Sprott Inc.

Report to Shareholders

June 30,

2011

August 11, 2011

Dear Shareholders,

As we enter the second half of 2011, I am pleased to report to you on our progress so far this year as we work to build the Sprott Group of Companies into a global alternative asset manager.

We entered 2011 with a cautious investment outlook and a belief that "must have" investments were the safest place to invest in the uncertain global economic environment. With governments and investors struggling to assess the twin impacts of the debt crisis and rising inflationary pressures, we continue to believe that investments with exposure to hard assets are the best way to protect and grow our clients' wealth.

This approach served us well in the first half of 2011, despite the short-term correction in the prices of precious metals and related equities that we experienced during the second quarter. Gold and silver prices have since recovered, with gold recently reaching record highs. We believe the long-term fundamentals for precious metals are compelling and expect prices to remain firm throughout the second half of the year.

During the first six months of 2011, we delivered strong financial performance with significant improvements across key performance metrics. On a year-over-year basis, our Assets Under Management ("AUM") grew by more than 65%, management fees increased by more than 50%, and our base EBITDA increased by 70%.

In July, we reached an important milestone in the evolution of our organization, as the AUM of the Sprott Group of Companies surpassed $10 billion. This growth was driven by the success of our bullion funds, which have raised more than $600 million so far this year, as well as ongoing progress in introducing new investment products. We are particularly pleased with investor response to the suite of fixed-income products that we launched in 2010, including the recent $220 million Initial Public Offering of the Sprott Strategic Fixed Income Fund, managed by Scott Colbourne and Michael Craig.

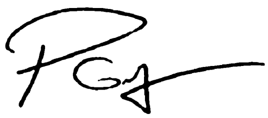
Over the past two years, we have made significant investments in our marketing, operations and compliance capabilities. The build out of our platform is virtually complete and we have never been better positioned to continue growing our product lineup and pursuing accretive acquisitions both in Canada and internationally.

We continue to work to integrate the Global Companies into our organization and, in June, Paul Meehl was hired as Chief Executive Officer of our U.S. brokerage business. Paul has a strong operational background and will play a key role in the integration process. We look forward to leveraging the strength of the Sprott brand to increase our presence south of the border.

Sprott Consulting LP ("SCLP") continues to develop its portfolio of managed companies, while constantly evaluating new direct investment opportunities. During the first six months of 2011, Sprott Resource Corp. and Sprott Resource Lending Corp. contributed over $120 million in assets to Sprott's total AUM – all with the potential to generate performance fees.

Finally, on behalf of everyone at Sprott, I would like to thank you for your ongoing support. As always, our entire team is focused on delivering superior performance to you, our shareholders. We look forward to reporting to you on our progress in the quarters ahead.

Sincerely,



Peter Grosskopf
Chief Executive Officer
Sprott Inc.

Management's Discussion & Analysis

This Management's Discussion & Analysis ("MD&A") of financial condition and results of operations presents an analysis of the financial condition of Sprott Inc. (the "Company") and its subsidiaries as of June 30, 2011 compared with December 31, 2010, and results of operation for the three and six months ended June 30, 2011, compared with the three and six months ended June 30, 2010. The Board of Directors approved this MD&A on August 9, 2011.

The Company was incorporated under the Business Corporations Act (*Ontario*) on February 13, 2008. The Company was incorporated to acquire, through an exchange of shares, all of the shares of Sprott Asset Management Inc. ("SAMI"). On May 8, 2008, the Company filed a prospectus in each of the provinces and territories of Canada in respect of an initial public offering of 20,000,000 common shares to be effected via a secondary offering by certain shareholders of the Company.

On February 4, 2011, the Company completed the acquisition, through its wholly-owned subsidiary Sprott U.S. Holdings Inc., of all of the outstanding stock of Rule Investments, Inc. (the owner of Global Resource Investments, Ltd. ("Global")), Terra Resource Investment Management, Inc. ("Terra") and Resource Capital Investment Corporation ("RCIC") (collectively, the "Global Companies").

The preparation of these interim condensed consolidated financial statements under IFRS has resulted in certain changes to the Company's accounting policies as compared to those disclosed in the Company's annual audited consolidated financial statements for the period ended December 31, 2010 issued under Canadian GAAP. Information relating to the impact of the adoption of IFRS is provided in note 3 to the interim consolidated financial statements for the period ended June 30, 2011 and elsewhere in this MD&A. The adoption of IFRS has not had an impact on the Company's operations, strategic decisions or cash flow.

FORWARD LOOKING STATEMENTS

This MD&A contains "forward looking statements" which reflect the current expectations of management regarding our future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate", "aim", "endeavour" and similar expressions have been used to identify these forward looking statements. These statements reflect our current beliefs with respect to future events and are based on information currently available to us. Forward looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors could cause our 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 in the "Risk Factors" section of the Company's annual information form dated March 22, 2011 (the "AIF"). 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 MD&A. These forward looking statements are made as of August 9, 2011 and will not be updated or revised except as required by applicable securities law.

PRESENTATION OF FINANCIAL INFORMATION

On January 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS") for financial reporting purposes, using a transition date of January 1, 2010. The financial statements for the three and six months ended June 30, 2011, including the required comparative information, have been prepared by management to comply with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Company expects to adopt in its consolidated financial statements as at and for the year ending December 31, 2011. These interim consolidated financial statements do not include all the necessary annual disclosures in accordance with IFRS. Prior to 2011, the Company prepared interim and annual consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP").

The same accounting policies and methods of computation were followed in the preparation of these unaudited interim consolidated financial statements as were followed in the preparation of the unaudited interim consolidated financial statements for the three month period ending March 31, 2011. In addition, the unaudited interim consolidated financial statements for the three month period ended March 31, 2011 contain certain incremental annual IFRS disclosures not included in the annual financial statements for the year ended

December 31, 2010 ("2010 Annual Financial Statements") prepared in accordance with previous Canadian GAAP. Accordingly, these unaudited interim consolidated financial statements for the three and six month periods ended June 30, 2011 should be read together with the 2010 Annual Consolidated Financial Statements prepared in accordance with previous Canadian GAAP as well as the unaudited interim consolidated financial statements for the three month period ended March 31, 2011 and in consideration of the IFRS transition disclosures included in note 3 to these unaudited interim consolidated financial statements. All defined terms used herein are consistent with those terms as defined in the 2010 Annual Financial Statements.

An explanation of the transition to IFRS is presented in note 3 to these interim consolidated financial statements and includes an explanation of initial elections made upon first-time adoption of IFRS, and a reconciliation of amounts previously reported under Canadian GAAP to amounts reported under IFRS for comparative financial information.

Financial results, including related historical comparatives, contained in this MD&A, unless otherwise specified herein, are based on these interim consolidated financial statements. The Canadian dollar is our functional and reporting currency for purposes of preparing the Company's consolidated financial statements, given that we conduct most of our operations in that currency. Accordingly, all dollar references in this MD&A are in Canadian dollars, unless otherwise specified herein.

KEY PERFORMANCE INDICATORS (NON-IFRS FINANCIAL MEASURES)

We measure the success of our business using a number of key performance indicators that are not measurements in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS. Non-IFRS financial measures do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

Our key performance indicators include:

Assets Under Management

Assets Under Management or AUM refers to the total net assets of our public mutual funds, hedge funds, offshore funds and bullion funds (the "Funds"), managed accounts ("Managed Accounts"), which include the accounts managed by Sprott Asset Management LP ("SAM LP"), RCIC and Terra, and managed companies ("Managed Companies") managed by Sprott Consulting LP ("SCLP") on which management fees ("Management Fees"), performance fees ("Performance Fees") and/or carried interests ("Carried Interests") are calculated. We believe that AUM is an important measure as we earn Management Fees, calculated as a percentage of AUM, and may earn Performance Fees or Carried Interests, calculated as a percentage of: (i) our Funds', Managed Accounts' and Managed Companies' excess performance over the relevant benchmark; (ii) the increase in net asset values of our Funds over a predetermined hurdle, if any; or (iii) the net profit in our Funds over the performance period. We monitor the level of our AUM because they drive our level of Management Fees. The amount of Performance Fees and Carried Interests we earn is related to both our investment performance and our AUM.

Assets Under Administration

Assets Under Administration or AUA refers to client assets held in accounts at Sprott Private Wealth LP ("SPW LP") or Global. AUA is a measure used by management to assess the performance of the broker-dealer companies within the group.

Investment Performance (Market Value Appreciation (Depreciation) of Investment Portfolios)

Investment performance is a key driver of AUM. Our investment track record through varying economic conditions and market cycles has been and will continue to be an important factor in our success. Growth in AUM resulting from positive investment performance increases the value of the assets that we manage for our clients and we, in turn, benefit from higher fees. Alternatively, poor absolute and/or relative investment performance will likely lead to a reduction in our AUM and, hence, our fee revenue.

Net Sales

AUM fluctuates due to a combination of investment performance and net sales (gross sales net of redemptions). Net sales, together with investment performance determine the level of AUM which, as discussed above, is the basis on which Management Fees are charged and to which Performance Fees or Carried Interests may be applied.

EBITDA

Our method of calculating EBITDA is defined as earnings before interest expense, income taxes, amortization of property and equipment, amortization of deferred sales charges, amortization of intangible assets and non-cash stock-based compensation. We believe that this is an important measure as it allows us to assess our ongoing business without the impact of interest expense, income taxes, amortization and non-cash compensation, and is an indicator of our ability to pay dividends, invest in our business and continue operations. EBITDA is a measure commonly used in the industry by management, investors and investment analysts in understanding and comparing results by factoring out the impact of different financing methods, capital structures, the amortization of deferred sales charges and income tax rates between companies in the same industry. While other companies may not utilize the same method of calculating EBITDA as we do, we believe it enables a better comparison of the underlying operations of comparable companies and we believe that it is an important measure in assessing our ongoing business operations.

Base EBITDA

Base EBITDA refers to EBITDA after adjusting for: (i) the exclusion of any gains (losses) on our proprietary investments including our initial contributions to our Funds on their inception, as if such gains (losses) had not been incurred and (ii) Performance Fees, Performance Fee related compensation and other Performance Fee related expenses. With the exception of Performance Fees attributable to redeemed units (termed as "Crystallized Performance Fees"), Performance Fees are earned on the last day of the fiscal year other than for the Funds that are managed by RCIC. Performance Fees are not as predictable and stable as Management Fees and therefore Base EBITDA enables us to evaluate the day-to-day results of operations throughout the year and is meaningful for the same reason.

RCIC manages a family of Funds whereby performance fees are earned by way of Carried Interests. Carried Interests are often realized towards the end of the life of these fixed term Funds which, as at June 30, 2011 have an average remaining life of approximately 7 years. The Carried Interests relating to these Funds will be earned once management is assured of their realization.

Base EBITDA also allows us to assess our ongoing business operations, with adjustments for non-recurring items as well as items that are not related to our core operations, such as income or losses relating to our proprietary investments.

Cash Flow from Operations

Our method of calculating cash flow from operations is defined as cash provided by operating activities adjusted for the impact of the net change in non-cash balances relating to operations.

This is a relevant measure in the investment management business since it represents cash available for distribution to our shareholders and for general corporate purposes.

We believe that these Key Performance Indicators are important for a more meaningful presentation of our results of operations.

OVERVIEW

The Company operates through four wholly-owned subsidiaries, SAM LP, SPW LP, SCLP and Sprott U.S. Holdings Inc., the parent of the Global Companies. Through these four subsidiaries, the Company is an independent asset management company dedicated to achieving superior returns for our clients over the long term. Our business model is based foremost on delivering excellence in investment management services to our clients.

On June 1, 2009 we completed a corporate reorganization of SAMI whereby SAMI was dissolved and its operations were separated into three business lines: discretionary portfolio management by SAM LP, broker-dealer services by SPW LP, and consulting services by SCLP. SAM LP is registered with the Ontario Securities Commission ("OSC") as an investment fund manager ("IFM"), portfolio manager

("PM") and exempt market dealer ("EMD"). SPW LP is an investment dealer and a member of the Investment Industry Regulatory Organization of Canada ("IIROC"). SCLP provides active management, consulting and administrative services to other companies. Currently SCLP provides these services to Sprott Resource Corp. ("SRC"), Sprott Resource Lending Corp. ("SRLC") and Sprott Power Corp. ("SPC").

