

Annual Report of the Independent Review Committee of the Sprott Group of Funds

February 21, 2018

IRC Annual Report to: Securityholders in the Sprott Group of Funds (the “Funds”) as listed at the end of this report

Dear Securityholder,

In accordance with **National Instrument 81-107 *Independent Review Committee for Investment Funds*** (“NI 81-107” or the “Instrument”), Sprott Inc. (“Sprott” or “the Manager”) established an Independent Review Committee (the “Committee” or “IRC”) for the Prospectus Funds in April 2007. The IRC has functioned in accordance with the applicable securities laws and is composed of three individuals, each of whom is independent of the Funds, the Manager and each entity related to the Manager (as defined in the Instrument).

In April 2017, the Manager informed the IRC that Sprott had entered into an agreement to sell (the “Transaction”) all of the Funds governed by National Instrument 81-102 and several non-reporting issuers (the “Funds”) to Ninepoint Partners LP, (“Ninepoint”). The funds sold to Ninepoint are set out in Schedule 1. The Manager’s funds are listed on page 5 under ‘Funds served by the IRC’. The effective date of the Transaction was August 1, 2017.

The Manager also manages several onshore and offshore Non-Prospectus Funds that are not reporting issuers and to which NI 81-107 does not apply. The Manager was granted Exemptive Relief Orders by the Ontario Securities Commission (“OSC”) on July 27, August 27 and September 30, 2010 (referred to as the “Collective Reliefs”). By way of the Collective Reliefs granted, the Manager has appointed the Committee to be the Independent Review Committee of the Non-Prospectus Funds. The Manager will deal with the conflicts of interest matters referred to in the Collective Reliefs by referring conflicts of interest to the IRC in accordance with the provisions of such Collective Reliefs and the provisions of Securities legislation referred to therein.

The IRC is pleased to publish its annual report to Securityholders, covering the period from January 1, 2017 to December 31, 2017 (the “Reporting Period”). The Committee met 5 times during the Reporting Period.

Mandate of the IRC

In accordance with the Instrument, the mandate of the IRC is to consider and provide decisions to the Manager on conflicts of interest to which the Manager may be subject when managing the Funds. The Manager is required under the Instrument to identify potential conflicts of interest inherent in its management of the Funds, develop written policies and procedures guiding its management of those conflicts and request input from the IRC on those written policies and procedures.

When a conflict matter arises, the Manager must refer its proposed course of action in respect of such conflict to the IRC for its review. While certain matters require the IRC's prior approval, in most cases the IRC will provide a decision to the Manager as to whether or not, in the opinion of the IRC, the Manager's proposed action provides a fair and reasonable result for the Funds. For recurring conflict of interest matters, the IRC can provide the Manager with Standing Instructions ("SIs") that enable the Manager to proceed with certain matters without having to refer them to the IRC each time for approval, providing the Manager deals with the conflicts in accordance with the SIs.

The IRC is empowered to represent the best interest of the Funds in any matter where the Manager has referred a conflict of interest matter to it. In those cases, the IRC has sought to ensure that the Manager's proposed course of action represents a fair and reasonable result for the affected Funds.

Composition of the IRC

The current members of the IRC, and their principal occupations, are as follows:

<i>Name and municipality of residence</i>	<i>Principal Occupation</i>	<i>Term of Office</i>
Lawrence A. Ward, Chair, Toronto, Ontario	Consultant, retired partner of PricewaterhouseCoopers, LLP	Initially Appointed: April 20, 2007. Re-appointment Term: Two years, from January 1, 2018
Eamonn B.P. McConnell, Toronto, Ontario	Consultant, Managing Director, Kensington Capital	Initially Appointed: April 20, 2007. Re-appointment Term: Two years from January 1, 2017.
W. William Woods, Toronto, Ontario	Consultant, Lawyer, Independent Director, former CEO of the Bermuda Stock Exchange	Initially Appointed April 20, 2007. Re-appointment Term: 1 year from January 1, 2018

Lawrence Ward's term was renewed on October 19, 2017 for a period of two years effective January 1, 2018. The re-appointment extended Mr. Ward's total years of service beyond the 6 year term limit set out in the Instrument. However, the Manager provided its consent to and agreement with the re-appointment beyond the 6 year term limit in accordance with the provisions of the Instrument.

