UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 40-F

o REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

or

x ANNUAL REPORT PURSUANT TO SECTION 13(a) OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2020 **Commission File Number: 001-39298**

Sprott Inc.

(Exact name of Registrant as specified in its charter)

Ontario	**6199, 6282**	**Not Applicable**
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Suite 2600, 200 Bay Street
Royal Bank Plaza, South Tower
Toronto, Ontario
Canada, M5J 2J1
(416) 945-3279
(Address and telephone number of Registrant's principal executive offices)

CT Corporation System
111 Eighth Avenue
New York, New York 10011
(212) 590-9200
(Name, address (including zip code) and telephone number (including area code) of agent for service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Shares without par value	**SII**	**New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**
For annual reports, indicate by check mark the information filed with this Form:

x Annual information form **x Audited annual financial statements**

Indicate the number of outstanding shares of each of the Registrant's classes of capital or common stock as of the close of the period covered by this annual report:

The Registrant had 25,564,224 Common Shares issued and outstanding as of December 31, 2020.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes x No o

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company. x

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. o

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. o

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Report on Form 40-F (this " **Annual Report**") and the exhibits attached hereto are forward-looking statements under the provisions of the United States Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and forward-looking information within the meaning of applicable Canadian securities legislation (collectively, "**forward-looking statements**"). Forward-looking statements are subject to risks, uncertainties and contingencies that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. Investors are cautioned not to put undue reliance on forward-looking statements. Applicable risks and uncertainties include, but are not limited to, those identified in the section "Risk Factors" in the Annual Information Form for the year ended December 31, 2020 (the "**AIF**") of Sprott Inc. (" **Sprott**," "**we**," "**our**," or the "**Company**"), attached as Exhibit 99.1 to this Annual Report and incorporated herein by reference, and in other filings that the we have made and may make with applicable securities authorities in the future. Please also see the section "Forward-Looking Statements" in each of our AIF and our management's discussion and analysis for the year ended December 31, 2020, attached as Exhibit 99.2 to this Annual Report, in each case, incorporated by reference herein, for a discussion of forward-looking statements. Except as required by applicable law, we do not intend, and undertake no obligation, to update any forward-looking statements to reflect, in particular, new information or future events, or otherwise.

DIFFERENCES IN UNITED STATES AND CANADIAN REPORTING PRACTICES

The Company is permitted, under a multijurisdictional disclosure system adopted by the United States, to prepare this report in accordance with Canadian disclosure requirements, which are different from those of the United States. The Company prepares its consolidated financial statements, which are filed with this Annual Report, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and which are not comparable to financial statements of United States companies.

CURRENCY

Unless otherwise indicated, all dollar amounts in this Annual Report are in U.S. dollars. The exchange rate of Canadian dollars (the functional currency of the Company) into United States dollars, on December 31, 2019, based upon the daily average exchange rate as quoted by the Bank of Canada, was U.S.$1.00 = Cdn$1.2988. The exchange rate of Canadian dollars into United States dollars, on December 31, 2020, based upon the daily average exchange rate as quoted by the Bank of Canada, was US$1.00 = Cdn$1.2732.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

A. ***Evaluation of disclosure controls and procedu*res**. Disclosure controls and procedures are designed to ensure that (i) information required to be disclosed by the Company in reports that it files or submits to the Securities and Exchange Commission (the "**Commission**" or the "**SEC**") under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and (ii) material information required to be disclosed in the Company's reports filed under the Exchange Act is accumulated and communicated to the Company's management, including its Chief Executive Officer ("**CEO**") and its Chief Financial Officer (" **CFO**"), as appropriate, to allow for timely decisions regarding required disclosure.

At the end of the period covered by this report, an evaluation was carried out under the supervision of and with the participation of the Company's management, including the CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act). The evaluation included documentation review, enquiries and other procedures considered by management to be appropriate in the circumstances. Based on that evaluation, the Company's CEO and CFO have concluded that, as of December 31, 2020, the Company's disclosure controls and procedures were effective.

B. ***Management's report on internal control over financial reporting*** . This Annual Report does not include a report of management's assessment regarding internal control over financial reporting due to a transition period established by rules of the Commission for newly public companies.

C. ***Attestation report of the registered public accounting firm*** . This Annual Report does not include an attestation report of the Company's registered public accounting firm as this requirement is not applicable for an emerging growth company.

D. ***Changes in internal control over financial reporting*** . During the period covered by this Annual Report, no change occurred in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company's management, including the CEO and CFO, does not expect that its disclosure controls and procedures or internal controls and procedures will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

NOTICES PURSUANT TO REGULATION BTR

The Company was not required by Rule 104 of Regulation BTR to send any notices to any of its directors or executive officers during the fiscal year ended December 31, 2020.

AUDIT COMMITTEE FINANCIAL EXPERT

The Company's board of directors (the "**Board**") has determined that it has at least one audit committee financial expert serving on its Audit and Risk Management Committee. The Board has determined that Sharon Ranson is an audit committee financial expert and is independent, as that term is defined by the Exchange Act and the New York Stock Exchange's ("**NYSE**") corporate governance standards applicable to the Company.

The Commission has indicated that the designation of a person as an audit committee financial expert does not make such person an "expert" for any purpose, impose on such person any duties, obligations or liability that are greater than those imposed on such person as a member of the Audit and Risk Management Committee and the Board in the absence of such designation and does not affect the duties, obligations or liability of any other member of the Audit and Risk Management Committee or Board.

CODE OF ETHICS

The Board has adopted a written code of business conduct and ethics (the " **Code**"), by which it and all officers and employees of the Company, including the Company's principal executive officer, principal financial officer and principal accounting officer or controller, abide. There were no waivers granted in respect of the Code during the fiscal year ended December 31, 2020. The Code is posted on the Company's website at www.sprott.com/investor-relations/corporate-governance. If there is an amendment to the Code, or if a waiver of the Code is granted to any of Company's principal executive officer, principal financial officer, principal accounting officer or controller, the Company intends to disclose any such amendment or waiver by posting such information on the Company's website. Unless and to the extent specifically referred to herein, the information on the Company's website shall not be deemed to be incorporated by reference in this Annual Report. Except for the Code, and notwithstanding any reference to the Company's website or other websites in this Annual Report or in the documents incorporated by reference herein or

attached as Exhibits hereto, no information contained on the Company's website or any other site shall be incorporated by reference in this Annual Report or in the documents incorporated by reference herein or attached as Exhibits hereto.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

KPMG LLP acted as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2020. See the section "External Auditor Fees" in our AIF, which section is incorporated by reference herein, for the total amount billed to the Company by KPMG LLP for services performed in the last two fiscal years by category of service (for audit fees, audit-related fees, tax fees and all other fees).

AUDIT COMMITTEE PRE-APPROVAL POLICIES AND PROCEDURES

See the section "Pre-Approval Policies and Procedures" in our AIF, which section is incorporated by reference herein.

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any "off-balance sheet arrangements" (as that term is defined in paragraph 11(ii) of General Instruction B to Form 40-F) that have or are reasonably likely to have a current or future effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The following is a summary of the Registrant's contractual obligations as of December 31, 2020:

	Payments due by period (in thousands)				
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than 5 years**
Lease Obligation	7,460	2,501	4,719	240	—
Compensation Payable	15,192	15,192	—	—	—
Operating Accounts Payable	19,046	19,046	—	—	—
Contingent Consideration	20,575	10,000	10,575	—	—
Loan Facility	16,994	—	—	16,994	—
Total	79,267	46,739	15,294	17,234	—

IDENTIFICATION OF THE AUDIT COMMITTEE

The Board has a separately designated standing Audit and Risk Management Committee established in accordance with section 3(a)(58)(A) of the Exchange Act and satisfies the requirements of Exchange Act Rule 10A-3. The Company's Audit and Risk Management Committee is comprised of Sharon Ransom (Chair), Rosemary Zigrossi and Graham Birch, all of whom, in the opinion of the Company's Board, are independent (as determined under Rule 10A-3 of the Exchange Act and the rules of the NYSE) and are financially literate.

CORPORATE GOVERNANCE PRACTICES

The NYSE Listed Company Manual generally requires that a listed company's by-laws provide for a quorum for any meeting of the holders of the company's common shares that is sufficiently high to ensure a representative vote. As a foreign private issuer, we have elected to comply with practices that are permitted under Canadian law in lieu of this NYSE requirement. Our by-laws provide that two persons present and each holding or representing by proxy at least one issued share of the Company shall be a quorum of any meeting of shareholders for the choice of a chair of the meeting and for the adjournment of the meeting to a fixed time and place but may not transact any other business; for all other purposes a quorum for any meeting shall be persons present not being less than two in number and holding or representing by proxy not less than 5% of the total number of the issued shares of the Company for the time being enjoying voting rights at such meeting.

Except as stated above, we are in compliance with the rules generally applicable to U.S. domestic companies listed on the NYSE. We may in the future decide to use other foreign private issuer exemptions with respect to some of the other NYSE listing requirements. Following our home country governance practices, as opposed to the requirements that would otherwise apply to a company listed on the NYSE, may provide less protection than is accorded to investors under the NYSE listing requirements applicable to U.S. domestic issuers.

INCORPORATION BY REFERENCE

This Annual Report is incorporated by reference into the Company's Registration Statement on Form S-8 (File No. 333-242456).

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process

The Registrant has previously filed a Form F-X in connection with the class of securities in relation to which the obligation to file this report arises.

Any change to the name or address of the agent for service of process of the registrant shall be communicated promptly to the Commission by an amendment to the Form F-X referencing the file number of the Registrant.

EXHIBIT INDEX

Exhibit Number	Description
99.1	Annual Information Form for the year ended December 31, 2020
99.2	Management's Discussion & Analysis for the year ended December 31, 2020
99.3	Audited Consolidated Financial Statements for the year ended December 31, 2020
99.4	Certificate of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.5	Certificate of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
99.6	Certificate of Chief Executive Office pursuant to 18 U.S.C. Section 1350, as enacted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.7	Certificate of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as enacted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.8	Consent of KPMG LLP
101	Interactive Data File

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this Annual Report to be signed on its behalf by the undersigned, thereto duly authorized.

Date: February 26, 2021

SPROTT INC.

By: /s/ Kevin Hibbert
Name: Kevin Hibbert
Title: Chief Financial Officer and Senior Managing Director

Exhibit 99.1



2020 Annual Information Form

February 25, 2021

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Defined terms

As used in this annual information form ("AIF"), unless the context indicates or requires otherwise, the following terms have the following meanings:

- "**Corporation**" or **"Company"** means Sprott Inc. and, where applicable, its subsidiaries and joint ventures.
- "**Investment Products**" means the Corporation's investment funds (the "Funds"), discretionary managed accounts (the "Managed Accounts"), fixed term limited partnerships (the "Limited Partnerships") and managed companies.
- "**SAM**" means Sprott Asset Management LP, a wholly-owned subsidiary of the Corporation, registered as a portfolio manager, an investment fund manager and an exempt market dealer.
- "**SCP**" means Sprott Capital Partners LP (formerly Sprott Private Wealth LP), a wholly-owned subsidiary of the Corporation, registered as an investment dealer and a member of the Investment Industry Regulatory Organization of Canada ("IIROC").
- "**Sprott U.S.**" means Sprott U.S. Holdings Inc. (and its subsidiaries), a wholly-owned subsidiary of the Corporation through which the Corporation holds Rule Investment, Inc. ("RII"), Resource Capital Investment Corp. ("RCIC"), Sprott Global Resource Investments, Ltd. ("SGRIL") and Sprott Asset Management USA Inc. ("SAM USA" and together with RII, RCIC and SGRIL, "Global").
- "**SRLC**" or "**Sprott Resource Lending**" means Sprott Resource Lending Corp. (and its subsidiaries), a wholly-owned subsidiary of the Corporation which provides debt financing to companies in the resource sector and is the general partner of Sprott Private Resource Lending Fund (the "Lending Fund I"), Sprott Private Resource Lending Fund II (the "Lending Fund II") and certain other lending vehicles (together with Lending Fund I and Lending Fund II, the "Lending Funds").
- "**SRSR**" or "**Sprott Streaming**" means Sprott Resource Streaming and Royalty Corp., a wholly-owned subsidiary of the Corporation which provides specialized forms of capital on behalf of institutional investors to companies in the mining sector and is the general partner of Sprott Private Resource Streaming Fund (the "Streaming Funds").

Effective January 1, 2020, the Corporation changed its presentation currency from Canadian dollars to United States dollars to better reflect the Corporation's business. In this AIF, unless otherwise indicated, all dollar amounts are expressed in United States dollars. References to "**$**" are to United States dollars and references to "**CAD$**" are to Canadian dollars. All Canadian dollar amounts that are expressed in United States dollars in this AIF have been converted from Canadian dollars at the Bank of Canada daily exchange rate as at December 31, 2020 of CAD$1.2732 per $1.00. The information in this AIF is presented as at December 31, 2020 unless otherwise indicated.

Forward looking statements

Certain statements and information included in this AIF constitute forward-looking information and statements (collectively referred to herein as "Forward-Looking Statements") within the meaning of applicable securities laws. Such statements are often accompanied by words such as "may", "would", "could", "will", "anticipate", "believe", "plan", "expect", "intend", "estimate" and other similar expressions. All statements in this AIF, other than those relating to historical information or current conditions are forward looking statements, including, but not limited to:

- Intentions to grow the Corporation's business, including by increasing Assets Under Management ("AUM"), and creating new investment products and businesses;
- The Corporation's continued investment performance and industry-leading thought leadership;
- Maintenance of best-in-class precious metals and real asset strategies and the Corporation's related approach to management and investing;
- Consideration of strategic acquisitions to build scale, improve profitability or enter new markets and investment categories;
- Ongoing growth and diversification of the Corporation's merchant banking and advisory business.
- Expectations regarding continued consolidation of the asset management business, with bifurcation between large general managers and specialized boutique managers.
- Expectations regarding continued price compression in the asset management industry, particularly in the exchange traded funds segment as players compete for market share.
- Expected benefits from economic and demographic trends over the next decade.
- Commitment to being at the forefront of technological innovation in the sector.
- Future dividend distributions.

The Forward-Looking Statements herein are based upon the current internal expectations, estimates, projections, assumptions and beliefs of the Corporation as of the date of such information or statements, including, among other things, assumptions with respect to future growth, results of operations, performance and business prospects and opportunities. The reader is cautioned that the expectations, estimates, projections, assumptions and/or beliefs used in the preparation of such information may prove to be incorrect. The Forward-Looking Statements included in this AIF are not guarantees of future performance and should not be unduly relied upon. Such information and statements, including the assumptions made in respect thereof, involve known and unknown risks, uncertainties and other factors, which may cause actual results or events to differ materially from those anticipated in the Forward-Looking Statements. In addition, this AIF may contain Forward-Looking Statements attributed to third-party industry sources.

