



Sprott Inc.

2019 Q1 Results Conference Call

May 10, 2019

Sprott

Forward-looking Statements

Certain statements in this presentation or the accompanying oral markets, and in particular the "Business Update" and "Summary" slides, contain forward-looking information (collectively referred to herein as the "Forward-Looking Statements") within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify Forward-Looking Statements. In particular, but without limiting the forgoing, this presentation contains Forward-Looking Statements pertaining to: (i) continuing to drive scale in lending business; (ii) Ron Dewhurst to become Chair of the Board of Directors; (iii) anticipated engagement levels, including inbound inquiries increasing and receptive and growing audience; (iv) raise of new Exploration Partnership in H2 2019; (v) expectations regarding exchange traded products; (vi) ongoing geopolitical risks, trade tensions and mixed economic signals; (vii) rebuilding managed equities franchise; (viii) in-market acquisition opportunities; and (ix) growing digital gold platform.

Although the Company believes that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: (i) the impact of increasing competition in each business in which the Company operates will not be material; (ii) quality management will be available; (iii) the effects of regulation and tax laws of governmental agencies will be consistent with the current environment; and (iv) those assumptions disclosed under the heading "Significant Accounting Judgments, Estimates and Changes in Accounting Policies" in the Company's MD&A for the period ended March 31, 2019. Actual results, performance or achievements could vary materially from those expressed or implied by the Forward-Looking Statements should assumptions underlying the Forward-Looking Statements prove incorrect or should one or more risks or other factors materialize, including: (i) difficult market conditions; (ii) poor investment performance; (iii) failure to continue to retain and attract quality staff; (iv) employee errors or misconduct resulting in regulatory sanctions or reputational harm; (v) performance fee fluctuations; (vi) a business segment or another counterparty failing to pay its financial obligation; (vii) failure of the Company to meet its demand for cash or fund obligations as they come due; (viii) changes in the investment management industry; (ix) failure to implement effective information security policies, procedures and capabilities; (x) lack of investment opportunities; (xi) risks related to regulatory compliance; (xii) failure to manage risks appropriately; (xiii) failure to deal appropriately with conflicts of interest; (xiv) competitive pressures; (xv) corporate growth which may be difficult to sustain and may place significant demands on existing administrative, operational and financial resources; (xvi) failure to comply with privacy laws; (xvii) failure to successfully implement succession planning; (xviii) foreign exchange risk relating to the relative value of the U.S. dollar; (xix) litigation risk; (xx) failure to develop effective business resiliency plans; (xxi) failure to obtain or maintain sufficient insurance coverage on favourable economic terms; (xxii) historical financial information being not necessarily indicative of future performance; (xxiii) the market price of common shares of the Company may fluctuate widely and rapidly; (xxiv) risks relating to the Company's investment products; (xxv) risks relating to the Company's proprietary investments; (xxvi) risks relating to the Company's lending business; (xxvii) risks relating to the Company's merchant bank and advisory business; (xxviii) those risks described under the heading "Risk Factors" in the Company's annual information form dated February 27, 2019; and (xxiv) those risks described under the headings "Managing Risk: Financial" and "Managing Risk: Non-Financial" in the Company's MD&A for the period ended March 31, 2019. In addition, the payment of dividends is not guaranteed and the amount and timing of any dividends payable by the Company will be at the discretion of the Board of Directors of the Company and will be established on the basis of the Company's earnings, the satisfaction of solvency tests imposed by applicable corporate law for the declaration and payment of dividends, and other relevant factors. The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and the Company does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable Canadian securities laws.

All figures are in Canadian dollars unless otherwise indicated

Speakers

- **Peter Grosskopf, CEO, Sprott Inc.**
- **Whitney George, President, Sprott Inc.**
- **Kevin Hibbert, CFO, Sprott Inc.**
- **John Ciampaglia, CEO, Sprott Asset Management**

Q1 2019 Review

- AUM relatively flat during the quarter at \$10.6 billion
- Adjusted Base EBITDA of \$9.2MM, or \$0.04 per share
- Private Lending AUM increased by \$233MM to \$731MM
- Secured mandate for second Korean private equity fund
- Ron Dewhurst to become Chair of the Board of Directors

