

As of December 31, 2017

The goal of the **Sprott Physical Gold Trust** (the "Trust") is to provide a secure, convenient and exchange-traded investment alternative for investors who want to hold physical gold without the inconvenience that is typical of a direct investment in physical gold bullion. The Trust offers a number of compelling advantages over traditional exchange-traded gold funds.

NYSE Arca: **PHYS**

TSX: **PHYS.U**

The Trust

The Sprott Physical Gold Trust (PHYS) is a closed-end trust that invests in unencumbered and fully-allocated London Good Delivery ("LGD") gold bars.

Trust Details (as of December 31, 2017)

Assets Under Management:	\$2.3 Billion
Issuer:	Sprott Physical Gold Trust
Fund Type:	Closed-End Trust
Management Fee:	35 bps of NAV per annum payable monthly
Units Outstanding:	211,843,385
Recent NAV:	\$10.67 USD
Total Ounces Held:	1,733,162

1. Storage in Canada

The Trust's physical gold bullion is fully allocated and stored at a secure third party storage location in Canada. The physical gold bullion is subject to periodic inspection and audits.

2. Gold assets not held with a bank owned custodian

Unlike most traditional exchange-traded gold funds, the Trust holds its gold bullion assets in custody at a Federal Crown Corporation of the Government of Canada. There is no levered financial institution between the unitholders and the trust's physical gold, and no risk of financial loss in the event of a bankruptcy or nationalization of the financial institution.

3. Potential Tax Advantage For Certain U.S. Investors

For U.S. non-corporate investors who hold units for one year or more and timely file a QEF form, gains realized on the sale of the Trust's units are currently taxed at a capital gains rate of 15% (20% for married filers earning over \$450,000 and single filers earning over \$400,000 per year), versus 28% applied against most precious metals ETF's and physical gold coins.

For more information, please see "Tax Considerations – U.S. Federal Income Tax Considerations – U.S. Federal Income Taxation of U.S. Holders" in the prospectus and always consult your tax accountant regarding your particular situation.

4. Ability to Redeem Units for Physical Gold Bullion

Unitholders who hold certain minimum dollar value equivalent have the ability to redeem their units for physical gold bullion on a monthly basis. Please see "Redemption of Units" in the prospectus for details.

The gold Custodian can deliver the bars almost anywhere in the world via an Armored Transportation Service Carrier. Physical redemptions will never dilute remaining unitholders. All physical redemptions are equal to 100% of the NAV of the redeemed units, less redemption and delivery expenses, including the handling of the notice of redemption and the applicable gold storage in-and-out fees.

5. Investment in Physical Gold Bullion Only

With the exception of cash held by the Trust to pay expenses and anticipated redemptions, the Trust exclusively invests in London Good Delivery physical gold bullion. At any given time, the Manager intends to hold 97% of the total net assets of the Trust in physical gold bullion in LGD bar form. The Trust does not invest in precious metals certificates or other financial instruments that represent gold or that may be exchanged for gold.

6. Fully Allocated Physical Gold Bullion – No Exceptions

The Trust's gold bullion holdings are fully allocated. Unlike other bullion funds, the Trust does not have an unallocated account that is used to facilitate transfers of gold between financial institutions that act as authorized participants. Without exception, all of the gold bullion owned by the Trust is held in the Trust's allocated accounts in physical gold bar form.

7. Potential to Trade at a Premium to Net Asset Value

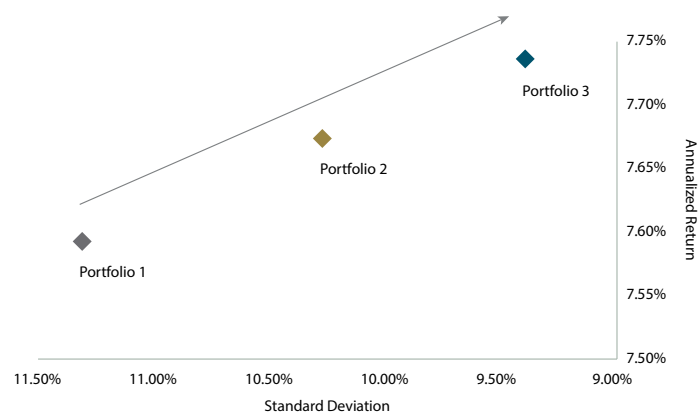
Because of its unique features and favourable tax treatment, the Trust has the potential to trade at a premium to its net asset value. This offers investors a unique opportunity to profit from higher gold prices as well as any market price increases relative to the NAV. The Trust may also trade at a discount.