The Forward-Looking Statements contained in this AIF are expressly qualified by the cautionary statements provided for herein. The Corporation does not assume any obligation to publicly update or revise any of the included Forward-Looking Statements after the date of this AIF, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

Although the Corporation believes the expectations, estimates, projections, assumptions and beliefs reflected in the Forward-Looking Statements are reasonable, undue reliance should not be placed on Forward-Looking Statements because the Corporation can give no assurance that such expectations, estimates, projections, assumptions and beliefs will prove to be correct. The Corporation cannot guarantee future results, levels of activity, performance or achievements. Consequently, there is no representation by the Corporation that actual results achieved will be the same in whole or in part as those set out in the Forward-Looking Statements. Some of the risks and other factors, some of which are beyond the control of the Corporation, that could cause results to differ materially from those expressed in the Forward-Looking Statements contained in this AIF, include, but are not limited to:

- Difficult market conditions.
- Poor investment performance.
- Failure to continue to retain and attract qualified staff.
- Employee errors or misconduct resulting in regulatory sanctions or reputational harm.
- Performance fee fluctuations.
- A business segment or another counterparty failing to pay its financial obligation.
- Failure of the Corporation to meet its demand for cash or fund obligations as they come due.
- Changes in the investment management industry.
- Failure to implement effective information security policies, procedures and capabilities.
- Lack of investment opportunities.
- Risks relating to regulatory compliance.
- Failure to deal appropriately with conflicts of interest.
- Competitive pressures.
- Corporate growth which may be difficult to sustain and may place significant demands on existing administrative, operational and financial resources.
- Failure to comply with privacy laws.
- Failure to execute the Corporation's succession plan.
- Foreign exchange risk relating to the relative value of the U.S. dollar.
- Litigation risk.
- Risks related to maintaining minimum regulatory capital requirements.
- Failure to develop effective business resiliency plans.
- Failure to obtain or maintain sufficient insurance coverage on favourable economic terms.
- Historical financial information being not necessarily indicative of future performance.
- Risks related to the Corporation's investment products.
- Risks related to the Corporation's short-term investments.
- Risks relating to the Corporation's lending segment.
- Risks relating to the Corporation's brokerage segment.
- Risks related to the Corporation's organization, corporate structure and its common shares (the "Common Shares").
- Risks related to compliance with dual-listing requirements.
- Risks relating to being a foreign private issuer under the U.S. Exchange Act.
- Risks relating to COVID-19
- The other risk factors disclosed in this AIF.

The foregoing list of factors should not be considered exhaustive. See also " *Risk Factors*". Should one or more of the risks or uncertainties listed above or in "*Risk Factors*" in this AIF materialize, or should the expectations, estimates, projections, assumptions and/or beliefs underlying the Forward-Looking Statements prove incorrect, future results, levels of activity, performance or achievements could vary materially from those expressed or implied by Forward-Looking Statements contained in this AIF. With respect to Forward-Looking Statements contained in this AIF, the Corporation has made the following assumptions, among others: (i) the impact of increasing competition in each business in which the Corporation operates will not be material; (ii) quality management will be available; and (iii) the effects of regulation and tax laws of governmental agencies will be consistent with the current environment.

The above summary of assumptions and risks related to forward looking statements has been provided in this AIF in order to provide readers with a more complete perspective on the future operations of the Corporation. Readers are cautioned that such forward looking statements may not be appropriate for other purposes.

Key performance indicators (non-IFRS financial measures)

The Company measures the success of its business using a number of key performance indicators that are not measurements in accordance with International Financial Reporting Standards ("IFRS") and should not be considered as an alternative to net income (loss) 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 are discussed below:

Assets under management

Assets under management refers to the total net assets managed by the Company through its various investment product offerings, managed accounts and managed companies.

Net inflows

Net inflows (consisting of net sales, capital calls and fee earning capital commitments) result in changes to AUM and are described individually below:

Net sales

Fund sales (net of redemptions), including 'at-the-market' transactions and secondary offerings of our physical trusts and new 'creations' of ETF units, are a key performance indicator as new assets being managed will lead to higher management fees and can potentially lead to increased carried interest and performance fee generation (as applicable) given that AUM is also the basis upon which carried interest and performance fees are calculated.

Capital calls and commitments

Capital calls into our lending LPs are a key source of AUM creation, and ultimately, earnings for the Company. Once capital is called into our lending LPs, it is included within the AUM of the Company as it will now earn a management fee (NOTE: it is possible for some forms of committed capital to earn a commitment fee despite being uncalled, in which case, it will also be included in AUM at that time). Conversely, once loans in our lending LPs are repaid, capital may be returned to investors in the form of a distribution, thereby reducing our AUM ("capital distributions").

Net fees

Management fees (net of trailer and sub-advisor fees) and carried interest and performance fees (net of carried interest and performance fee payouts) are key revenue indicators as they represent the net revenue contribution after directly associated costs that we generate from our AUM.

Net commissions

Commissions, net of commission expenses, arise primarily from the transaction based service offerings of our brokerage segment.

Net compensation

Net Compensation excludes commissions, carried interest and performance fee payouts, which are presented net of their related revenues in the management's discussion and analysis of the Company for the year ended December 31, 2020, and severance and new hire accruals which are non-recurring.

Total shareholder return

Total Shareholder Return is the financial gain (loss) that results from the change in the Company's share price, plus any dividends paid over the period.

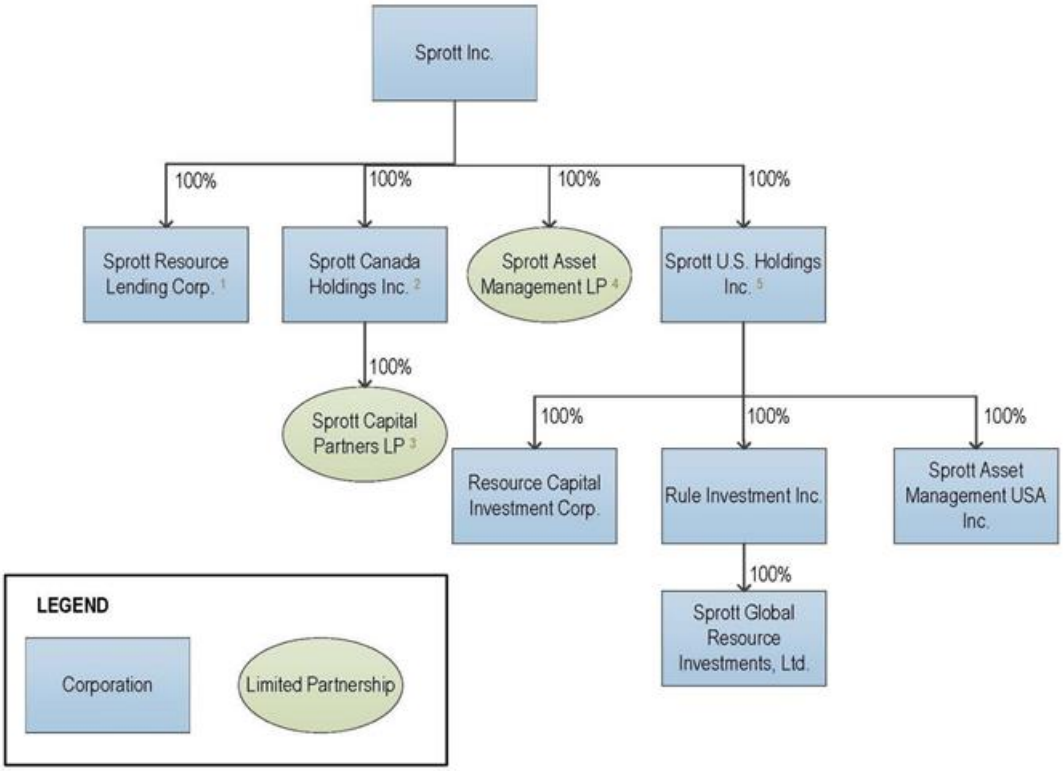
Return on capital

Return on capital is calculated as adjusted base EBITDA, plus gain (loss) on investments divided by capital stock plus outstanding loan facility.

Corporate structure

Sprott Inc. was incorporated under the *Business Corporations Act* (Ontario) (the "OBCA") by Articles of Incorporation dated February 13, 2008. The Corporation's registered and head office is located at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2600, Toronto, Ontario, M5J 2J1.

The corporate structure of the Corporation and its material subsidiaries are as indicated in the following chart:



(1) Sprott Resource Lending, which is incorporated under the federal laws of Canada, is the general partner of the Lending Funds.
(2) Sprott Canada Holdings Inc. is incorporated under the OBCA.
(3) Sprott Capital Partners GP Inc., which is incorporated under the OBCA, is the general partner of SCP.
(4) Sprott Asset Management GP Inc. which is incorporated under the OBCA, is the general partner of SAM.
(5) Sprott U.S. Holdings Inc., SAM USA and RCIC. Sprott U.S. Holdings Inc. exists under the laws of the State of Delaware. RII, SGRIL and SAM USA exists under the laws of the State of California. RCIC exists under the laws of the State of Nevada.

General development of the business

On January 16, 2018, the Corporation completed its acquisition of Central Fund of Canada Limited ("CFCL") and the right to manage administer and manage physical gold and silver bullion assets that were transferred to a newly formed trust, Sprott Physical Gold and Silver Trust ("CEF"), for an aggregate purchase price consisting of CAD$105 million in cash and 699,739 Common Shares, plus a cash earnout payment (the "CFCL Transaction"). At the time of closing, the CFCL Transaction, doubled the size of the Corporation's exchange-listed products franchise and increased the Corporation's AUM to more than CAD$11.5 billion. CEF is managed by SAM and trades on the NYSE Arca and the TSX.

On January 29, 2019, Whitney George was appointed President of the Corporation in addition to his roles as Chairman of Sprott. U.S. and Chief Investment Officer ("CIO") of SAM.

On November 7, 2019, the Board approved a normal course issuer bid ("NCIB"), pursuant to which the Corporation was permitted to repurchase up to 2.5% of its common shares over a one-year period commencing on November 15, 2019 and ending on November 14, 2020. On February 25, 2021 a renewed NCIB for the purchase of up to 2.5% of the Common Shares was approved by the Board. Purchases under the renewed NCIB are expected to occur for a one year period commencing on or about March 3, 2021 and will be subject to acceptance by the Toronto Stock Exchange.

On January 17, 2020, the Corporation completed the acquisition of Tocqueville Asset Management's ("Tocqueville") gold strategies for total consideration of up to $50 million, comprised of a payment at closing of $12.5 million in cash, as well as common shares valued at $2.5 million. The acquisition resulted in the Corporation managing and sub-advising the Tocqueville gold strategies, including the Tocqueville Gold Fund and certain other institutional accounts and, at closing of the acquisition, increased the AUM of the Corporation's managed equities platform by approximately $1.7 billion. Subsequent to the year ended December 31, 2020, the Corporation successfully negotiated an amendment to the original terms of the purchase agreement. In lieu of any contingent consideration entitlement for the 2020 and 2021 fiscal years, the vendor accepted a final payment from the Corporation of $30 million ($27 million in cash and $3 million in common shares of the Corporation). This enabled the Corporation to lock-in the total acquisition price and return on investment economics going into 2021 and further enabled the Corporation to retain the full benefits of any additional increase in AUM expected over 2021.

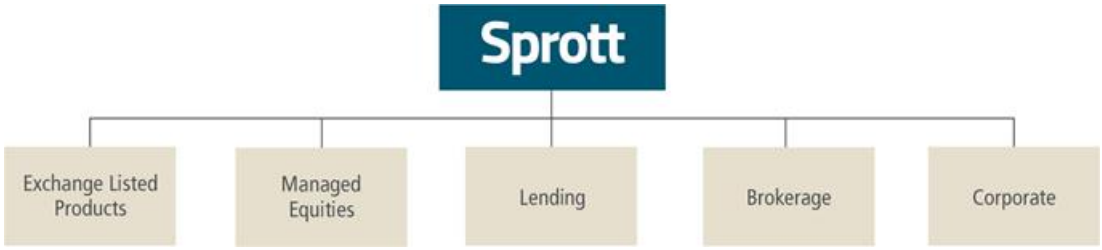
On May 28, 2020, the Corporation completed a 10-for-1 consolidation of its common shares. All information pertaining to common shares and per-share amounts in this AIF for the period before May 28, 2020 reflects retrospective treatment of this consolidation.

On June 29, 2020, the common shares began trading on the New York Stock Exchange ("NYSE") under the ticker symbol "SII".

On September 21, 2020, the Corporation's common shares were added by Dow Jones Canadian Index Services to the S&P/TSX Composite Index. The TSX also added the Corporation to the TSX30 as the Corporation ranked among the 30 top-performing TSX stocks over a three-year period based on dividend adjusted share price appreciation.

Description of the business

The Corporation's operating segments are as follows:



Exchange listed products

- The Corporation's closed-end physical trusts and exchange traded funds ("ETFs").

Managed equities

- The Company's alternative investment strategies managed in-house and on a sub-advised basis.

Lending

- The Company's lending and streaming activities occur through limited partnership vehicles ("lending LPs").

Brokerage

- The Company's regulated broker-dealer activities (equity origination, corporate advisory, sales and trading).

Corporate

- Provides the Company's operating segments with capital, balance sheet management and other shared services.

All other segments

- Contains all non-reportable segments as per IFRS 8, *Operating Segments* ("IFRS 8"). See Note 14 of the annual financial statements for further details.

The Corporation's brand

The Sprott brand is recognized internationally for expertise in resource investing, particularly in the precious metals area. The importance of this brand recognition resides primarily in the role it plays in attracting new investors and employees to the Corporation. Protection of this brand by delivering investment performance and industry-leading thought leadership is important to the continued success of the Corporation's business.

Summary of AUM

(In millions $)	AUM Dec. 31, 2019	AUM Dec. 31, 2020	Blended management fee rate [1]
Exchange listed products			
- Physical trusts	6,579	11,851	0.39%
- ETFs	252	382	0.35%
	6,831	12,233	0.39%
Managed Equities			
- Precious metals strategies	601	2,479	0.79%
- Other [2]	350	352	0.92%
	951	2,831	0.81%
Lending [3]	783	999	1.05%
Other [4]	688	1,327	0.79%
Total [5]	9,253	17,390	0.53%

[1] Management fee rate represents the net amount received by the Company.
[2] Includes institutional managed accounts.
[3] $1.1 billion of committed capital remains uncalled, of which $0.4 billion earns a commitment fee (AUM), and $0.7 billion does not (future AUM).
[4] Includes Sprott Korea Corp., private equity strategy in Sprott Asia and high net worth discretionary managed accounts in the U.S.
[5] No performance fees are earned on exchange listed products. Performance fees are earned on all precious metals strategies (other than bullion funds) based on returns above relevant benchmarks. Other managed equities strategies primarily earn performance fees on flow-through products. Lending funds earn carried interest calculated as a pre-determined net profit over a preferred return.

