

**SPROTT**

## Sprott Transaction Conference Call

April 10, 2017

# Forward-looking Statements

This presentation contains “forward-looking information” within the meaning of applicable securities laws. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. In particular, but without limiting the foregoing, this presentation contains forward-looking information pertaining to: (i) the effects of the transaction; (ii) the future positioning of Sprott Inc. (“Sprott” or the “Company”); (iii) Sprott’s balance sheet strength and the use thereof; (iv) new Sprott highlights; (v) AUM post MBO; (vi) financial impact of the transaction; (vii) capital book estimate; and (viii) the future culture, service and products of Sprott. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements contained herein are made as of the date of this presentation and Sprott disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update forward-looking statements if circumstances, management’s estimates or opinions should change, except as required by securities legislation. Accordingly, the reader is cautioned not to place undue reliance on forward-looking statements. Such risks and uncertainties include receiving requisite regulatory and/or unitholder approvals for the sale of the assets, closing of the transactions and the ability of Sprott to grow the remaining businesses.

## Peter Grosskopf

Chief Executive Officer, Sprott

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## Kevin Hibbert

Chief Financial Officer, Sprott

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## John Wilson

Chief Executive Officer, SAM

# Transaction Overview

- Sprott sells Canadian diversified business to management-led group for \$46MM
- Assets included in the transaction total \$3.0B, \$865MM of which will be sub-advised by Sprott
- Sprott headcount will be reduced by ~50% to ~100 employees
- After giving effect to the transaction, Sprott will have:
  - AUM of ~\$7.5B, including \$865MM in sub-advised precious metals funds
  - ~\$335MM in capital on the balance sheet

# Transaction Rationale

- Creates streamlined organization with highly-specialized investment capabilities
- Positions Sprott to focus on building a global market leader in resource investments
- Balance sheet strength allows us to pursue global market opportunities:
  - Increase scale in existing strategies
  - Build ancillary and related resource industry capabilities
  - Invest in other specialized opportunities in capacity-constrained areas of the asset management industry

# New Sprott Highlights

- \$5 billion US-based exchange-listed products franchise
- Recently launched \$750 million institutional Private Resource Lending LP
- Industry leading precious metals and private resource investment teams
- Growing US business led by proven business builders Whitney George and Rick Rule
- Recently launched resource-focused merchant bank business

# Breakdown of AUM by product type (\$ Millions)

Product Type	March 31 (ESTIMATE)	Included in MBO	AUM post MBO
<u>Exchange Listed Products:</u>			
Physical Trusts	4,420	-	4,420
Exchange Traded Funds	338	-	338
<u>Alternative Asset Management:</u>			
Active Asset Management - Direct	3,666	3,038	628
Active Asset Management - Sub-advised	-	-	865 <sup>(3)</sup>
<u>Private Resource Investments:</u>			
Private Resource Lending Funds	49 <sup>(1)</sup>	-	49
Fixed Term Limited Partnerships	343	-	343
Managed Companies	653	-	653
Managed Accounts	138	-	138
<b>Total</b>	<b>9,607</b>	<b>3,038<sup>(2)</sup></b>	<b>7,434</b>

<sup>(1)</sup> \$750M in firm commitments.

<sup>(2)</sup> Accounts for 32% of AUM.

<sup>(3)</sup> Will be sub-advised by Sprott going forward.

# Financial Impact

- Total headcount will decline by close to 50% to ~100 employees
- EBITDA loss associated with the divestiture will be mitigated by:
  - Repatriation of seed capital
  - An increase in working capital from sale proceeds
  - EBITDA generation from Sprott Capital Partners and our resource lending LPs

# Capital Book Estimate

	(\$000)
Cash	108,000
Loans	65,000
Prop Book	123,000
<b>Total Investable Capital (Pre-Sale) at March 31</b>	<b>296,000</b>
Add:	
Estimated Net Sale Proceeds	38,000
<b>Investable Capital (Post-Sale)*</b>	<b>334,000</b>

\*Ignoring subsequent EBITDA and other items from March 31 to the expected close date.

# Vision

- Foster a high-performance partnership culture to build a global leader in resource investments
- Capitalize on leadership position in metals and mining to field a suite of products including:
  - Exchange-traded products
  - Resource Lending and Private Equity LPs
  - Actively-managed precious metals and value investing strategies
- Provide expanded services to resource clients through merchant bank business
- Use balance sheet strength to:
  - Seed and launch new products
  - Acquire new investment capabilities in capacity-constrained areas
  - Proprietary investments alongside new institutional clients