William Woods' term was renewed on October 19, 2017 for a period of one year effective January 1, 2018. The re-appointment extended Mr. Woods' total years of service beyond the 6

year term limit set out in the Instrument. However, the Manager provided its consent to and agreement with the re-appointment beyond the 6 year term limit in accordance with the provisions of the Instrument.

There were no other changes in the composition of the IRC during the Reporting Period.

Compensation and Indemnification

Review of Compensation

At least annually, the IRC reviews its compensation giving consideration to the following:

- the nature and extent of the workload of each member of the IRC, including the commitment of time and energy expected from each member;
- the number of meetings required by the IRC including special meetings to consider conflict issues brought to the Committee;
- industry best practices, including industry averages and surveys on IRC compensation; and
- the complexity of the conflict issues brought to the IRC.

Members' Fees

As a result of the sale of the NI 81-102 Funds to Ninepoint, and the resulting reduction in the number of funds and the assets under management at Sprott, IRC agreed to reduce its fees to an annual rate of \$28,500. In aggregate the IRC members were paid \$66,400 in 2017, plus applicable taxes.

Indemnities Granted

The Funds and the Manager have provided each IRC Member with a contractual indemnity in keeping with NI 81-107. No payments were paid to the IRC Members pursuant to this indemnity by the Funds or the Manager during the Reporting Period.

Disclosure of IRC Members' Holdings

As at December 31, 2017, the IRC Members did not beneficially own, directly or indirectly:

- any interest in any of the Funds;
- any interests in the Manager; or
- any interests in a company or person that provides services to the Manager or any Fund.

Decisions and Approvals

On April 24, 2017 the Manager informed the IRC prior to the meeting that Sprott had entered into an agreement to sell all of the National Instrument 81-102 ("NI 81-102") funds to Ninepoint, a management group from Sprott. After reasonable enquiry of the Manager's representatives and relying on the information provided and supporting documentation, the IRC **RESOLVED** that the Manager's proposed course of action to the sell the Funds, if approved by

the unitholders and implemented, would provide a fair and reasonable result for all the funds involved in the Transaction.

Standing Instructions Approved

At the IRC's annual self-assessment meeting held on February 21, 2018, several minor changes were recommended and accepted to SIs No. 1, 3, 5, and 6. Substantive changes were recommended and accepted to SI No. 2, Portfolio Pricing Issues: Fair Valuing Securities in order to improve the reporting provided to the IRC. SI No. 4, Related Party Issues, was rescinded at the Manager's request.

The IRC has approved the above five SIs, which constitute a written approval or decision from the IRC that permit the Manager to proceed with the specific action(s) set out in the SI on an ongoing basis, without having to refer the conflict of interest matter or its proposed action to the IRC, provided that the Manager complies with the terms and conditions of the SI. In each case, the SI required the Manager to comply with its related policy and procedures and to report periodically to the IRC.

Standing Instruction No. 1: Omnibus deals with a number of conflict of interest matters including:

1. Expenses charged to the Funds policy
2. Expense allocations policy between prospectus funds
3. Expense allocations policy between prospectus and non-prospectus funds
4. Short-term trading and late trading policy
5. Trade allocations policy
6. Net asset value error correction policy
7. Other material transaction error policy
8. Best execution policy
9. Soft dollar policy
10. Favouritism policy
11. Proxy voting policy
12. Changing service providers policy
13. Employee Personal Trading Policy
14. Sub-advisors personal trading policy
15. Short term trading policy
16. Complaint handling policy
17. Service providers related to the Manager policy
18. Affiliate dealer policy

Standing Instruction No. 2: Portfolio Pricing Issues: Fair Valuing Securities

Standing Instruction No. 3: Related Party Issues: Inter Fund Trades

Standing Instruction No. 4: Related Party Issues: A Fund Purchases Securities (Whether Debt or Equity) Issued by a Company Related to a Sub-Advisor (*Rescinded February 21, 2018*)

Standing Instruction No. 5: Related Party Issues: Inter Fund Trades –Pooled/Hedge Funds

Standing Instruction No. 6: Related Party Issues: Fund Purchase of Securities Underwritten by the Manager

Manager's Report on its Standing Instructions

In accordance with the Instrument, the Manager provided written reports to the IRC describing its reliance on the SIs during the Reporting Period. The Manager relied on SIs No. 1, 2, 3, 5 and 6 during the Reporting Period.

