

# Spratt Inc.

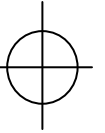
## Q2 2008 Financial Results

July 31, 2008



# Forward-Looking Statements

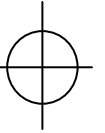
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This presentation contains “forward-looking statements” which reflect the current expectations of the Company. These statements reflect management’s current beliefs with respect to future events and are based on information currently available to management.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

# Introduction

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## Speakers

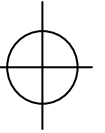
- ⊕ Eric Sprott – President and Chief Executive Officer
- ⊕ Steve Rostowsky – Chief Financial Officer
- ⊕ Peter Hodson – Director, Sprott Inc & Senior Portfolio Manager, Sprott Asset Management

## Q2 2008 Financial Statements and MD&A

- ⊕ Available at [www.sprottinc.com](http://www.sprottinc.com) or [www.sedar.com](http://www.sedar.com)

# Assets Under Management

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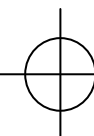


**\$7.7 billion** as at June 30, 2008

**+14%** since March 31, 2008

**+50%** since June 30, 2007

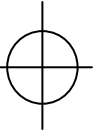
# Performance



<b>Product</b>	<b>YTD as of 06/30/08</b>
<b>Pubic Mutual Funds (Series A)</b>	
Canadian Equity Fund	12.60%
Gold and Precious Minerals Fund	-6.93%
Energy Fund	37.19%
Growth Fund	-2.95%
Global Equity Fund	-7.53%
Small Cap Equity Fund	6.63%
<b>Canadian Hedge Funds</b>	
Hedge Fund LP	27.61%
Hedge Fund LP II	27.80%
Bull Bear RSP Fund	26.74%
Opportunities Hedge Fund LP	10.27%
Opportunities RSP	10.15%
Small Cap Hedge Fund	7.67%
Global Market Neutral Fund	-1.90%
<b>Offshore Funds</b>	
Offshore Fund, Ltd.	25.67%
Offshore Fund, Ltd. II	28.15%
Capital LP	25.69%
Capital LP II	26.98%
Strategic Gold Offshore Fund, Ltd.	-24.50%
Strategic Gold LP	-24.64%
Opportunities Offshore Fund, Ltd.	10.67%
Opportunities Capital LP	10.50%

# Top-Ranked Funds

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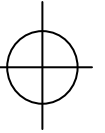


- ⊕ **Sprott Canadian Equity Fund** ranked #1 in Canada for its 10-year annualized net return of 30.11% as of June 30, 2008 <sup>1</sup>
- ⊕ **Sprott Energy Fund** ranked #2 in Canadian mutual funds over \$100 million in Q2 2008 <sup>1</sup>
- ⊕ **Sprott Hedge Fund L.P.** and **Sprott Hedge Fund L.P. II** in Barron's Top 75 Hedge Funds in April 2008

<sup>1</sup> Source: *globefund*

# Solid Net Sales

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**\$259** million

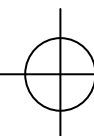
April – June 2008

**\$561** million

January – June 2008

- ⊕ Domestic and offshore hedge funds were particularly strong
- ⊕ >93,000 client accounts versus >80,000 at the end of December
- ⊕ Well diversified client base that is primarily retail and HNW

# Assets Under Management

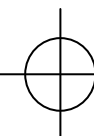


<i>\$ millions</i>	Q2-08	Q2-07	H1-08	H1-07	2007
AUM, beginning of period	6,801	4,648	6,215	4,239	4,239
Net sales	259	482*	561	621*	1,350
Market value appreciation of portfolios	666	21	950	291	626
<b>AUM, end of period</b>	<b>7,726</b>	<b>5,151</b>	<b>7,726</b>	<b>5,151</b>	<b>6,215</b>

\* Includes the initial public offering of Sprott Molybdenum Participation Corporation

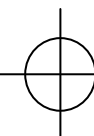
⊕ Domestic and offshore hedge funds represent 44% of AUM at the end of June 2008 compared to 34% at the end of June 2007

