committed to several processes to ensure that this risk is appropriately managed.

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.

Our chief executive officer and chief financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in the applicable U.S. and Canadian securities laws), concluded that the Company's DC&P and ICFR were properly designed and were operating effectively as at September 30, 2022. In addition, there were no material changes to ICFR during the quarter.

Managing non-financial risks

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 EDGAR at www.sec.gov and SEDAR at www.sedar.com.

Consolidated Financial Statements

Three and nine months ended September 30, 2022



Interim condensed consolidated balance sheets (unaudited)

| As at (In thousands of US dollars) | Sep. 30 2022 | Dec. 31 2021 |
|---------------------------------------------------|-------------------------|-----------------|
| Assets | | |
| Current | | |
| Cash and cash equivalents | 48,786 | 49,805 |
| Fees receivable | 12,405 | 13,183 |
| Short-term investments | (Notes 3 & 9) 3,534 | 6,133 |
| Other assets | (Note 5) 8,664 | 6,793 |
| Income taxes recoverable | 1,987 | 1,613 |
| Total current assets | 75,376 | 77,527 |
| Co-investments | (Notes 4 & 9) 71,463 | 68,765 |
| Other assets | (Notes 5 & 9) 18,642 | 12,433 |
| Property and equipment, net | 12,788 | 16,479 |
| Intangible assets | (Note 6) 176,442 | 170,061 |
| Goodwill | (Note 6) 19,149 | 19,149 |
| Deferred income taxes | (Note 8) 1,526 | 1,459 |
| | 300,010 | 288,346 |
| Total assets | 375,386 | 365,873 |
| Liabilities and shareholders' equity | | |
| Current | | |
| Accounts payable and accrued liabilities | 11,875 | 9,362 |
| Compensation payable | 9,487 | 15,751 |
| Income taxes payable | 1,720 | 3,005 |
| Total current liabilities | 23,082 | 28,118 |
| Other accrued liabilities | 17,404 | 8,280 |
| Loan facility | (Note 12) 55,249 | 29,769 |
| Deferred income taxes | (Note 8) 8,237 | 8,487 |
| Total liabilities | 103,972 | 74,654 |
| Shareholders' equity | | |
| Capital stock | (Note 7) 415,796 | 417,425 |
| Contributed surplus | (Note 7) 45,156 | 35,357 |
| Deficit | (106,156) | (97,006) |
| Accumulated other comprehensive loss | (83,382) | (64,557) |
| Total shareholders' equity | 271,414 | 291,219 |
| Total liabilities and shareholders' equity | 375,386 | 365,873 |
| Commitments and provisions | (Note 13) | |

The accompanying notes form part of the unaudited interim condensed consolidated financial statements

"Ron Dewhurst"
Director

"Sharon Ranson, FCPA, FCA"
Director

Interim condensed consolidated statements of operations and comprehensive income (unaudited)

| | For the three months ended | | For the nine months ended | |
|----------------------------------------------------------------------|----------------------------|-----------------|---------------------------|-----------------|
| | Sep. 30 2022 | Sep. 30 2021 | Sep. 30 2022 | Sep. 30 2021 |
| <i>(In thousands of US dollars, except for per share amounts)</i> | | | | |
| Revenues | | | | |
| Management fees | 29,158 | 28,612 | 86,950 | 76,126 |
| Carried interest and performance fees | — | — | 2,046 | 7,937 |
| Commissions | 6,101 | 11,273 | 25,636 | 31,113 |
| Finance income | 933 | 567 | 3,552 | 2,747 |
| Gain (loss) on investments | 45 | 310 | (9,312) | (1,840) |
| Other income | (227) | 529 | 151 | 1,270 |
| Total revenues | 36,010 | 41,291 | 109,023 | 117,353 |
| Expenses | | | | |
| Compensation | 18,934 | 18,001 | 60,087 | 56,089 |
| Trailer, sub-advisor and fund expenses | 1,754 | 3,019 | 8,629 | 5,067 |
| Selling, general and administrative | 4,239 | 3,682 | 11,898 | 10,525 |
| Interest expense | 884 | 312 | 1,847 | 922 |
| Amortization of intangibles | — | 231 | — | 699 |
| Depreciation of property and equipment | 710 | 903 | 2,645 | 2,717 |
| Other expenses | 5,697 | 3,875 | 8,541 | 9,669 |
| Total expenses | 32,218 | 30,023 | 93,647 | 85,688 |
| Income before income taxes for the period | 3,792 | 11,268 | 15,376 | 31,665 |
| Provision for income taxes | 721 | 2,550 | 5,075 | 8,651 |
| Net income for the period | 3,071 | 8,718 | 10,301 | 23,014 |
| Net income per share: | | | | |
| Basic | 0.12 | 0.35 | 0.41 | 0.92 |
| Diluted | 0.12 | 0.34 | 0.39 | 0.89 |
| Net income for the period | 3,071 | 8,718 | 10,301 | 23,014 |
| Other comprehensive income | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | |
| Foreign currency translation gain (loss) (taxes of \$Nil) | (14,572) | (7,288) | (18,825) | 105 |
| Total other comprehensive income (loss) | (14,572) | (7,288) | (18,825) | 105 |
| Comprehensive income (loss) | (11,501) | 1,430 | (8,524) | 23,119 |

The accompanying notes form part of the unaudited interim condensed consolidated financial statements

