



**Sprott** INC.

Proposed Acquisition of Global Resource  
Investments Ltd. and Related Entities  
September 2010

# Forward Looking Statements

This presentation contains "forward-looking statements" which reflect the current expectations of Sprott Inc. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements include, but are not limited to, statements with respect to the negotiation of the definitive agreements for the transaction, the terms of such definitive agreements, the closing of the transaction and the anticipated benefits from the transaction including the beneficial impact of the transaction on Sprott's assets under management, assets under administration and results of operation. Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions, including with respect to the anticipated completion of the negotiation of the definitive agreements, the closing of the transaction, the timing and receipt of all applicable regulatory approvals and third party consents, the anticipated benefits from the transaction, the information provided by the seller and the satisfaction of other conditions to the completion of the transaction. 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 Sprott's annual information form dated March 30, 2010 as well as that the closing of the transaction could be delayed if the necessary regulatory approvals and third party consents are not obtained on the timelines planned or the transaction may not be completed at all if these approvals are not obtained or any other conditions to closing are not satisfied. 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 herein. Although the forward-looking statements contained in this presentation are based upon what Sprott believes to be reasonable assumptions, management cannot 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 Sprott does not assume any obligation to update or revise them to reflect new events or circumstances, except as required by law.

# The Global Resource Investments Business

## Skilled Investment Team

- Based in Carlsbad, California
- Led by Rick Rule; leading resource investor
- Diversified team of resource experts
- Strong expertise in small cap resource investing
- Sterling reputation and integrity

## Successful Business Model

- Asset manager and broker dealer focused on natural resources
- Outstanding performance record
- Strong client relationships
- High margins
- Well established and capitalized

**A specialized asset manager with complementary skills, industry focus, and a similar culture to Sprott**

# Product and Service Platforms

## Resource Capital Investments

*(established 1998)*

- General partner for 6 LP's that invest in resource companies
- USD \$370MM AUM\*, 2%+30% fee structure after priority return
- Strong investment returns; long only strategy
- Average remaining life 7 years

## Terra Resource Investment Management

*(established 2006)*

- U.S. Registered Investment Advisor
- USD \$110MM AUM\*, ~600 separately managed accounts
- Five model portfolios available: Resource Exploration, Resource Development / Exploitation, Closely Held Value Stocks, Income, Special Situations

## Global Resource Investments

*(established 1993)*

- U.S. registered broker-dealer
- USD \$850MM AUA\*
- Focused on U.S., Canadian, and Australian natural resource stocks
- Proprietary research; most RR's are 'earth scientists'

\* AUM and AUA metrics provided by seller.

# Rationale / Opportunities

## Expertise

- Further strengthens leading resource investment team at Sprott
- Technically skilled 'earth scientists' add bottom-up stock picking capability
- Enhanced access to ideas, deal flow, and origination

## U.S. Entry

- U.S. has more than 10 times the investable capital of Canada and is more fragmented
- U.S. resource investors are under served
- Capitalize on Sprott brand recognition in the U.S.