The Corporation's revenues

The Corporation derives its revenues principally from management fees earned from the management of its Investment Products and from performance fees earned from the investment of the AUM of its Investment Products. Accordingly, growth in the Corporation's management fees is based on growth in AUM while growth in its carried interest and performance fees is based on both the growth in AUM and the absolute or relative return, as applicable, earned by its Investment Products. In addition, the Corporation derives revenues from commissions earned on placement and advisory fees and finance income from co-investments in lending funds The Corporation manages and reports across the five reporting segments.

For the year ended December 31, 2020, the Corporation's total revenue was $121.8 million compared to $73.5 million for the fiscal year ended December 31, 2019.

The Corporation's employees

As at December 31, 2020, the Corporation had 157 employees, across its operating segments as follows:

	Exchange listed products & managed equities	Lending	Brokerage	Corporate	Other segments	Total
Number of employees	36	13	63	22	23	157

Exchange listed products and managed equities

Sprott Asset Management LP (SAM)

SAM is the manager of Sprott's exchange-traded products, alternative investment strategies and managed accounts. SAM is registered as a portfolio manager and an exempt market dealer in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia, and Newfoundland and Labrador and as an investment fund manager in Ontario, Quebec, and Newfoundland and Labrador. SAM is also registered as an exempt market dealer in Quebec and as a Commodity Trading Manager in Ontario. SAM is registered as a Registered Investment Advisor with the U.S. Securities and Exchange Commission ("SEC"). The majority of the Corporation's revenues are generated through SAM in the form of management fees and performance fees earned through the management of funds and Managed Accounts.

SAM offers investors access to best-in-class precious metals and real asset strategies. SAM's team of portfolio managers have a deep understanding of precious metals and natural resource investments and a long track record investing in the sector. By taking a consistent, disciplined approach to investing, based on sound fundamental analysis and independent research, SAM's investment management team carefully assembles a portfolio of holdings to meet its investment objectives. SAM takes a team-based approach to its investment decision-making process. Themes and opportunities are discussed daily among its investment team.

SAM's offerings include unique physical bullion trusts, mining ETFs and actively managed equity strategies. SAM managed funds had approximately $14.8 billion in AUM as at December 31, 2020.

During the year ended December 31, 2020, SAM managed or sub-advised the following funds:

Exchange listed products	Precious metal strategies
Sprott Physical Gold and Silver Trust (CEF)	Sprott Gold Equity Fund
Sprott Physical Gold Trust (PHYS)	Sprott Hathaway Special Situations Fund
Sprott Physical Silver Trust (PSLV)	Bullion Funds [1], [2]
Sprott Physical Platinum and Palladium Trust (SPPP)	Gold and Precious Minerals Fund[1]
Sprott Gold Miner's ETF	Flow-through LPs [1], [3]
Sprott Jr. Gold Miner's ETF	Corporate Class Funds [1], [4]
	Institutional Accounts

[1] Fund is managed by Ninepoint Partners LP and SAM acts as sub-advisor
[2] Includes: (1) Ninepoint Gold Bullion Fund; and (2) Ninepoint Silver Bullion Fund
[3] Includes: (1) Ninepoint 2018 Flow-Through LP (closed on February 28, 2020), (2) Ninepoint 2018-II Flow-Through LP (closed on February 28, 2020), (3) Ninepoint 2019 Flow- Through LP, (4) Ninepoint 2019 Short Duration Flow-Through LP, (5) Ninepoint 2020 Flow-through LP; and (6), Ninepoint 2020 Short Duration Flow-through LP
[4] Includes: (1) Ninepoint Silver Equities Class; and (2) Ninepoint Resource Class

SAM's revenues

Except as detailed below, all of SAM's products (including those sub-advised by SAM) have a fee structure that consists of both a management fee component and a performance fee component. SAM collects management fees calculated as a percentage of AUM, and may earn performance fees calculated, depending on the fund or managed account, as a percentage of: (i) excess performance over the relevant benchmark; (ii) the increase in net asset value over a predetermined hurdle, if any; or (iii) the net profit over the performance period.

CEF, PHYS, PSLV, SPPP, Sprott Gold Miners ETF, Sprott Junior Gold Miners ETF, Sprott Gold Equity Fund, certain institutional accounts and the Bullion Funds only charge a management fee.

SAM selling and distribution

The Corporation focuses its distribution primarily in the United States through its family of exchange traded products. Exchange traded products also provide broader distribution to investors in many countries including Canada, the United Kingdom, as well as countries in Europe and Asia.

The Corporation actively promotes its offerings through its sales team, public and investor relations, marketing, social and traditional media platforms and conferences.

Resource Capital Investment Corp. (RCIC)

RCIC manages assets for limited partnership investment vehicles that invest in natural resource companies. These investment vehicles include: (1) closed-ended pooled investment vehicles with remaining durations between one to four years; and (2) open-ended limited partnerships.

As at December 31, 2020, these investment vehicles had an aggregate AUM of approximately $251 million.

RCIC revenues

RCIC earns revenue in the form of management fees and carried interest and performance fees through the management of the limited partnerships. Management fees are calculated as a percentage of AUM, and may earn carried interest and performance fees depending on the excess performance over the predetermined hurdle.

For the year ended December 31, 2020, exchange listed products and managed equities had total revenue of $79 million compared to $38.6 million for the year ended December 31, 2019.

Lending

Sprott Resource Lending is focused on providing financing to companies within the natural resource sector, primarily through the Lending Funds.

SRLC is the general partner and RCIC is the manager of Lending Fund I. Pursuant to a sub-management agreement, RCIC has delegated to Sprott Resource Lending Partnership ("SRLP") all aspects of the management of investments of lending fund I, including investigating, analyzing, structuring and negotiating potential investments, monitoring the performance of loan investments and portfolio companies and making determinations as to disposition and other opportunities in respect of the investments of lending fund I.

SRLC is the general partner and SRLP is the manager of lending fund II. SRLP provides certain administrative services to, and manages the investments of, Lending Fund II, including investigating, analyzing, structuring and negotiating potential investments, monitoring the performance of loan investments and portfolio companies and making determinations as to disposition and other opportunities in respect of the investments of lending fund II.

The lending funds have been established to primarily provide loan facilities to, and invest in, debt instruments ("Loan Investments") of companies in the mining, agricultural mineral, resource infrastructure, resource service and energy production sectors on a global basis. Loan investments may include a committed or revolving credit facility that has not yet been drawn down by the relevant borrower and any loan, note, bond debenture or other debt instruments. The lending funds may also invest in, receive rights in respect of or otherwise acquire shares, options, warrants, commodity price appreciation rights, royalties and other contingent purchase rights, including upon the exercise of any such right or as a result of the conversion of debt. The lending funds are subject to certain investment restrictions, including limits on investments in any one portfolio company based on a specified percentage of capital commitments, limits on non-senior debt or other investments, or other restrictions, without approval of the lending funds' respective limited partners or advisory committee, as the case may be.

In addition to the loan investments made through the lending funds, the Corporation may provide certain direct financing to companies within the natural resource sector, primarily through credit facilities.

SRSR is focused on specialized forms of capital to the mining sector on behalf of institutional investors through its streaming fund. SRSR, through the streaming fund, invests primarily in royalties and streams, which share in a project's metal production in return for an up-front payment providing investors with long duration exposure to commodity prices and mine life extensions and expansions.

As at December 31, 2020, AUM in the lending and streaming funds stood at $1 billion. This was due to $260 million of new capital calls into our lending funds, net of $85 million of capital distributions during the year. In addition, $1.1 billion of committed capital remains uncalled, of which $0.4 billion earns a commitment fee (AUM), and $0.7 billion does not (future AUM)

Lending revenues

Both Sprott Resource Lending, through SRLP, and Sprott Streaming and Royalty, through SRSR earns revenue in the form of management fees, calculated as a percentage of the funds' aggregate capital commitments used to fund investments that have not been fully realized and may earn carried interest calculated as a percentage of cumulative net realized profits.

With respect to co-investment in the lending and streaming funds and direct financing, Sprott Resource Lending and Sprott Resource Streaming and Royalty earns revenue in the form of finance income.

On direct financing, SRLC may earn other fees on its lending activities as well as realizing on the upside potential of bonus arrangements with resource borrowers which are generally tied to the revenue or the value of the common shares of the borrower. SRLC's revenues are subject to the return it is able to generate on its capital, its ability to reinvest funds as financings mature and are repaid, the nature and credit quality of its loan portfolio, including the quality of the collateral security and the overall resource and commodity markets.

For the year ended December 31, 2020, Lending had total revenue of $15.5 million compared to $14.7 million for the fiscal year ended December 31, 2019.

Brokerage

Canadian brokerage

Merchant banking

Through the merchant banking division of SCP, the Corporation generates investment ideas within the Corporation's core areas of expertise and provides focused advice and capital raising services to corporate clients. The Merchant Banking Division is led by a team of seasoned resource banking professionals and benefits from the Corporation's deal-flow and brand recognition in the natural resource sector. While the merchant banking division's area of focus is currently in the natural resource sector, it may diversify sector coverage in the future.

Advisory services

Through the advisory services division of SCP (the "Advisory Services Division"), the Corporation provides investment management and administrative services to high net worth individuals and institutions. The Advisory services division focuses on providing a high level of service to its direct private clients. Whether dealing with high net worth individuals or institutional investors, the advisory services division attempts to inform its clients of the Corporation's market outlook as well as each investment professional's approach to allocating capital within their respective fund strategies. The advisory services division provides investors with monthly reports, email updates and web postings. Clients also have the ability to contact an informed customer service representative. As at December 31, 2020, the advisory services division's private client base represented approximately $141.7 million of client assets.

SCP is a member of IIROC and the Canadian Investor Protection Fund. SCP is registered as an investment dealer in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Prince Edward Island, New Brunswick, Nova Scotia, and Newfoundland and Labrador.

SCP's revenues

The merchant banking division's primary revenue streams are commissions earned on capital raising services and fees earned on advisory deals.

The advisory services division has revenue streams including: (1) structured fees from charity flow-through transactions, (2) commissions from trading, private placements and underwriting; and (3) finance income from retail accounts.

US brokerage

SGRIL

SGRIL is a full service U.S. brokerage firm providing personalized brokerage services to investors in the natural resource sector. SGRIL is a broker-dealer regulated by the Financial Industry National Regulatory Authority ("FINRA"). Many of SGRIL's financial advisors worked in various natural resource industries before they began their financial services career, enabling them to provide specialized advice. As at December 31, 2020, SGRIL has approximately 4,172 client accounts and had approximately $1.4 billion of assets under administration.

SAM USA

SAM USA is a registered investment advisor that provides segregated managed accounts for institutional and high-net worth clients looking for distinctive and personalized wealth management. SAM USA offers clients the option of investing through its model portfolios, which include (1) Sprott Global Diversified Resource Strategy, (2) Sprott Rule Managed Accounts, (3) Sprott Global Gold Separately Managed Account; and (4) Sprott Real Asset Value+ Strategy.). As at December 31, 2020, SAM USA's AUM was approximately $530 million.

US brokerage revenues

SGRIL earns commissions and other fees from the sale and purchase of stocks by its clients, from new and follow-on offerings of limited partnerships managed by RCIC and from the sale of private placements to its clients. SAM USA earns revenue in the form of management fees and performance fees from the management of managed accounts.

For the year ended December 31, 2020, brokerage has total revenue was $30.7 million compared to $21.2 million for the fiscal year ended December 31, 2019.

Corporate

The Corporate operating segment provides capital, balance sheet management and shared services to the Corporation's subsidiaries.

COMPETITION AND INDUSTRY OUTLOOK

The Corporation is fairly unique as an alternative asset management organization in terms of the breadth of its various investing platforms. However, each business line operates in a very competitive environment where there is significant competition for investors' assets.

Exchange listed products and managed equities

The North American asset management industry is highly competitive and is dominated by a small number of larger players. As at December 31, 2020, SAM managed approximately $14.8 billion of AUM, concentrated mainly in its physical bullion trusts, Gold Equity fund, as well as sub-advisory agreements for actively-managed resource funds. SAM has historically been a manager of specialized, focused funds where the Corporation believes that (i) it has a competitive advantage due to its investment management expertise; and (ii) it is able to add value as compared to a benchmark or index.

SAM's primary focus is in the precious metals and mining sectors. Most competitors in these sectors are larger and more diversified asset managers that do not focus exclusively in these areas. SAM's focus provides an advantage, allowing it to compete with larger organizations. SAM also has developed world-renown expertise and brand equity in precious metals and mining which allows it to promote its offerings to a variety of investors.

The Corporation expects that the asset management business will continue to consolidate, with the industry bifurcating between large general managers and specialized boutique managers. The Corporation also expects that price compression will continue in the asset management industry, particularly in the ETF segment as players compete for market share. As a result, the Corporation believes that asset managers without differentiated offerings and access to distribution and capital will be at a disadvantage.

With the completion of the CFCL Transaction in 2018, the Corporation became the third largest bullion manager in North America. The exchange listed products platform is highly scalable, with approximately 150,000 clients, and has significant leverage to precious metals prices and is well-positioned to add complementary strategies.

The Corporation's acquisition of Tocqueville Asset Management's gold strategies in January 2020 increased the Corporation's AUM by approximately $1.7 billion and added meaningful scale to our managed equities platform.

SAM will continue to consider strategic acquisitions which will allow it to build scale, improve profitability or enter new markets and investment categories.

Lending

Sprott Resource Lending and Sprott Resource Streaming operate in the specialized lending industry, carrying out lending activities on a global basis. SRLC and SRSR's competition includes other unconventional lenders, bank loans, high yield note offerings, investment funds and money managers, and public and private equity financings carried out by those institutions. As markets in the resource sector improve, potential borrowers may opt for equity or bank loans for their financing needs rather than SRLC's or SRSR's product offering.

Brokerage

Merchant banking

SCP's merchant banking division competes with large domestic and international securities firms, securities subsidiaries of major chartered banks, major regional firms, smaller niche-oriented companies as well as institutional and strategic investors. The Corporation believes that the expertise of the merchant banking division's team, their extensive background in natural resources and their access to the deal flow and expertise of the broader Sprott group network provides SCP's merchant banking division with a competitive advantage within its operating niche.

Advisory Services

SCP's advisory services division is focused on providing private client solutions to clients interested in natural resource investment opportunities. The Corporation believes that the advisory services division can be competitive in this segment through its access to private placement opportunities generated by the merchant banking division as well as resource-focused investment products managed by the SAM investment team.

U.S Brokerage

The U.S. asset management industry - both broker-dealers and asset managers - is highly competitive but fragmented. Both SGRIL and SAM USA operate specialized “niche” businesses. SGRIL provides brokerage services to clients focused on small capitalization stocks in the natural resource sector. SAM USA offers a managed account program for investors seeking a personalized wealth management program focused on investments in natural resources.

The Corporation believes that the specialized focus that both SGRIL and SAM USA offer to clients is a distinct competitive advantage for both SGRIL and SAM USA. Each of these companies seeks to increase its client base through expanded marketing and sales efforts across selected geographic markets in the U.S.