Interim condensed consolidated statements of changes in shareholders' equity (unaudited)

| <i>(In thousands of US dollars, other than number of shares)</i> | | Number of shares outstanding | Capital stock | Contributed surplus | Deficit | Accumulated other comprehensive income (loss) | Total equity |
|------------------------------------------------------------------|------------------|------------------------------------|------------------|------------------------|-----------|--------------------------------------------------------|-----------------|
| At Dec. 31, 2021 | | 24,991,620 | 417,425 | 35,357 | (97,006) | (64,557) | 291,219 |
| Shares acquired for equity incentive plan | <i>(Note 7)</i> | (180,594) | (6,948) | — | — | — | (6,948) |
| Issuance of share capital on exercise of stock options | <i>(Note 7)</i> | 115,102 | 1,807 | (680) | — | — | 1,127 |
| Shares released on vesting of equity incentive plan | <i>(Note 7)</i> | 51,066 | 1,652 | (1,652) | — | — | — |
| Foreign currency translation gain (loss) | | — | — | — | — | (18,825) | (18,825) |
| Stock-based compensation | <i>(Note 7)</i> | — | — | 12,908 | — | — | 12,908 |
| Issuance of share capital on conversion of RSUs | <i>(Note 7)</i> | 43,709 | 777 | (777) | — | — | — |
| Issuance of share capital to purchase management contract | <i>(Note 7)</i> | 72,464 | 4,000 | — | — | — | 4,000 |
| Shares acquired and canceled under normal course issuer bid | <i>(Note 7)</i> | (81,538) | (3,036) | — | — | — | (3,036) |
| Dividends declared | <i>(Note 10)</i> | 3,070 | 119 | — | (19,451) | — | (19,332) |
| Net income | | — | — | — | 10,301 | — | 10,301 |
| Balance, Sep. 30, 2022 | | 25,014,899 | 415,796 | 45,156 | (106,156) | (83,382) | 271,414 |
| At Dec. 31, 2020 | | 24,789,365 | 417,758 | 43,309 | (104,484) | (65,600) | 290,983 |
| Shares acquired for equity incentive plan | <i>(Note 7)</i> | (85,737) | (3,369) | — | — | — | (3,369) |
| Issuance of share capital to settle contingent consideration | <i>(Note 7)</i> | 93,023 | 3,000 | (4,879) | — | — | (1,879) |
| Shares released on vesting of equity incentive plan | <i>(Note 7)</i> | 14,322 | 369 | (369) | — | — | — |
| Foreign currency translation gain (loss) | | — | — | — | — | 105 | 105 |
| Stock-based compensation | <i>(Note 7)</i> | — | — | 1,906 | — | — | 1,906 |
| Issuance of share capital on conversion of RSUs | <i>(Note 7)</i> | 55,833 | 1,147 | (1,147) | — | — | — |
| Dividends declared | | 2,645 | 106 | — | (19,278) | — | (19,172) |
| Net income | | — | — | — | 23,014 | — | 23,014 |
| Balance, Sep. 30, 2021 | | 24,869,451 | 419,011 | 38,820 | (100,748) | (65,495) | 291,588 |

The accompanying notes form part of the unaudited interim condensed consolidated financial statements

Interim condensed consolidated statements of cash flows (unaudited)

| | <i>For the nine months ended</i> | |
|-------------------------------------------------------------------------------|----------------------------------|-----------------|
| <i>(In thousands of US dollars)</i> | Sep. 30 2022 | Sep. 30 2021 |
| Operating activities | | |
| Net income for the period | 10,301 | 23,014 |
| Add (deduct) non-cash items: | | |
| (Gain) loss on investments | 9,312 | 1,840 |
| Stock-based compensation | 12,908 | 1,906 |
| Depreciation and amortization of property, equipment and intangible assets | 2,645 | 3,416 |
| Deferred income tax expense | 261 | (409) |
| Current income tax expense | 4,814 | 9,060 |
| Other items | (281) | (783) |
| Income taxes paid | (6,365) | (4,817) |
| Changes in: | | |
| Fees receivable | 778 | 8,236 |
| Other assets | (6,354) | 2,134 |
| Accounts payable, accrued liabilities and compensation payable | (9,982) | 2,929 |
| Cash provided by (used in) operating activities | 18,037 | 46,526 |
| Investing activities | | |
| Purchase of investments | (23,045) | (13,712) |
| Sale of investments | 12,382 | 31,196 |
| Purchase of property and equipment | (110) | (344) |
| Management contract consideration | (10,500) | (40,559) |
| Cash provided by (used in) investing activities | (21,273) | (23,419) |
| Financing activities | | |
| Acquisition of common shares for equity incentive plan | (6,948) | (3,369) |
| Acquisition of common shares under normal course issuer bid | (3,036) | — |
| Cash received on exercise of stock options | 1,127 | — |
| Repayment of lease liabilities | (1,887) | (1,870) |
| Contributions from non-controlling interest | 6,593 | 798 |
| Net advances from loan facility | 26,750 | 16,600 |
| Dividends paid | (19,332) | (19,172) |
| Cash provided by (used in) financing activities | 3,267 | (7,013) |
| Effect of foreign exchange on cash balances | (1,050) | (23) |
| Net increase (decrease) in cash and cash equivalents during the period | (1,019) | 16,071 |
| Cash and cash equivalents, beginning of the period | 49,805 | 44,106 |
| Cash and cash equivalents, end of the period | 48,786 | 60,177 |
| Cash and cash equivalents: | | |
| Cash | 48,605 | 54,487 |
| Short-term deposits | 181 | 5,690 |
| | 48,786 | 60,177 |

The accompanying notes form part of the unaudited interim condensed consolidated financial statements

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

These unaudited interim condensed consolidated financial statements ("interim financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") in effect as at September 30, 2022, specifically, IAS 34 *Interim Financial Reporting*.

Compliance with IFRS requires the Company to exercise judgement and make estimates and assumptions that effect 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. Except as otherwise noted, significant accounting judgements and estimates are described in Note 2 of the December 31, 2021 annual audited consolidated financial statements and have been applied consistently to the interim financial statements as at and for the three and nine months ended September 30, 2022.

The interim financial statements have been authorized for issue by a resolution of the board of directors of the Company on November 3, 2022 and include all subsequent events up to that date.

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 fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"), both of which have been measured at fair value. The interim financial statements are presented in U.S. 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 and are based on accounting policies consistent with that of the Company.

The Company records third-party interest in the funds which do not qualify to be equity due to redeemable or limited life features, as non-controlling interest liabilities. Such interests are initially recognized at fair value, with any changes recorded in the Other expenses line of the interim condensed consolidated statements of operations and comprehensive income.

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.

SPROTT INC.