On February 4, 2011 we completed the acquisition of the Global Companies, based in Carlsbad, California, through Sprott U.S. Holdings Inc. Global is a California limited partnership that operates as a securities broker-dealer and is registered with the Financial Industry Regulatory Authority ("FINRA") and Terra, registered with the U.S. Securities and Exchange Commission, provides discretionary investment management services. RCIC is the general partner and discretionary asset manager to the Exploration Capital Partners family of limited partnerships.

Effective February 4, 2011, the accounts of the Global Companies have been consolidated with those of the Company.

The majority of the Company's revenues are earned through SAM LP in the form of Management Fees and Performance Fees earned through the management of the Funds and Managed Accounts; SPW LP earns most of its revenues via intercompany trailer fee payments from SAM LP (these intercompany fees are eliminated on consolidation) and from commissions earned on new and follow-on offerings of Funds managed by SAM LP and through various private placements. SCLP earns the majority of its revenues through the management of its Managed Companies in the form of Management Fees and Performance Fees. RCIC earns revenue in the form of Management Fees and Carried Interests through the management of the Funds; Global earns commissions and other fees from the sale and purchase of stocks by its clients and from the sale of private placements to its clients. Terra earns revenue in the form of Management Fees from the management of Managed Accounts.

SPW LP provides us with a competitive advantage by providing a unique distribution channel for our Fund products and other investment opportunities that we are able to make available to our private clients; as well, it serves as a platform to brand and grow our wealth management business. SCLP enables us to benefit from our expertise in managing other companies, both public and private. SCLP provides us with a competitive advantage by providing SPW LP and Global clients access to merchant banking and private equity-style investments.

While we operate through several operating companies, all are focused on growing the AUM or AUA of the Funds, Managed Accounts and Managed Companies that we manage for the benefit of the unitholders, shareholders and partners of those entities and the AUA of our clients, ultimately for the benefit of our shareholders.

The most significant factor that drives our business results continues to be the performance of the assets that we manage. Absolute returns generate growth in AUM, and hence Management Fees while absolute and/or relative returns may result in the receipt of Performance Fees and/or Carried Interests. While there are many factors that influence sales and redemptions of our Funds and Managed Accounts such as general investor sentiment towards certain asset classes and the global economic environment, past investment returns play an important part in an investment decision to buy, hold or sell a particular investment product.

The Company derives revenue primarily from Management Fees earned from the management of our Funds, Managed Accounts and Managed Companies and from Performance Fees earned from the investment of the AUM of our Funds, Managed Accounts and Managed Companies. Our Management Fees are calculated as a percentage of AUM. Our Performance Fees are calculated as a percentage of the return earned by our Funds, Managed Accounts and Managed Companies. Our Carried Interests are calculated as a percentage of profits earned by monetizing events at Funds managed by RCIC. Accordingly, the growth in our fees is based on both the growth in AUM and the absolute or relative return, as applicable, earned by our Funds, Managed Accounts and Managed Companies. With the addition of Global, the Company now derives additional revenue from fees associated with its AUA. Commission and other income is generated from the sale and purchase of stocks by Global's clients, and to a lesser extent SPW LP, and from the sale of private placements to its clients. As at June 30, 2011, we managed approximately $9.3 billion in assets among our various Funds, Managed Accounts and Managed Companies and AUA in client assets totaled to approximately $5.3 billion.

Management Fees are less variable and more predictable than Performance Fees and Carried Interests. Management Fees are generally closely correlated with changes in AUM. However, the rate of change in our Management Fees may not mirror the rate of change in our AUM, primarily a result of two factors. First, multi-series or multi-class structures are offered in some of our Funds whereby the

Management Fee differs among the applicable series or classes. Second, equity mutual Funds have the highest rate of Management Fees, followed by hedge Funds and offshore Funds. We have introduced a suite of income Funds that have lower Management fees than equity mutual Funds and hedge Funds. In addition, we have a substantial amount of our total AUM in bullion Funds that have the lowest rate of Management Fees. Fees for managing the various Managed Accounts and Managed Companies are negotiated on a case by case basis. Therefore, the weighting of AUM among our various Funds, Managed Accounts and Managed Companies impacts Management Fees as a percentage of AUM.

Commission income is specific to SPW LP and Global and is generated from the trading of securities by clients and from the sale of new and follow-on offerings of products or companies managed by SAM LP, RCIC or SCLP, and through private placements of unrelated companies to clients of SPW LP and Global. Commission income is recorded in the financial statements in the month in which the service is rendered.

Performance Fees are determined as of December 31 each year. However, Performance Fees are accrued in the relevant Funds, Managed Accounts and Managed Companies, as applicable, to properly reflect the Performance Fee that would be payable, if any, based on the Net Asset Value of that Fund, Managed Account or Managed Company. Where an investor redeems a domestic hedge Fund or an offshore Fund, any Performance Fee attributable to those units redeemed is paid to SAM LP as manager of the Funds. These Crystallized Performance Fees, as well as the related allocation to the employee bonus pool, are accrued for in the financial statements of SAM LP for the appropriate month. At SCLP, Performance Fees are generated from time-to-time and are usually based on monetizing events at the Managed Companies. These Performance Fees can be significant when realized. At RCIC, Carried Interests are accrued in the Funds, as applicable, to properly reflect the Carried Interest that would be payable, if any, based on the Net Asset Value of that Fund. The Carried Interests are usually realized towards the end of the term of the Fund and can be significant when realized.

Our most significant expenses include compensation and benefits and trailer fees. With respect to compensation and benefits, employees are paid a base salary and may be eligible to share in a bonus pool, with the size of such discretionary bonuses being tied to both individual performance and the overall financial performance of the Company. Trailer fees are paid to dealers that distribute units of a Fund. Such dealers may receive a trailer fee (annualized but paid monthly or quarterly) of up to 1% of the value of the assets held in the respective Fund by the dealer's clients. Both the employee bonus pool component of compensation and trailer fees are correlated with Management Fees whereas only the employee bonus pool component of compensation is correlated with realized Performance Fees and Carried Interests. Changes in levels of trailer fees are generally a reflection of changes in domestic Fund sales through the advisor and dealer channel as well as changes in Management Fees.

In 2009 we introduced a low load sales charge option for some of our Funds. The commissions for these sales have been financed from internal cash flow. Other expenses incurred by our business are general and administration costs, including sales and marketing costs, occupancy, regulatory and professional fees as well as charitable donations and amortization.

BUSINESS HIGHLIGHTS AND GROWTH INITIATIVES

We continued to be active in the second quarter executing on various growth and development initiatives across the organization:

Integration of the Global Companies

With the acquisition of the Global Companies completed in the previous quarter, we moved forward with our integration throughout the current quarter. We are pleased with the progress to date, with respect to both product development initiatives and beneficial exchanges of investment theses and ideas between investment managers and analysts in Canada and the U.S.

Hiring and Retention of Top Talent

In June 2011, Paul Meehl joined the Company as the CEO of Global and Jeff Howard assumed the role of CEO of Terra. Both Paul and Jeff will focus their efforts under the leadership of Rick Rule to implement the Company's growth strategy in the U.S.

In order to motivate and retain key employees and to further align the interest of employees and those of our shareholders, the Company adopted an Employee Profit Sharing Plan ("EPSP") for Canadian employees and an Equity Incentive Plan ("EIP") for U.S. employees. These plans were approved by the Company's shareholders at our Annual General Meeting on June 2, 2011, We are focused on rewarding the types of performance that increase long-term shareholder value, including growing our AUM and AUA, retaining investors in our Funds, developing new investor relationships, improving operational efficiency and managing risks. Pursuant to the EPSP and the EIP, a portion of the bonus allocated to certain employees will be paid by way of the Company's common shares. The shares will either be issued from treasury or purchased in the open market and will be available to the relevant employees over a specified vesting period.

Product and Business Line Expansion

We continue to add products to better serve our clients and to take advantage of those opportunities that we have identified to generate returns to add value for investors in our Funds.

In April 2011, we completed a follow-on offering of the Sprott Physical Gold Trust units, raising gross proceeds of US$341 million and, subsequent to the end of the quarter, we completed a further follow-on offering, raising gross proceeds of US$306 million.

In May 2011, we launched the Sprott Silver Bullion Fund, an open-ended mutual fund trust that will invest primarily in unencumbered, fully allocated silver bullion.

Subsequent to the end of the second quarter, we completed the initial public offering of 22 million units of the Sprott Strategic Fixed Income Fund raising gross proceeds of $220 million. This fund has been created to provide exposure, on a tax advantaged basis, to an actively managed portfolio comprised primarily of long and short positions in fixed income securities from across the globe.

We continue to develop new products and investment vehicles that will be available later in the year or in 2012. The addition of these products and the acquisition of the Global Companies has required, and will require, us to make investments in technology, infrastructure and resources in order to continue to be able to provide effective and efficient service to our clients and to the Funds, Managed Accounts and Managed Companies that we manage and to realize the synergies that we expect from the acquisition of the Global Companies.

FINANCIAL HIGHLIGHTS

Financial highlights for three and six months ended June 30, 2011 are:

- AUM at June 30, 2011 were $9.3 billion. This reflects a decrease of $0.4 billion (4.0%) from $9.7 billion at March 31, 2011 and an increase of approximately $3.8 billion (67.5%) from the $5.5 billion of AUM at June 30, 2010. AUM at June 30, 2011 includes $0.6 billion of AUM of RCIC and TRIM which are not included in the AUM at June 30, 2010. Average AUM in the second quarter of 2011 was $9.9 billion as compared to $5.4 billion in the second quarter of 2010, an increase of 83.6%. During the second quarter of 2011, market values decreased by approximately $1.0 billion more than offsetting positive net subscriptions of $0.6 billion, resulting in an overall decrease in AUM of approximately $0.4 billion for the quarter.
- AUA at June 30, 2011 were approximately $5.3 billion. This reflects a decrease of $0.6 billion (11.1%) from $5.9 billion at March 31, 2011 and an increase of $2.9 billion (120.1%) from $2.4 billion at June 30, 2010. AUA at June 30, 2011 includes $1.8 billion of AUA of Global which is not included in the AUA at June 30, 2010.
- Management Fees for the three and six months ended June 30, 2011 were $37.2 million and $72.8 million, respectively, representing an increase of $13.0 million (53.8%) and $25.3 million (53.3%) over the corresponding periods in 2010.
- Crystallized Performance Fees for the three and six months ended June 30, 2011 were $0.6 million and $0.8 million, respectively, representing and increase of $0.4 million and $0.6 million over the corresponding periods in 2010.
- EBITDA for the three and six months ended June 30, 2011 was $14.6 million and $32.0 million respectively, representing an increase of $3.2 million or 28.3% and $10.7 million or 50.3% over the corresponding periods in 2010.
- Base EBITDA for the three and six months ended June 30, 2011 was $18.1 million and $35.0 million respectively, representing an increase of $7.9 million or 76.4% and $14.4 million or 70.0% over the corresponding periods in 2010.

Management's Discussion & Analysis

- Cash flow from operations for the six months ended June 30, 2011 was $21.4 million ($0.13 per share) representing an increase of $5.9 million (37.7%) from $15.5 million ($0.10 per share) for the six months ended June 30, 2010.
- Net income for the three months ended June 30, 2011 decreased by 3.6% to $7.5 million ($0.04 per share) from $7.8 million ($0.05 per share) for the corresponding period in 2010. Net income for the six months ended June 30, 2011 was $18.1 million ($0.11 per share), a 27.2% increase over $14.2 million ($0.09 per share) for the six months ended June 30, 2010.