# Rationale / Opportunities

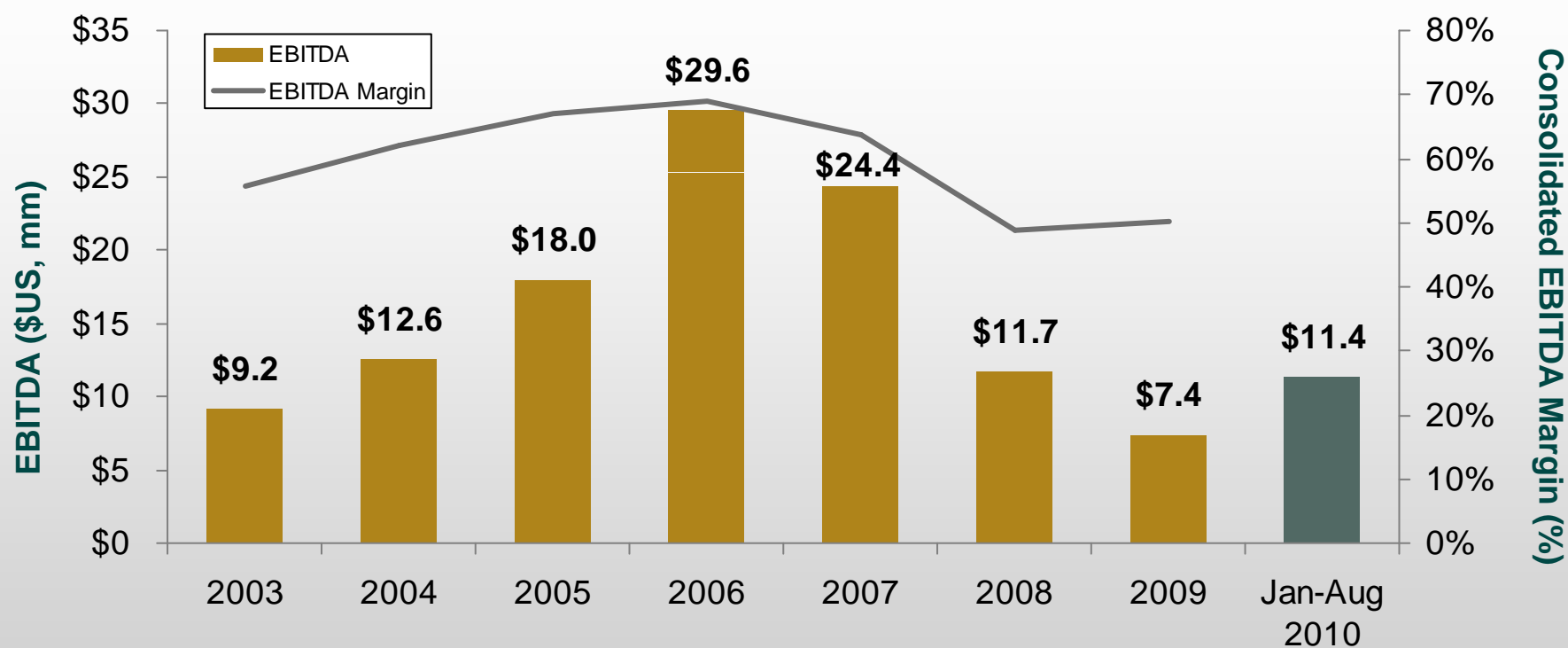
## Leverage Both Platforms

- Sprott brand and products can be sold to existing Global clients
- Utilize Global's international relationships with broader product lineup

## Increase Product Diversity

- Joint development of new products; opportunity to introduce Global team as sub-advisors
- Complementary investment approach to general resources and energy