Notes to the interim condensed consolidated financial statements (unaudited)

For the three and nine months ended September 30, 2022 and 2021

The Company currently controls the following principal subsidiaries:

- Sprott Asset Management LP ("SAM");
- Sprott Capital Partners LP ("SCP");
- Sprott U.S. Holdings Inc. ("SUSHI"), parent of: (1) SGRIL Holdings Inc. ("SGRIL Holdings"); (2) Sprott Global Resource Investments Ltd. ("SGRIL"); (3) Sprott Asset Management USA Inc. ("SAM US"); and (4) Resource Capital Investment Corporation ("RCIC"). Collectively, the interests of SUSHI are referred to as "US entities" in these financial statements;
- Sprott Resource Streaming and Royalty Corporation and Sprott Private Resource Streaming and Royalty (Management) Corp ("SRSR");
- Sprott Resource Lending Corp. ("SRLC"); and
- Sprott Inc. 2011 Employee Profit Sharing Plan Trust (the "Trust").

Reportable segments

In the first quarter of the year, the Company completed the restructuring of its U.S.-based discretionary accounts operations which led to the conversion of those client assets from administrated brokerage assets to actively managed AUM. As a result, these operations were reclassified from the brokerage segment to managed equities as they more closely aligned with the revenues reported in this segment. In accordance with IFRS 8, all comparative balances have been restated. Please refer to Note 11 for segment information.

Contingent consideration

The acquisition of the management contracts of the North Shore Global Uranium Mining ETF ("URNM acquisition") in the second quarter necessitated the recognition of contingent consideration payable for the amount payable in the future under the terms of the purchase agreement. The consideration is subject to certain financial performance conditions based on the average AUM of the fund over the two-year period from closing of the transaction. The key judgements utilized in the estimation of the contingent consideration were fund flow assumptions. The contingent consideration payable liability is carried at fair value and is included in other accrued liabilities. The contingent consideration estimate as at the acquisition date has been included in the cost of the indefinite life intangible (see Note 6).

Other accounting policies

All other accounting policies, judgments, and estimates described in the December 31, 2021 annual audited consolidated financial statements have been applied consistently to these interim financial statements unless otherwise noted.

SPROTT INC.**Notes to the interim condensed consolidated financial statements (unaudited)**

For the three and nine months ended September 30, 2022 and 2021

3 Short-term investments

Primarily consist of equity investments in public and private entities we receive as consideration during private strategies, managed equities and brokerage segment activities (in thousands \$):

| | Classification and measurement criteria | Sep. 30, 2022 | Dec. 31, 2021 |
|---------------------------------------------|-----------------------------------------|---------------|---------------|
| Public equities and share purchase warrants | FVTPL | 1,834 | 4,113 |
| Private holdings | FVTPL | 1,700 | 2,020 |
| Total short-term investments | | 3,534 | 6,133 |

Gains and losses on financial assets and liabilities classified at FVTPL are included in the gain (loss) on investments line in the consolidated statements of operations and comprehensive income.

4 Co-investments

Consists of the following (in thousands \$):

| | Classification and measurement criteria | Sep. 30, 2022 | Dec. 31, 2021 |
|-----------------------------|-----------------------------------------|---------------|---------------|
| Co-investments | FVTPL | 71,463 | 68,765 |
| Total co-investments | | 71,463 | 68,765 |

Gains and losses on co-investments are included in the gain (loss) on investments line in the consolidated statements of operations and comprehensive income.

5 Other assets, income, expenses and non-controlling interest

Other assets

Consist of the following (in thousands \$):

| | Sep. 30, 2022 | Dec. 31, 2021 |
|-------------------------------------------------|---------------|---------------|
| Assets attributable to non-controlling interest | 10,431 | 3,780 |
| Advance on unrealized carried interest | 4,423 | — |
| Prepaid expenses | 3,736 | 3,637 |
| Fund recoveries and investment receivables | 3,631 | 2,509 |
| Digital gold strategies ⁽¹⁾ | 3,375 | 7,060 |
| Other ⁽²⁾ | 1,710 | 2,240 |
| Total other assets | 27,306 | 19,226 |

⁽¹⁾ Digital gold strategies are financial instruments classified at FVTPL. Gains and losses are included in the gain (loss) on investments line in the consolidated statements of operations and comprehensive income.

⁽²⁾ Includes miscellaneous third-party receivables.

Other income

Consist of the following (in thousands \$):

| | For the three months ended | | For the nine months ended | |
|-------------------------------------------------|----------------------------|---------------|---------------------------|---------------|
| | Sep. 30, 2022 | Sep. 30, 2021 | Sep. 30, 2022 | Sep. 30, 2021 |
| Investment income ⁽¹⁾ | 590 | 304 | 1,003 | 970 |
| Income attributable to non-controlling interest | (817) | 225 | (852) | 300 |
| Total other income | (227) | 529 | 151 | 1,270 |

⁽¹⁾ Primarily includes miscellaneous investment fund income, syndication and trailer fee income.

Other expenses

Consist of the following (in thousands \$):

| | For the three months ended | | For the nine months ended | |
|-----------------------------------------------------------------------------|----------------------------|---------------|---------------------------|---------------|
| | Sep. 30, 2022 | Sep. 30, 2021 | Sep. 30, 2022 | Sep. 30, 2021 |
| Foreign exchange (gain) loss | 3,020 | 847 | 5,138 | 670 |
| Increase in contingent consideration related to the Tocqueville transaction | — | — | — | 4,449 |
| Other ⁽¹⁾ | 2,677 | 3,028 | 3,403 | 4,550 |
| Total other expenses | 5,697 | 3,875 | 8,541 | 9,669 |

⁽¹⁾ Includes net income (loss) attributable to non-controlling interest of (\$0.8) million for the three months ended September 30, 2022 (three months ended September 30, 2021 - \$0.2 million) and (\$0.9) million for the nine months ended September 30, 2022 (nine months ended September 30, 2021 - \$0.3 million) as well as mark-to-market on deferred share units, non-recurring professional fees, transaction and new fund start-up costs.