# Revenue



<i>\$ millions</i>	Q2-08	Q2-07	H1-08	H1-07
Management Fees	36.6	26.6	69.4	49.1
Crystallized Performance Fees	4.0	0.3	4.3	0.4
Unrealized and realized gain (loss) on proprietary investments	(2.8)	(10.6)	5.4	(6.6)
Dilution loss related to Sprott Molybdenum Participation Corporation	-	(11.8)	-	-
Impairment of long term assets	-	(1.1)	-	(1.1)
Other income	1.4	0.4	3.1	0.6
Interest income	0.2	0.0	0.5	0.4
<b>Total revenue</b>	<b>39.5</b>	<b>3.7</b>	<b>82.6</b>	<b>42.7</b>

# Summary Financial Information



<i>\$ millions except per share amounts</i>	Q2-08	Q2-07	H1-08	H1-07
Total revenue	39.5	3.7	82.6	42.7
Total expenses	22.6	14.1	40.7	25.4
Base EBITDA*	17.2	12.5	33.8	22.9
Net income (loss)	11.4	(7.7)	28.1	11.1
Earnings per share	0.08	(0.06)	0.20	0.08

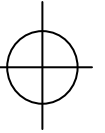
⊕ Eligible Q2 2008 dividend of \$0.025/share declared on July 29, 2008

▶ Record Date: August 11, 2008, Payment Date: August 29, 2008

*\* Base EBITDA refers to EBITDA excluding performance fees and performance fee-related bonuses, gains and losses on proprietary investments, impairment of long term assets and the dilution loss related to the Sprott Moly IPO, and retroactively accounting for the change in the bonus compensation arrangements that became effective upon completion of the Sprott Inc. IPO.*

# Markets and Investment Strategies

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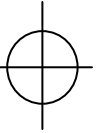


## Well positioned to continue strong investment performance

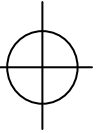
- ⊕ Focus on major themes
- ⊕ Focus on sectors that have historically done well in bear markets and short economically sensitive sectors

# Growth Strategies

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- ⊕ Capitalizing on our brand
- ⊕ Expansion of our investment team
- ⊕ Increased marketing efforts
- ⊕ Introduction of new products
- ⊕ Sprott Consulting L.P. and Sprott Molybdenum Corporation

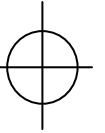


## ⊕ Capitalizing on our brand

- ▶ Early stages of penetration within Canada and globally
- ▶ Leverage success in Canada on an international scale
- ▶ Offshore accounts 18% of AUM versus 13% at the end of June 2007
- ▶ Offshore funds highest growth over the past 2 years

## ⊕ Expansion of our investment team

- ▶ Opportunistic hiring of additional portfolio managers
- ▶ Over the past 12 months hired Allan Jacobs, Peter Imhof, Charles Oliver and Jamie Horvat
- ▶ Experienced professionals with proven reputations
- ▶ Tend to immediately attract assets
- ▶ Extra capacity for assets under management – i.e. highly scaleable



## ⊕ Increased marketing efforts

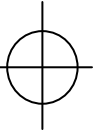
- ▶ In the past grown through word of mouth and focused on Canada
- ▶ During 2007 established our wholesaler sales effort
- ▶ Currently have 12 sales reps – 8 retail and 4 wholesale
- ▶ Next big focus is on securing reps in Quebec and BC
- ▶ Advisors and dealers close to 50% of AUM at the end of the second quarter

## ⊕ Introduction of new products

- ▶ Created 8 funds since 2006 – global, small cap, etc.
- ▶ Launched the Sprott Global Market Neutral Fund in February 2008
- ▶ Plan to launch at least one new fund by the end of the year

# Sprott Moly and Sprott Consulting

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## ⊕ **Sprott Consulting L.P. and Sprott Molybdenum Participation Corp.**

- ▶ Provide management and admin services to public companies

## ⊕ **Sprott Consulting**

- ▶ Manage corporate assets on a permanent basis and participate in private equity investments as well as corporate transactions
- ▶ First year under management, Sprott Resource acquired an equity position in PBS Coals Corporation as well as a prospective phosphate property in Peru

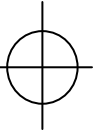
## ⊕ **Sprott Moly**

- ▶ Invest in molybdenum assets currently not available through an exchange

## ⊕ **Significant scope for us to create value**

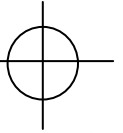
# Public Company Benefits

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## ⊕ **Capitalizing on benefits associated with being a public company**

- ▶ Increase in public awareness of our business
- ▶ Reach new potential Fund investors



# Q&A