Corporate

The Corporate segment provides treasury and shared services to the Corporation’s subsidiaries.

Environmental, social and governance policy

The Corporation has implemented an Environmental, Social and Governance ("ESG") Policy.

The Corporation believes it is part of its corporate responsibility to deliver returns by being a responsible investor and that integrating ESG matters into its investment decision-making process and active ownership practices are key tenets to being a responsible investor.

ESG principles

The United Nations Principles for Responsible Investment ("UNPRI") was launched in 2006 with the aim of ensuring that ESG matters are considered during the investment process and subsequent management of investments. The UNPRI framework has become the standard for global best practice in responsible investing. Although the UNPRI framework is voluntary, the Corporation has committed to incorporating ESG matters into its investment decision making and active ownership practices.

The Corporation will endeavour to observe the following UNPRI principles:

- The Corporation will incorporate ESG issues into investment analysis and decision-making processes.
- The Corporation will be an active owner and incorporate ESG issues into its ownership policies and procedures.
- The Corporation will seek appropriate disclosure on ESG issues by the entities in which it invests.
- The Corporation will promote acceptance and implementation of the principles within the investment industry.
- The Corporation will work to enhance its effectiveness in implementing the principles.
- The Corporation will report on its activities and progress towards implementing the principles.

2020 highlights

Our accomplishments during 2020 towards ESG included the following:

Environmental

- Donation to American Australian Association's Bush Fire Relief Fund
- Closed on the acquisition of U.S clean energy fund assets (Brookfield Renewable Partners: 50.1%; Sprott Korea led consortium: 49.9%)

Social

- Women and BIPOC make up 30%+ of board and senior leadership
- Signed 2020 BlackNorth initiative (along with over 200 public and private companies) to address workplace injustice against BIPOC in Canada
- Donation to various COVID-19 relief projects (including Toronto General Hospital and YMCA)
- Launched Sprott scholarship for women in finance at Carlton University
- Launched mandatory company-wide unconscious bias training

Governance

- Engaged Global Governance Advisors for a 2021 project to assist in further enhancing our governance practices as we grow and expand our reach into international regulatory environments in the U.S, Europe and Asia
- Our compensation practices continue to produce a mix of pay reflecting the objectives of our shareholders that management be compensated more towards variable at-risk pay (AIP) and long-term stock incentives (LTIP)
- Hired an independent audit firm to conduct a 2021 review of our cybersecurity framework against the best practices noted in the National Institute of Standards & Technology Cybersecurity Framework ("NIST Framework")

Risk management

The Corporation monitors, evaluates and manages the principal risks associated with the conduct of its business. These risks include external market risks to which all investors are subject and internal risks resulting from the nature of the Corporation's business.

The Corporation conducts an enterprise risk assessment on all of its major operating business units at least annually. Through the risk assessment process, the Corporation identifies the significant risk factors present in each business unit, and subjectively determines the likelihood of the risk occurring and the financial and/or non-financial impact to such business if the risk occurs. The Board and/or the management of each business unit monitors the significant risk factors identified by the Corporation and, where deemed necessary, adopts an appropriate risk optimization strategy.

The Corporation has internal control policies related to its business conduct. Such polices are intended to ensure conformity with the rules and regulations of the Canadian Securities Administrators, IIROC, the Ontario Securities Commission, the SEC, FINRA and any other regulator, as applicable. The policies focus on multiple areas, including employee code of ethics, conflict of interest management, as well as, compliance and risk monitoring of all business processes. Each policy has a defined control objective and applicable procedures to ensure adherence to sound business practices, regulatory requirements and high ethical standards, including capital adequacy, insurance, segregation of clients' securities, safeguarding of securities and cash, and pricing of securities.

The Corporation has also established a number of policies with respect to its employees' personal trading. Employees may not trade any of the securities held or being considered for investment by any of the Funds without prior approval. All of the Corporation's employees must comply with the Corporation's written policies and procedures, including the Corporation's Code of Business Conduct and Ethics, which establish strict rules for professional conduct and management of conflicts of interest, and the Corporation's Insider Trading Policy, which fosters and facilitates compliance with applicable laws, including applicable securities laws.

The Corporation believes that confidentiality is essential to the success of its business and, as such, strives 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. The Corporation keeps the affairs of its investors/clients confidential and does not disclose the identities of its investors/clients (absent express investor/client consent to do so). If a prospective client or investor requests a reference, the Corporation will not furnish the name of an existing client or investor before receiving permission from such client or investor to reveal their business relationship with the Corporation. See "*Risk Management - Privacy Policy*".

Enterprise risk management

The Corporation's risk appetite and its enterprise risk management program ("ERM") is primarily based on specific regulatory and legal environment considerations; general environmental social and governance responsibilities; the need for sound capital adequacy and treasury management processes; the preservation of its positive reputation among current and future stakeholders; the natural expectation of its shareholders that it takes appropriate and reasonable levels of risk in its various business segments to maximize shareholder returns; and its overall desire to be good corporate citizens as part of its organizational culture and core values. The aforementioned considerations formed the basis for the Corporation's risk appetite statements noted below:

- Regardless of loss probability, the Corporation will only accept inherent or residual risks that it has a proven, demonstrable ability to understand, diligently manage on an ongoing basis and thoroughly consider and balance relative to the outcomes; and
- The Corporation's risk appetite is low around any actions or inactions that could materially jeopardize the Corporation's reputation, core values or commitment to its stakeholders.

The ERM process involves a comprehensive drill down through the organization to its constituent parts to identify all salient risks and evaluate them through the lens of the Corporation's risk appetite. The following is a summary of the ERM steps used to filter organizational risks through the Corporation's risk appetite:

- **Identify all major processes** within each business segment (and enterprise shared services function supporting them);
- **Identify materially relevant inherent risks** (both quantitative and qualitative), that may arise in each major process area;
- **Rate each inherent risk** (in the absence of internal controls), based on the degree of event probability and impact to the organization;
- **Determine our risk tolerance** for each inherent risk previously identified and rated;
- **Identify internal controls** in place (or needed) to mitigate the inherent risks down to the appropriate "residual level" (i.e. determine the post-controls risk rating and compare it to our predetermined risk tolerance level). NOTE: we stratify our internal controls universe using the "three lines of defense" approach recommended by the Institute of Internal Auditors prior to evaluating the effectiveness of internal controls;
- **Compare all residual risk ratings to their corresponding risk tolerance level** to ensure the risk is being appropriately managed (i.e. there are a sufficient number of, and appropriate types of, internal controls in place to manage the risk in light of our risk tolerance), and if not, take further action;
- **Test, document and report on the effectiveness of the ERM program** in managing risks within the boundaries of our risk appetite.

Regulatory matters

SCP is registered as an investment dealer in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Prince Edward Island, New Brunswick, Nova Scotia, and Newfoundland and Labrador. SCP is also a member of IIROC. SAM is registered as a portfolio manager in Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick, Nova Scotia and Newfoundland and Labrador and as an investment fund manager in Ontario, Quebec and Newfoundland and Labrador.

The Corporation is subject to extensive regulation in Canada. As a matter of public policy, regulatory bodies in Canada are charged with safeguarding the integrity of the securities and other financial markets and with protecting the interests of investors participating in those markets. The Corporation's operations are subject to the securities legislation of nine Canadian provinces, the Universal Market Integrity Rules, and the rules, regulations and by-laws of IIROC. The distribution of the Funds is also subject to regulations under the securities legislation of those jurisdictions where its Funds are sold.

Securities brokerage, trading, advisory and investment banking activities are conducted in SGRIL, a U.S.-registered broker-dealer affiliate. The SEC, state securities regulators and FINRA regulate this broker-dealer affiliate.

SAM and SAM USA are involved in the business of investment management in the U.S. or to U.S. persons. These activities require that SAM and SAM USA be registered with the SEC as investment advisers under the U.S. Investment Advisers Act of 1940 (the "Advisers Act"). The Advisers Act and related rules regulate the registration and activities of investment advisers.

The Corporation is subject to regulations that cover all aspects of the securities business, including sales methods, trading practices among investment dealers, use and safekeeping of funds and securities, capital structure, record-keeping, conflicts of interest and the conduct of directors, officers and employees. The various government agencies and self-regulatory organizations having jurisdiction over registrants are empowered to conduct administrative proceedings that can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a registrant or its directors, officers or employees. A registrant is subject to rules respecting the maintenance of minimum regulatory capital. Compliance with regulatory capital requirements can limit a registrant's operations and also restrict its ability to withdraw capital from its regulated affiliates, which in turn can limit its ability to repay debt or pay dividends on its shares.

Since the Corporation's ability to carry on its business is dependent upon its continued registration under applicable laws, the Corporation regularly reviews its policies, practices and procedures to ensure that they comply with current regulatory requirements and employees are routinely updated on relevant legal requirements. In addition, external legal advice is obtained, as required, to ensure that the Corporation is informed of new regulatory requirements that may be applicable. All of the Corporation's registrations are in good standing. SCP has retained National Bank Independent Network ("NBIN") under a written introducing/carrying broker agreement to provide certain record-keeping and operational services in respect of its client accounts which may include execution and settlement of securities transactions, custody of securities and cash balances, and extension of credit on margin transactions. The fees payable to NBIN as carrying broker are not considered material to the Corporation or NBIN.

There are certain regulatory restrictions on the ownership and holding of shares of investment dealers and their parent companies. Notably, the direct or indirect ownership or holding of an interest in an investment dealer by the public is subject to approval by IIROC, other self-regulatory organizations, stock exchanges and certain securities commissions. See "*Risk Factors*" and "*Capital Structure*".

Privacy policy

The Corporation is also subject to Canadian federal and provincial privacy laws regarding the collection, use, disclosure and protection of client information. The Personal Information Protection and Electronic Documents Act ("PIPEDA"), the federal privacy legislation governing the private sector, requires that organizations only use personal information for purposes that a reasonable person would consider appropriate in the circumstances and for the purposes for which it is collected. The Corporation complies with the applicable requirements of PIPEDA and all applicable provincial personal information laws. The Corporation collects personal information directly from investors or through their financial advisor and/or dealer in order to provide such investor with services in connection with his or her investment, to meet legal and regulatory requirements and for any other purposes to which such investor may consent.

In addition, in the European Union, some of the Corporation's operations are subject to the European Union's General Data Protection Regulation ("GDPR") which took effect on May 25, 2018. Despite the United Kingdom leaving the European Union as of December 31, 2020, the GDPR currently remains applicable alongside the UK Data Protection Act 2018. The GDPR sets out the requirements that companies must follow when processing personal data and provides for substantial penalties for non-compliance. Under the GDPR, companies who process personal data are required to comply with certain principles relating to the process of personal data (such as ensuring personal data is processed transparently, lawfully and for limited purposes) and report data breaches to data protection regulators. The GDPR also places companies under obligations relating to data transfers outside of the EU and the security of the personal data they possess. Another key aspect of the GDPR is that it provides data subjects with certain rights relating to their personal data (e.g. a right of access) that companies are required to comply with. The Corporation is aware of its obligations under the GDPR and is continuing to review and update its policies and procedures in light of those obligations.

The Corporation does not sell, lease, barter or otherwise deal with personal information collected by the Corporation with third parties. The Corporation carefully safeguards all personal information collected and retained by it and, to that end, restricts access to personal information to those employees and other persons who need to know the information to enable the Corporation to provide its services. The Corporation's employees are responsible for ensuring the confidentiality of all personal information they may access. In addition to an employee's obligation of confidentiality under the terms of their employment agreement, each of the Corporation's employees is required to annually sign a code of conduct, which contains policies on the protection of confidential information.

The Corporation's Privacy Policy is provided to every prospective client and sets out the Corporation's commitment to the protection of the privacy of its clients.

Anti-money laundering laws

In order to comply with federal legislation aimed at the prevention of money laundering, the Corporation sometimes requires additional information concerning a purchaser of securities of any Investment Products. If, as a result of any information or other matter which comes to the attention of any of its directors, officers or employees, or its professional advisors, the Corporation knows or suspects that an investor is engaged in money laundering, it is required to report such information or other matter to the Financial Transactions and Reports Analysis Centre of Canada and such report shall not be treated as a breach of any restriction upon the disclosure of information imposed by law or otherwise.

Risk factors

An investment in the securities of the Corporation involves a number of risks. In addition to the other information contained in this AIF, investors should carefully consider the risks described below before making an investment decision. The Corporation's business, financial condition, revenues and profitability could be materially adversely affected by any of these risks. The trading price of the common shares could decline due to any of these risks, and investors may lose all or part of their investment. The risks described below are not the only ones facing the Corporation and holders of common shares. Additional risks not currently known to the Corporation or that management currently considers immaterial may also impair the Corporation's business operations should such risks arise or become material to the Corporation.

This AIF contains forward looking statements that involve significant known and unknown risks, uncertainties and assumptions. The Corporation's actual results could differ materially from those expressed, anticipated or implied in these Forward-Looking Statements as a result of certain factors, including the risks faced by the Corporation described below and elsewhere in this AIF. See "*Forward Looking Statements*".

Risks related to the business

Difficult market conditions

The success of the Corporation's business lines is highly dependent upon conditions in the Canadian and global equity and financial markets and economic conditions throughout the world that are outside the Corporation's control and difficult to predict. Factors such as interest rates, availability of credit, inflation rates, economic uncertainty, cyclical factors, changes in laws (including laws relating to taxation), trade barriers, commodity prices, currency exchange rates and controls, and national and international political circumstances (including wars, terrorist acts, security operations, demonstrations or protests), government policies, securities offerings and M&A activity, expenses associated with establishing and expanding new and existing business units and product offerings and performance of businesses and industry sectors can have a material negative impact on the Corporation's revenues and profitability.

Unpredictable or unstable market conditions and adverse economic conditions may result in reduced opportunities to find suitable risk-adjusted investments to deploy capital and make it more difficult to exit and realize value from existing investments, which could materially adversely affect the Corporation's ability to raise new funds and sustain profitability and growth.

The majority of the Corporation's investment products are focused on precious metals and the natural resource industry. The natural resource industry is notoriously cyclical, and the Corporation's performance is affected by the various stages in the resource investment cycle. In particular, investment performance, financial results and the ability to attract assets may be adversely affected by falling precious metals and commodity prices.

Poor investment performance

Management believes that investment performance is one of the most important factors explaining the historical growth of the Corporation's AUM. Poor investment performance (relative to its competitors or otherwise) could impair revenues and growth as existing clients might withdraw funds in favour of better performing products and the ability of the Corporation to attract funds from existing and new clients would be reduced. All of the foregoing could result in lower AUM and could impact the Corporation's ability to earn management fees. In addition, the ability to earn performance fees is directly related to investment performance and therefore poor investment performance may cause the Corporation to earn lower performance fees.