Reasons To Own Gold

Gold may assist in protecting a portfolio from inflation and currency devaluation. Gold has a negative or low correlation with most other asset classes, making it an effective portfolio diversifier. Gold prices have generally increased during times of U.S. dollar decline and may provide a hedge against purchasing power erosion. Its attributes and relative scarcity make it an ideal store of monetary value – one that benefits greatly by the fact that it is no one’s liability.

Diversification Benefits of Gold

- A model portfolio using 60% equity and 40% bonds spanning 40 years was analyzed rebalancing annually
- Adding incremental allocations of gold to a portfolio increases risk adjusted returns.
- In our model portfolio with 10% gold exposure annualized performance improved by 17bps, and standard deviation was reduced by 203bps



Source: Bloomberg, World Gold Council, Time frame: 12/31/1974 – 12/31/2015.

- ◆ **Portfolio 1:**
60% S&P 500/40% BAML U.S. Corp. & Gov./0% Gold
- ◆ **Portfolio 2:**
55% S&P 500/40% BAML U.S. Corp. & Gov./5% Gold
- ◆ **Portfolio 3:**
50% S&P 500/40% BAML U.S. Corp. & Gov./10% Gold

BAML = Bank of America Merrill Lynch
For Illustrative purposes only.

	Portfolio 1	Portfolio 2	Portfolio 3
Standard Deviation	11.27%	10.19%	9.32%
Annualized Return	7.53%	7.63%	7.71%
Sharpe Ratio	0.181	0.211	0.238

Past performance is no guarantee of future results. Current or future performance may be higher or lower than the performance shown in this example. It is not possible to invest in an index directly and therefore the performance of an index is not the same as performance of an investment in a vehicle that aims to duplicate performance of that index.

Sprott

The Trust is generally exposed to the following risks. See the prospectus of the Trust for a description of these risks: fluctuation in gold price, fund expense risk, cash redemption risk, risk of losing London good delivery status, future gold price may be lower, risk of asset sale to pay expenses, uninsured losses, invalid insurance claim, inadequate insurance held by service providers, currency risk for non-US unitholders, limited insurance recovery, losses relating to physical redemption, speculative investment, liquidity risk, limited recourse against bullion custodian, investment risk, redemption risk, bullion custodian risk, trust termination, premium/discount of trading price, suspension of redemption, regulatory risk, competition from other gold buyers, market risk, forced asset sales, regulatory status of the trust, official sector sale of gold, reliance on the manager, obligation to reimburse certain liabilities, no management of the trust by unitholders, limited unitholder rights, changes in investment objective and restrictions, substantial redemption risk, currency risk, taxation risks, unitholder may be liable for the trust’s obligations, unenforceable actions or judgments.

Past performance is not an indication of future results. The information provided is general in nature and is provided with the understanding that it may not be relied upon as, nor considered to be, the rendering or tax, legal, accounting or professional advice. Readers should consult with their own accountants and/or lawyers for advice on the specific circumstances before taking any action. Sprott Asset Management LP is the investment manager to the Sprott Physical Gold Trust (the “Trust”). Important information about the Trust, including the investment objectives and strategies, applicable management fees, and expenses, is contained in the prospectus. Please read the document carefully before investing. There are ongoing fees and expenses associated with owning units of a Trust. The Trust must prepare disclosure documents that contain key information about the Trust. You can find more detailed information about the Trust in these documents. Investment funds are not guaranteed, their values change frequently. This communication does not constitute an offer to sell or solicitation to purchase securities of the Trust. The information contained herein does not constitute an offer or solicitation to anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any investment funds managed by Sprott Asset Management LP. These views are not to be considered as investment advice nor should they be considered a recommendation to buy or sell.

The Fund has appointed Hugo Fund Services SA, 6 Cours de Rive, 1204 Geneva, Switzerland, as its Swiss Representative. Banque Cantonale de Genève, 17 Quai de l’Ile, CH-1208 Geneva, Switzerland is the Swiss Paying Agent. In Switzerland shares shall be distributed exclusively to qualified investors. The fund offering documents, articles of association and audited financial statements can be obtained free of charge from the Representative. The place of performance with respect to shares distributed in or from Switzerland is the registered office of the Representative. ®Registered trademark of Sprott Inc.