SPROTT INC.**Notes to the interim condensed consolidated financial statements (unaudited)**

For the three and nine months ended September 30, 2022 and 2021

Non-controlling interest assets and liabilities

Non-controlling interest consists of third-party interest in our consolidated co-investments. The following table provides a summary of amounts attributable to this non-controlling interest (in thousands \$):

| | Sep. 30, 2022 | Dec. 31, 2021 |
|----------------------------------------|---------------|---------------|
| Assets | 10,431 | 3,780 |
| Liabilities - current ⁽¹⁾ | (68) | (10) |
| Liabilities - long-term ⁽¹⁾ | (10,363) | (3,770) |

⁽¹⁾ Current and long-term liabilities attributable to non-controlling interest are included in accounts payable and accrued liabilities and other accrued liabilities, respectively.

SPROTT INC.**Notes to the interim condensed consolidated financial statements (unaudited)**

For the three and nine months ended September 30, 2022 and 2021

6 Goodwill and intangible assets

Consist of the following (in thousands \$):

| | Goodwill | Fund management contracts (indefinite life) | Fund management contracts (finite life) | Total |
|------------------------------------|-----------|------------------------------------------------------|--------------------------------------------------|-----------|
| Cost | | | | |
| At Dec. 31, 2020 | 132,251 | 146,031 | 36,506 | 314,788 |
| Additions | — | 13,559 | — | 13,559 |
| Net exchange differences | — | 1,383 | 81 | 1,464 |
| At Dec. 31, 2021 | 132,251 | 160,973 | 36,587 | 329,811 |
| Additions | — | 20,360 | — | 20,360 |
| Transfers | — | 9,088 | (9,088) | — |
| Net exchange differences | — | (13,979) | — | (13,979) |
| At Sep. 30, 2022 | 132,251 | 176,442 | 27,499 | 336,192 |
| Accumulated amortization | | | | |
| At Dec. 31, 2020 | (113,102) | — | (26,569) | (139,671) |
| Amortization charge for the year | — | — | (930) | (930) |
| At Dec. 31, 2021 | (113,102) | — | (27,499) | (140,601) |
| Amortization charge for the period | — | — | — | — |
| At Sep. 30, 2022 | (113,102) | — | (27,499) | (140,601) |
| Net book value at: | | | | |
| At Dec. 31, 2021 | 19,149 | 160,973 | 9,088 | 189,210 |
| At Sep. 30, 2022 | 19,149 | 176,442 | — | 195,591 |

Impairment assessment of goodwill

The Company has identified 5 cash generating units ("CGU") as follows:

- Exchange listed products
- Managed equities
- Private strategies
- Brokerage
- Corporate

As at September 30, 2022, the Company had allocated \$19.1 million (December 31, 2021 - \$19.1 million) of goodwill on a relative value approach basis to the exchange listed products and managed equities 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 or earlier if there are indicators of impairment. There were no indicators of impairment in either the exchange listed products or the managed equities CGUs.

Impairment assessment of indefinite life fund management contracts

As at September 30, 2022, the Company had indefinite life intangibles related to fund management contracts of \$176.4 million (December 31, 2021 - \$161 million). There were no indicators of impairment as at September 30, 2022. The addition in the year was due to the URNM acquisition on April 22, 2022. The addition includes the transaction price of \$14.5 million, contingent consideration of \$4.3 million and transaction costs of \$1.6 million.

Impairment assessment of finite life fund management contracts

As at September 30, 2022, the Company had exchange listed fund management contracts within the exchange listed products CGU of \$Nil (December 31, 2021 - \$9.1 million). During the first quarter, \$9.1 million of management contracts were reviewed and subsequently determined to have a change in estimated remaining useful life. Consequently, these management contracts were prospectively reclassified to the indefinite life category and no further amortization has been accumulated.

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, 2020 | 24,789,365 | 417,758 |
| Shares acquired for equity incentive plan | (237,172) | (10,201) |
| Issuance of share capital to settle contingent consideration | 93,023 | 3,000 |
| Shares released on vesting of equity incentive plan | 237,626 | 4,382 |
| Issuance of share capital on conversion of RSUs | 105,291 | 2,341 |
| Issuance of share capital under dividend reinvestment program | 3,487 | 145 |
| At Dec. 31, 2021 | 24,991,620 | 417,425 |
| Shares acquired for equity incentive plan | (180,594) | (6,948) |
| Issuance of share capital on exercise of stock options | 115,102 | 1,807 |
| Shares released on vesting of equity incentive plan | 51,066 | 1,652 |
| Issuance of share capital on conversion of RSUs | 43,709 | 777 |
| Issuance of share capital to purchase management contracts | 72,464 | 4,000 |
| Shares acquired and canceled under normal course issuer bid | (81,538) | (3,036) |
| Issuance of share capital under dividend reinvestment program | 3,070 | 119 |
| At Sep. 30, 2022 | 25,014,899 | 415,796 |

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, 2020 | 43,309 |
| Issuance of share capital to settle contingent consideration | (4,879) |
| Shares released on vesting of equity incentive plan | (4,382) |
| Stock-based compensation | 3,650 |
| Issuance of share capital on conversion of RSUs | (2,341) |
| At Dec. 31, 2021 | 35,357 |
| Issuance of share capital on exercise of stock options | (680) |
| Shares released on vesting of equity incentive plan | (1,652) |
| Stock-based compensation | 12,908 |
| Issuance of share capital on conversion of RSUs | (777) |
| At Sep. 30, 2022 | 45,156 |

Stock option plan

The Company has an option plan (the "Plan") intended to provide incentives to directors, officers and employees 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 typically vest annually over a three-year period and may be exercised during a period not to exceed 10 years from the date of grant.

There were no stock options issued during the three and nine months ended September 30, 2022 (three and nine months ended and September 30, 2021 - Nil). There were no stock options exercised in the three months ended September 30, 2022 and 150,000 stock options were exercised during the nine months ended September 30, 2022 (three and nine months ended September 30, 2021 - Nil).

