



**Sprott** INC.

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March 24, 2011  
2010 Year End  
Financial Results

# Forward-looking Statements

This presentation contains “forward-looking statements” which reflect the current expectations of the Company. These statements reflect management’s current beliefs with respect to future events and are based on information currently available to management.

Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements including, without limitation, those listed under the heading “Risk Factors” in the Company’s prospectus. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this presentation.

Although the forward-looking statements contained in this presentation are based upon what the Company and Sprott Asset Management (SAM) believe to be reasonable assumptions, neither the Company nor SAM can assure investors that actual results, performance or achievements will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this presentation and neither the Company nor SAM assumes any obligation to update or revise them to reflect new events or circumstances except as required by Canadian Securities laws.



# Speakers

## **Peter Grosskopf**

Chief Executive Officer

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## **Steve Rostowsky**

Chief Financial Officer

# Recent Highlights

- AUM increased 79% to \$8.5 billion as at December 31, 2010
- \$200 million in performance fees
- \$202 million in EBITDA
- \$1.5 billion in net sales
- Net income of \$131 million
- Paid special dividends totaling \$0.72 per share

# Recent Highlights

- Acquired Global Resource Investments
- Introduced 11 new products including fixed-income and Flow-Through strategies
- Grew exchange traded bullion funds to over \$2 billion
- Sprott Resource Lending Corp. began operations as resource lender, which will add \$250 million to AUM over time
- Sprott Power Corp. began trading on TSX

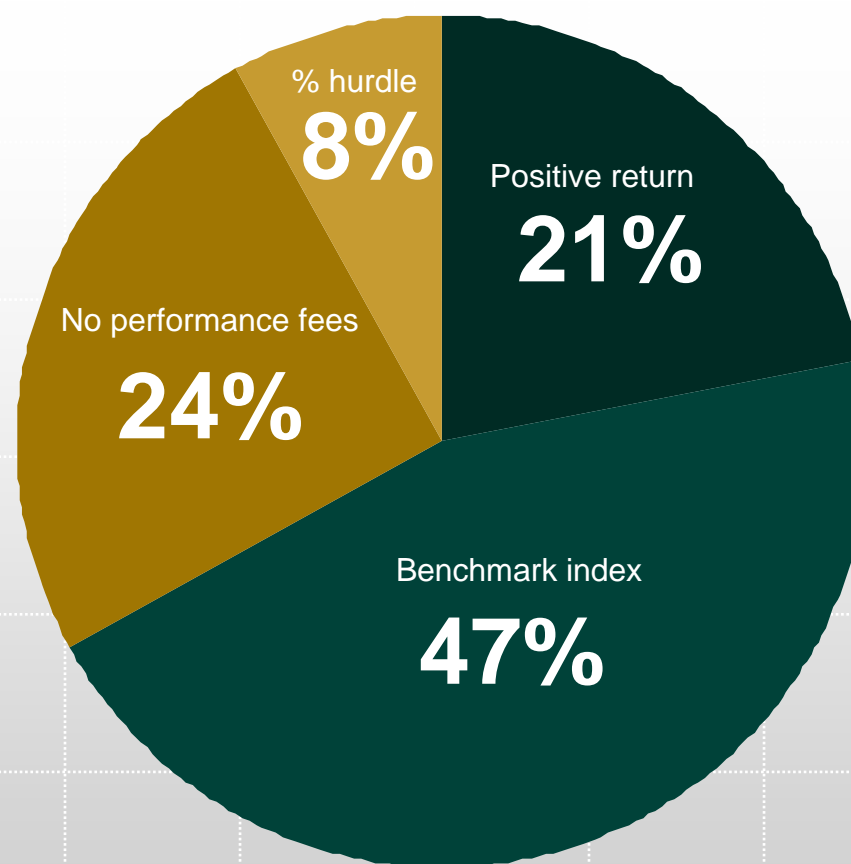
# Performance Fees

**76%**  
of AUM have associated  
performance fees

**96%**  
earned performance fees  
in 2010

**\$200M**  
in performance fees  
in 2010

\*As at December 31 2010



# Sprott Asset Management

- Broad out-performance from most mutual and hedge funds, driven by positions in precious metals
- 11 funds with returns >30%
- 4 funds with returns >50%
- Sprott Hedge Fund LP named “Fund of the Year” at 2010 AR Awards