SUMMARY FINANCIAL INFORMATION

Key Performance Indicators

	For the three months ended June 30		*For the six months ended June 30*	
(In $ 000's, except per share amounts)	**2011**	2010	**2011**	2010
Assets Under Management	**9,292,186**	5,546,430	**9,292,186**	5,546,430
Assets Under Administration	**5,258,923**	2,389,492	**5,258,923**	2,389,492
Net Sales	**564,920**	104,061	**824,628**	521,825
EBITDA	**14,606**	11,381	**32,006**	21,294
Base EBITDA	**18,141**	10,285	**35,052**	20,625
Cash Flow from Operations	**10,082**	7,548	**21,398**	15,543
EBITDA Per Share – basic and fully diluted	**0.09**	0.08	**0.19**	0.14
Base EBITDA Per Share – basic and fully diluted	**0.11**	0.07	**0.21**	0.14
Cash Flow From Operations Per Share – basic and fully diluted	**0.06**	0.05	**0.13**	0.10

SUMMARY BALANCE SHEET

	As at	
(In $ 000's)	June 30, **2011**	December 31, 2010
Total Assets	**377,096**	342,767
Total Liabilities	**91,393**	128,505
Shareholders' Equity	**285,703**	214,262

SUMMARY INCOME STATEMENT AND RECONCILIATION TO EBITDA AND BASE EBITDA

	For the three months ended June 30		For the six months ended June 30	
(In $ 000's, except per share amounts)	**2011**	2010	**2011**	2010
Total revenue	**39,293**	26,601	**78,808**	52,333
Total expenses	**28,095**	15,758	**52,653**	32,245
Income before income taxes	**11,198**	10,843	**26,155**	20,088
Provision for income taxes	**3,709**	3,077	**8,100**	5,895
Net income	**7,489**	7,766	**18,055**	14,193
Other expenses[1]	**3,408**	538	**5,851**	1,206
Provision for income taxes	**3,709**	3,077	**8,100**	5,895
EBITDA	**14,606**	11,381	**32,006**	21,294
Unrealized and realized (gains) losses on proprietary investments	**3,996**	(949)	**3,634**	(522)
Performance fees net of performance fee related compensation and other performance fee related expenses[2]	**(461)**	(147)	**(588)**	(147)
Base EBITDA	**18,141**	10,285	**35,052**	20,625
Earnings Per Share – basic and fully diluted	**0.04**	0.05	**0.11**	0.09
EBITDA Per Share – basic and fully diluted	**0.09**	0.08	**0.19**	0.14
Base EBITDA Per Share – basic and fully diluted	**0.11**	0.07	**0.21**	0.14

[1] Includes amortization of property and equipment, amortization of intangibles and non-cash stock-based compensation expense.

[2] Performance Fee related compensation is equal to 25% of Performance Fee revenue.

SUMMARY CASH FLOW STATEMENTS AND RECONCILIATION TO CASH FLOW FROM OPERATIONS

	For the six months ended June 30	
(In $ 000's, except per share amounts)	**2011**	2010
Operating activities		
Net income for the period	**18,055**	14,193
Non-cash items	**3,343**	1,350
Cash flow from operations	**21,398**	15,543
Non-cash balances relating to operations	**137,016**	13,086
Cash provided by operating activities	**158,414**	28,629
Cash provided by (used in) investing activities	**678**	854
Cash used in financing activities	**(117,584)**	(13,500)
Net increase in cash and cash equivalents during the period	**41,508**	15,983
Cash and cash equivalents, beginning of the period	**81,209**	49,010
Cash and cash equivalents, end of the period	**122,717**	64,993
Cash flow from operations per share – basic and fully diluted	**0.13**	0.10

RESULTS OF OPERATIONS

Three and six months ended June 30, 2011 compared to three and six months ended June 30, 2010

Overall Performance

AUM at June 30, 2011 of approximately $9.3 billion represents an increase of 67.5% when compared with $5.5 billion at June 30, 2010. When compared to the AUM of $9.7 billion at March 31, 2011, AUM at June 30, 2011 decreased by 4.0%. Net sales for the quarter ended June 30, 2011 were $0.6 billion, combined with market value depreciation, of $1.0 billion resulted in a $0.4 billion decrease in AUM for the quarter. Monthly average AUM for the three and six months ended June 30, 2011 were $9.9 billion and $9.4 billion respectively compared with $5.4 billion and $5.1 billion in the comparative prior year periods.

Total revenues for the three and six months ended June 30, 2011 increased by $12.7 million (47.7%) to $39.3 million and $26.5 million (50.6%) to $78.8 million, respectively, when compared with the corresponding three and six months ended June 30, 2010. Management Fees for the three and six month period ended June 30, 2011 were $37.2 million and $72.8 million, respectively, representing an increase of $13.0 million (53.8%) and $25.3 million (53.3%) over the corresponding periods in 2010. This increase was driven by higher average AUM. Crystallized Performance Fees for the three and six months ended June 30, 2011 were $0.6 million and $0.8 million respectively, compared to $0.2 in the comparative prior year periods. Unrealized and realized losses on proprietary investments were approximately $4.0 million for the quarter and $3.6 million for the six month period ended June 30, 2011 when compared to unrealized and realized gains on proprietary investment of $0.9 million and $0.5 million in the corresponding periods of 2010. Commissions increased for the three and six month period ended June 30, 2011 by $4.4 million and $4.9 million, respectively when compared to the three and six month period ended June 30, 2010.

Expenses totaled $28.1 million and $52.7 million for the three and six months ended June 30, 2011, which is an increase of $12.3 million (78.3%) and $20.4 million (63.3%), respectively when compared with the three and six months ended June 30, 2010.

Net income of $7.5 million for the three months ended June 30, 2011 decreased by $0.3 million (3.6%) from $7.8 million for the corresponding quarter of 2010. Net income of $18.1 million for the six months ended June 30, 2011 increased by $3.9 million or 27.2% from $14.2 million for six months ended June 30, 2010.

Assets Under Management, Investment Performance and Net Sales

The breakdown of AUM by investment product type as at June 30, 2011 and June 30, 2010 was as follows:

	As at June 30, 2011		*As at June 30, 2010*	
Product Type	$ (in millions)	% of AUM	$ (in millions)	% of AUM
Mutual Funds	2,937	31.7%	2,263	40.8%
Bullion Funds	2,490	26.8%	918	16.6%
Domestic Hedge Funds	1,647	17.7%	1,371	24.7%
Offshore Hedge Funds	681	7.3%	520	9.4%
Direct Management (Managed Companies)	644	6.9%	333	6.0%
Managed Accounts	436	4.7%	141	2.55%
Fixed Term Limited Partnerships	457	4.9%	–	–
Total	9,292	100%	5,546	100%

The table below summarizes the changes in AUM for the relevant periods.

$ millions	For the three months ended June 30 2011	2010	For the six months ended June 30 2011	2010
AUM, beginning of period	**9,678**	5,155	**8,545**	4,774
Net sales	**565**	104	**825**	521
Business acquisition	**–**	–	**695**	–
Market value appreciation (depreciation) of portfolios	**(951)**	287	**(773)**	251
AUM, end of period	**9,292**	5,546	**9,292**	5,546

The performance of our Funds and Managed Accounts for the three and six months ended June 30, 2011 resulted in AUM decreasing by $1.0 billion or 9.8% and $0.8 billion or 9.0%, respectively, of opening AUM. The majority of our Funds and Managed Accounts experienced negative investment performance through the three and six months of 2011. Our Managed Companies added $94 million to our AUM during the six months ended June 30, 2011.

Net sales for the three and six months ended June 30, 2011 were $565 million and $825 million, respectively. The initial and follow-on offering of Sprott 2011 Flow-Through LP, the follow-on offering of Sprott Physical Gold Trust along with the launch of the Sprott Silver Bullion Fund and a new managed account added approximately $525 million to sales for the first six months of 2011. Collectively, our other mutual Funds and hedge Funds experienced net sales of approximately $54 million and $164 million for the three and six month period ended June 30, 2011. Similarly our offshore Funds, collectively, had net subscriptions of approximately $28 million or 3.8% and approximately $93 million or 13.6% for the three and six months ended June 30, 2011, respectively, of opening offshore AUM.

Revenues

Total revenue increased by $12.7 million (47.7%) from $26.6 million to $39.3 million in the second quarter of 2011 and increased by $26.5 million (50.6%) from $52.3 million to $78.8 million in the six month period ended June 30, 2011 compared with the corresponding periods of 2010.

Management Fees for the second quarter of 2011 increased by $13.0 million (53.8%) to $37.2 million from $24.2 million in the second quarter of 2010, as monthly average AUM for the quarter increased by approximately 83.6% over the same period. Management Fee margins (defined as Management Fees as a percentage of average AUM) fell to 1.5% in the second quarter of 2011 from 1.8% in the second quarter of 2010. Management Fees for the six month period ended June 30, 2011 increased by $25.3 million (53.3%) to $72.8 million from $47.5 million during the corresponding six month period of 2010, as monthly average AUM for the six months increased by approximately 82.5% over the same period. Management Fee margins fell to 1.6% for the six month period ended June 30, 2011 from 1.8% for the six month period ended June 30, 2011. The decrease in Management Fee margins is mainly due to the addition of fixed income funds and bullion funds that have lower average Management Fees than most of our other funds. Average AUM for fixed income funds and bullion funds increased by $2.0 billion to $2.7 billion for the quarter ended June 30, 2011, compared to $0.7 billion for the quarter ended June 30, 2010 and average AUM for the fixed income and bullion funds increased by $0.5 billion to $2.4 billion for the six months ended June 30, 2011 compared to $1.9 billion for the six months ended June 30, 2010.

Crystallized Performance Fees were $0.6 million and $0.8 million for the three and six months ended June 30, 2011 compared to $0.2 million for the three and six months ended June 30, 2010. These fees were generated due to Performance Fees accrued by the Funds resulting in crystallization at the time of redemptions from these Funds.

Losses from our capital that is invested in our proprietary investments (realized and unrealized) in the three and six months ended June 30, 2011 totaled $4.0 million and $3.6 million, respectively, compared with gains of $0.9 million and $0.5 million for the three and six months ended June 30, 2010. The losses in 2011 are mostly unrealized and were driven predominantly by declines in the market value of most of our proprietary investments. The gains in the quarter and six months ended June 30, 2010 were mainly driven by the increase in the value of gold bullion and realized gains from the sale of publicly traded equities in the gold sector despite a decline in the value of equity warrants.

Commissions revenue for the three and six months ended June 30, 2011, was $4.9 million and $7.9 million, respectively, compared to $0.4 million and $3.0 million for the three and six months ended June 30, 2010. In 2011, commission revenue was mainly due to commissions generated by Global and to a lesser extent, SPW LP.

Other income decreased by $0.2 million (28.3%) from $0.8 million to $0.6 million in the second quarter of 2011 and decreased by approximately $0.2 million (13.5%) from approximately $1.2 million to $1.0 million in the six month period ended June 30, 2011 compared with the corresponding periods in 2010. The main components of other income include interest income, early redemption fees and foreign exchange.

Expenses

Total expenses for the three and six month period ended June 30, 2011 were $28.1 million and $52.7 million, respectively, an increase of 78.3% and 63.3%, respectively, compared with $15.8 million and $32.2 million for the corresponding periods of 2010.

Changes in specific categories are described in the following discussion:

Compensation & Benefits

Compensation and benefits expense for the three and six months ended June 30, 2011 amounted to $13.5 million and $24.2 million respectively, including contributions to the discretionary employee bonus pool of $7.0 million and $11.5 million respectively. For the three months and six months ended June 30, 2010, compensation and benefits expense was $7.0 million and $14.7 million respectively, with contributions to the discretionary employee bonus pool amounting to $2.9 million and $5.4 million respectively. Excluding the discretionary employee bonus pool, compensation and benefits for the three months ended June 30, 2011 increased by $2.4 million from $4.1 million in 2010 to $6.5 million in 2011. For the six months ended June 30, 2011, compensation and benefits excluding the discretionary employee bonus pool increased by $3.5 million from $9.2 million in 2010 to $12.7 million in 2011. This is primarily due to the increase in headcount of the Company with the average number of employees increasing from 86 for the six months ended June 30, 2010 to 140 for the six months ended June 30, 2011 which includes the headcount added through the acquisition of the Global Companies in 2011. The discretionary bonus pool increased by $4.1 million (141.1%) from $2.9 million in 2010 to $7.0 million in the second quarter of 2011 and increased by approximately $6.1 million (110.9%) from approximately $5.4 million to $11.5 million in the six month period ended June 30, 2011 compared with the corresponding periods of 2010. The increase in the discretionary employee bonus pool is a result of higher net operating income in the current year.

Stock-based compensation

Stock-based compensation for the three and six months ended June 30, 2011 was $1.2 million and $2.1 million, respectively, an increase of $0.9 million and $1.3 million respectively, compared to $0.3 million and $0.8 million respectively, in the comparative periods of 2010. The increase from 2010 is mostly the result of stock-based compensation expense relating to the earn-out shares (see note 7 to the interim consolidated financial statements) in the amount of $1.7 million for the 5 months since the closing of the acquisition of the Global Companies ($1.0 million for the quarter).