There is no assurance that the Corporation will be able to achieve or maintain any particular level of AUM, which may have a material negative impact on its ability to attract and retain clients, management fees and potential performance fees, and overall profitability. The Corporation's investment products tend to be more volatile than general market indices as the Corporation's investment team strives for exceptional performance and returns rather than attempting to mirror or follow the market indices. This volatility combined with negative or poor performance could combine to lead to a reduction in AUM and lower management fees and performance fees as a result. See *"Risk Factors - Risks related to the Corporation's investment products"* regarding various risks to the performance of the Corporation's investment products.

Key management and staff

The Corporation's business is dependent on the highly skilled and often highly specialized individuals employed by the Corporation. The contribution of these individuals to the investment management, client service, sales, marketing, capital markets and operational teams is important to attracting and retaining clients. The Corporation aims to establish relationships with prospective clients in advance of any transaction, and to maintain such relationships over the long-term. Such relationships depend in part on the individual employees who represent the Corporation in its dealings with such clients. Management devotes considerable resources to recruiting, training and compensating these individuals. However, the competition in the market and the reliance on performance results have increased the demand for high quality professionals in the industries in which the Corporation operates.

Management has taken, and will continue to take, steps to retain key employees, including incentive programs such as the Corporation's employee bonus pool, revenue share program, the Corporation's stock option plan (the "Option Plan"), employee profit sharing plan ("EPSP") and equity incentive plan ("EIP"). The Corporation has also entered into employment agreements with certain key employees. However, not all of the investment professionals have employment agreements or are subject to non-competition or non-solicitation restrictions. There can be no assurance that the steps taken to retain key individuals will be sufficient in light of the increasing competition for experienced professionals in the industry or that management will be able to recruit a sufficient number of new employees with the desired qualifications in a timely manner, if required. The failure to retain key employees and to recruit new employees could lead to a decline in revenues.

Employee error or misconduct

Misconduct by employees could include binding the Corporation to transactions that exceed authorized limits or present unacceptable risks, or concealing from the Corporation unauthorized or unsuccessful activities, which, in either case, may result in unknown and unmanaged risks or losses. Employee misconduct could also involve the improper use of confidential information, which could result in regulatory enforcement proceedings, sanctions and serious reputational harm. The Corporation is also susceptible to loss as a result of employee error. While management proactively takes extensive measures to deter employee misconduct or prevent employee error, the precautions management takes to prevent and detect this activity may not be effective in all cases, which could materially adversely affect the business, financial condition or profitability of the Corporation.

Performance fee fluctuations

The Corporation is entitled to performance fees only if performance exceeds pre-specified performance hurdles. If these hurdles are not exceeded, performance fees will not be payable for the relevant period. Moreover, any failure to meet or exceed a performance hurdle is carried forward indefinitely until such time as such deficit is made up. Performance fees will vary from period to period in relation to, among other things, volatility in investment returns, causing revenues to be more volatile. The volatility in revenues may decrease the common share price. In addition, most of the investment products have a December 31 performance year end, at which time performance fees (other than crystallized performance fees) for that 12-month period are determined. The limited partnerships have a carried interest generally received upon certain monetizing events in the limited partnership. Performance fees are generally received only once per portfolio performance year and determined based on the difference between the net asset value of the particular Investment Product on the first day of its performance year and on the last day of its performance year. The performance fees could be significantly impacted by events or factors beyond the Corporation's control that affect the net asset value on one of those days. For example, the markets generally could suffer a significant decline in value on or near the last day of a performance year as a result of a market or world event that could cause the Corporation to earn lower or no performance fees for that performance year despite a prior overall increase in the net asset value of those investment products over the course of the year.

Moreover, there may be increased volatility in the price of common shares during the period leading up to the announcement of performance fees and/or the declaration by the board of special dividends, if any.

Counterparty risk

The majority of the Corporation's receivables are from management fees, carried interest and performance fees from the business segments and funds. A business segment or another counterparty failing to pay its financial obligation could cause a decline in revenues for the Corporation.

Liquidity risk

The Corporation has a risk that it cannot meet its demand for cash or fund obligations as they come due. This includes exposure to liquidity risk through its loan advances (both directly via balance sheet loans and indirectly via borrowers of the lending funds the Corporation co-invests with) and other financial liabilities. The Corporation manages its liquidity risk by maintaining sufficient levels of liquid assets to meet its obligations as they come due. Additionally, the Corporation has access to a $70 million committed line of credit with a major Canadian Schedule I chartered bank.

Industry changes

The historical growth of the financial services industry may not continue and adverse economic conditions and other factors, including a protracted or precipitous decline in the Canadian, international or global financial markets or a change in the acceptance of fees typically charged by industry participants, could affect the popularity of the Corporation's services or result in clients withdrawing from the markets or decreasing their level and/or rate of investment. A decline in the growth of the industries in which the Corporation operates or other changes to the industries that discourage investors could affect the Corporation's ability to attract clients or could lead to redemptions of the Investment Products, as applicable, for reasons that may be unrelated to their performance but would nonetheless result in a decline in revenues.

Information security policies

The Corporation is dependent on the effectiveness of its information security policies, procedures and capabilities to protect its computer and telecommunications systems, and the data that resides on or is transmitted through them. Although the Corporation takes protective measures and tries to modify them as circumstances warrant, computer systems, sensitive data, software and networks may be vulnerable to cyberattacks, unauthorized access, computer viruses or other malicious code and events that could have a security impact. If one or more of these events occur, this could potentially jeopardize the Corporation's, or its clients' or counterparties' confidential and other personal information processed and stored in, and transmitted through, computer systems and networks, or otherwise cause interruptions or malfunctions in clients', counterparties, or third parties' operations. The Corporation may be required to expend significant additional resources to modify protective measures or to investigate and remediate vulnerabilities or other exposures. As a result, the Corporation may be subject to financial losses, litigation, fines and/or liability for failure to comply with privacy and data security laws and regulations as well as regulatory investigations and heightened regulatory scrutiny. These all may lead to reputational harm affecting client and investor confidence, which in turn could materially adversely affect the Corporation's business, financial condition or profitability.

A cyberattack could also compromise any proprietary, confidential or sensitive information or systems that the Corporation maintains for the purpose of competitive advantage (e.g. confidential corporate finance deal details) and such a compromise could lead to lost revenues while the Corporation attempts to recover or replace the lost information or systems.

The increased use of smartphones and other mobile devices, as well as enabling employees to securely access the Corporation's network remotely, may also heighten these risks.

Use of technology

The Corporation is dependent on the efficiency and effectiveness of the technologies it uses. Any failure or interruptions of the Corporation's systems, or those of third parties such as service providers, clearing corporations and exchanges, could cause delays or other problems in the Corporation's sales, trading, clearing, settlement and other client services. Improper functioning of any of the technologies could materially interrupt the Corporation's business operations and cause material financial loss, regulatory actions, breach of client contracts, reputational harm or legal liability, which in turn, could materially adversely affect the business, financial condition or profitability of the Corporation. Although the Corporation has back-up procedures, duplicate systems and business continuity plans in place, there is no assurances that procedures and plans will be sufficient or adequate in the event of a failure or interruption.

Lack of investment opportunities

An important component of investment performance is the availability of appropriate investment opportunities for the Corporation, new clients and new client assets. If the Corporation is not able to find sufficient investments in a timely manner, investment performance could be materially adversely affected. Alternatively, if there are insufficient investment opportunities, management may elect to limit the Corporation's growth and reduce the rate of intake of new clients and new client assets. Historically, depending on, among other factors, prevailing market conditions, the Corporation has taken opportunities to invest in smaller market capitalization companies and other more thinly traded securities in which relatively smaller investments are typically made. As the Corporation's AUM increases, the Corporation may not be able to exploit the investment opportunities that have historically been available to the Corporation or find sufficient investment opportunities for producing the absolute returns targeted. If the Corporation is not able to identify sufficient appropriate investment opportunities for itself, new clients and new client assets, the Corporation's investment performance and management's decision to continue to grow may be materially adversely affected.

Regulatory compliance

The Corporation's ability to carry on its business is dependent upon its compliance with and continued registration under securities legislation in the jurisdictions in which it carries on business. See "*Risk management - regulatory matters*". The securities business is subject to extensive regulation under securities laws in Canada, the U.S. and elsewhere. Compliance with many of the regulations applicable to the Corporation involves a number of risks, particularly in areas where applicable regulations may be subject to interpretation. In the event of non-compliance with an applicable regulation, securities regulators, IIROC and FINRA may institute administrative or judicial proceedings that may result in censure, fine, civil penalties, issuance of cease-and-desist orders, deregistration or suspension of the non-compliant investment dealer or investment adviser, suspension or disqualification of the investment dealer's officers or employees, or other adverse consequences. The imposition of any such penalties or orders on the Corporation regardless of duration or any subsequent appellate results could have a material adverse effect on the Corporation's operating results and financial condition.

Additional regulation, changes in existing laws and rules, or changes in interpretations or enforcement of existing laws and rules often affect directly the method of operation and profitability of securities firms. It is not possible to predict with any certainty as to what effect any such changes might have on the Corporation's business. Furthermore, its business may be materially affected not only by regulations applicable to the Corporation as a financial market intermediary, but also by regulations of general application. For example, returns on investments in a given time period could be affected by, among other things, existing and proposed tax legislation, competition policy and other governmental regulations and policies, including the interest rate policies of the Bank of Canada, the Federal Reserve or other global central banks and changes in interpretation or enforcement of existing laws and rules that affect the business and financial communities or industry-specific legislation or regulations.

Risk management

Management uses its best efforts to monitor, evaluate and manage the principal risks associated with the conduct of the Corporation's business. These risks include external market risks to which all investors are subject and internal risks resulting from the nature of the business. See "*risk management*". Some of the methods of managing risk used are based upon the use of observed historical market behaviour. As a result, these methods may not predict future risk exposures, which may be significantly greater than the historical measures indicated. Other risk management methods depend upon evaluation of information regarding markets, clients or other matters that is publicly available or otherwise accessible. This information may not in all cases be accurate, complete, up-to-date or properly evaluated. Management of operational, legal and regulatory risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective. A failure in management's ability to manage risks could materially adversely affect the business, financial condition or profitability of the Corporation.

Conflicts of interest

Certain of the Corporation's investment products have overlapping investment objectives and potential conflicts may arise with respect to decisions regarding how to allocate investment opportunities among them. Pursuant to the Corporation's fair allocation policy, if an investment opportunity is suitable for more than one investment product, such investment opportunity is equitably allocated in order to ensure that the Investment Products have equal access to the same quality and quantity of investment opportunities. Management consistently seeks to negotiate the best possible price through a broker, and when allocating block trades, allocations are made on a pro rata basis, with consideration given to the objective, strategy, restriction, portfolio composition and cash availability of each investment product. Therefore, an investment product may not be able to participate fully in an investment opportunity, which may have a negative impact on its investment strategy and accordingly may affect its performance.

It is possible that actual, potential or perceived conflicts could give rise to investor dissatisfaction or litigation or regulatory enforcement actions. Appropriately dealing with conflicts of interest is complex and difficult and the Corporation's reputation could be damaged if there is a failure to deal appropriately with one or more potential or actual conflict of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on the Corporation's business in a number of ways, including as a result of redemptions by investors, an inability to raise additional funds and a reluctance of counterparties to do business with the Corporation.

Competitive pressures

The industries in which the Corporation operate are highly competitive. Some of the Corporation's competitors have, and potential future competitors could have, substantially greater technical, financial, marketing, personnel, distribution and other resources. There can be no assurance that the Corporation will be able to achieve or maintain any particular level of AUM or revenues in this competitive environment. The Corporation's merchant bank competes with large domestic and international securities firms, securities subsidiaries of major chartered banks, major regional firms, smaller niche-oriented companies as well as institutional and strategic investors. Competition could have a material adverse effect on profitability and there can be no assurance that the Corporation will be able to compete effectively. In addition, the ability to maintain the management fee and performance fee structure is dependent on the ability to provide clients with products and services that are competitive. Investors have become more price and value conscious for a variety of reasons, including the current state of the capital markets, low interest rates and reduced investment return expectations, increased regulatory and media focus on fees (particularly for mutual funds), inconsistent investment performance and the availability of lower cost investment products. There can be no assurance that the Corporation will be able to retain the current fee structure or, with such fee structure, retain clients in the future. A significant reduction in management fees or performance fees would have a material adverse effect on revenues.

Sustaining and managing growth

Management is required to continuously develop the Corporation's systems and infrastructure in response to the increasing sophistication of the market and legal, accounting and regulatory developments.

Future growth will depend on, among other things, the ability to maintain an operating platform and management systems sufficient to address growth and will require the Corporation to incur additional expenses and to commit additional senior management and operational resources. As a result, management faces challenges in: (i) maintaining adequate financial and business controls; (ii) implementing new or updated information and financial systems and procedures; and (iii) training, managing and appropriately sizing the work force and other components of the business on a timely and cost-effective basis. There can be no assurance that the Corporation will be able to manage growth effectively or that it will be able to continue to grow, and any failure to do so could adversely affect the ability to generate revenue and control expenses.

The Corporation may enter into new businesses, make future strategic investments or acquisitions or enter into joint ventures, each of which may result in additional risks and uncertainties in its business. For example, the Corporation may have difficulty integrating and assimilating the operations and personnel of the recently acquired Tocqueville gold strategies and fail to realize its previously anticipated synergies, which could adversely impact the Corporation's results of operations.

Management intends, to the extent that market conditions warrant and regulatory conditions permit, to grow the Corporation's business, including by increasing AUM, and creating new investment products and businesses. Accordingly, management may pursue growth through strategic investments, acquisitions or joint ventures, including co-management relationships with other investment managers and entering into new lines of business. Risks associated with such activities include: (i) exposure to unknown or unforeseen liabilities of co-managers or acquired companies; (ii) higher than anticipated acquisition or start-up costs and expenses; (iii) increased investments in management and operational personnel, financial management systems and facilities; (iv) difficulty with efficiently co-managing with others or integrating operations and personnel of acquired companies; (v) disruption of ongoing business; (vi) diversion of management's time and attention; (vii) possible dilution to shareholders; and (viii) loss of investors in existing investment products or other direct clients due to the perception that management is no longer focusing on the Corporation's core business lines. Entry into certain lines of business may also subject the Corporation to new laws and regulations and may lead to increased litigation and regulatory risk. There can be no assurance that the creation of new investment products or new lines of business or any strategic investments, acquisitions or joint ventures will prove to be successful. If a new business, strategic investment, acquisition or joint venture generates insufficient returns or if management is unable to efficiently manage expanded operations, the Corporation's results of operations will be materially adversely affected.

Privacy laws

The Corporation is subject to laws and regulations with respect to privacy laws regarding the collection, use, disclosure and protection of client information. These laws and regulations are subject to frequent modifications and updates and require ongoing supervision. The functional and operational requirements and costs of compliance with such laws and regulations may adversely impact the Corporation's business and failure to comply with such laws and regulations could lead to significant fines and penalties imposed by regulators, as well as claims by the Corporation's clients or third parties.