Business Update

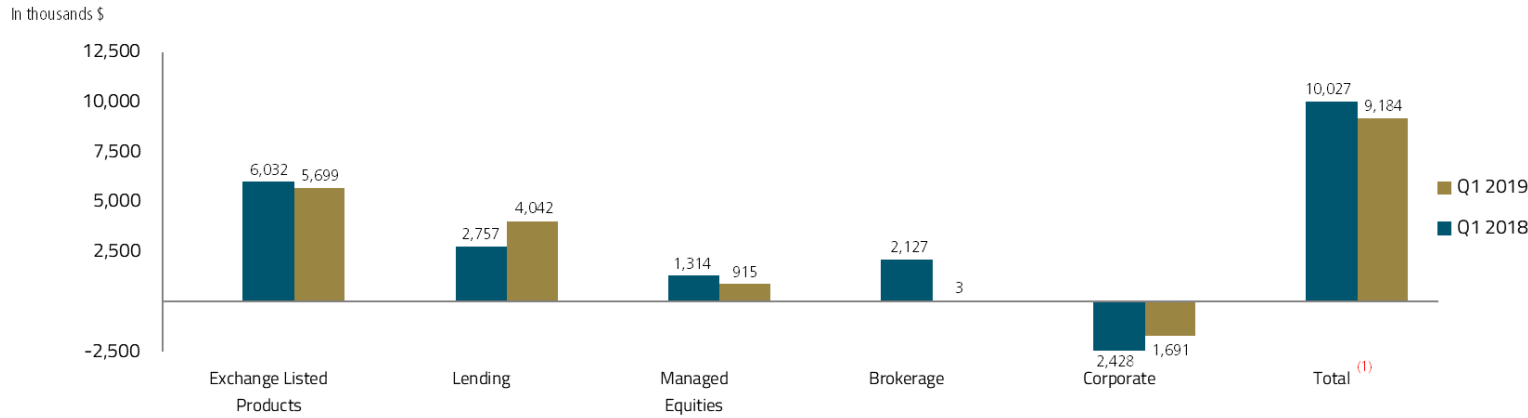
- Engagement levels strong, despite weak precious metal prices
 - Inbound inquiries increasing
 - Analysis of media efforts point to receptive and growing audience
- Recently launched Sprott Hathaway JV generating investor interest
- Neil Adshead assisting Rick Rule on managed products and preparing to raise new Exploration Partnership in H2 2019
- Exploring in-market acquisition opportunities

Exchange Traded Products

- Very strong start to year but v-shaped recovery in equity and bond markets has cooled interest in precious metals
- Despite rebound in equities, investor skepticism remains high given ongoing geopolitical risks, trade tensions and mixed economic signals
- Modest sales into Gold Trust (PHYS), while overall redemptions are moderating
- Gold Mining ETFs (SGDM and SGDJ) YTD performance ahead of GDX and GDXJ

Earnings Summary

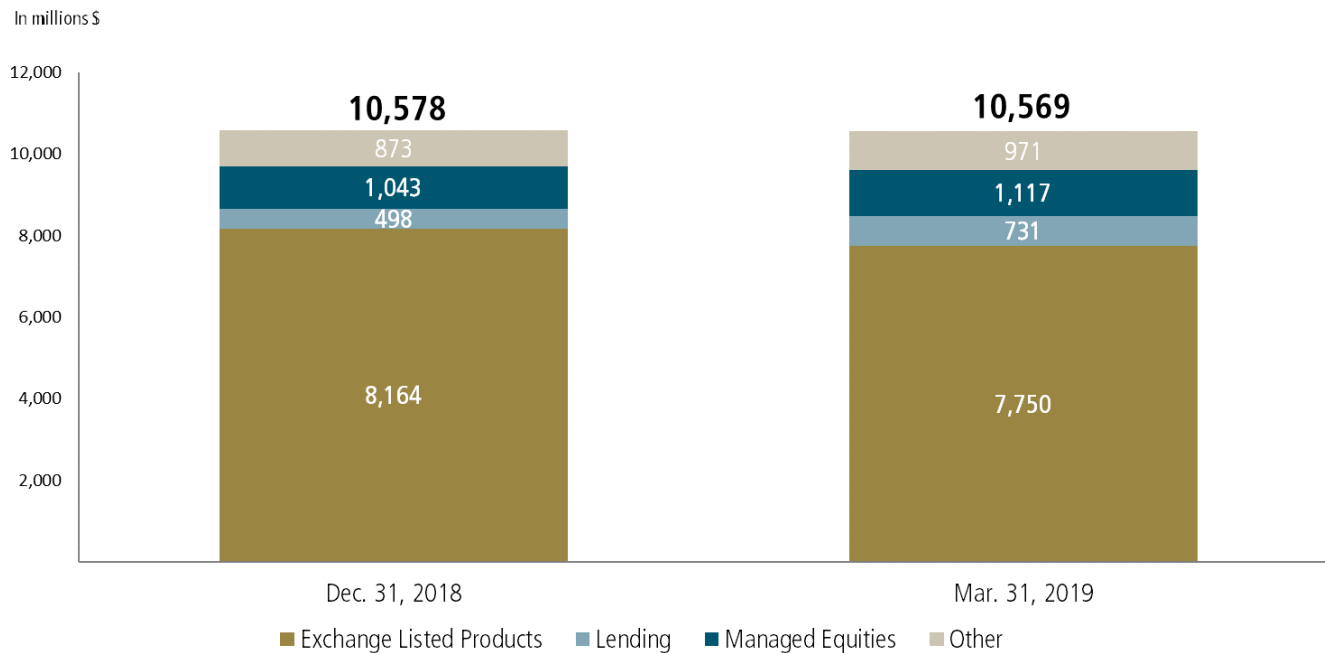
Adjusted base EBITDA in the quarter was \$9.2 million, down \$0.8 million (8%) from last year