For valuing share option grants, the fair value method of accounting is used. The fair value of option grants is determined using the Black-Scholes option-pricing model, which takes into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Compensation cost is recognized over the 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 | Weighted average exercise price (CAD \$) |
|--------------------------------------------------------|-------------------|------------------------------------------|
| Options outstanding, December 31, 2020 | 162,500 | 23.61 |
| Options exercisable, December 31, 2020 | 162,500 | 23.61 |
| Options outstanding, December 31, 2021 | 162,500 | 23.61 |
| Options exercisable, December 31, 2021 | 162,500 | 23.61 |
| Options exercised | (150,000) | 23.30 |
| Options outstanding, September 30, 2022 ⁽¹⁾ | 12,500 | 27.30 |
| Options exercisable, September 30, 2022 ⁽¹⁾ | 12,500 | 27.30 |

⁽¹⁾ Outstanding options have 3.6 years remaining on their contractual life.

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; and (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. 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.

SPROTT INC.**Notes to the interim condensed consolidated financial statements (unaudited)**

For the three and nine months ended September 30, 2022 and 2021

There were no RSUs granted during the three months September 30, 2022 (three months ended September 30, 2021 - nil) and 372,000 RSUs granted during the nine months ended September 30, 2022 (nine months ended September 30, 2021 - 1,182).

| | Number of common shares |
|---------------------------------------------------------|----------------------------|
| Unvested common shares held by the Trust, Dec. 31, 2020 | 774,859 |
| Acquired | 237,172 |
| Released on vesting | (237,626) |
| Unvested common shares held by the Trust, Dec. 31, 2021 | 774,405 |
| Acquired | 180,594 |
| Released on vesting | (51,066) |
| Unvested common shares held by the Trust, Sep. 30, 2022 | 903,933 |

The table below presents details of stock based compensation, which is presented in the Compensation line of the consolidated statements of operations and comprehensive income.

| | For the three months ended | | For the nine months ended | |
|---------------------------------------------------------|----------------------------|---------------|---------------------------|---------------|
| | Sep. 30, 2022 | Sep. 30, 2021 | Sep. 30, 2022 | Sep. 30, 2021 |
| Amortization of stock based compensation ⁽¹⁾ | 4,120 | 693 | 12,374 | 1,906 |
| Deferred annual incentive plan | 30 | — | 534 | — |
| Total stock-based compensation | 4,150 | 693 | 12,908 | 1,906 |

⁽¹⁾ Included in this amount is amortization of stock based compensation of \$487 for the three months ended (three months ended September 30, 2021 - \$Nil) and \$1,463 for the nine months ended September 30, 2022 (nine months ended September 30, 2021 - \$Nil) related to the transition of the former CEO.

Basic and diluted earnings per share

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

| | For the three months ended | | For the nine months ended | |
|-------------------------------------------------------------------|----------------------------|---------------|---------------------------|---------------|
| | Sep. 30, 2022 | Sep. 30, 2021 | Sep. 30, 2022 | Sep. 30, 2021 |
| Numerator (in thousands \$): | | | | |
| Net income - basic and diluted | 3,071 | 8,718 | 10,301 | 23,014 |
| Denominator (Number of shares in thousands): | | | | |
| Weighted average number of common shares | 25,934 | 25,705 | 25,925 | 25,688 |
| Weighted average number of unvested shares purchased by the Trust | (872) | (844) | (841) | (792) |
| Weighted average number of common shares - basic | 25,062 | 24,861 | 25,084 | 24,896 |
| Weighted average number of dilutive stock options | 13 | 163 | 13 | 163 |
| Weighted average number of unvested shares under EIP | 1,250 | 943 | 1,219 | 891 |
| Weighted average number of common shares - diluted | 26,325 | 25,967 | 26,316 | 25,950 |
| Net income per common share | | | | |
| Basic | 0.12 | 0.35 | 0.41 | 0.92 |
| Diluted | 0.12 | 0.34 | 0.39 | 0.89 |

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, carried interest 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). SCP 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") 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. SAM US and RCIC are also registered with the SEC. As at September 30, 2022 and 2021, all entities were in compliance with their respective capital requirements.

SPROTT INC.**Notes to the interim condensed consolidated financial statements (unaudited)**

For the three and nine months ended September 30, 2022 and 2021

8 Income taxes

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

| | For the nine months ended | |
|--------------------------------------------------------------------------|---------------------------|---------------|
| | Sep. 30, 2022 | Sep. 30, 2021 |
| <i>Current income tax expense</i> | | |
| Based on taxable income of the current period | 5,476 | 8,924 |
| Adjustments in respect to previous years | (662) | 136 |
| Total current income tax expense | 4,814 | 9,060 |
| <i>Deferred income tax expense (recovery)</i> | | |
| Origination and reversal of temporary differences | 71 | 580 |
| Adjustments in respect to previous years | 190 | (989) |
| Total deferred income tax expense (recovery) | 261 | (409) |
| Income tax expense reported in the consolidated statements of operations | 5,075 | 8,651 |

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, 2022 | Sep. 30, 2021 |
| Income before income taxes | 15,376 | 31,665 |
| Tax calculated at domestic tax rates applicable to profits in the respective countries | 4,100 | 8,445 |
| Tax effects of: | | |
| Non-deductible stock-based compensation | (22) | 160 |
| Non-taxable capital (gains) and losses | 797 | 27 |
| Intangibles | — | 58 |
| Adjustments in respect of previous periods | (472) | (853) |
| Temporary difference not currently utilized and (not benefited previously) | 664 | 415 |
| Rate differences and other | 8 | 399 |
| Tax charge | 5,075 | 8,651 |

The weighted average statutory tax rate was 26.7% (September 30, 2021 - 26.7%). The Company has \$1.7 million (December 31, 2021 - \$2 million) of capital losses from prior years that will begin to expire in 2024. The benefit of these capital losses has not been recognized.