At January 1, 2010, a reduction of $1.6 million to retained earnings relating to stock-based compensation (stock options) was made with a corresponding increase of $1.6 million to contributed surplus. The transition to IFRS required a retrospective adjustment to opening retained earnings of the prior year. This adjustment was required to reflect the accounting treatment of share-based payments (stock options) under IFRS which results in the expensing of such awards on a graded basis unlike the straight-line methodology previously followed by the Company. The impact of this change results in a tapering effect of expensing the Company's stock options with a greater proportion of the expense being charged to income in earlier years.

Trailer Fees

Trailer fees are somewhat correlated with AUM and with Management Fees. For the three and six months ended June 30, 2011 trailer fees of $6.7 million and $13.3 million respectively were 29.4% and 30.5% higher than in the corresponding period of 2010. This increase is reflective of the significant year-over-year increase in the AUM of our Mutual Funds and Domestic Hedge Funds which are the primary products to which trailer fees relate. Trailer fees as a percentage of Management Fees for the quarter ended June 30, 2011 have decreased to

17.9% from 21.2% for the quarter ended June 30, 2010 and decreased to 18.3% in the six months ended June 30, 2011, from 21.5% in the comparative period in 2010. This decline is due to the addition of AUM at the Global Companies which do not have an associated trailer fee obligation and the increase in the AUM of bullion Funds and our family of fixed income funds, which pay no or low trailer fees.

General & Administrative

General and administrative expenses increased by $1.3 million, (44.9%) to $4.3 million for the quarter and increased by $3.2 million (58.0%) to $8.7 million for the six months ended June 30, 2011 when compared to the three and six months ended June 30, 2010. General and administrative expenses consist primarily of rent, marketing, regulatory fees, sub-advisory fees, fund-related costs, legal, insurance, trading costs and professional fees as well as miscellaneous costs such as quote and news services, printing and systems maintenance. The increase in general and administrative expenses in 2011 is partially due to the addition of the Global Companies. The Company also experienced increases in most of the expense categories listed above as a result of an increase in the level of business activity including more employees, additional space, new funds and new streams of expenses resulting from the brokerage activities at Global. In the second quarter of 2010, the Company launched Sprott Private Credit Fund LP and retained a third party to provide investment advisory services to that Fund. The three and six months ending June 30, 2011 includes full period sub-advisory fees when compared to the corresponding periods of 2010.

Charitable Donations

In 2008 SAMI introduced a charitable donations program in terms of which 1% of the previous year's net income before tax, as may be adjusted from time to time based on profitability, cash flow and other similar measures is donated to children's charities. In order to better match the charitable donations expense with the associated income, the Company changed the calculation methodology of the donation policy in the fourth quarter of 2010. Previously, the charitable donation accrual was calculated on 1% of the previous year's pre tax income. Beginning in 2010, we accrued 1% of the current year's income before taxes. In addition to donations under the program described above, we make other corporate donations to selected causes. The donation expense for the quarter ending June 30, 2011 was higher than the corresponding quarter in 2010 due to the change in the donation calculation methodology where as the donation expense in the six months ending June 30, 2011 was lower than the corresponding six months in 2010 mainly due to other corporate donations, despite a higher net income before taxes during the six months ending June 30, 2011.

Amortization

Amortization expense is composed of amortization of property and equipment and the amortization of intangible assets. Amortization expense is higher in 2011 when compared to 2010 primarily due to the amortization of intangible assets arising on the acquisition of the Global Companies and an increase in the amortization of deferred sales commissions. The identified intangible assets relating to the Global acquisition are being amortized on a straight-line basis over 7 years which reflect the average remaining useful life of the Funds on which these intangible assets are based.

EBITDA, Base EBITDA, Cash Flow from Operations and Net Income

As discussed earlier, there are a number of non-IFRS measures we use to evaluate the success of our business.

EBITDA allows us to assess our ongoing business without the impact of interest expense, income taxes and certain non-cash expenses, such as amortization and stock-based compensation. EBITDA is an indicator of our ability to pay dividends, invest in our business and continue operations.

For the three and six months ended June 30, 2011, EBITDA was $14.6 million and $32.0 million, respectively, compared with $11.4 million and $21.3 million for the three and six months ended June 30, 2010. The increase in EBITDA for the three and six months ended June 30, 2011 when compared to the three and six months ended June 30, 2010 is mainly a result of higher Management Fees and higher commissions due to the addition of Global, partially offset by losses on proprietary investments along with higher compensation and benefits, trailer fees, and general and administrative expenses. The Global Companies contributed approximately $2.2 million and $5.0 million to EBITDA for the three and six months ended June 30, 2011. Basic and diluted EBITDA per share for the quarter and six months ended June 30, 2011 was $0.09 and $0.19 compared to $0.08 and $0.14 for the three and six months ended June 30, 2010. For further clarity, EBITDA is reconciled to Net Income in the Summary Financial Information table earlier in this MD&A.

Base EBITDA, as previously defined in this MD&A, allows us to assess our ongoing business operations, with adjustments for non-recurring items as well as items that are not related to our core operations. For the three and six months ended June 30, 2011 Base EBITDA was $18.1 million and $35.1 compared with $10.3 million and $20.6 million in the three and six months ended June 30, 2010, representing an increase of $7.9 million (76.4%) and $14.4 million (70.0%) respectively. Base EBITDA for the three and six months of 2011 increased when compared to the three and six months of 2010 based predominantly on higher Management Fees. Base EBITDA excludes (i) unrealized and realized gains and losses on proprietary investments and (ii) Performance Fees net of Performance Fee related compensation and other Performance Fee related expenses. In the three and six months ended June 30, 2011, unrealized and realized losses on proprietary investments were $4.0 million and $3.6 million respectively, compared to unrealized and realized gains of $0.9 million and $0.5 million in the three and six months ended June 30, 2010. In the three and six months ended June 30, 2011, Performance Fees net of Performance Fee related compensation and other Performance Fee related expenses were $0.5 million and $0.6 million compared to $0.1 million in the three and six months ended June 30, 2010. The Global Companies contributed approximately $3.2 million and $5.7 million to Base EBITDA during the three and six months ended June 30, 2011. Base EBITDA per share for the quarter and six months ended June 30, 2011 was $0.11 and $0.21 respectively, compared to $0.07 and $0.14 for the three and six months ended June 30, 2010. For further clarity, Base EBITDA is reconciled to Net Income in the Summary Financial Information table earlier in this MD&A.

The Company also assesses its performance using Cash Flow from Operations. Previously defined in this MD&A, this metric helps to assess the ability of the Company to generate cash to fund day-to-day operations, pay dividends, pay sales commissions and support any other capital requirements of the Company.

Cash Flow from Operations for the six months ended June 30, 2011 was $21.4 million, up from $15.5 million in the six months ended June 30, 2010. Similar to EBITDA and Base EBITDA, the primary contributor to this was the increase in the general business of the Company coupled with the cash flow produced by the Global Companies since their acquisition on February 4, 2011. A significant difference between this measure and EBITDA and Base EBITDA is that it takes into consideration the income taxes paid or payable by the Company. For the six months ending June 30, 2010, the provision for income taxes was $5.9 million and for the six months ending June 30, 2011, the provision for income taxes was $8.1 million. Cash Flow from Operations per share for the first six months of 2011 was $0.13 versus $0.10 for the corresponding period in 2010. For further clarity, Cash Flow from Operations is reconciled to Net Income in the Summary Financial Information table earlier in this MD&A.

Income before taxes for the three and six months ended June 30, 2011 was $11.2 million and $26.2 million compared with a pre-tax net income of $10.8 million and $20.1million for the three and six months ended June 30, 2010. The effective tax rate of 33.1% and 31.0% was marginally higher for the three and six months ended June 30, 2011 when compared to 28.4% and 29.3% for the three and six months ended June 30, 2010 primarily as a result of higher tax rates in the US despite the partial drawdown of the deferred tax liability arising on the acquisition of the Global Companies. The acquisition of the Global Companies resulted in a deferred income tax liability of $20.1 million relating to the identified intangible assets which is being drawn down over 7 years; the same period over which the associated intangible assets are being amortized to income. The drawdown of the deferred tax liability results in a reduction to the provision for income taxes on the consolidated statement of income. This deferred tax liability is not a cash liability of the Company but is an accounting item resulting from the accounting for the acquisition.

Net income for the three and six months ended June 30, 2011 was $7.5 million and $18.1 million respectively, compared to net income of $7.8 million and $14.2 million for the three and six months ended June 30, 2010. The decrease in the quarter and increase in the first six months of 2011 as compared to the corresponding periods in 2010 reflects the net effect of the changes previously discussed in this MD&A including the addition of the operations of the Global Companies since February 4, 2011. Basic and diluted net income per share for the three and six months ended June 30, 2011 was $0.04 and $0.11 respectively, versus $0.05 and $0.09 for the three and six months ended June 30, 2010.

Balance Sheet

Total assets at June 30, 2011 of $377.1 million were $34.3 million more than at December 31, 2010. Cash and cash equivalents of $122.7 million were $41.5 million higher than at December 31, 2010 due to cash inflows, including higher Management Fees, the monetization of prior year accrued Performance Fees and the collection of commissions by Global and SPW LP that more than offset the cash outflow from operating expenses, and the payment of bonuses and dividends.

Proprietary investments are comprised of investments in various Funds that we manage, including those managed by RCIC, equities and warrants, including an investment in SRLC and gold and silver bullion. Proprietary investments are discussed in more detail in the Revenue section of this MD&A.

Fees receivable at June 30, 2011 were $12.9 million, which is $196.2 million lower than at December 31, 2010 as approximately $197 million of year end Performance Fees that were outstanding at the end of 2010, were received in early 2011. Other assets increased by $3.6 million to $5.6 million from $2.0 million mainly due to broker warrants that are payable to employees of Global. There is an equal and offsetting amount relating to these broker warrants included in accounts payables and accrued liabilities of the Company.

Intangible assets as at June 30, 2011 of $48.4 million consist of finite and indefinite intangible assets. Intangible assets with indefinite useful lives relate to costs incurred to create fund management contracts between SAM LP and certain Funds managed by SAM LP. Intangible assets with finite lives relate to (i) the costs assigned to management contracts and carried interests as a result of the acquisition of the Global Companies and, (ii) deferred sales commissions the Company pays to brokers and dealers on the sale of mutual Fund securities. Deferred sales commissions are recorded at cost and amortized on a straight line basis over a maximum of three years. Deferred sales commissions at June 30, 2011 of $2.0 million were $1.1 million more than at December 31, 2010. During the first six months of 2011, $1.4 million in commissions were paid for low load funds partially offset by amortization of $0.3 million.

The acquisition of the Global Companies in the first quarter of 2011 resulted in goodwill of $118.9 million at June 30, 2011. Included in goodwill of $118.9 million is $3.2 million of foreign exchange differences which form part of other comprehensive loss. The Company had not recorded any goodwill prior to the acquisition of the Global Companies. Goodwill is not amortized, but is subject to impairment tests on at least an annual basis. Goodwill was revised during the current quarter as a result of our continuing finalization of the purchase price allocation relating to the acquisition of the Global Companies. Goodwill was reduced by approximately $1.9 million with a corresponding increase of $1.9 million to the deferred tax asset.

Net tangible assets acquired as a result of the Global Companies acquisition amounted to approximately $12.3 million which included cash of approximately $6.4 million. There were no fair value adjustments made to the net tangible assets acquired.

Accounts payable and accrued liabilities were $9.2 million at June 30, 2011, which is $7.8 million lower than at December 31, 2010. This decrease is primarily due to the remittance of the Harmonized Sales Tax to the Government of Canada that was due as a result of Performance Fees charged to certain Funds and Managed Accounts as of December 31, 2010.

Compensation and employee bonuses payable were $13.5 million at June 30, 2011 compared to $61.6 million at December 31, 2010. The decrease from December 31, 2011 primarily reflects the payment of the fiscal 2010 year end bonus during the first six months of 2011. In addition, as previously noted in the "Fees Receivable" explanation above, compensation and employees bonus payable also include broker warrants payable to employees of Global. There is an equal and offsetting amount relating to these broker warrants included in other assets of the Company.