Funds served by the IRC as of December 31, 2017

Sprott Physical Gold Trust
Sprott Physical Silver Trust
Sprott Physical Platinum & Palladium Trust
Sprott Global Gold Master Fund LP (*terminated December 27, 2017*)

This report is available on the Manager's website at www.sprott.com or you may request a copy, at no cost to you, by contacting the Sprott Funds at (416) 943-6707 or 1-866-299-9906 or email the Sprott Funds at invest@sprott.com. This document and other information about the Sprott Funds are available on www.sedar.com.

Yours truly,



Lawrence A. Ward, Chair

Schedule 1: Funds sold to Ninepoint Partners LP

Mutual Funds:

Sprott Enhanced Balanced Fund
 Sprott Small Cap Equity Fund
 Sprott Canadian Equity Fund
 Sprott Global Infrastructure Fund
 Sprott Global Real Estate Fund
 Sprott Diversified Bond Fund
 Sprott Energy Fund
 Sprott Gold Bullion Fund
 Sprott Gold Bullion Fund (US\$)
 Sprott Silver Bullion Fund
 Sprott Silver Bullion Fund (US\$)
 Sprott Gold & Precious Minerals Fund
 Sprott Gold & Precious Minerals Fund (US\$)
 Sprott Short-Term Bond Fund
 Sprott Energy Opportunities Trust

Corporate Class:

Sprott Enhanced Equity Class
 Sprott Enhanced Equity Class (US\$)
 Sprott Enhanced US Equity Class (CDN\$)
 Sprott Enhanced US Equity Class (CDN\$) Hedged
 Sprott Enhanced US Equity Class
 Sprott Enhanced Balanced Class
 Sprott Focused Global Dividend Class
 Sprott Focused U.S. Dividend Class
 Sprott Diversified Bond Class
 Sprott Silver Equities Class
 Sprott Real Asset Class
 Sprott Resource Class
 Sprott Short-Term Bond Class

Non - prospectus Funds:

Sprott Alternative Income Fund
 Sprott Bridging Income RSP Fund
 Sprott Bridging Income Fund L.P.
 Sprott Bull/Bear RSP Fund
 Sprott Credit Income Opportunities Fund
 Sprott Hedge Fund L.P.
 Sprott Hedge Fund L.P. II
 Sprott Enhanced Long-Short Equity Fund L.P.
 Sprott Enhanced Long-Short Equity RSP Fund
 Sprott Private Credit Trust
 Sprott Private Credit Trust II

Schedule II: IRC Members who sit on IRCs for other Fund Families

Eamonn McConnell serves as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by Integra Capital Limited;
 Investment funds that are reporting issuers managed by Next Edge Capital Corp.;
 Investment funds that are reporting issuers managed by Ninepoint Partners LP;
 Investment funds that are reporting issuers managed by Genus Asset Management Inc.;
 Investment funds that are reporting issuers managed by Onex Credit Partners, LLC;
 Certain investment funds managed by Goodwood Inc.; and
 Investment funds that are reporting issuers managed by Russell Investments Canada Limited.

Lawrence A. Ward serves as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by Northwest & Ethical Investments L.P.;
 Investment funds that are reporting issuers managed by Vertex One Asset Management Inc.;
 Certain investment funds managed by Goodwood Inc.;
 Investment funds that are reporting issuers managed by Ninepoint Partners LP;
 Investment funds that are reporting issuers managed by Russell Investments Canada Limited;
 and
 Investment funds that are reporting issuers managed by Picton Mahoney Asset Management Inc.

W. William Woods serves as a member of the Independent Review Committees for the following funds:

Investment funds that are reporting issuers managed by Integra Capital Limited;
(Resigned December 31, 2017)
 Investment funds that are reporting issuers managed by Picton Mahoney Asset Management Inc.;
 Certain investment funds managed by Goodwood Inc.;
 Investment funds that are reporting issuers managed by Ninepoint Partners LP;
 Investment funds that are reporting issuers managed by Russell Investments Canada Limited;
 Investment funds that are reporting issuers managed by The Knowledge First Foundation;
(Resigned May 31, 2017)
 Investment funds that are reporting issuers managed by Next Edge Capital Corp.;
 Investment funds that are reporting issuers managed by Onex Credit Partners, LLC. ;
 Investment funds that are reporting issuers managed by Northwest & Ethical Investments L.P.;
 Investment funds that are reporting issuers managed by Questrade Financial Group Inc.;

(Ceased to be a member December 6, 2017)

Investment funds that are reporting issuers managed by Spartan Asset Management Inc.; and
Investment funds that are reporting issuers managed by Educators Financial Group Inc.