SPROTT INC.**Notes to the interim condensed consolidated financial statements (unaudited)**

For the three and nine months ended September 30, 2022 and 2021

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, 2022

| | Dec. 31, 2021 | Recognized in income | Exchange rate differences | Sep. 30, 2022 |
|--------------------------------------------------------------------|----------------|-------------------------|------------------------------|----------------|
| Deferred income tax assets | | | | |
| Stock-based compensation | 4,177 | 1,200 | (386) | 4,991 |
| Non-capital and capital losses | 1,061 | 298 | (97) | 1,262 |
| Other | 488 | (134) | (252) | 102 |
| Total deferred income tax assets | 5,726 | 1,364 | (735) | 6,355 |
| Deferred income tax liabilities | | | | |
| Fund management contracts | 13,732 | 1,130 | (1,305) | 13,557 |
| Unrealized gains (losses) | (978) | (759) | 74 | (1,663) |
| Advance on unrealized carried interest | — | 1,254 | (82) | 1,172 |
| Total deferred income tax liabilities | 12,754 | 1,625 | (1,313) | 13,066 |
| Net deferred income tax assets (liabilities) ⁽¹⁾ | (7,028) | (261) | 578 | (6,711) |

For the year ended December 31, 2021⁽²⁾

| | Dec. 31, 2020 | Recognized in income | Exchange rate differences | Dec. 31, 2021 |
|--------------------------------------------------------------------|----------------|-------------------------|------------------------------|----------------|
| Deferred income tax assets | | | | |
| Stock-based compensation | 3,821 | 333 | 23 | 4,177 |
| Non-capital and capital losses | 2,270 | (1,240) | 31 | 1,061 |
| Other | 451 | 30 | 7 | 488 |
| Total deferred income tax assets | 6,542 | (877) | 61 | 5,726 |
| Deferred income tax liabilities | | | | |
| Fund management contracts | 9,446 | 4,266 | 20 | 13,732 |
| Unrealized gains (losses) | 118 | (1,109) | 13 | (978) |
| Total deferred income tax liabilities | 9,564 | 3,157 | 33 | 12,754 |
| Net deferred income tax assets (liabilities) ⁽¹⁾ | (3,022) | (4,034) | 28 | (7,028) |

(1) Deferred tax assets of \$1.5 million (December 31, 2021 - \$1.5 million) and deferred tax liabilities of \$8.2 million (December 31, 2021 - \$8.5 million) are presented on the balance sheet net by legal jurisdiction.

(2) Certain comparative figures have been reclassified to conform with current year presentation.

SPROTT INC.**Notes to the interim condensed consolidated financial statements (unaudited)**

For the three and nine months ended September 30, 2022 and 2021

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, 2022 and December 31, 2021 (in thousands \$).

Short-term investments

| Sep. 30, 2022 | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------------------------|--------------|------------|--------------|--------------|
| Public equities and share purchase warrants | 1,217 | 588 | 29 | 1,834 |
| Private holdings | — | — | 1,700 | 1,700 |
| Total net recurring fair value measurements | 1,217 | 588 | 1,729 | 3,534 |

| Dec. 31, 2021 | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------------------------|--------------|--------------|--------------|--------------|
| Public equities and share purchase warrants | 1,790 | 2,188 | 135 | 4,113 |
| Private holdings | — | — | 2,020 | 2,020 |
| Total net recurring fair value measurements | 1,790 | 2,188 | 2,155 | 6,133 |

Co-investments

| Sep. 30, 2022 | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------------------------|---------------|---------------|----------|---------------|
| Co-investments ⁽¹⁾ | 14,494 | 56,969 | — | 71,463 |
| Total net recurring fair value measurements | 14,494 | 56,969 | — | 71,463 |

| Dec. 31, 2021 | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------------------------|----------|---------------|----------|---------------|
| Co-investments | — | 68,765 | — | 68,765 |
| Total net recurring fair value measurements | — | 68,765 | — | 68,765 |

(1) Co-investments also include investments made in funds which we consolidate that directly hold publicly traded equities or precious metals.

SPROTT INC.**Notes to the interim condensed consolidated financial statements (unaudited)**

For the three and nine months ended September 30, 2022 and 2021

Other assets

| Sep. 30, 2022 | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------------------------|--------------|--------------|--------------|---------------|
| Digital gold strategies | — | — | 3,375 | 3,375 |
| Assets attributable to non-controlling interest | 7,430 | 3,001 | — | 10,431 |
| Total net recurring fair value measurements | 7,430 | 3,001 | 3,375 | 13,806 |

| Dec. 31, 2021 | Level 1 | Level 2 | Level 3 | Total |
|----------------------------------------------------|----------|--------------|--------------|---------------|
| Digital gold strategies | — | — | 7,060 | 7,060 |
| Assets attributable to non-controlling interest | — | 3,780 | — | 3,780 |
| Total net recurring fair value measurements | — | 3,780 | 7,060 | 10,840 |

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

Short-term investments

| Changes in the fair value of Level 3 measurements - Sep. 30, 2022 | | | | | |
|-------------------------------------------------------------------|---------------|---------------------------------|----------|------------------------------------------------------|---------------|
| | Dec. 31, 2021 | Purchases and reclassifications | Sales | Net unrealized gains (losses) included in net income | Sep. 30, 2022 |
| Share purchase warrants | 135 | (35) | — | (71) | 29 |
| Private holdings | 2,020 | — | — | (320) | 1,700 |
| Total | 2,155 | (35) | — | (391) | 1,729 |

| Changes in the fair value of Level 3 measurements - Dec. 31, 2021 | | | | | |
|-------------------------------------------------------------------|---------------|---------------------------------|------------|------------------------------------------------------|---------------|
| | Dec. 31, 2020 | Purchases and reclassifications | Sales | Net unrealized gains (losses) included in net income | Dec. 31, 2021 |
| Share purchase warrants | 271 | 61 | (3) | (194) | 135 |
| Private holdings | 1,993 | — | — | 27 | 2,020 |
| Total | 2,264 | 61 | (3) | (167) | 2,155 |

SPROTT INC.**Notes to the interim condensed consolidated financial statements (unaudited)**