# Mutual Fund Performance

	<i>Series A, YTD as at December 31, 2010</i>			<i>Series A, Historical</i>			
	Actual	Benchmark		1 YR	3YR	5YR	Inception
Canadian Equity Fund	57.6%	17.6%	S&P/TSX Composite Total Return Index	57.6%	6.4%	13.9%	22.3%
Gold & Precious Minerals Fund	74.7%	25.9%	S&P/TSX Global Gold Index	74.7%	23.5%	19.7%	27.2%
Energy Fund	32.6%	11.7%	S&P/TSX Capped Energy Total Return Index	32.6%	-6.0%	0.7%	12.3%
Growth Fund	15.2%	17.6%	S&P/TSX Composite Total Return Index	15.2%	-12.6%	–	1.8%
Small Cap Equity Fund	50.3%	35.1%	S&P/TSX Small Cap Total Return Index	50.3%	7.4%	–	9.3%
All Cap Fund	30.8%	17.6%	S&P/TSX Composite Total Return Index	30.8%	–	–	17.0%
Gold Bullion Fund	21.4%	22.9%	Gold (CAN)	21.4%	–	–	11.5%

Many funds benefited from gold and silver positions

# Hedge Fund Performance

## Class A as at December 31, 2010

## Class A, Historical

		1 YR	3YR	5 YR	Inception
Hedge Fund L.P	<b>41.2%</b>	41.2%	11.4%	16.5%	23.7%
Hedge Fund L.P. II	<b>38.4%</b>	38.4%	13.4%	17.0%	12.2%
Bull/Bear RSP Fund	<b>36.9%</b>	36.9%	14.1%	17.8%	15.0%
Opportunities Hedge Fund L.P	<b>7.7%</b>	7.7%	4.8%	9.4%	17.7%
Opportunities RSP Fund	<b>7.6%</b>	7.6%	4.6%	9.3%	9.8%
Small Cap Hedge Fund	<b>50.3%</b>	50.3%	9.5%	–	12.9%
<b>Offshore Funds*</b>					
Offshore Fund	<b>48.2%</b>	48.2%	15.7%	22.6%	24.9%
Offshore II Fund	<b>45.5%</b>	45.5%	16.6%	–	19.1%
Capital, L.P.	<b>48.1%</b>	48.1%	15.7%	22.6%	24.7%
Capital, L.P. II	<b>45.3%</b>	45.3%	16.1%	–	16.0%
Opportunities Offshore Fund Ltd***.	<b>0.4%</b>	0.4%	2.1%	–	6.7%
Opportunities Capital Fund, L.P.***	<b>-1.5%</b>	-1.5%	1.3%	–	6.1%

Strong performance from majority of hedge funds

# Assets Under Management

<i>\$ millions</i>	2010	2009	Q4-2010	Q4-2009
AUM, beginning of period	\$4,774	\$4,449	\$6,513	\$4,338
Net sales (redemptions)	\$1,448	(571)	\$573	(68)
Market value appreciation (depreciation) of portfolios	2,323	896	\$1,459	504
<b>AUM, end of period</b>	<b>\$8,545</b>	<b>\$4,774</b>	<b>\$8,545</b>	<b>\$4,774</b>

# AUM by Product Type

Product Type	December 31, 2010		December 31, 2009	
	\$ (in millions)	% of AUM	\$ (in millions)	% of AUM
Mutual Funds	3,372	39.5%	2,305	48.3%
Domestic Hedge Funds	1,739	20.3%	1,408	29.5%
Bullion Funds	2,025	23.7%	96	2.0%
Offshore Funds	686	8.0%	507	10.6%
Managed Companies	513	6.0%	315	6.6%
Managed Accounts	210	2.5%	143	3.0%
<b>Total</b>	<b>8,545</b>	<b>100%</b>	<b>4,774</b>	<b>100%</b>

# Revenue

<i>\$ millions</i>	2010	2009	Q4-2010	Q4-2009
Management fees	\$103.7	\$88.0	\$31.5	\$23.1
Crystallized performance fees	\$200.1	\$13.5	\$199.1	\$10.6
Unrealized and realized gains on proprietary investments	\$8.5	\$5.0	\$5.5	\$1.5
Other income	\$4.5	\$1.4	\$2.9	\$0.6
<b>Total revenue</b>	<b>\$323.0</b>	<b>\$107.5</b>	<b>\$241.9</b>	<b>\$35.7</b>

