



**Sprott** INC.

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June 2, 2011  
2011 First Quarter 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

# Financial Highlights

- AUM increased to \$9.7 billion as at March 31, 2011
- \$35.5 million in management fees
- \$17.4 million in EBITDA, \$0.11 per share
- Net income of \$10.6 million, \$0.07 per share
- Net sales of \$260 million
- Declared \$0.03 cent first quarter dividend

# Continuing to Build a Global Alternative Asset Manager

## **Entry into U.S. market:**

- Closed acquisition of Global Group of Companies
- Added Rick Rule to Senior Management Team

## **Capitalizing on success of specialty products franchise:**

- Conducted \$340 million follow-on offering of Sprott Physical Gold Trust Units
- Completed \$90 million IPO of Sprott 2011 Flow-Through LP
- Launched Sprott Silver Bullion Fund

# Major initiatives

## Organic growth through:

- US retail expansion
- International institutional sales
- Continued growth of Direct Investment area

## External growth through:

- Possible acquisitions of product and private client asset managers
- Evaluation of global M&A opportunities to advance strategic priorities

# Mutual Fund Performance

Series A, YTD as at March 31, 2011\*

	Actual	Benchmark	
Canadian Equity Fund	0.66%	5.6%	S&P/TSX Composite Total Return Index
Gold & Precious Minerals Fund	-3.68%	-5.5%	S&P/TSX Global Gold Index
Energy Fund	3.71%	11.0%	S&P/TSX Capped Energy Total Return Index
Growth Fund	-6.06%	5.6%	S&P/TSX Composite Total Return Index
Small Cap Equity Fund	3.95%	4.2%	S&P/TSX Small Cap Total Return Index
All Cap Fund	-5.16%	5.6%	S&P/TSX Composite Total Return Index
Gold Bullion Fund	-2.24%	-2.0%	Gold (CAN)

# Hedge Fund Performance

*Class A as at March 31, 2011\**

Hedge Fund L.P	<b>-0.98%</b>
Hedge Fund L.P. II	<b>-0.40%</b>
Bull/Bear RSP Fund	<b>-0.24%</b>
Opportunities Hedge Fund L.P	<b>1.94%</b>
Opportunities RSP Fund	<b>1.89%</b>
Small Cap Hedge Fund	<b>3.95%</b>

## **Offshore Funds\*\***

Offshore Fund	<b>2.68%</b>
Offshore II Fund	<b>1.28%</b>
Capital, L.P.	<b>2.68%</b>
Capital, L.P. II	<b>0.72%</b>

# Assets Under Management

<i>\$ millions</i>	Q1-2011	Q1-2010
AUM, beginning of period	\$8,545	\$4,774
Net sales (redemptions)	\$260	417
Business acquisition	\$695	-
Market value appreciation (depreciation) of portfolios	\$178	(36)
<b>AUM, end of period</b>	<b>\$9,678</b>	<b>\$5,155</b>

# AUM by Product Type

Product Type	March 31, 2011		March 31, 2010	
	\$ (in millions)	% of AUM	\$ (in millions)	% of AUM
Mutual Funds	3,408	35.1%	2,308	44.8%
Bullion Funds	2,122	21.9%	519	10.1%
Domestic Hedge Funds	1,813	18.7%	1,326	25.7%
Offshore Funds	750	7.7%	484	9.4%
Direct Management (Managed Companies)	604	6.2%	335	6.5%
Managed Accounts	432	4.5%	183	3.5%
Fixed Term Limited Partnerships	549	5.9%	-	-
<b>Total</b>	<b>9,678</b>	<b>100%</b>	<b>5,155</b>	<b>100%</b>

# Revenue

*\$ millions*

Q1-2011

Q1-2010

Management fees

\$35.5

\$23.1

Commissions

\$3.0

\$2.6

Unrealized and realized gains on proprietary investments

\$0.4

\$(0.4)

Other income

\$0.4

\$0.3

**Total revenue**

**\$39.5**

**\$25.7**

# Summary Financial Information

*\$ millions except per share amounts*

	Q1-2011	Q1-2010
Total revenue	\$39.5	\$25.7
Total expenses	\$23.9	\$16.5
EBITDA	\$17.4	\$9.9
EBITDA per share	\$0.11	\$0.7
Base EBITDA*	\$16.9	\$10.3
Net income	\$11.0	\$6.5
Earnings per share	\$0.07	\$0.04

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

# Global Group of Companies

## Contribution

- Contributed \$2.8 million to EBITDA in first two months

## Performance Fee Potential

- LPs accrue performance fees over life of partnership
- Currently carrying significant embedded performance fees

## Intangible Assets

- Going forward, quarterly EPS will be impacted by approximately \$0.01 per share as a result of non-cash acquisition related amortization

## Leveraging our platform

- Developed platform for growth through investments in operations, systems, marketing and compliance infrastructure
- Assembled an industry-leading investment team
- Financial capability to continue adding new products and services where we have a sustainable competitive advantage
- Strong balance sheet provides synergistic acquisition opportunities in fragmented marketplace

# Market Outlook

- Fundamentals for precious metals remain compelling – expect correction to be short-lived
- Attractive opportunities exist in certain areas, such as silver
- Long-short strategies provide defensive positioning for difficult equity and bond markets
- Potential for high inflation remains
- Focused on hard assets
  - Precious metals
  - Energy
  - Agriculture

# Sprott Inc. Priorities

1

Stay Focused  
on Performance

2

Leverage Our  
Platform

3

Expand  
Globally



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