SUMMARY OF QUARTERLY RESULTS

(In $ 000's)	As at 30-Sep-09	As at 31-Dec-09	As at 31-Mar-10	As at 30-Jun-10	As at 30-Sep-10	As at 31-Dec-10	As at **31-Mar-11**	As at **30-Jun-11**
Assets Under Management	4,338,422	4,773,789	5,155,224	5,546,430	6,513,445	8,545,276	**9,677,558**	**9,292,186**

(In $ 000's, except per share amounts)	(Canadian GAAP) 3 Months ending 30-Sep-09	3 Months ending 31-Dec-09	3 Months ending 31-Mar-10	3 Months ending 30-Jun-10	3 Months ending 30-Sep-10	3 Months ending 31-Dec-10	**3 Months ending 31-Mar-11**	**3 Months ending 30-Jun-11**
Income Statement Information								
Revenue								
Management fees	20,702	23,052	23,248	24,212	24,692	31,534	**35,547**	**37,228**
Performance fees	152	10,614	–	196	719	199,139	**170**	**615**
Commissions	28	23	2,577	432	326	2,876	**3,027**	**4,864**
Unrealized and realized gain (loss) on proprietary investments	657	1,465	(427)	949	2,852	5,351	**362**	**(3,996)**
Other income	492	592	334	812	501	2,890	**409**	**582**
Total revenue	22,031	35,746	25,732	26,601	29,090	241,790	**39,515**	**39,293**
Net income	5,506	13,313	6,427	7,766	9,954	108,302	**10,566**	**7,489**
EBITDA	8,816	19,381	9,913	11,381	13,746	167,109	**17,400**	**14,606**
Base EBITDA	8,045	9,955	10,340	10,285	10,355	12,404	**16,911**	**18,141**
Basic and diluted earnings per share	0.03	0.09	0.04	0.05	0.06	0.72	**0.07**	**0.04**

Performance Fees are earned on the last day of the fiscal year other than for the Funds that are managed by RCIC. As a result, quarters ending December 31 are significantly more variable than other quarters during the year.

Pursuant to the acquisition of the Global Companies as explained in greater detail earlier in this MD&A, on February 4, 2011, the Company issued 19,467,500 common shares from treasury (see note 4 to the interim consolidated financial statements) increasing the number of common shares outstanding of the Company to 169,467,500. Prior to this, the Company had 150,000,000 issued and outstanding common shares. The consolidated results shown in the table above include the results of the Global Companies from the date of that acquisition.

DIVIDENDS

On January 10, 2011, a special dividend in the amount of $0.60 per common share was declared. The special dividend related to Performance Fees received for 2010 and was paid on February 3, 2011 to shareholders of record at the close of business on January 19, 2011.

On March 22, 2011, the Company declared a second special dividend of $0.12 per common share related to Performance Fees received for 2010. This second special dividend was paid April 15, 2011 to shareholders of record at the close of business on March 31, 2011.

On March 22, 2011, the Company declared a regular dividend of $0.03 per common share for the quarter ended December 31, 2010. This dividend was paid on April 15, 2011 to shareholders of record at the close of business on March 31, 2011.

The shares issued from treasury on February 4, 2011 as a result of the acquisition of the Global Companies were not eligible to receive any of the aforementioned dividends.

On June 1, 2011, a dividend of $0.03 per common share was declared for the quarter ended March 31, 2011. This dividend was paid on June 27, 2011 to shareholders of record at the close of business on June 10, 2011.

In August 2011, a dividend of $0.03 per common share was declared for the quarter ended June 30, 2011.

CAPITAL STOCK

The capital stock at the end of 2010 was $40.1 million with 150,000,000 common shares issued and outstanding. As at June 30 2011, capital stock had increased by $168.8 million to $208.9 million as a result of the issuance of 19,467,500 common shares in connection with the acquisition of the Global Companies on February 4, 2011. As at June 30, 2011, the Company had 169,467,500 common shares issued and outstanding.

An additional 532,500 common shares of the Company will be provided to employees of the Global Companies during 2011. In addition, the seller and certain current and future employees will be eligible to earn up to an additional 8 million common shares of the Company with the achievement of certain earnings targets by the Global Companies over a period not exceeding five years from the date of the acquisition of the Global Companies.

Earnings per share as at June 30, 2011 and June 30, 2010 have been calculated using the weighted average number of shares outstanding during the respective periods. Basic and diluted earnings per share were $0.04 and $0.11 for the three and six months ended June 30, 2011 and $0.05 and $0.09 for the three and six months ended June 30, 2010. For the current year's quarter, diluted earnings per share reflects the dilutive effect of in-the-money stock options and the additional 532,500 common shares to be issued by the Company to certain current and future employees of the Global Companies.

A total of 2,650,000 stock options have been issued pursuant to our incentive stock option plan. In the first quarter of 2010, 100,000 options were cancelled and 50,000 new options were granted. In the fourth quarter of 2010, 150,000 new options were granted, bringing the stock option balance to 2,650,000 options outstanding. As at June 30, 2011, 2,466,667 of those stock options were exercisable.

LIQUIDITY AND CAPITAL RESOURCES

Management Fees can be projected and forecasted with a higher degree of certainty than Performance Fees and Carried Interests, and are therefore used as a base for budgeting and planning in our business. Management Fees are collected monthly or quarterly, which assists our ability to manage cash flow. We believe that Management Fees will continue to be sufficient to satisfy our ongoing operational needs, including expenditure on our corporate infrastructure, business development and information systems. The nature of our operations ensures that the largest outflows, such as trailer fees and monthly compensation, are correlated with cash inflows, in the form of Management Fees. Fixed costs, such as rent, base payroll and general and administrative expenses are managed to comprise a relatively low percentage of monthly Management Fees.

We do not have off-balance sheet contractual arrangements and no material contractual obligations other than our long-term lease agreement expiring on December 31, 2013. During the quarter ended March 31, 2011 we established a revolving term credit facility with a Canadian chartered bank in the amount of $50 million. As at June 30, 2011, the Company had not drawn down any part of this credit facility.

SPW LP is a member of IIROC and a registered investment dealer and SAM LP is an OSC registrant in the category of IFM, PM and EMD, and as such each of SPW LP and SAM LP is required to maintain a minimum amount of regulatory capital calculated in accordance with the rules of IIROC and of the OSC, respectively. In addition, Global is registered with FINRA in the United States and is required to maintain a minimum amount of regulatory capital calculated in accordance with the rules of FINRA. During the six months ended June 30, 2011, SAM LP, SPW LP and Global were in compliance with specified capital requirements.

CRITICAL ACCOUNTING ESTIMATES

These interim condensed consolidated financial statements were prepared in accordance with IAS 34, using the accounting policies the Company expects to adopt in its consolidated financial statements as at and for the year ending December 31, 2011. In preparing the Company's first annual financial statements under IFRS, the Company is required to use the standards in effect as at December 31, 2011, which may differ from the policies the Company currently expects to adopt and used in the current interim financial statements. Differences may arise as a result of new standards being issued, with an effective date of December 31, 2011 or prior, before the preparation of the Company's 2011 annual financial statements. Accordingly, to the extent that new standards are issued with an effective date of December 31, 2011 or prior, the accounting policies used in these interim consolidated financial statements may differ from those used in the Company's 2011 annual financial statements.

Please see note 2 of the Company's interim consolidated financial statements for the three month period ended March 31, 2011 for the Company's significant accounting policies. Accounting policies that require management's judgment and estimates are also described in note 2 to the interim consolidated financial statements for the three month period ended March 31, 2011.

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company adopted IFRS effective January 1, 2011 with a transition date of January 1, 2010. The adoption of IFRS has not had a material impact on the Company's operations, strategic decisions and cash flow. The Company's IFRS accounting policies are provided in note 2 to the interim consolidated financial statements for the three month period ended March 31, 2011. In addition, note 3 to the interim consolidated financial statements presents reconciliations between the Company's 2010 GAAP results and the 2010 IFRS results and explanation of the adjustments to transition to IFRS.

HIGHLIGHTS OF THE IMPACT OF IFRS

The following adjustments were made to the financial statements as a result of transition to IFRS:

- The value of proprietary investments have increased by $254 thousand as at January 1, 2010 and by $730 thousand as at December 31, 2010, as a result of re-designating financial assets classified as available-for-sale under Canadian GAAP to fair value through profit or loss under IAS 39. The impact of this adjustment was not material to the opening balance sheet but has increased the net income for the year ended December 31, 2010 by $165 thousand. Similarly, net income for the three and six months ended June 30, 2010 decreased by $160 thousand and increased by $251 thousand respectively.
- For equity instruments, such as stock options, the timing of expense recognition differs between Canadian GAAP and IFRS. While the total stock option expense calculation is similar under the two sets of standards, under IFRS, the expense is recognized on a graded vesting schedule as compared with straight line vesting under Canadian GAAP. This results in a larger portion of the expense being recognized earlier in the vesting period. An adjustment of $1.6 million was recorded as at January 1, 2010 to account for the difference which had no impact to the Company. This adjustment was a reclassification between contributed surplus and opening retained earnings on January 1, 2010. For the three and six months ended June 30, 2010, the transition to IFRS resulted in an increase of $0.2 million and $0.3 million respectively, to net income. For the year ended December 31, 2010, the transition to IFRS resulted in an increase of $1.1 million to net income.

As a result of the above mentioned adjustments, net income for the three and six months ended June 30, 2010 increased by $0.1 million to $7.8 million and $0.6 million to $14.2 million under IFRS from $7.7 million and $13.6 million under Canadian GAAP. The change in net income had no impact on earnings per share.

EBITDA for the three months ended June 30, 2010 decreased by $0.2 million to $11.4 million under IFRS from $11.6 million under Canadian GAAP and EBITDA for the six months ended June 30, 2010 increased by $0.3 million to $21.3 million under IFRS from $21.0 million under Canadian GAAP. Base EBITDA for the three and six months ended June 30, 2010 remained unchanged at $10.3 million and $20.6 million and under Canadian GAAP and IFRS. EBITDA per share remained unchanged at $0.08 and $0.14 for the three and six months ended June 30, 2010 under Canadian GAAP and IFRS. Base EBITDA per share for the three and six months ended June 30, 2010 remained unchanged at $0.07 and $0.14 respectively under Canadian GAAP and IFRS.

IMPACT OF IFRS ON EARNINGS VOLATILITY

In the periods where the company issues stock-based compensation to its employees and directors, the Company's earnings will fluctuate as the timing of the expense recognition differs between Canadian GAAP and IFRS. While the total stock option expense calculation is similar under the two sets of standards, under IFRS, the expense is recognized on a graded vesting schedule as compared with straight line vesting under Canadian GAAP.

In the periods where the Company faces an increase in legal claims or litigation, the Company's earnings will become more volatile. This is primarily as a result of recording changes to contingent liabilities each quarter, where IFRS has a lower probability threshold for recording a provision than under Canadian GAAP.

ALTERNATIVE AND POLICY CHOICES UNDER IFRS

A summary of the Company's significant accounting policies under IFRS are provided in note 2 to the interim consolidated financial statements for the three month period ended March 31, 2011. These policies have been retrospectively and consistently applied except where specific exemptions permitted an alternative treatment upon transition to IFRS in accordance with IFRS 1 as disclosed in note 3 to the interim consolidated financial statements.

Exemptions applied

IFRS 1 *First-Time Adoption of International Financial Reporting Standards* allows first-time adopters certain exemptions from the general requirement to apply IFRS as effective for December 31, 2011 year ends retrospectively.

The Company has applied the following exemptions:

- IFRS 3 *Business Combinations* has not been applied to acquisitions of subsidiaries or of interests in associates and joint ventures that occurred before January 1, 2010.
- IFRS 2 *Share-based Payment* has not been applied to equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before January 1, 2010.
- IAS 39 *Financial Instruments: Recognition and Measurement* – The Company has re-designated financial assets classified as available-for-sale under Canadian GAAP as fair value through profit or loss under IAS 39. These financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented investment strategy.

RELATED PARTY TRANSACTIONS

In September 2010, Mr. Sprott, Chairman of the Company, personally funded a share incentive program through his personal holding company. The program provided Mr. Grosskopf and Mr. Bambrough with a total of 8 million common shares of the Company. This arrangement did not result in the issuance of common shares from the treasury of the Company. See note 7(a) of the Company's interim consolidated financial statements for additional information.

