



Sprout INC.

August 12, 2010

**Q2 2010
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

Eric Sprott, CA

Chairman, Chief Executive Officer, Sprott Inc.
Chief Investment Officer and Senior Portfolio Manager, Sprott Asset Management

Steve Rostowsky CA, CFA

Chief Financial Officer, Sprott Inc.
Chief Financial Officer, Sprott Asset Management

Peter Grosskopf

Incoming Chief Executive Officer, Sprott Inc.

Organizational Changes

- Introduced Peter Grosskopf as CEO of Sprott Inc.
 - Former President of Cormark Securities Inc.
 - Co-founder of Newcrest Capital
- Eric Sprott becomes Chairman of Board of Directors
 - Continues as Chief Investment Officer and Senior Portfolio Manager of SAM
- Jack Lee becomes Lead Director of Sprott Inc.

Increased management depth



Recent Highlights

- AUM were \$5.5 billion as at June 30, 2010
- Completed \$279 million follow-on offering of PHYS units
- Net sales of \$104 million
- Launched Sprott Private Credit Fund
- Signed LOI to re-brand Quest Capital, "Sprott Resource Lending Corp."
- Formed Sprott Power Corp.
- Filed preliminary prospectus for Sprott Physical Silver Trust
- Announced fixed-income product suite

Market Overview

- North American recovery appears stalled
- Fed options appear limited
- Markets providing little return
- Investors seeking safety in hard assets

Fund Performance

- Positive performance from most mutual funds
- Hedge funds generated strong returns
- Continued to benefit from exposure to gold
- Well positioned to earn performance fees

Mutual Fund Performance



	<i>Series A, YTD as at June 30, 2010</i>			<i>Series A, Historical</i>			
	Actual	Benchmark		1 YR	3YR	5YR	Inception
Canadian Equity Fund	2.6%	-2.5%	S&P/TSX Composite Total Return Index	28.1%	-6.5%	7.8%	19.2%
Gold & Precious Minerals Fund	8.7%	14.6%	S&P/TSX Global Gold Index	59.6%	0.8%	14.3%	22.1%
Energy Fund	0.3%	-7.4%	S&P/TSX Capped Energy Total Return Index	44.6%	-13.5%	-0.5%	8.4%
Growth Fund	-14.5%	-2.5%	S&P/TSX Composite Total Return Index	12.0%	-16.0%	—	-4.6%
Global Equity Fund	-6.2%	-8.7%	MSCI World Index (CAD)	-3.3%	-17.8%	—	-16.9%
Small Cap Equity Fund	2.4%	0.1%	S&P/TSX Small Cap Total Return Index	40.7%	—	—	-3.0%
All Cap Fund	2.3%	-2.5%	S&P/TSX Composite Total Return Index	10.7%	—	—	6.5%
Gold Bullion Fund	13.9%	14.6%	S&P/TSX Global Gold Index	21.0%	—	—	10.7%

Hedge Fund Performance



<i>Class A, YTD as at June 30, 2010</i>		<i>Class A, Historical</i>			
Canadian Hedge Funds		1 YR	3YR	5 YR	Inception
Hedge Fund L.P	7.2%	11.5%	7.1%	13.1%	21.5%
Hedge Fund L.P. II	6.5%	10.1%	9.5%	13.4%	9.3%
Bull/Bear RSP Fund	5.0%	8.8%	10.0%	14.3%	12.1%
Opportunities Hedge Fund L.P	-1.2%	3.6%	4.0%	11.8%	17.6%
Opportunities RSP Fund	-1.2%	3.5%	3.9%	–	8.9%
Small Cap Hedge Fund	4.3%	38.8%	-3.0%	–	3.3%
Offshore Funds*					
Offshore Fund	3.1%	15.3%	10.4%	17.6%	21.3%
Offshore II Fund	4.1%	13.9%	–	–	8.8%
Capital, L.P.	3.1%	15.4%	10.4%	17.5%	21.0%
Capital, L.P. II	4.2%	14.1%	–	–	4.65%
Opportunities Offshore Fund Ltd.	-3.3%	0.4%	2.8%	–	6.5%
Opportunities Capital Fund, L.P.	-4.2%	-0.6%	2.3%	–	6.1%

*Returns shown are for reference series

**YTD as of June 30, 2010

Scotia Capital Canadian Hedge Fund
Asset Weighted Index 3.31%**



Assets Under Management



<i>\$ millions</i>	Q2-2010	Q2-2009	H1-2010	H1-2009
AUM, beginning of period	5,155	4,725	4,774	4,449
Net sales/(redemptions)	104	(43)	521	(251)
Market value appreciation/(depreciation) of portfolios	287	(238)	251	(246)
AUM, end of period	5,546	4,444	5,546	4,444

AUM by Product Type



Product Type	June 30, 2010		June 30, 2009	
	\$ (in millions)	% of AUM	\$ (in millions)	% of AUM
Mutual Funds	2,263	40.8%	1,840	41.4%
Domestic Hedge Funds	1,371	24.7%	1,551	34.9%
Offshore Funds	520	9.4%	564	12.7%
Bullion Funds	918	16.6%	75	1.7%
Managed Accounts	474	8.5%	414	9.3%
Total	5,546	100%	4,444	100%

Revenue



<i>\$ millions</i>	Q2-2010	Q2-2009	H1-2010	H2-2009
Management fees	24.0	21.7	47.5	44.3
Crystallized performance fees	0.2	0.4	0.2	2.2
Unrealized and realized gain/(loss) on proprietary investments	1.1	0.8	0.2	2.9
Other income	1.2	0.2	4.2	0.4
Total revenue	26.8	23.1	52.0	49.7

Summary Financial Information



<i>\$ millions except per share amounts</i>	Q2-2010	Q2-2009	H1-2010	H1-2009
Total revenue	26.8	23.1	52.0	49.7
Total expenses	16.0	15.2	32.6	31.1
Base EBITDA*	10.3	7.5	20.6	15.7
Net income	7.7	5.6	13.6	13.0
Earnings per share	0.05	0.04	0.09	0.09

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

Variable cost structure ensures expenses are correlated with revenues



Growth Strategy

- Establish Sprott as globally recognized brand
- Continue to grow each line of business
- Diversify product offerings
- Leverage deep and broad investment team
- Focus on performance

Focused growth strategy



Summary

- Added depth to senior management team
- Established succession plan
- Diversified our product lineup
- Advanced growth strategies in each business unit

Focused growth strategy





Sprout INC.

August 12, 2010

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Financial Results

Q&A