Foreign exchange risk

The Corporation enters into transactions that are denominated primarily in U.S. dollar and Canadian dollars. Foreign exchange risk arises from foreign exchange movements that could negatively impact either the carrying value of financial assets and liabilities or the related cash flows which are denominated in currencies other than the functional currency of the Corporation and its subsidiaries. The Corporation may employ certain hedging strategies to mitigate foreign exchange risk.

Litigation risk

In general, the Corporation will be exposed to risk of litigation by its clients if the management of any investment product is alleged to constitute gross negligence or willful misconduct. The Corporation may also be subject to litigation arising from client dissatisfaction with the performance of an investment product or from allegations that management improperly exercised control or influence over companies in which the investment products have large investments. The Corporation is exposed to the risk of litigation if an investment product suffers catastrophic losses due to the failure of a particular investment strategy or due to the trading activity of an employee who has violated market rules and regulations. The Corporation may also be exposed to risks of litigation or investigation relating to transactions which presented conflicts of interest that were not properly addressed.

In such actions the Corporation would be obligated to bear legal, settlement and other costs (which may be in excess of available insurance coverage). In addition, although the Corporation may be indemnified, its rights to indemnification may be challenged. If the Corporation is required to incur all or a portion of the costs arising out of litigation or investigations as a result of inadequate insurance proceeds or a failure to obtain or defend a challenge to its indemnification entitlement, the Corporation's results of operations, financial condition and liquidity would be materially adversely affected.

Minimum regulatory capital requirements

SCP and SAM are required to maintain a minimum amount of regulatory capital calculated in accordance with the rules of IIROC and of the Ontario Securities Commission, respectively. In addition, SGRIL 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 and the SEC. Historically, such entities have satisfied such requirements with internally generated funds. There can be no assurance that sufficient, or any, funding will continue to be available in the future on acceptable terms. The Corporation monitors the level of regulatory capital required in each of its regulated entities on an ongoing basis to ensure minimum requirements are satisfied. Although each the Corporation's regulated entities currently has sufficient capital as of the date hereof, growth of the business may require additional capital. Failure to maintain required regulatory capital may subject the Corporation to fines, suspension or revocation of registration or could prohibit expansion of its businesses.

Business resiliency plans

The Corporation is dependent on the availability of its personnel, its office facilities and the proper functioning of its computer and telecommunications systems. While management has implemented a business continuity program, which is reviewed and updated annually, there can be no assurance that the Corporation's business will not be interrupted and materially adversely affected during a disaster such as a severe weather event, fire, significant water damage, a prolonged loss of electricity or explosion or being collaterally damaged by any of the foregoing occurring to neighbouring businesses. The Corporation's policy is to ensure the continued ability to serve clients and protect their assets and account information, in addition to the people and assets of the Corporation. While management believes the business continuity program has been developed to minimize any disruption, there can be no assurance of business continuity in the event that there are disruptions of normal operations. A disaster could materially interrupt business operations and if the disaster recovery plans prove to be ineffective, it could cause material financial loss, loss of human capital, reputational harm or legal liability, which, in turn, could materially adversely affect the business, financial condition or profitability of the Corporation.

Insurance coverage

The Corporation has various types of insurance, including general commercial liability insurance and financial institution bonds. The adequacy of insurance coverage is evaluated on an ongoing basis, including the cost relative to the benefits. However, there can be no assurance that claims will not exceed the limits of available insurance coverage or that any claim or claims will be ultimately satisfied by an insurer. A judgment against the Corporation in excess of available insurance or in respect of which insurance is not available could have a material adverse effect on the Corporation's business, financial condition or profitability. There can be no assurance that the Corporation will be able to obtain or maintain its current insurance coverage on favourable economic terms in the future.

Historical financial information

The historical growth rates in the Corporation's revenue, net income and AUM are not necessarily indicative of future growth rates. The historical returns of the investment products should not be considered indicative of the future results that should be expected from such investment products or from any future investment products. Returns to date have been as a result of investment opportunities and general market conditions that may not repeat themselves, and there can be no assurance that current or future investment products will be able to avail themselves of favourable market conditions and/or profitable investment opportunities. The historical rates of return reflect the Corporation's historical cost structure, which may vary in the future due to factors beyond management's control, including changes in securities, tax and other laws. In addition, future returns will be affected by the applicable risks described elsewhere in this AIF, including risks of the industries and businesses in which a particular investment product invests.

COVID-19 risk

The changing economic and market climate as a result of COVID-19 has led to the Company implementing its business continuity plan. The Company's portfolio managers, brokerage professionals, enterprise shared services teams and key outsource service providers are fully operational. While the exact impacts of COVID-19 over the short and long-term are undeterminable at the date of this AIF, management believes the effects of COVID-19 it has witnessed thus far, and in particular, world government responses thereto via fiscal and monetary policy, will continue to be highly constructive to precious metals markets as the Company progresses into 2021.

Risks related to the Corporation's investment fund products

The Corporation's results of operations are dependent on the performance of its investment products. Poor performance of any of the investment products will result in reduced management fee and performance fee revenues and reduced returns on the Corporation's proprietary investments therein. In addition, poor performance of the Investment Products will make it difficult for the Corporation to retain or attract investors and grow its business. Each investment product is subject to some or all of the following risks:

(a) external market and economic conditions beyond the Corporation's control such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances, have an effect on their respective performance and net asset value;

(b) fluctuation in the frequency and size of redemptions could have a negative impact on their respective value, including substantial redemptions of units, which could require the liquidation of positions more rapidly than otherwise desirable in order to raise the necessary cash to fund such redemptions and achieve a market position appropriately reflecting a smaller asset base. A significant amount of redemptions can have a materially adverse effect, which in turn will affect the management fees and performance fees payable to the Corporation;

(c) certain of the Investment Products have a limited operating history, and historical performance of any of them individually or collectively is not intended to be, nor should it be construed as an indication or forecast of future performance or an indication as to the future value or return on investment;

(d) the competitive environment for investments means there can be uncertainty in identifying and completing investment transactions which can result in less favourable investment terms than would otherwise be the case;

(e) investment objectives, strategies, restrictions and/or portfolios are subject to changes over time;

(f) investments made in commodities will have prices which are subject to large fluctuations and potential declines in value;

(g) investments significantly concentrated in precious metals and the resource sector will be subject to larger fluctuations than the fluctuations that occur in the general market;

(h) investments which are focused primarily or exclusively on small capitalization companies tend to be less stable and potentially less able to withstand market fluctuations;

(i) some of the special investment techniques employed include short selling, leveraging, hedging, using derivatives or options, and concentration of investment holdings, all of which are subject to their own inherent risks;

(j) assets may be exposed to currency risk and foreign investment risk when invested in securities that are denominated in foreign currencies and/or in securities of foreign issuers;

(k) investments in bonds, preferred shares and/or money market securities will be affected by changes in the general level of interest rates;

(l) the inability to pay the expenses of one class or series of units may result in an increase in the expenses of the other classes or series of such fund, managed account or limited partnership, the effect of which could be to lower the investment returns of the other class(es) or series that have been affected, even though the value of the investments of the fund, managed account or limited partnership may have increased;

(m) some investment strategies use securities lending, which involves risk of potential loss if the other party to such lending transactions is unable to fulfill its obligations;

(n) there may be difficulty in selling due to illiquidity of some of the securities they have invested in;

(o) securities exchanges typically have the right to suspend or limit trading, which could render it impossible to liquidate positions and lead to significant unanticipated losses;

(p) there may be uncertainty as to whether certain funds will qualify as “mutual fund trusts” under the Income Tax Act (Canada) and this may result in certain adverse tax consequences to the Fund if certain investment strategies are employed;

(q) the positions taken by the Corporation on the tax treatment related to certain funds and limited partnerships are subject to potential challenge and may not be upheld;

(r) there are various expenses incurred from time to time regardless of whether any profits are realized and such expenses or costs may negatively impact the net asset value of a fund, which in turn will affect the management fees and performance fees;

(s) they may be subject to losses due to indemnification obligations for which they are not insured;

(t) there is no guarantee that foreign jurisdictions will recognize the limited liability of limited partners or unitholders;

(u) the valuation of investments is subject to uncertainty as certain investments, such as investments in private companies, may be difficult to value accurately. Independent pricing information may not always be available in relation to such securities and other investments. While audits are conducted by independent auditors in order to assess whether the financial statements are fairly stated in accordance with Canadian generally accepted accounting principles or IFRS, as applicable, the valuations may involve judgment determinations and, if such valuations should prove to be incorrect, their net asset value could be misstated. Accordingly, the Corporation may incur substantial costs in rectifying pricing errors caused by the misstatement of such valuations;

(v) the due diligence process undertaken in connection with a particular investment may not reveal all the facts that may be relevant to whether such investment will be successful and there can be no assurance that management will correctly evaluate the risks of making certain investments; and

(w) investments are made in issuers that the Corporation does not control and accordingly such investments will be subject to the risk that the issuer of the securities may make business, financial or management decisions with which the Corporation does not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve the Corporation's interests.

Administrative services

Administrative services provided by the Corporation depend in some cases on software and services provided by third parties. The loss of these suppliers' products or services, or problems or errors related to such products could have an adverse effect on the ability of the Corporation to effectively provide these administrative services. Significant changes to the pricing arrangements with such third parties could materially adversely affect operating results. There can be no assurance that the systems of key third party service providers will operate without interruption or that the providers will be able to prevent extended service interruptions in the event of a systems failure, natural disaster or outage, any of which could materially adversely affect the Corporation's business, operations and profitability.

Sub-advisory relationships

SAM's current sub-advisory relationships in respect of certain funds managed by Ninepoint LP may be terminated by Ninepoint LP in August 2022. There is no assurance that SAM continue to sub-advise these funds after such date and a failure to do so would have a negative impact on AUM, management fees and potential performance fees, as well as potentially overall profitability.

Risks relating to the Corporation's short-term investments

The Corporation's financial condition and profitability are dependent, in part, on the performance of its short-term investment portfolio. Reduced returns on these short-term investments may have a material adverse impact on the Corporation. Additional risks associated with the Corporation's short-term investments include the following risks.

Reliance on management

Success of these investments depends on, among other things, the Corporation's ability to manage its respective investments and assets. There is no guarantee that particular strategies employed will be successful, or that the Corporation will be able to continue to rely on the key personnel it depends on in this role.

Investments in the Corporation's investment products

A significant portion of the Corporation's short-term investments are invested in the Corporation's investment products. The value of the short-term investments is dependent on the performance of the investment products. The performance of the Investment Products is subject to a number of risks, including those identified above in "*Risk factors - risks related to the Corporation's investment products* ", any of which may materially decrease the value of the short-term investments.

Competitive environment

The competitive environment for investments means there can be uncertainty in identifying and completing investment transactions which can result in less favourable investment terms than would otherwise be the case.

Concentration in resource sector

Investments made in commodities will have prices which are subject to large fluctuations and potential declines in value. Therefore, the Corporation's short-term investments that are concentrated in the resource sector are subject to larger fluctuations than the fluctuations that occur in the general market.

Illiquidity of securities

The Corporation may experience difficulty liquidating its investments in securities of private and/or small capitalization companies due to the lack of a market or other restrictions on trading. In addition, securities exchanges typically have the right to suspend or limit trading which could render it impossible to liquidate positions in publicly traded companies. Either circumstance could lead to significant unanticipated losses.

Risks related to the lending segment

The Corporation's results of operations are dependent, in part, on its lending segment. The nature and credit quality of the Corporation's and the Lending Funds' respective loan portfolios, including the quality of the collateral security that they each obtain, will impact upon the return they are each able to generate. Risks associated with the Corporation's lending segment include the following risks.

Credit risk and default in repayment obligations by borrowers

Credit risk is the risk that a borrower will not honour its commitments and a loss to the Corporation may result. In the event of a default by a borrower, there can be no assurance that the Corporation (either directly or indirectly via borrowers of the lending funds the Corporation co-invest with) or the lending funds, as applicable, will be able to secure repayment of the principal amount or interest accruing under the loan. If the Corporation or lending funds cannot realize on an outstanding loan due to a default by a borrower, the Corporation's financial condition and operating results will be adversely impacted.

Decline in the value of natural resource commodities

The Corporation is exposed to adverse changes in conditions which affect commodity prices and energy prices for its and the lending funds' resource loans. These market changes may be regional, national or international in nature and scope or may revolve around a specific asset. Risk is increased if the values of the underlying assets securing the Corporation's or the lending funds' loans fall to levels approaching or below the loan amounts. Any decrease in commodity or energy prices may delay the development of the underlying security or business plans a borrower and will adversely affect the value of the Corporation's or the lending funds' security. Additionally, the value of the Corporation's or the lending funds' respective underlying security in a resource loan can be negatively affected if the actual amount or quality of the commodity proves to be less than that estimated or the ability to extract the commodity proves to be more difficult or more costly than estimated. If the underlying resource commodity against which the Corporation or the lending funds hold security declines in value, then the Corporation or the lending funds, as applicable, may not be able to recover the amount of all of an outstanding loan plus expenses in the event of a default by a borrower. If the Corporation or lending funds are unable to realize on their security to recover the principal amounts plus amounts on account of accrued interest and expenses in the event of a loan default or defaults, then the Corporation's financial condition and operating results will be adversely impacted. In addition, a general decline in the natural resource sector can materially reduce the value of any shares or warrants received in connection with loans made to borrowers.

Inability to realize on or dispose of security granted by borrowers on a defaulted loan

The Corporation and the lending funds generally obtain security for their loans. This security may be in a variety of forms including, but not limited to, direct charges on mineral rights, mortgages, general security agreements, assignments of interests in property, pledges of shares and corporate guarantees. In addition, if the Corporation or the lending funds are required to enforce their respective security, the Corporation or the lending funds, as applicable, may incur significant expenses of sale, including legal and other expenses. There is no assurance that the net proceeds obtained from the enforcement of any security held by the Corporation or lending funds will be sufficient to recover the outstanding principal and accrued interest due under the relevant loan. If the Corporation or lending funds suffer a shortfall, then the Corporation's financial condition and operating results may be adversely impacted. There is no assurance that the Corporation or lending funds will be able to dispose of security on a timely basis and, as such, the Corporation's financial condition may be adversely affected.

Ability to identify and assess candidates for loans

The Corporation and lending funds rely on management to properly assess and identify qualified candidates for loans. Management undertakes an analysis of the fundamental business characteristics of all prospective borrowers and uses professionals in this assessment. Management researches factors that affect the credit risk of the borrower and the ability of the borrower to repay the loan. If management's assessment of the ability of a borrower to repay a loan or the value of a borrower's security is not correct, then the Corporation's or lending funds' loans and revenues may be at greater risk than estimated by management with the result that the Corporation's financial condition and operating results may be adversely impacted.