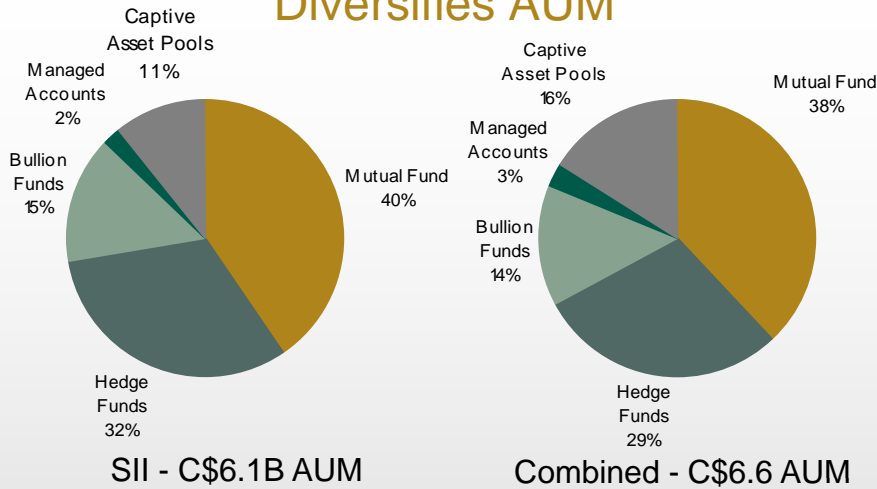
# Financial Metrics\*



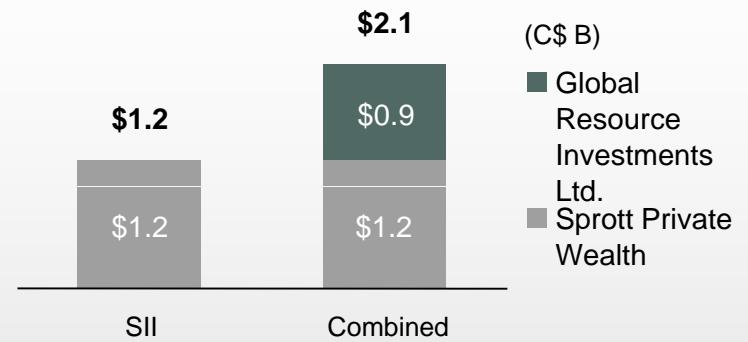
\* Financial metrics provided by seller. EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined by United States generally accepted accounting principles, and the seller's calculation of EBITDA may not be comparable to that reported by other companies. EBITDA is included herein because it is a basis upon which the seller assesses its financial performance and because it believes that it presents useful information to investors. The seller's definition of EBITDA may not be the same as that used by other companies in the financial services industry or other industries.

# Business Diversification

## Diversifies AUM



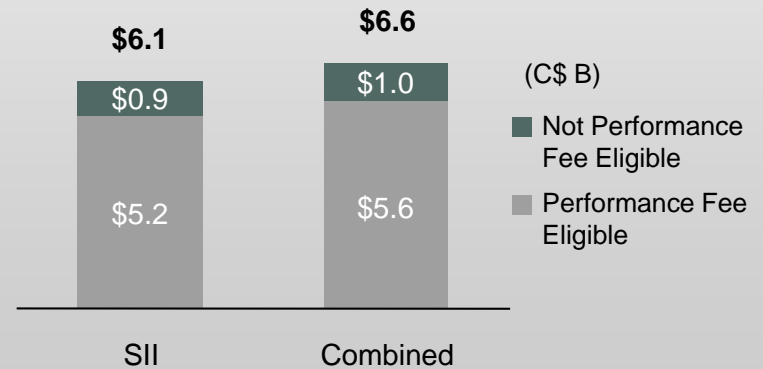
## Nearly Doubles Private Wealth AUA



## Greater Captive Assets



## Increased Performance Fee Exposure



# Transaction Summary

- **Base Consideration**
  - 20MM Sprott Inc. shares
  - Immediately 6% accretive to Sprott Inc. shareholders in the base case
  
- **Earn-Out**
  - Performance fees and growth expected to be significant
  - Tied to EBITDA growth over a 5 year period
  - Up to 8MM additional Sprott Inc. shares for cumulative 5 year EBITDA in excess of \$40MM to \$95MM, on a sliding scale
  - Split/allocated between current shareholders, employees, and future hires
  
- **Base and Earn-Out shares subject to three year lockup on shares after issuance (1/3,1/3,1/3)**
  
- **Rick Rule to:**
  - Join executive management team of Sprott Inc.
  - Be included on management's slate of nominees for the election of directors at Sprott Inc.'s next shareholder meeting
  - Commit to minimum three year employment term

# Target Deal Schedule

Activity	Sep	Oct	Nov	Dec
Letter of Intent Announced	★			
Due Diligence		~8 Weeks		
Definitive Agreement			★	
Regulatory Approval			~6 Weeks	
Financial Close				★

# Sprott Inc's Strategic Objectives

1. Deliver strong performance
2. Strengthen investment team and expertise
3. Increase product diversity
4. Enhance our distribution capabilities

**The acquisition of Global Resource Investments Ltd. and related entities furthers these objectives**



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