(1) Net of consolidation eliminations and non-reportable segments. See Note 11 of the financial statements.

AUM Summary

AUM was \$10.6 billion, down slightly from December 31, 2018



Investable Capital

- Historically, investment opportunities were funded by our balance sheet (avg. investable capital: \$300MM)
- Recent investments (CFCL acquisition, lending fund co-investments, digital gold, etc.) reduced avg. investable capital to approx. \$200MM
- Renegotiated our bank facility in order to create additional investment funding flexibility. Details below:

Facility	"Old"	"New"
Structure		
-Duration	2 years	5 years
-Revolver	\$35MM	\$65MM
-Term	n/a	\$25MM
	<hr/> \$35MM	<hr/> \$90MM
Interest Rate		
-Prime	+ 62.5bps	+ 0bps
-BA	+ 200bps	+ 170bps
Covenant		
- AUM	> \$8.8 billion*	> \$8.1 billion
- Debt to EBITDA	2:1	3.25:1 (first 18 months); 2.5:1 (after 18 months)
- EBITDA to interest expense	> 1.5:1	> 2.5:1

* Adjusted for CFCL transaction

Summary

- Continuing to drive scale in Lending business
- Rebuilding managed equities franchise
 - Sprott/Hathaway special situations strategy
- Exploring in-market acquisitions
- Growing digital gold platform

Q&A

Supplemental Financial Information

Revenues

In millions \$	Q1 2019	Q1 2018
Total Net Revenues ⁽¹⁾	19.4	27.2
Key revenue highlights:		
Net fees	13.6	14.6
Interest income	3.9	3.1
Net Commissions	2.6	5.2

(1) Prior year net revenues include \$4.2 million of proceeds from the sale of our non-core private wealth business and \$0.6 million in net performance fees (also captured in the Net fees line above)

Expenses

In millions \$	Q1 2019	Q1 2018
Total Expenses	14.7	16.4
Key expense highlights:		
Compensation ⁽¹⁾	8.4	9.5
Selling, general & administrative	4.1	4.6

(1) Includes stock-based compensation but excludes commissions, carried interest and performance fee payouts, which are presented net of their related revenues, and severance accruals.

EBITDA Reconciliation

In millions \$ (except for per share amounts)	Q1 2019	Q1 2018
Net Income	3.8	13.7
Per share	0.02	0.06
Adjustments:		
Interest expense	0.3	0.1
Provision for income taxes	0.9	(2.8)
Depreciation and amortization	1.1	0.7
EBITDA	6.1	11.7
Other Adjustments:		
(Gains) & losses on proprietary investments	(0.1)	1.9
(Gains) & losses on foreign exchange	1.0	(0.9)
Non-cash and non-recurring stock based compensation	1.7	1.5
Net proceeds from Sale Transaction	-	(4.2)
Other	0.5	0.6
Adjusted EBITDA	9.2	10.6
Less:		
Carried interest and performance fees	-	(1.1)
Carried interest and performance fees related expenses	-	0.6
Adjusted base EBITDA	9.2	10.0
Per share	0.04	0.04