At June 30, 2011, the Company owed approximately $0.6 million to the previous owner of the Global Companies who is now a senior employee of the Company. The amount relates to compensation payable as at the date of the acquisition.

MANAGING RISK

There are certain risks inherent in the activities of the Company, including risks related to general market conditions; changes in the financial markets; failure to retain and attract qualified staff; poor investment performance; changes in the investment management industry; competitive pressures; failure to manage risks; rapid growth; regulatory compliance; public company reporting and other regulatory obligations; historical financial information not necessarily indicative of future performance; failure to execute our succession plan; conflicts of interest; litigation risk; employee errors or misconduct; effectiveness of information security policies, procedures and capabilities; failure to develop effective business continuity plans; entering new lines of business; fluctuations in Performance Fees and Carried Interests; rapid growth or decline in our AUM; insufficient insurance coverage; possible volatility of the share price; and control by a principal shareholder.

We have processes and procedures in place to monitor and mitigate these risks to the extent reasonable and practicable within the framework of our overall strategic objectives of delivering excellence in investment performance.

Certain key risks are managed as described below:

Market Risk

We monitor, evaluate and manage the principal risks associated with the conduct of our business. These risks include external market risks to which all investors are subject and internal risk resulting from the nature of our business. In SAM LP, RCIC and Terra, at the investment product level, we manage risk through the selection, weighting and monitoring of individual investments based on stated investment objectives and strategies. At SPW LP and Global, we manage risk at the asset allocation level, by focusing on mitigating risk through the appropriate selection and weighting of portfolio investments for each client to reflect their suitability and risk tolerance.

Internal Controls and Procedures

SAM LP, SPW LP, Global and Terra operate in regulated environments and are subject to business conduct rules and other rules and regulations. We have internal control policies related to our business conduct. They include controls required to ensure compliance with the rules and regulations of relevant regulatory bodies including the OSC, IIROC, FINRA and the SEC.

Management's Discussion & Analysis

Disclosure Controls and Procedures ("DC&P") and Internal Control over Financial Reporting ("ICFR")
Management is responsible for the design and operational effectiveness of DC&P and ICFR in order to provide reasonable assurance regarding the disclosure of material information relating to the Company and information required to be disclosed in our annual filings, interim filings and other reports filed under securities legislation, as well as the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Consistent with *National Instrument 52-109*, the Company's CEO and CFO have evaluated the DC&P and ICFR as of June 30, 2011 and concluded that the controls have been properly designed and are operating effectively.

There was no change in the Company's internal control over financial reporting that occurred during the quarter ended June 30, 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Conflicts of Interest
Internally, we have established a number of policies with respect to our employees' personal trading. Employees may not trade any of the securities held or being considered for investment by any of our Funds without prior approval. In addition, employees must receive prior approval before they are permitted to buy or sell securities. Speculative trading is strongly discouraged. While employees are permitted to have investments managed by third parties on a discretionary basis, they generally choose to invest in the Funds. All of our employees must comply with our Code of Ethics. This Code establishes strict rules for professional conduct and management of conflicts of interest.

Independent Review Committee
National Instrument 81-107 – *Independent Review Committee for Investment Funds* ("NI 81-107") requires all publicly offered investment funds to establish an independent review committee to whom all conflicts of interest matters must be referred for review or approval. We have established one independent review committee for all of our public mutual Funds. As required by NI 81-107, we have established written policies and procedures for dealing with conflict of interest matters, and we maintain records in respect of these matters and provide assistance to the independent review committee in carrying out its functions. The independent review committee is comprised of three independent members, and is subject to requirements to conduct regular assessments and provide reports to us and to the holders of interests in our public mutual Funds in respect of its functions.

Confidentiality of Information
We believe that confidentiality is essential to the success of our business, and we strive to consistently maintain the highest standards of trust, integrity and professionalism. Account information is kept under strict control in compliance with all applicable laws, and physical, procedural, and electronic safeguards are maintained in order to protect this information from access by unauthorized parties. We keep the affairs of our clients confidential and do not disclose the identities of our clients (absent express client consent to do so). If a prospective client requests a reference, we will not furnish the name of an existing client before receiving permission from that client to reveal their business relationship with us.

Insurance
We maintain appropriate insurance coverage for general business and liability risks as well insurance coverage required by regulation. We review our insurance coverage periodically to ensure continued adequacy.

Additional information relating to the Company is available on SEDAR at www.sedar.com.

Sprott Inc.

Unaudited Interim Condensed Consolidated Financial Statements

June 30, 2011 and 2010

Sprott Inc.

Unaudited Interim Consolidated Balance Sheets

($ in thousands of Canadian dollars)	*As at June 30,* 2011	*As at December 31,* 2010
	$	$
Assets		
Current		
Cash and cash equivalents	122,717	81,209
Fees receivable	12,869	209,078
Other assets	5,619	2,025
Total current assets	141,205	292,312
Proprietary investments *(Note 5)*	47,840	42,614
Property and equipment, net	5,265	3,705
Goodwill and intangibles *(Note 6)*	167,352	2,201
Deferred income taxes *(Note 8)*	15,434	1,935
	235,891	50,455
Total assets	377,096	342,767
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	9,219	17,010
Compensation and employee bonuses payable	13,540	61,644
Income taxes payable	48,265	47,991
Total current liabilities	71,024	126,645
Deferred income taxes *(Note 8)*	20,369	1,860
Total liabilities	91,393	128,505
Shareholders' equity		
Capital stock *(Note 7)*	208,888	40,105
Contributed surplus *(Note 7)*	39,008	32,406
Retained earnings	42,222	141,751
Accumulated other comprehensive loss	(4,415)	–
Total shareholders' equity	285,703	214,262
Total liabilities and shareholders' equity	377,096	342,767

See accompanying notes

Sprott Inc.

Unaudited Interim Consolidated Statements of Income

($ in thousands of Canadian dollars, except for per share amounts)	For the three months ended **June 30, 2011**	For the three months ended June 30, 2010	For the six months ended **June 30, 2011**	For the six months ended June 30, 2010
	$	$	$	$
Revenue				
Management fees	**37,228**	24,212	**72,775**	47,460
Crystallized performance fees	**615**	196	**785**	196
Commissions	**4,864**	432	**7,891**	3,009
Unrealized and realized gains (losses) on proprietary investments	**(3,996)**	949	**(3,634)**	522
Other income	**582**	812	**991**	1,146
Total revenue	**39,293**	26,601	**78,808**	52,333
Expenses				
Compensation and benefits	**13,511**	6,967	**24,180**	14,667
Stock-based compensation	**1,209**	317	**2,105**	793
Trailer fees	**6,653**	5,143	**13,332**	10,213
General and administrative	**4,258**	2,939	**8,736**	5,530
Donations	**265**	171	**554**	629
Amortization of intangibles	**1,903**	35	**3,181**	55
Amortization of property and equipment	**296**	186	**565**	358
Total expenses	**28,095**	15,758	**52,653**	32,245
Income before income taxes for the period	**11,198**	10,843	**26,155**	20,088
Provision for income taxes *(Note 8)*	**3,709**	3,077	**8,100**	5,895
Net income for the period	**7,489**	7,766	**18,055**	14,193
Basic earnings per share	**$0.04**	$0.05	**$0.11**	$0.09
Diluted earnings per share	**$0.04**	$0.05	**$0.11**	$0.09

See accompanying notes

Unaudited Interim Consolidated Statements of Comprehensive Income

($ in thousands of Canadian dollars)	*For the three months ended* **June 30, 2011**	*For the three months ended* June 30, 2010	*For the six months ended* **June 30, 2011**	*For the six months ended* June 30, 2010
	$	$	$	$
Net income	**7,489**	7,766	**18,055**	14,193
Other comprehensive loss				
Foreign currency translation loss on foreign operations	**(1,068)**	–	**(4,415)**	–
Total other comprehensive loss	**(1,068)**	–	**(4,415)**	–
Comprehensive income	**6,421**	7,766	**13,640**	14,193

See accompanying notes

Unaudited Interim Consolidated Statements of Changes in Shareholders' Equity

($ in thousands of Canadian dollars, other than number of shares)	Number of Shares Outstanding	Capital Stock	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
		$	$	$	$	$
At January 1, 2011	150,000,000	40,105	32,406	141,751	–	214,262
Business acquisition *(Note 4)*	19,467,500	168,783	–	–	–	168,783
Foreign currency translation loss on foreign operations	–	–	–	–	(4,415)	(4,415)
Additional purchase consideration *(Note 4)*	–	–	4,497	–	–	4,497
Stock-based compensation	–	–	2,105	–	–	2,105
Special dividends paid	–	–	–	(108,000)	–	(108,000)
Regular dividends paid	–	–	–	(9,584)	–	(9,584)
Net income	–	–	–	18,055	–	18,055
Balance, June 30, 2011	169,467,500	208,888	39,008	42,222	(4,415)	285,703
At January 1, 2010	150,000,000	40,105	5,457	30,801	–	76,363
Stock-based compensation	–	–	793	–	–	793
Regular dividends paid	–	–	–	(7,500)	–	(7,500)
Special dividend paid	–	–	–	(6,000)	–	(6,000)
Net income	–	–	–	14,193	–	14,193
Balance, June 30, 2010	150,000,000	40,105	6,250	31,494	–	77,849

See accompanying notes

Unaudited Interim Consolidated Statements of Cash Flows

($ in thousands of Canadian dollars)	For the six months ended June 30, 2011	For the six months ended June 30, 2010
	$	$
OPERATING ACTIVITIES		
Net income for the period	**18,055**	14,193
Add (deduct) non-cash items:		
Unrealized and realized (gains) losses on proprietary investments	**3,634**	(522)
Stock-based compensation	**2,105**	793
Amortization of property and equipment	**565**	358
Amortization of intangible assets	**3,181**	55
Deferred income taxes (recovery)	**(4,727)**	766
Other items	**(1,415)**	(100)
Fees receivable	**198,960**	10,080
Other assets	**(3,458)**	1,174
Accounts payable and accrued liabilities	**(9,926)**	(674)
Compensation and employee bonuses payable	**(48,571)**	(2,627)
Income taxes payable	**197**	5,133
Effect of foreign exchange on cash balances	**(186)**	–
Cash provided by operating activities	**158,414**	28,629
INVESTING ACTIVITIES		
Purchase of proprietary investments	**(4,661)**	(1,085)
Sale of proprietary investments	**2,410**	3,742
Purchase of property and equipment	**(2,061)**	(64)
Deferred sales commissions paid	**(1,427)**	(381)
Indefinite life fund management contracts	**–**	(1,358)
Cash acquired on acquisition	**6,417**	–
Cash provided by investing activities	**678**	854
FINANCING ACTIVITIES		
Dividends paid	**(117,584)**	(13,500)
Cash used in financing activities	**(117,584)**	(13,500)
Net increase in cash and cash equivalents during the period	**41,508**	15,983
Cash and cash equivalents, beginning of the period	**81,209**	49,010
Cash and cash equivalents, end of the period	**122,717**	64,993
Cash and cash equivalents:		
Cash	**22,236**	20,456
Short-term deposits	**100,481**	44,537
	122,717	64,993
SUPPLEMENTAL CASH FLOW INFORMATION		
Income taxes paid	**10,209**	–
Interest paid	**–**	–

See accompanying notes

Sprott Inc.
Notes to the Unaudited Interim Condensed Consolidated Financial Statements *For the three and six months ended June 30, 2011 and 2010*

1. Corporate Information

Sprott Inc. (the "Company") was incorporated under the Business Corporations Act (*Ontario*) on February 13, 2008. The Company was incorporated to acquire, through an exchange of shares, all of the shares of Sprott Asset Management Inc. ("SAMI"). Its registered office is at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario, M5J 2J2.

On May 8, 2008, the Company filed a prospectus in each of the provinces and territories of Canada in respect of the initial public offering of 20 million common shares to be effected via a secondary offering by certain shareholders of the Company. Common shares of the Company are traded on the Toronto Stock Exchange ("TSX") under the symbol SII.

On June 1, 2009, SAMI completed a corporate reorganization and transferred its discretionary portfolio management business to Sprott Asset Management LP ("SAM LP") and its broker dealer services to Sprott Private Wealth LP ("SPW LP"). After the reorganization, SAMI was wound up into the Company. As a result of the reorganization, the Company is now the sole limited partner of SAM LP, SPW LP and Sprott Consulting LP ("SCLP"). The reorganization had no impact on the consolidated financial statements. SCLP provides management and administrative services to other companies.