Leveraged nature of companies

The companies in the natural resource sector in which the Corporation and lending funds will invest may have leveraged capital structures. The Corporation or lending funds may be subject to increased exposure to adverse economic factors such as a rise in interest rates, fluctuations in the debt market, a downturn in the economy or deterioration in the condition of such company or its industry. As a result, these companies' flexibility to respond to changing business and economic conditions may be limited. In the event that a company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, high leverage will magnify the adverse effect on the value of the Corporation's, lending fund I's, lending fund II's or other lending vehicle's loan to such company. In the event any company cannot generate adequate cash flow to meet, service or repay its loan, the Corporation or Lending Funds, as applicable, may suffer a partial or total loss, which could adversely affect the returns of the Corporation.

Commodity price fluctuations

Future market values and the amount of future income is uncertain due to the fluctuation in the price of specific commodities. The Corporation or lending funds may each, from time to time, enter into certain precious metal loans, where the repayment is notionally tied to a specific commodity spot price at the time of the loan and downward changes to the price of the commodity can reduce the value of the loan and the amounts ultimately repaid to the Corporation or the lending funds.

Foreign country and political risk

The Corporation or lending funds may enter into lending agreements with resource companies operating in various international locations. There are a number of risks that borrowers may face in foreign jurisdictions including, but not limited to, uncertain political or economic environments, terrorism or military action, civil disruption, changes to law or regulations, and government expropriation of property. Any of these risks could potentially adversely affect the borrower's ability to repay its respective indebtedness with the Corporation or the lending funds. Changes in governments or policies could also adversely affect the Corporation and Lending Funds or potentially result in difficulty or an inability to realize on or dispose of security granted by borrowers. There is no assurance that governments will allow the transfer or sale of the underlying security.

Environmental

Operations of a resource company borrower will be subject to a variety of operating risks peculiar to the environment, such as forest fires, hurricanes or other adverse weather conditions, to more extensive governmental regulation, including regulations that may, in certain circumstances, impose strict liability for pollution damage, and to interruption or termination of operations by governmental authorities based on environmental or other considerations. Such operations could result in liability for personal injuries, property damage, oil spills, discharge of hazardous materials, remediation and clean-up costs and other environmental damages. A borrower (and, potentially, the Corporation or lending funds) could be liable for environmental damages caused by previous property owners. As a result, substantial liabilities to third parties or governmental entities may be incurred, the payment of which could have material adverse effect on a borrower's financial condition, results of operations and ability to repay the Corporation or lending funds, as applicable.

Syndication of loans

The Corporation has, from time to time, entered into strategic relationships to syndicate certain loans as part of its strategy to diversify and manage risks associated with its loan portfolio, its liquidity position and to generate syndication fees. No assurance can be given that such existing strategic relationships will continue or that the terms and conditions of such relationships will not be modified in a way that renders them uneconomic. Furthermore, there can be no assurance that the Corporation will be able to enter into such relationships in the future. The inability to do so may adversely affect the Corporation's ability to continue to service existing and prospective clients and manage its liquidity position.

Interest rate fluctuations

Decreases in prevailing interest rates may reduce the interest rates that the Corporation or lending funds are able to charge borrowers. Increases in prevailing interest rates may result in fewer borrowers being able to afford the cost of a loan. Accordingly, fluctuations in interest rates may adversely impact the Corporation's profitability.

Change in environmental laws and regulations

Changes in environmental laws and regulations can adversely impact a borrower's ability to repay its indebtedness with the Corporation or lending funds or obtain additional financing which could result in the Corporation's business and operating or financial results being adversely impacted. If a borrower fails to meet applicable environmental laws and regulations or such laws or regulations are revised, a borrower's licenses could be revoked or suspended; thereby reducing the value of the underlying security of the loan and/or the borrower's ability to repay its indebtedness. In exchange for the loans they make, the Corporation or the Lending Funds may take security in the form of real property mortgages. If environmental issues were to arise where the Corporation, lending fund I, lending fund II or other lending vehicles are deemed to be in possession or acquires ownership of the property, the Corporation, lending fund I, lending fund II or other lending vehicles may be liable for remediation costs or other environmental liabilities.

Risks relating to the brokerage segment

The Corporation's financial condition and profitability are dependent, in part, on the performance of its brokerage segment, including capital markets activities. Reduced returns on these business lines may have a material adverse impact on the Corporation. Additional risks associated with the Corporation's brokerage segment include the following risks.

Securities law liability

The merchant bank and advisory services business involves substantial risk of liability. An underwriter is exposed to substantial liability under securities laws, other laws and court decisions, including decisions with respect to underwriters' liability and limitations on indemnification of underwriters by issuers. For example, a firm that acts as an underwriter may be held liable for misstatements or omissions of fact in a prospectus used in connection with the securities being offered or for statements made by its securities analysts or other personnel.

In such actions, similar to litigation risk, SCP would be obligated to bear legal, settlement and other costs (which may be in excess of available insurance coverage). In addition, although SCP may be indemnified, its rights to indemnification may be challenged. If SCP is required to incur all or a portion of the costs arising out of litigation or investigations as a result of inadequate insurance proceeds or a failure to obtain or defend a challenge to its indemnification entitlement, the Corporation's results of operations, financial condition and liquidity would be materially adversely affected.

Industry focus

Although SCP has taken steps to diversify their business by product and geography, it continues to be particularly dependent on the market for security offerings and M&A activity by issuers in the natural resources sector. The foregoing industry represented nearly all of the Corporation's 2018 investment banking revenue. Volatility or uncertainty in the business environment or the market for the securities of issuers in this sector, will materially adversely affect the Corporation's financial results and financial condition. The Corporation also derives a portion of its revenue from institutional brokerage transactions related to the securities of issuers in this sector. Revenue from such institutional brokerage transactions can be expected to decline when underwriting activities in this industry sector declines, the volume of trading on listed marketplaces declines, or industry sectors or individual issuers reported results below investor expectations.

Fair value risk

The Corporation is exposed to fair value risk through its underwriting transactions and client trade facilitation. SCP may incur losses in connection with underwriting activities if it is unable to resell the securities it has committed to purchase or if it is forced to liquidate such securities at less than the agreed purchase price. Fair value risk may arise from SCP's trading activities. While SCP holds a security, it is vulnerable to price fluctuations and may experience financial losses to the extent the value of the security decreases and it is unable to divest of its trading position in such security on a timely basis. In addition, SCP may retain significant concentrated positions in individual securities.

Risks related to organization, structure and common shares

Share price fluctuation

The market price of the common shares could fluctuate significantly as a result of many factors, including the following: (i) economic and stock market conditions generally and specifically as they may impact participants in the investment management industry; (ii) the Corporation's earnings and results of operations and other developments affecting the Corporation's business; (iii) sales of additional common shares into the market by the shareholders who are a part of management of the Corporation ("**Management Shareholders**"), significant shareholders of the Corporation ("**Significant Shareholders**") and/or other employees of the Corporation; (iv) changes in financial estimates and recommendations by securities analysts following the Common Shares; (v) earnings and other announcements by, and changes in market evaluations of, participants in the investment management industry; (vi) changes in business or regulatory conditions affecting participants in the investment management industry; and (vii) trading volume of the common shares.

In addition, the financial markets have experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance of such companies. Accordingly, the market price of the common shares may decline even if the Corporation's operating results or prospects have improved or not changed.

Dilution and/or consolidation

The Corporation may sell or issue additional common shares (or securities convertible or exchangeable into common shares) in the future to finance future activities. The Corporation cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the common shares. Issuances of substantial numbers of common shares, or the perception that such issuances could occur, may adversely affect prevailing market prices of the common shares. With any additional issuance of common shares (or securities convertible or exchangeable into common shares), investors will suffer dilution to their voting power and the Corporation may experience dilution in its earnings per share.

Sales by management shareholders or significant shareholders

Subject to compliance with applicable securities laws, management shareholders and/or significant shareholders may sell some or all of their common shares in the future. No prediction can be made as to the effect, if any, such future sales of common shares by management shareholders and/or significant shareholders will have on the market price of the common shares prevailing from time to time. However, the future sale of a substantial number of Common Shares by Management Shareholders and/or significant shareholders, or the perception that such sales could occur, could adversely affect prevailing market prices for the common shares.

Restrictions on share ownership and transfer

The ownership of the common shares is subject to certain restrictions under legislation applicable to certain of the Corporation's subsidiaries and rules and regulations established by securities regulatory authorities and certain self-regulatory organizations. If any person (together with its associates and affiliates and any person acting jointly or in concert with it) controls or acquires control of, 10% or more of the issued and outstanding Common Shares (after giving effect to the conversion or exchange of any securities convertible or exchangeable into common shares that are controlled by such person, its associates and affiliates and any person acting jointly or in concert with it), the Corporation and/or its subsidiaries may be required to provide notice to, or require approval from, such securities regulatory authorities and self-regulatory organizations. The failure of the Corporation and/or its subsidiaries to so notify, or receive approval from, such entities may result in sanctions or the termination of memberships and/or registrations necessary for the operation of their business. The imposition of such sanctions or the termination of such memberships and/or registrations could have a material adverse effect on the business, financial results, financial condition and general business prospects of the Corporation and/or its subsidiaries. As a result of these restrictions, the market for significant blocks of common shares may be limited.

Dividends and DRIP

The payment of dividends is not guaranteed and the amount and timing of any dividends payable by the Corporation will be at the discretion of the Board and will be established on the basis of the Corporation's earnings, the satisfaction of solvency tests imposed by applicable corporate law for the declaration and payment of dividends, and other relevant factors. In addition, the Corporation reserves the right to amend, suspend or terminate the dividend reinvestment plan (the "DRIP") at any time, but such action shall have no retroactive effect that would prejudice the interests of the participants.

Maintaining NYSE and TSX listing standards

The Corporation must meet continuing listing standards to maintain the listing of its common shares on the NYSE and the TSX and there is no assurance that it will do so. If the Corporation fails to comply with listing standards and the NYSE and/or the TSX delists its common shares, the Corporation and its shareholders could face significant material adverse consequences, including significantly reduced liquidity for its common shares.

As a public company, the business is subject to evolving corporate governance and public disclosure regulations that may from time to time increase both the Company's compliance costs and the risk of non-compliance, which could adversely impact the price of the common shares.

Shareholder protections

The Corporation's shareholder protections may differ from shareholder protections in the United States and elsewhere. The Corporation is organized and exist under the laws of Ontario, Canada and, accordingly, is governed by the OCBA. The OBCA differs in certain material respects from laws generally applicable to United States corporations and shareholders, including the provisions and proceedings relating to interested directors, mergers, amalgamations, restructuring, takeovers, shareholders' suits, indemnification of directors, and inspection of corporation records.

Foreign private issuer

Because the Corporation is a "foreign private issuer" under the U.S. Exchange Act, it is exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- the rules under the U.S. Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC;
- the requirements to file financial statements prepared in accordance with U.S. generally accepted accounting practices ("U.S. GAAP");
- the sections of the U.S. Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of securities registered under the U.S. Exchange Act;
- the sections of the U.S. Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and
- the selective disclosure rules by issuers of material non-public information under Regulation FD.

For so long as the Corporation chooses to only comply with foreign private issuer requirements, the information it is required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers. As a result, shareholders may not be afforded the same protections or information which would be made available to them if they were investing in a U.S. domestic issuer.

Dividends

All dividends are subject to declaration by the Board. Whether to declare any dividends and the amount of any such dividends are determined by the Board, in its sole discretion, after considering general business conditions, the Corporation's financial results, including the level of performance fees paid to the Corporation, the Corporation's solvency position and working capital requirements, and other factors it determines to be relevant at the time. The Corporation's dividend policy currently provides that the Board will declare, and the Corporation will pay, quarterly dividends on its Common Shares in the amount of $0.25 per Common Share. On November 12, 2020, the Corporation increased its quarterly dividend to US$0.25, an increase of 8.7% from the previous quarter's dividend. There is no certainty that any dividends will be declared or paid; however there is not currently any intention to change the Corporation's dividend policy. Any dividend policy established by the Board can be changed at any time and such policy is not binding on the Corporation.

Total dividends paid during the year ended December 31, 2020 were $23.2 million. During the last three financial years, the Corporation has declared and paid cash dividends per common share as noted below:

Dividend per Common Share	Record Date	Payment Date
CAD$0.30	March 12, 2018	March 27, 2018
CAD$0.30	May 21, 2018	June 5, 2018
CAD$0.30	August 20, 2018	September 4, 2018
CAD$0.30	November 19, 2018	December 4, 2018
CAD$0.30	March 8, 2019	March 25, 2019
CAD$0.30	May 21, 2019	June 5, 2019
CAD$0.30	August 19, 2019	September 3, 2019
CAD$0.30	November 18, 2019	December 3, 2019
CAD$0.30	March 9, 2020	March 24, 2020
CAD$0.30	May 19, 2020	June 3, 2020
$0.23	August 17, 2020	September 1, 2020
$0.25	November 23, 2020	December 8, 2020

Unless indicated otherwise, all dividends on common shares will be designated as "eligible dividends" under the *Income Tax Act* (Canada).

In November 2016, the Corporation instituted a DRIP for Canadian shareholders. The DRIP provides a convenient and cost-effective method for eligible shareholders in Canada to maximize their investment in the Corporation by reinvesting their cash dividends to acquire additional common shares. Under the DRIP, the Corporation has the discretion to issue common shares from treasury at a discount of up to 5% in the average market price (as defined in the DRIP). Any applicable discounts on dividend reinvestment common share purchases are announced at the time the Corporation declares a dividend. The DRIP is administered by the plan agent, TSX Trust Company.

Capital structure

The authorized share capital of the Corporation consists of an unlimited number of shares designated as common shares, of which 25,564,224 common shares are issued and outstanding as of the date hereof.

Common shares

Each common share entitles the holder thereof to receive notice of any meetings of shareholders of the Corporation, and to attend and cast one vote per common share at all such meetings. Holders of common shares are entitled to receive on a pro-rata basis (i) such dividends, if any, as and when declared by the Board at its discretion from funds legally available therefore; and (ii) upon the liquidation, dissolution or winding up of the Corporation, the net assets of the Corporation after payment of debts and other liabilities (in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to, or on a pro rata basis with, the holders of common shares with respect to dividends or liquidation). The common shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions. See also "*Dividends*".

Restriction on share ownership

The Corporation may not, without regulatory approval, permit an investor, alone or together with its associates and affiliates, to own voting securities carrying 10% or more of the votes carried by all voting securities in SAM, SCP or the Corporation, 10% or more of the outstanding participating securities of SAM, SCP or the Corporation, or an interest of 10% or more in the total equity of the Corporation.