For the three and nine months ended September 30, 2022 and 2021

Co-investments

| Changes in the fair value of Level 3 measurements - Sep. 30, 2022 | | | | | |
|-------------------------------------------------------------------|---------------|---------------------------------|-------|------------------------------------------------------|---------------|
| | Dec. 31, 2021 | Purchases and reclassifications | Sales | Net unrealized gains (losses) included in net income | Sep. 30, 2022 |
| Co-investments | — | — | — | — | — |
| Total | — | — | — | — | — |

| Changes in the fair value of Level 3 measurements - Dec. 31, 2021 | | | | | |
|-------------------------------------------------------------------|---------------|---------------------------------|-------|------------------------------------------------------|---------------|
| | Dec. 31, 2020 | Purchases and reclassifications | Sales | Net unrealized gains (losses) included in net income | Dec. 31, 2021 |
| Co-investments | 6,441 | (6,441) | — | — | — |
| Total | 6,441 | (6,441) | — | — | — |

Other assets

| Changes in the fair value of Level 3 measurements - Sep. 30, 2022 | | | | | |
|-------------------------------------------------------------------|---------------|---------------------------------|-------|------------------------------------------------------|---------------|
| | Dec. 31, 2021 | Purchases and reclassifications | Sales | Net unrealized gains (losses) included in net income | Sep. 30, 2022 |
| Digital gold strategies | 7,060 | — | — | (3,685) | 3,375 |
| Total | 7,060 | — | — | (3,685) | 3,375 |

| Changes in the fair value of Level 3 measurements - Dec. 31, 2021 | | | | | |
|-------------------------------------------------------------------|---------------|---------------------------------|---------|------------------------------------------------------|---------------|
| | Dec. 31, 2020 | Purchases and reclassifications | Sales | Net unrealized gains (losses) included in net income | Dec. 31, 2021 |
| Digital gold strategies | 11,518 | 100 | (2,000) | (2,558) | 7,060 |
| Total | 11,518 | 100 | (2,000) | (2,558) | 7,060 |

During the nine months ended September 30, 2022, the Company transferred public equities of \$0.8 million (December 31, 2021 - \$Nil) from Level 2 to Level 1 within the fair value hierarchy. For the nine months ended September 30, 2022, the Company purchased level 3 investments of \$Nil (December 31, 2021 - \$0.1 million) and sold Level 3 investments of \$Nil (December 31, 2021 - \$2 million). For the nine months ended September 30, 2022, the Company transferred \$Nil (December 31, 2021 - \$Nil) from Level 3 to Level 1 within the fair value hierarchy. For the nine months ended September 30, 2022, the Company transferred a nominal amount (December 31, 2021 - \$0.1 million) from Level 2 to Level 3 due to the impact of volatility of the underlying security on the fair value of share purchase warrants.

SPROTT INC.**Notes to the interim condensed consolidated financial statements (unaudited)**

For the three and nine months ended September 30, 2022 and 2021

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

| Type | Valuation technique |
|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Public equities, precious metals and share purchase warrants | Fair values are determined using publicly available prices or pricing models which incorporate all available market-observable inputs. |
| Alternative funds and private equity funds | 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. |
| Private holdings (including digital gold strategies) | Fair values based on variety of valuation techniques, including discounted cash flows, comparable recent transactions and other techniques used by market participants. |

The Company's Level 3 securities consist of private holdings, private equity funds, share purchase warrants and fixed income securities of private companies. The significant unobservable inputs used in these valuation techniques can vary considerably over time, and include grey market financing prices, volatility, discount rates and extraction recovery rates of mining projects. A significant change in any of these inputs in isolation would result in a material impact in fair value measurement. The potential impact of a 5% change in the significant unobservable inputs on profit or loss would be approximately \$0.3 million (December 31, 2021 - \$0.5 million).

Financial instruments not carried at fair value

The carrying amounts of fees receivable, other assets, accounts payable and accrued liabilities and compensation payable represents a reasonable approximation of fair value.

10 Dividends

The following dividends were declared by the Company during the nine months ended September 30, 2022:

| Record date | Payment Date | Cash dividend per share | Total dividend amount (in thousands \$) |
|------------------------------------------|-----------------|-------------------------|-----------------------------------------|
| March 7, 2022 - Regular dividend Q4 2021 | March 22, 2022 | \$0.25 | 6,467 |
| May 5, 2022 - Regular dividend Q1 2022 | May 31, 2022 | \$0.25 | 6,500 |
| Aug 12, 2022 - Regular dividend Q2 2022 | August 29, 2022 | \$0.25 | 6,484 |
| Dividends ⁽¹⁾ | | | 19,451 |

⁽¹⁾ Subsequent to quarter-end, on November 3, 2022, a regular dividend of \$0.25 per common share was declared for the quarter ended September 30, 2022. This dividend is payable on November 29, 2022 to shareholders of record at the close of business on November 14, 2022.

11 Segmented information

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

- **Exchange listed products** (reportable), 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;
- **Managed equities** (reportable), which provides asset management and sub-advisory services to the Company's branded funds, fixed-term LPs and managed accounts. In the first quarter of the year, the Company completed the restructuring of its U.S.-based discretionary accounts operations which led to the conversion of those client assets from administrated brokerage assets to actively managed AUM. Consequently, these operations were reclassified to form part of the managed equities segment;
- **Private strategies** (reportable), which provides lending and streaming activities through limited partnership vehicles. In the first quarter of the year, the Company renamed the Lending segment to "Private strategies" in order to reflect the successful growth of its streaming funds alongside its traditional lending partnership vehicles;
- **Brokerage** (reportable), which includes the activities of our Canadian and U.S. broker-dealers. In the first quarter of the year, the Company completed the restructuring of its U.S.-based discretionary accounts operations which led to the conversion of those client assets from administrated brokerage assets to actively managed AUM. Consequently, these operations were reclassified to form part of the managed equities segment;
- **Corporate** (reportable), which provides capital, balance sheet management and enterprise shared services to the Company's subsidiaries;
- **All other segments** (non-reportable), which do not meet the definition of reportable segments per IFRS 8.