On February 4, 2011, the Company completed an acquisition, through its wholly-owned subsidiary Sprott U.S. Holdings Inc., of all of the outstanding stock of Rule Investments, Inc. (the owner of Global Resource Investments, Ltd. ("Global"), Terra Resource Investment Management, Inc. ("Terra") and Resource Capital Investment Corporation ("RCIC") (collectively, the "Global Companies")). Global is a California limited partnership that operates as a securities broker-dealer and Terra provides discretionary investment management services. RCIC is the general partner and discretionary asset manager to the Exploration Capital Partners family of limited partnerships.

2. Summary of Significant Accounting Policies

Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared by management to comply with International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies the Company expects to adopt in its consolidated financial statements as at and for the year ending December 31, 2011.

These unaudited interim condensed consolidated financial statements are prepared using International Financial Reporting Standards ("IFRS"). Prior to 2011, the Company prepared interim and annual consolidated financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP").

The same accounting policies and methods of computation were followed in the preparation of these unaudited interim condensed consolidated financial statements as were followed in the preparation of the unaudited interim consolidated financial statements for the three month period ended March 31, 2011. In addition, the unaudited interim consolidated financial statements for the three month period ended March 31, 2011 contain certain incremental annual IFRS disclosures not included in the annual financial statements for the year ended December 31, 2010 ("2010 Annual Financial Statements") prepared in accordance with previous Canadian GAAP. Accordingly, these unaudited interim condensed consolidated financial statements for the three and six month periods ended June 30, 2011 should be read together with the 2010 Annual Financial Statements prepared in accordance with previous Canadian GAAP as well as the unaudited interim consolidated financial statements for the three month period ended March 31, 2011 and in consideration of the IFRS transition disclosures included in note 3 to these unaudited interim condensed consolidated financial statements. All defined terms used herein are consistent with those terms as defined in the 2010 Annual Financial Statements.

The unaudited interim condensed consolidated financial statements of the Company for the three and six months ended June 30, 2011 were authorized for issue by a resolution of the Board of Directors on August 9, 2011.

Basis of presentation

The unaudited interim consolidated financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities held at fair value through profit or loss, available-for-sale investments and bullion, all of which have been measured at fair value.

3. Transition to IFRS

The Company has adopted IFRS effective January 1, 2011. Prior to the adoption of IFRS the Company prepared its consolidated financial statements in accordance with Canadian GAAP. The Company's consolidated financial statements for the year ending December 31, 2011 will be the first annual consolidated financial statements that comply with IFRS. Accordingly, the Company will make an unreserved statement of compliance with IFRS beginning with its 2011 annual consolidated financial statements. These unaudited interim consolidated financial statements have been prepared in accordance with the accounting policies referred to in note 2. In preparing the Company's first annual consolidated financial statements under IFRS, the Company is required to use the standards in effect as at December 31, 2011, which may differ from the policies the Company currently expects to adopt and used in these unaudited interim consolidated financial statements. Differences may arise as a result of new standards being issued, with an effective date of December 31, 2011 or prior, before the preparation of the Company's 2011 annual consolidated financial statements. Accordingly, the 2011 annual consolidated financial statements may differ from these unaudited interim consolidated financial statements.

In preparing these unaudited interim consolidated financial statements, the Company has adjusted certain previously reported amounts prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has impacted the Company's consolidated financial statements is set out in the following notes.

Initial elections on first-time adoption of IFRS

As a general rule, IFRS requires full retrospective application of applicable accounting standards. IFRS 1 *First-Time Adoption of International Financial Reporting Standards* ("IFRS 1") does, however, provide entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions to this general requirement.

Elected exemptions from full retrospective application

- IFRS 1 provides the option to apply IFRS 3 *Business Combinations*, retrospectively or prospectively from January 1, 2010 ("Transition Date"). The retrospective basis would require restatement of all business combinations that occurred prior to the Transition Date. The Company elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to its Transition Date.
- IFRS 2 *Share-based Payments*, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company did not apply IFRS 2 *Share-based Payments* to equity instruments that were granted on or before November 7, 2002, nor has it been applied to equity instruments granted after November 7, 2002 that vested before January 1, 2010.
- The Company has re-designated financial assets designated as available-for-sale under Canadian GAAP as fair value through profit or loss under IAS 39 *Financial Instruments: Recognition and Measurement* at the Transition Date. These financial assets are managed and their performance is evaluated on a fair value basis, in accordance with a documented investment strategy.

Mandatory exceptions to full retrospective application

In accordance with the mandatory exceptions to retrospective restatement under IFRS 1, hindsight was not used to create or revise estimates at the Transition Date and, accordingly, the estimates previously made by the Company under Canadian GAAP are consistent with their application under IFRS, except where necessary to reflect any difference in accounting policies.

First IFRS financial statements

The first date at which IFRS was applied was January 1, 2010. In accordance with IFRS, the Company has:

- provided comparative financial information;
- applied the same accounting policies throughout all periods presented;
- retrospectively applied all effective IFRS standards as of January 1, 2011, as required; and
- applied certain optional exemptions and certain mandatory exceptions as applicable for first time IFRS adopters.

Reconciliations of Canadian GAAP to IFRS

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. IFRS 1 requires an entity to reconcile equity, comprehensive income and cash flows for prior periods. These reconciliations along with the explanation of the differences are presented as follows:

Reconciliation of equity as reported under Canadian GAAP to IFRS ($ in thousands):

As at	*June 30,* 2010
Shareholders' equity under Canadian GAAP	77,375
Differences increasing reported shareholders' equity:	
(i) Proprietary investments re-designation, net of income taxes	474
(ii) Share-based payments	–
Shareholders' equity under IFRS	77,849

Reconciliation of net income and comprehensive income as reported under Canadian GAAP to IFRS ($ in thousands):

	For the three months ended June 30 2010	*For the six months ended June 30* 2010
Net income and comprehensive income under Canadian GAAP	7,676	13,601
Differences increasing reported net income and comprehensive income		
(i) Proprietary investments re-designation, net of income taxes	(159)	252
(ii) Share-based payments	249	340
Net income and comprehensive income under IFRS	7,766	14,193

Reconciliation of cash flow activities as reported under Canadian GAAP to IFRS:

The transition from Canadian GAAP to IFRS has not had a significant impact on the presentation of the Company's consolidated statement of cash flows for the six months ended June 30, 2010. Adjustments include changes in share-based payments and unrealized and realized gains on proprietary investments balances in non-cash operating items as a result of the transition adjustments described in note 3.

Notes to the reconciliations

i. The Company has elected to re-designate certain financial assets that were classified as available-for-sale securities under Canadian GAAP to fair value through income or loss under IFRS. The re-designated financial assets had been carried at cost less impairment under Canadian GAAP. Changes in fair value subsequent to the Transition Date are reflected in the unaudited interim consolidated statements of income.

ii. IFRS requires the use of a graded vesting method to account for share-based awards that vest in installments over the vesting period as opposed to straight-line recognition applied under Canadian GAAP, resulting in accelerated compensation expense. An estimate of the number of awards expected to be vested at each balance sheet date is also required under IFRS instead of recognizing any forfeitures as they occur as required under Canadian GAAP. This difference in measurement resulted in a net reclassification between contributed surplus and retained earnings and an increase to net income resulting from the transition to accelerated share-based payments expense recognition.

4. Business Acquisition

On February 4, 2011, the Company acquired all of the outstanding stock of Rule Investments, Inc. (the owner of Global), Terra and RCIC. The purchase price was satisfied by the issue of 19,467,500 common shares of the Company with a value of $8.67 per share, being the closing price of the Company's shares on the TSX on February 4, 2011 and in fiscal 2011 an additional 532,500 common shares of the Company which will be provided to employees of the Global Companies. In addition, the seller and certain current and future employees will be eligible to earn up to an additional 8 million common shares of the Company with the achievement of certain earnings targets by the Global Companies.

The Company accounted for the acquisition using the acquisition method and the results of operations have been consolidated from the date of the transaction.

Details of the net assets acquired, at fair value, are as follows ($ in thousands):

	February 4, 2011
Cash and cash equivalents	6,417
Fees receivable and other assets	11,470
Proprietary investments	5,337
Deferred tax assets	10,081
Fund management contracts and carried interests	49,220
Accounts payable and accrued liabilities	(449)
Compensation and employee bonuses payable	(981)
Other long-term liabilities	(9,769)
Deferred tax liabilities	(20,055)
Goodwill on acquisition	122,129
Purchase consideration	173,400
Purchase consideration transferred	168,783
Additional purchase consideration (note 7)	4,617
Purchase consideration	173,400

The fund management contracts and carried interests acquired are recognized as intangible assets with a finite life. Amortization is computed on a straight-line basis based on the estimated useful lives of these assets, which is 7 years for both fund management contracts and carried interests. The goodwill acquired of $122.1 million, which is not tax deductible, relates to the expected synergies and/or intangible assets that do not qualify for separate recognition. The acquisition is expected to provide benefits across the organization and throughout the Global Companies through the sharing of intellectual capital, the development of new products and by leveraging the Company's products and brands in the United States and internationally. The additional purchase consideration refers to the additional 532,500 common shares of the Company to be provided to employees of the Global Companies. As part of the acquisition, the Company assumed operating leases for premises totaling $0.5 million expiring in 2012.

Predominantly all transaction costs associated with the acquisition were expensed in the prior year.

The amounts assigned to the assets acquired and liabilities assumed and associated goodwill and intangible assets may be adjusted when the allocation process has been finalized. The allocation of the purchase price is expected to be completed in 2011.

5. Proprietary Investments

Proprietary investments consist of the following ($ in thousands):

	June 30, **2011**	*December 31,* 2010
Gold bullion	**8,058**	7,931
Silver bullion	**11,234**	6,788
Public equities and share purchase warrants	**19,622**	21,387
Mutual funds and hedge funds	**7,045**	4,627
Private equities	**1,881**	1,881
Total proprietary investments	**47,840**	42,614

As at June 30, 2011, investments in public equities and share purchase warrants consisted primarily of companies in the resource sector. These investments include $15.1 million in common shares of Sprott Resource Lending Corp. (formerly Quest Capital Corp.), a public company listed on the TSX and NYSE Amex that is managed by a subsidiary of SCLP under a management services agreement.

Investments in mutual funds and hedge funds consisted entirely of investments in mutual funds and hedge funds managed by SAM LP or RCIC.

6. Goodwill and Intangibles

Goodwill and intangibles consist of the following ($ in thousands):

	Goodwill	Fund management contracts – indefinite life	Fund management contracts – finite life	Carried interests	Deferred sales commissions	Total
Cost						
As at January 1, 2010	–	–	–	–	98	98
Additions	–	1,370	–	–	913	2,283
As at December 31, 2010	–	1,370	–	–	1,011	2,381
Business acquisition	122,129	–	20,399	28,821	–	171,349
Additions	–	–	–	–	1,427	1,427
Net exchange differences	(3,183)	–	(523)	(738)	–	(4,444)
As at June 30, 2011	118,946	1,370	19,876	28,083	2,438	170,713
Accumulated amortization and impairment losses						
As at January 1, 2010	–	–	–	–	(4)	(4)
Charge for the period	–	–	–	–	(176)	(176)
As at December 31, 2010	–	–	–	–	(180)	(180)
Charge for the period	–	–	(1,191)	(1,684)	(306)	(3,181)
As at June 30, 2011	–	–	(1,191)	(1,684)	(486)	(3,361)
Net Book Value at:						
January 1, 2010	–	–	–	–	94	94
December 31, 2010	–	1,370	–	–	831	2,201
June 30, 2011	**120,778**	**1,370**	**18,685**	**26,399**	**1,952**	**167,352**

As a result of the acquisition of the Global Companies by the Company on February 4, 2011, intangible assets consisting of fund management contracts with a finite life and carried interests were identified. Amortization is computed on a straight-line basis based on the estimated useful lives of these assets, which is 7 years for both fund management contracts and carried interests. The Company will evaluate goodwill and indefinite life fund management contracts for impairment annually or more often if events or circumstances indicate there may be impairment. These intangible assets would be impaired if the carrying value of a cash-generating unit including the allocated intangible assets exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell or value in use.