# Summary Financial Information

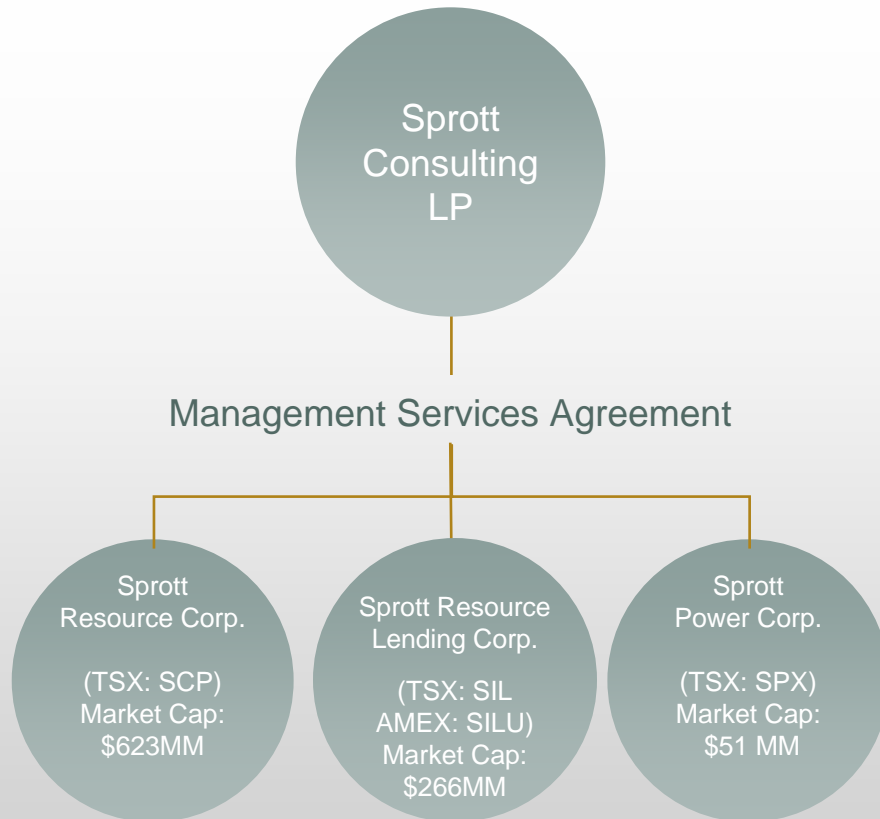
<i>\$ millions except per share amounts</i>	2010	2009	Q4-2010	Q4-2009
Total revenue	\$323.0	\$107.5	\$241.9	\$35.7
Total expenses	\$150.0	\$62.4	\$101.3	\$17.3
EBITDA	\$202.0	\$48.5	\$167.2	\$19.4
Base EBITDA*	\$43.4	\$33.7	\$12.4	\$9.9
Net income	\$131.2	\$31.8	\$108.0	\$13.3
Earnings per share	\$0.87	\$0.21	\$0.72	\$0.09

\* Base EBITDA refers to EBITDA excluding performance fees and performance fee-related bonuses, and gains and losses on proprietary investments.

## Leveraging our platform

- Developed platform for growth through investments in operations, systems, marketing and compliance infrastructure
- Assembled an industry-leading investment team
- Financial strength to continue adding new products and services
- Strong balance sheet provides synergistic acquisition opportunities in fragmented marketplace
- Building a global leader

# Direct Investing: Capitalizing on Unique Opportunities



## Sprout Consulting:

- Delivers private-equity type component to Sprout revenue mix
- Sprout Resource Corp. continued to invest in and build value in its portfolio of natural resource companies and investments
- Sprout Resource Lending Corp. began operations as a resource lender
- Sprout Power Corp. began trading on TSX and is building a portfolio of renewable energy projects

# Sprott Private Wealth: Building Stronger Relationships

- David Franklin named CEO of Sprott Private Wealth
- >2,000 investment accounts and \$3.6B in AUA
- Offer private clients unique private placement opportunities
- Adding service and product offerings to expand and deepen client relationships
- Developing customized solutions for high net-worth investors, family trusts, foundations, and estates
- Upgrading operational platform

# Global Resource Investments

- Led by Rick Rule; leading resource investor
- Strengthens investment team
- Complementary industry focus and entrepreneurial culture
- Provides entry point into U.S. market
- Leverages both companies' existing platforms
- Increases product diversity

# Market Outlook

- Weak consumer sector and excessive government debt are a bad combination
- End of quantitative easing may remove cash from system
- Potential for high inflation remains
- Focused on hard assets
  - Precious metals
  - Agriculture
  - Energy

# Sprott Inc. Priorities

1

## Stay Focused on Performance

- Increase our investment expertise
- Build or acquire new investment capabilities

2

## Leverage Our Platform

- Grow assets and build scale
- Diversify our assets
- Continue expansion into investment areas where we have a sustainable competitive advantage

3

## Expand Globally

- Leverage our global brand equity and investment networks
- Create new products to expand our client base



**Sprott** INC.

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Q4 and Year End 2010  
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