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 investments (as if such gains and losses had not occurred), other expenses, amortization of stock-based compensation, carried interest and performance fees and carried interest and performance fee payouts (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 segments (in thousands \$):

For the three months ended September 30, 2022

| | Exchange listed products | Managed equities | Private strategies | Brokerage | Corporate | Consolidation, elimination and all other segments | Consolidated |
|-----------------------------------|--------------------------|------------------|--------------------|-----------|-----------|---------------------------------------------------|--------------|
| Total revenue | 17,133 | 6,840 | 6,146 | 5,093 | 120 | 678 | 36,010 |
| Total expenses | 7,554 | 6,105 | 4,260 | 4,937 | 8,729 | 633 | 32,218 |
| Income (loss) before income taxes | 9,579 | 735 | 1,886 | 156 | (8,609) | 45 | 3,792 |
| Adjusted base EBITDA | 13,667 | 2,085 | 2,503 | 615 | (2,593) | 560 | 16,837 |

SPROTT INC.**Notes to the interim condensed consolidated financial statements (unaudited)**

For the three and nine months ended September 30, 2022 and 2021

For the three months ended September 30, 2021

| | Exchange listed products | Managed equities | Private strategies | Brokerage | Corporate | Consolidation, elimination and all other segments | Consolidated |
|-----------------------------------|--------------------------|------------------|--------------------|-----------|-----------|---------------------------------------------------|--------------|
| Total revenue | 18,225 | 6,171 | 6,063 | 5,669 | 4,032 | 1,131 | 41,291 |
| Total expenses | 8,396 | 5,802 | 2,769 | 5,166 | 6,725 | 1,165 | 30,023 |
| Income (loss) before income taxes | 9,829 | 369 | 3,294 | 503 | (2,693) | (34) | 11,268 |
| Adjusted base EBITDA | 12,787 | 3,113 | 3,474 | 1,841 | (4,377) | (125) | 16,713 |

For the nine months ended September 30, 2022

| | Exchange listed products | Managed equities | Private strategies | Brokerage | Corporate | Consolidation, elimination and all other segments | Consolidated |
|-----------------------------------|--------------------------|------------------|--------------------|-----------|-----------|---------------------------------------------------|--------------|
| Total revenue | 58,230 | 19,586 | 16,069 | 15,695 | (3,453) | 2,896 | 109,023 |
| Total expenses | 21,586 | 19,684 | 9,580 | 14,395 | 24,898 | 3,504 | 93,647 |
| Income (loss) before income taxes | 36,644 | (98) | 6,489 | 1,300 | (28,351) | (608) | 15,376 |
| Adjusted base EBITDA | 43,148 | 8,087 | 6,411 | 3,206 | (8,399) | 466 | 52,919 |

For the nine months ended September 30, 2021

| | Exchange listed products | Managed equities | Private strategies | Brokerage | Corporate | Consolidation, elimination and all other segments | Consolidated |
|-----------------------------------|--------------------------|------------------|--------------------|-----------|-----------|---------------------------------------------------|--------------|
| Total revenue | 43,463 | 22,369 | 17,845 | 25,957 | 4,672 | 3,047 | 117,353 |
| Total expenses | 13,695 | 21,856 | 11,650 | 19,445 | 15,225 | 3,817 | 85,688 |
| Income (loss) before income taxes | 29,768 | 513 | 6,195 | 6,512 | (10,553) | (770) | 31,665 |
| Adjusted base EBITDA | 33,496 | 10,468 | 6,699 | 7,618 | (11,754) | (159) | 46,368 |

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, 2022 | Sep. 30, 2021 | Sep. 30, 2022 | Sep. 30, 2021 |
| Canada | 33,357 | 37,808 | 98,731 | 104,979 |
| United States | 2,653 | 3,483 | 10,292 | 12,374 |
| | 36,010 | 41,291 | 109,023 | 117,353 |

12 Loan facility

As at September 30, 2022, the Company had \$55.2 million (December 31, 2021 - \$29.8 million) outstanding on its credit facility, all of which is due on December 14, 2025. The increase was due to the loan facility drawdown used to fund the URNM acquisition and certain co-investments.

The Company has access to a credit facility of \$120 million with a major Canadian schedule I chartered bank. Amounts under the facility may be borrowed through prime rate loans or bankers' acceptances. Amounts may also be borrowed in U.S. dollars through base rate loans. As at September 30, 2022, the Company was in compliance with all covenants, terms and conditions under the credit facility. Key terms under the credit facility are noted below:

Structure

- 5-year, \$120 million revolver with "bullet maturity" December 14, 2025

Interest Rate

- Prime rate + 0 bps or;
- Banker acceptance rate + 170 bps

Covenant Terms

- Minimum AUM: 70% of AUM on November 13, 2020
- Debt to EBITDA less than or equal to 2.5:1
- EBITDA to interest expense more than or equal to 2.5:1

13 Commitments and provisions

The Company has commitments to make co-investments in private strategies LPs arising from our private strategies segment or commitments to make investments in the net investments portfolio of the Company. As at September 30, 2022, the Company had \$8.1 million in co-investment commitments from the private strategies segment due within one year (December 31, 2021 - \$7.7 million), and \$1 million due after 12 months (December 31, 2021 - \$Nil).

Corporate Information

Head Office

Sprott Inc.
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2600
Toronto, Ontario M5J 2J1, Canada
T: 416.943.8099
1.855.943.8099

Directors & Officers

Ronald Dewhurst, Chairman
Rick Rule, Director
Sharon Ranson, FCPA, FCA, Director
Graham Birch, Director
Barbara Connolly Keady, Director
Catherine Raw, Director
Whitney George, Chief Executive Officer and Director
Kevin Hibbert, FCPA, FCA, Chief Financial Officer
Arthur Einav, Corporate Secretary

US Transfer Agent and Registrar

Continental Stock Transfer & Trust Company
1 State Street 30th Floor
New York, NY 10004-1561
212.509.4000
continentalstock.com

Canadian Transfer Agent and Registrar

TMX Equity Transfer Services
200 University Avenue, Suite 300
Toronto, Ontario M5H 4H1
Toll Free: 1.866.393.4891
www.tmxequitytransferservices.com

Legal Counsel

Stikeman Elliot LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9

Auditors

KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, Ontario M5H 2S5

Investor Relations

Shareholder requests may be directed to Investor Relations by e-mail at ir@sprott.com or via telephone at 416.943.8099 or toll free at 1.855.943.8099

Stock Information

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