For the 2010 intangible asset impairment test, the model used to determine the recoverable amount of the fund management contracts with indefinite lives was calculated by discounting, at 15%, a perpetuity based on the most recent estimated pre-tax cash flows to the Company by certain underlying funds of the Company.

7. Shareholders' Equity

(a) Capital stock and contributed surplus

The authorized and issued share capital of the Company consists of an unlimited number of common shares, without par value.

	Number of shares	Stated value (in thousands)
		$
Balance, December 31, 2009 and 2010	150,000,000	40,105
Issuance of share capital on business acquisition (note 4)	19,467,500	168,783
Balance, June 30, 2011	**169,467,500**	**208,888**

Contributed surplus consists of the following:

i. stock option expense;

ii. share incentive program expense;

iii. earn-out shares expense; and

iv. additional purchase consideration.

	Stated value (in thousands)
	$
Balance, January 1, 2010	5,457
Expensing of fair value of 2,550,000 Sprott Inc. stock options over the vesting period	1,242
Expensing of share incentive program	25,707
Balance, December 31, 2010	32,406
Expensing of fair value of 2,650,000 Sprott Inc. stock options over the vesting period	373
Expensing of fair value of earn-out shares over the vesting period	1,732
Additional purchase consideration	4,497
Balance, June 30, 2011	**39,008**

Stock option plan and share incentive program

Stock option plan

On June 2, 2011, the Company adopted an amended and restated option plan (the "Plan") to provide incentives to directors, officers, employees and consultants of the Company and its wholly-owned subsidiaries. In addition, the Company adopted an Employee Profit Sharing Plan ("EPSP") for Canadian employees and an Equity Incentive Plan ("EIP") for its U.S. employees. The EPSP and EIP are inactive as of June 30, 2011. The aggregate number of shares issuable upon the exercise of all options granted under the Plan and under all other securities based compensation arrangements (including the EPSP and the EIP) shall not exceed 10% of the issued and outstanding shares of the Company as at the date of such grant. The options may be granted at a price that is not less than the market price of the Company's common shares at the time of the grant. The options vest annually over a three-year period and may be exercised during a period not to exceed 10 years from the date of grant.

There were no options issued during the three and six months ended June 30, 2011.

For valuing share option grants, the fair value method of accounting is used. The fair value of option grants is estimated using the Black-Scholes option-pricing model. Compensation expense is recognized over the three-year vesting period, assuming an estimated forfeiture rate, with an offset to contributed surplus. When exercised, amounts originally recorded against contributed surplus as well as any consideration paid by the option holder is credited to capital stock.

A summary of the changes in the Plan is as follows:

	Number of options (in thousands)	Weighted average exercise price ($)
Options outstanding, December 31, 2009	2,550	9.96
Options exercisable, December 31, 2009	850	9.96
Options granted	200	6.16
Options cancelled	(100)	9.06
Options outstanding, December 31, 2010	2,650	9.71
Options exercisable, December 31, 2010	1,633	10.00
Options outstanding, June 30, 2011	**2,650**	**9.71**
Options exercisable, June 30, 2011	**2,467**	**9.97**

Options outstanding and exercisable as at June 30, 2011 are as follows:

Exercise price ($)	Number of outstanding options (in thousands)	Weighted average remaining contractual life (years)	Number of options exercisable (in thousands)
10.00	2,450	6.9	2,450
4.85	50	8.6	17
6.60	150	9.4	–
4.85 to 10.00	2,650	7.0	2,467

Share incentive program

In September 2010, Eric Sprott, Chairman of the Company, personally funded a share incentive program through his personal holding company ("Holdco"). The program provided the Company's new Chief Executive Officer and the Company's President (together, the "Executives") with a total of 8 million common shares (the "Shares") of the Company. This arrangement did not result in the issuance of shares from the treasury of the Company.

In accordance with IFRS 2 *Share-based Payment*, this transaction was considered a share-based payment expense of the Company for the year ended December 31, 2010 and recorded as an offset to contributed surplus to reflect the capital contribution made by Holdco. There was no transition adjustment as a result of adopting IFRS. Total shareholders' equity of the Company was unaffected. The transaction was valued at $25.7 million reflecting the maximum benefit conferred to the Executives as a result of the arrangement and was fully expensed in the year ended December 31, 2010 with a corresponding increase to contributed surplus. The Shares are freely tradable and carry no restrictions.

Earn-out shares

In connection with the acquisition of the Global Companies (see note 4), up to an additional 8 million common shares of the Company may be issued with the achievement of certain earnings targets by the Global Companies. In accordance with IFRS 2 *Share-based Payment*, this potential award carries a service condition without a performance condition of equal term. As a result, the accounting guidance under IFRS 2 requires the Company to estimate the fair value of the potential share-based award on the business acquisition date. The fair value settled upon by the Company of $13.0 million was determined using an acceptable valuation model that utilized several significant assumptions including the probability of continued employment of a senior employee on or after February 4, 2014, the stock price of the Company on February 4, 2016 and the cumulative earnings of the Global Companies for the five year period ending February 4, 2016. The fair value of this share-based award is being charged to the unaudited interim consolidated statements of income equally over the period of the service condition, being 3 years and can only be adjusted upon forfeiture of the share-based award. Forfeiture can only happen if the Company does not employ the senior employee on February 4, 2014.

Additional purchase consideration

In connection with the acquisition of the Global Companies (see note 4), an additional 532,500 common shares of the Company have been committed for issuance to employees of the Global Companies. The common shares are not considered compensation but form part of the business acquisition. This additional consideration is recorded at fair value based on the market price of the Company's common shares as at February 4, 2011. Upon issuance of the common shares, the amount originally recorded against contributed surplus is credited to capital stock.

For the three and six months ended June 30, 2011, the Company recorded share-based compensation expense of $1.2 million and $2.1 million respectively, in aggregate (for the three and six months ended June 30, 2010 – $0.6 million and $1.1 million, respectively), with corresponding increases to contributed surplus.

	For the three months ended June 30		*For the six months ended June 30*	
	2011	2010	**2011**	2010
Earn-out shares	**1,078**	–	**1,732**	–
Stock option plan	**131**	317	**373**	793
	1,209	317	**2,105**	793

(b) Basic and diluted earnings per share

The following table presents the calculation of basic and diluted earnings per common share for the three and six months ended June 30:

	For the three months ended June 30		*For the six months ended June 30*	
	2011	2010	**2011**	2010
Numerator ($ in thousands):				
Net income	**7,489**	7,766	**18,055**	14,193
Denominator (Number of shares in thousands):				
Weighted average number of common shares – basic	**169,468**	150,000	**165,703**	150,000
Weighted average number of dilutive stock options *	**54**	–	**59**	–
Weighted average number of additional purchase consideration	**532**	–	**430**	–
Weighted average number of common shares – diluted	**170,054**	150,000	**166,192**	150,000
Net income per common share				
Basic	**$0.04**	$0.05	**$0.11**	$0.09
Diluted	**$0.04**	$0.05	**$0.11**	$0.09

* The determination of the weighted average number of common shares – diluted excludes 2,450 thousand shares related to stock options that were anti-dilutive for each of the three and six months ended June 30, 2011 (2,500 thousand shares for each of the three and six months ended June 30, 2010)

(c) Maximum share dilution

The following table presents the maximum number of common shares that would be outstanding if all options were exercised and all earn-out shares were issued (in thousands):

Shares outstanding at August 9, 2011	169,468
Additional purchase consideration	532
Options to purchase shares	2,650
Earn-out shares	8,000
	180,650

8. Income Taxes

Income tax expense comprises the following ($ in thousands):

	For the three months ended June 30		*For the six months ended June 30*	
	2011	2010	**2011**	2010
Current income tax expense	**7,178**	2,846	**12,827**	5,129
Deferred income tax expense (recovery)	**(3,469)**	231	**(4,727)**	766
	3,709	3,077	**8,100**	5,895

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The movement in significant components of the Company's deferred income tax assets and liabilities for the six month period ended June 30, 2011 and the year ended December 31, 2010 is as follows ($ in thousands):

Period ended June 30, 2011

	As at January 1, 2011	Recognized in income	Recognized in other comprehensive income	Business acquisition	As at June 30, 2011
Deferred income tax liabilities					
Fund management contracts	342	(482)	(217)	8,312	7,955
Carried interests	–	(681)	(305)	11,743	10,757
Deferred sales commissions	210	314	–	–	524
Unrealized gains	1,308	(175)	–	–	1,133
Total deferred income tax liabilities	1,860	(1,024)	(522)	20,055	20,369
Deferred income tax assets					
Unrealized losses	1,935	3,438	(234)	8,200	13,339
Additional purchase consideration	–	–	(49)	1,881	1,832
Other	–	265	(2)	–	263
Total deferred income tax assets	1,935	3,703	(285)	10,081	15,434
Net deferred income tax assets (liabilities)	75	4,727	237	(9,974)	(4,935)

Year ended December 31, 2010

	As at January 1, 2010	Recognized in income	As at December 31, 2010
Deferred income tax liabilities			
Fund management contracts	–	342	342
Deferred sales commissions	–	210	210
Unrealized gains	524	784	1,308
Total deferred income tax liabilities	524	1,336	1,860
Deferred income tax assets			
Unrealized losses	1,260	675	1,935
Other	29	(29)	–
Total deferred income tax assets	1,289	646	1,935
Net deferred income tax assets (liabilities)	765	(690)	75

The ultimate realization of deferred tax assets is dependent upon future taxable profits during the periods in which those temporary differences become deductible. Management considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is probable that the Company will realize the benefits of these deductible differences.

The Company did not record a deferred tax asset with respect to cumulative translation losses of $4.4 million as at June 30, 2011. The Company does not recognize deferred taxes when it can control the timing of the reversal of the temporary differences and when it is probable that it will not reverse in the foreseeable future.

9. Related Party Transactions

Share incentive program

In September 2010, Eric Sprott, Chairman of the Company, personally funded a share incentive program through Holdco. The program provided the Executives with a total of 8 million common shares of the Company. This arrangement did not result in the issuance of common shares from the treasury of the Company (see note 7).

As at June 30, 2011, $0.6 million was due to the previous owner of the Global Companies who is now a senior employee of the Company. The amount relates to compensation payable as at the date of the acquisition.

10. Dividends

The following dividends were paid by the Company during the six months ended June 30, 2011:

Record date	Payment Date	Cash dividend per share $	Total dividend amount ($ in thousands)
January 19, 2011 – special dividend	February 3, 2011	0.60	90,000
March 31, 2011 – special dividend *	April 15, 2011	0.12	18,000
March 31, 2011 – regular dividend Q4 - 2010 *	April 15, 2011	0.03	4,500
June 10, 2011 – regular dividend Q1- 2011	June 27, 2011	0.03	5,084
Dividends paid			117,584

* – the shares issued from treasury on February 4, 2011 as a result of the acquisition of the Global Companies were not eligible to receive this dividend.

11. Segmented Information

For management purposes, the Company is organized into one business unit based on its services. For geographic reporting purposes, transactions are primarily recorded in the location that corresponds with the entity's country of domicile that generates the revenue. The following table presents the revenue of the Company by geographic location ($ in thousands):

	For the three months ended June 30		*For the six months ended June 30*	
	2011	2010	**2011**	2010
Canada	33,146	26,601	68,027	52,333
United States	6,147	–	10,781	–
	39,293	26,601	78,808	52,333

12. Events after the Reporting Period

On August 9, 2011, a dividend of $0.03 per common share was declared for the quarter ended June 30, 2011.

13. Provisions

The Company is engaged in litigation arising in the ordinary course of business relating to claims for additional compensation by former employees. The Company has made provisions based on current information and the probable resolution of any such proceedings and claims.

Corporate Information

Corporate address

Sprott Inc.
Royal Bank Plaza, South Tower
200 Bay Street
Suite 2700, PO Box 27
Toronto, Ontario M5J 2J1
Telephone: (416) 362-7172
Toll Free: (888) 362-7172
For additional information visit our website:
www.sprottinc.com

Auditors

Ernst & Young LLP
Ernst & Young Tower
P.O. Box 251, 222 Bay Street
Toronto-Dominion Centre
Toronto, Ontario M5K 1J7

Legal Counsel

Heenan Blaikie LLP
P.O. Box 2900, Suite 2900
333 Bay Street
Bay Adelaide Centre
Toronto, Ontario Canada M5H 2T4