Market for securities

Trading price and volume

The common Shares are listed and posted for trading on the NYSE and TSX under the stock symbol “SII”. The common shares were listed and posted for trading on the NYSE on June 29, 2020. Information concerning the trading prices and aggregate volume of the common shares on the NYSE and TSX during each month of fiscal 2020 is set out below:

NYSE ($)

Month	High	Low	Aggregate Volume
January		n/a	
February		n/a	
March		n/a	
April		n/a	
May		n/a	
June	$ 38.95	$ 33.18	83,218
July	$ 42.49	$ 35.19	386,308
August	$ 43.63	$ 37.48	251,638
September	$ 43.36	$ 33.34	245,445
October	$ 35.47	$ 28.63	428,509
November	$ 32.00	$ 28.59	392,014
December	$ 31.00	$ 28.25	306,022

TSX (CAD$)

Month	High	Low	Aggregate Volume
January	$ 32.80	$ 29.60	451,853
February	$ 33.30	$ 26.80	444,693
March	$ 28.90	$ 19.00	1,329,006
April	$ 35.85	$ 22.10	672,614
May	$ 40.99	$ 32.70	1,124,932
June	$ 48.79	$ 38.20	3,953,589
July	$ 56.76	$ 47.62	1,868,337
August	$ 57.53	$ 50.16	2,132,919
September	$ 56.83	$ 44.60	2,541,722
October	$ 47.09	$ 38.15	1,848,215
November	$ 40.95	$ 37.55	1,272,276
December	$ 40.05	$ 36.19	979,793

Prior sales

The Corporation granted no stock options under the Option Plan during the most recently completed financial year.

The Corporation has granted the following restricted share units (“RSUs”) under the EIP since January 1, 2020:

Date of Grant	Number of RSUs
March 3, 2020	65,279
May 27, 2020	18,727
May 27, 2020	2,921
August 11, 2020	2,931
October 20, 2020	15,000

The Corporation has granted the following deferred share units ("DSUs") under its deferred share unit plan since January 1, 2020:

Date of Grant	Number of DSUs	Issue Price (CAD$)
March 24, 2020	759	22.40
April 15, 2020	563	28.10
June 3, 2020	409	42.80
July 15, 2020	307	51.50
September 1, 2020	320	55.07
October 15, 2020	352	44.91
December 8, 2020	487	39.13
January 15, 2021	423	37.40
Total DSUs Granted:	3,620	

Escrowed securities

There were no securities of the Corporation held, to the knowledge of the Corporation, in escrow or that were subject to a contractual restriction on transfer during the Corporation's most recently completed financial year.

Directors and executive officers

The Board consists of six directors. All directors were elected or appointed to serve until the next annual meeting of shareholders of the Corporation, subject to earlier resignation or removal. The following table sets forth the name; province or state and country of residence; position(s) held with the Corporation; principal occupation; period of directorship with the Corporation; and shareholdings of each of the directors and executive officers of the Corporation.

Name, Province/State and country of residence	Position(s) held with the Corporation	Principal occupation	Director since	Number of voting securities owned or controlled or directed[1]	Percentage of issued and outstanding voting securities[1]
Ronald Dewhurst[2] Victoria, Australia	Chairman of the Board	Corporate Director	2017	—	—%
Sharon Ranson[2][3] Ontario, Canada	Director	President of The Ranson Group Inc. (executive coaching and consulting services firm)	2014	15,000	0.06%
Rosemary Zigrossi[2][3] Ontario, Canada	Director	President and CEO, MTREX Network Solutions (wireless connectivity firm)	2014	3,500	0.01%
Graham Birch[3] Dorset, England	Director	Corporate Director	2019	—	—%
Arthur Richards Rule IV[4] California, United States	Director	President and CEO of Sprott USA	2011	2,687,567	10.51%
Peter Grosskopf[5] Ontario, Canada	CEO and Director	CEO of the Corporation, CEO of Sprott Resource Lending and CEO of Sprott Capital Partners	2010	524,762	2.05%
Whitney George[6] Connecticut, United States	President	President of the Corporation, Chairman of Sprott. USA and CIO of SAM	N/A	1,203,364	4.71%
Kevin Hibbert[7] Ontario, Canada	Chief Financial Officer and Senior Managing Director	CFO and Co-Head, Enterprise Shared Services	N/A	50,000	0.20%
Arthur Einav[8] Ontario, Canada	General Counsel, Corporate Secretary and Senior Managing Director	General Counsel, Co-Head, Enterprise Shared Services	N/A	100,000	0.39%
John Ciampaglia[9] Ontario, Canada	Senior Managing Director	CEO of SAM	N/A	80,028	0.31%
Edward Coyne[10] Connecticut, United States	Senior Managing Director	Head of Global Sales, Sprott Inc.	N/A	6,000	0.02%

Notes:

(1) The information as to the number of common shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by the directors and executive officers, not being within the knowledge of the Corporation, has been obtained from the System for Electronic Disclosure by Insiders.

(2) Member of the Corporate Governance and Compensation Committee.

(3) Member of the Audit and Risk Management Committee.

(4) 27,396 of the 2,687,567 Common Shares owned or controlled or directed by Mr. Rule were granted under the EIP and vested prior to December 31, 2020.

(5) 127,742 of the 524,762 Common Shares of Mr. Grosskopf's Common Shares were granted under the EPSP. 10,625 of the 127,742 Common Shares granted under the EPSP have not yet vested.

(6) 105,740 of the 1,203,364 Common Shares owned or controlled or directed by Mr. George were granted under the EIP and vested prior to December 31, 2020.

(7) All of Mr. Hibbert's 50,000 Common Shares were granted under the EPSP. 21,250 Common Shares granted under the EPSP have not yet vested.

(8) All of Mr. Einav's 100,000 Common Shares were granted under the EPSP. 21,250 Common Shares granted under the EPSP have not yet vested.

(9) All of Mr. Ciampaglia's 80,028 Common Shares were granted under the EPSP. 21,250 Common Shares granted under the EPSP have not yet vested.

(10) All of Mr. Coyne's 6,000 Common Shares were granted under the were granted under the EIP and vested prior to December 31, 2020.

Each of the foregoing individuals have been engaged in the principal occupation set forth opposite his or her name during the past five years or in a similar capacity with a predecessor organization except for: (i) Whitney George, who prior to January 2019 served as Senior Portfolio Manager of Sprott U.S; and (ii) John Ciampaglia, who, prior to March 2018 served as Executive Vice-President, Corporate Development of the Corporation.

The directors and executive officers of the Corporation, as a group directly or indirectly, beneficially own, or control or direct 4,670,221 Common Shares, being 18.27% of the total issued and outstanding common shares.

Corporate cease trade orders, bankruptcies or penalties or sanctions

No director, officer or executive officer of the Corporation is, as of the date of this AIF, or was within ten years before the date of this AIF, a director, CEO or chief financial officer of any company (including the Corporation), that:

(a) was the subject of a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, (an "order") that was issued while the director or executive officer was acting in the capacity as director, CEO or chief financial officer; or

(b) was subject to an order that was issued after the director or executive officer ceased to be a director, CEO or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or chief financial officer.

Other than as described below, no director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation:

(a) is, as of the date of this AIF, or has been within the ten years before the date of this AIF, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or

(b) has, within ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

All of the above disclosure also applies to any personal holding companies of any of the persons referred to above.

Mr. Einav was a director of RII North America Inc. on behalf of a company managed by the Corporation. On November 19, 2018, RII North America Inc. filed an assignment in bankruptcy under the *Bankruptcy and Insolvency Act (Canada)*.

Legal proceedings and regulatory actions

Management of the Corporation is not aware of any material litigation or regulatory action that the Corporation may be a party to.

Interest of management and others in material transactions

Other than as described elsewhere herein, to the knowledge of the Corporation, no (i) director or executive officer of the Corporation, (ii) person or company who beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of outstanding voting securities of the Corporation; or (iii) associate or affiliate of any of the persons or companies referred to in (i) or (ii), has any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect the Corporation.

The Corporation's directors and officers are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and requiring disclosure by directors and officers of conflicts of interest and the fact that the Corporation will rely upon such laws in respect of any director's or officer's conflicts of interest or in respect of breaches of duty by any of its directors or officers. All such conflicts must be disclosed by such directors or officers in accordance with the OBCA, and they will govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Transfer agent and registrar

The US transfer agent and registrar for the common shares is Continental Stock Transfer & Trust Company at its principal office located at 1 State Street 30th Floor New York, NY 10004-1561.

The Canadian transfer agent and registrar for the common shares is TMX Equity Transfer Services at its principal office located at 200 University Avenue, Suite 300, Toronto, Ontario M5H 4H1

Material contracts

To the knowledge of the Corporation, no material contracts require disclosure under this item.

Audit and risk management committee information

The Board has established an audit and risk management committee (the “audit committee”) comprised of Sharon Ranson (Chair), Graham Birch and Rosemary Zigrossi. All members of the audit committee are independent and non-executive directors of the Corporation. All members of the audit committee meet the independence and financial literacy requirements of National Instrument 52-110 Audit Committees.

Ms. Ranson (i) was an Adjunct Professor for the Master of Finance program at the Smith School of Business at Queen’s University; (ii) prior to founding her current business in 2002, spent over 20 years in the financial services industry in various executive positions; and (iii) is a Fellow Chartered Professional Accountant and has a Bachelor of Commerce and a Master of Business Administration.

Dr. Graham Birch has spent over 35 years in the mining equity industries, including roles at Panmure Gordon, Kleinwort Benson Securities, Ord Minnett and Mercury Asset Management. Dr. Birch was the Managing Director and Head of the Natural Resources Investment Team at BlackRock in London until 2010. In addition, he has been a non-executive director at ETF Securities, and is currently a non-executive director of Hochschild Mining (LON:HOC). Dr. Birch has a PhD in Mining Geology from the Royal School of Mines, Imperial College London.

Since 2019, Ms. Zigrossi has been President and CEO of MTREX Network Solutions Inc., a wireless connectivity services firm. In addition, since 2013 Ms. Zigrossi has been a director of the Russell Investments Corporate Class Inc. and she is also a member of the Capital Markets Advisory Committee of the International Financial Reporting Standards (IFRS) organization. From 2014 to 2019 Ms. Zigrossi was the President of Odaamis Inc., a consulting services firm, and from 2011 to 2014 was a Director at Promontory Financial Group, a financial services consulting firm. Prior to that she held various positions at the Ontario Teachers’ Pension Plan including Vice President, Asset Mix and Risk; Vice President, Venture Capital; and Controller. In addition, Ms. Zigrossi was an Assistant Vice President at J.P. Morgan (Canada). Ms. Zigrossi has a Bachelor of Commerce and is a Chartered Accountant and CFA charter holder.

The Board has adopted a written mandate for the audit committee, which sets out the audit committee’s responsibility in overseeing enterprise risk management, the accounting and financial reporting processes of the Corporation, audits of the financial statements of the Corporation, and the appointment, compensation, and oversight of the work of any registered external auditor employed by the Corporation for the purpose of preparing or issuing an audit report or related work. This mandate is reviewed and assessed at least annually or otherwise, as deemed appropriate, by the Board with the assistance of the Corporate Governance and Compensation Committee and the audit committee. A copy of this mandate is attached hereto as Appendix “A”.

At no time since January 1, 2017 has a recommendation of the audit committee to nominate or compensate an external auditor not been adopted by the Board.

Pre-approval policies and procedures

The audit committee is responsible for the oversight of the work of the external auditor. As part of this responsibility, the audit committee is required to pre-approve the audit and non-audit services performed by the external auditor in order to assure that they do not impair the external auditor’s independence from the Corporation. Accordingly, on May 12, 2016, the audit committee adopted an Audit and Non-Audit Pre-Approval Policy (the “Pre-Approval Policy”), which sets forth the procedures and the conditions pursuant to which services proposed to be performed by the external auditor may be pre-approved.

Unless a type of service has received the pre-approval of the audit committee for the fiscal year pursuant to the pre-approval policy, it requires specific pre-approval by the audit committee if it is to be provided by the external auditor. Any proposed services exceeding the pre-approved cost levels or budgeted amounts for the fiscal year as specified in the pre-approval policy, will also require specific pre-approval by the audit committee.

The audit committee considers whether such services raise any issue regarding the independence of the external auditor. For this purpose, the Audit Committee also takes into account whether the external auditor is best positioned to provide the most effective and efficient service, for reasons such as its familiarity with the Corporation’s business, people, culture, accounting, systems, risk profile and other factors and whether the service might enhance the Corporation’s ability to manage or control risk or improve audit quality. All such factors are considered as a whole, and no one factor is necessarily determinative.

The audit committee is also mindful of the relationship between fees for audit and non-audit services in deciding whether to pre-approve any such services and may determine, for each fiscal year, the appropriate ratio between the total amount of fees for audit services, and audit-related services and the total amount of fees for tax services and for certain permissible non-audit services classified as all other services.

The pre-approval policy describes the audit, audit-related, tax and all other services that have been granted the pre-approval of the Audit Committee. The term of such pre-approval is 12 months from the date of pre-approval, unless the audit committee considers a different period and states otherwise. The audit committee annually reviews and pre-approves the services that may be provided by the external auditor without obtaining specific pre-approval from the audit committee. The audit committee can add or subtract to the list of pre-approved services from time to time, based on subsequent determinations.

The pre-approval policy also outlines a list of prohibited non-audit services which may not be provided by the Corporation's external auditor.

On August 6, 2020, the audit committee amended the pre-Approval policy to provide the CFO with the authority to review and approve services to be provided by an external audit firm that is not the Corporation's external auditor. On the same date, the audit committee also granted pre-approval for all audit, audit-related, tax and all other services to be provided to the Corporation by the external auditor as specified in the pre-approval Policy to an aggregate annual (fiscal year) maximum of CAD$600,000 (other than specifically pre-approved audit services).

External Auditor Fees

KPMG LLP was appointed as the Corporation's auditors effective January 1, 2016.

For the fiscal years ended December 31, 2020 and December 31, 2019, the fees received and accrued by KPMG LLP are summarized below for each category:

Service[1]	Fees Incurred 2020	Fees Incurred 2019
Audit and Audit-Related Fees[2]	$ 579,701	$ 663,256
Tax Fees[3]	$ 115,893	$ 126,101
All Other Fees	$ 3,988	—
Total Fees Paid [4]	$ 699,582	$ 789,357

Notes:
(1) Fees do not include any fees related to services provided with respect to the funds managed by the Company. Fees for services related to the funds include: Audit and Audit-Related Fees - $1,089,498 (2019 - $731,397), Tax Fees - $145,496 (2019 - $80,293).
(2) Audit-related services include quarterly reviews, year-end audit fees and other audit and assurance related engagements.
(3) Tax services include tax return review, tax planning, GST work, tax research and other tax services.
(4) Fees paid in CAD$ have been converted to U.S dollars based on the average FX rate in the year

Interest of experts

KPMG LLP, the auditors of the Corporation, who have prepared an independent auditors' report dated February 25, 2021 with respect to the consolidated financial statements of the Corporation for its fiscal year ended December 31, 2020, have advised that they are independent of the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Additional information

Additional information relating to the Corporation may be found on EDGAR at www.sec.gov and SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Corporation's information circular for its most recent annual meeting of security holders involving the election of directors.

Additional financial information is provided in the Corporation's financial statements and management's discussion and analysis for its most recently completed financial year.

APPENDIX A

SPROTT INC.
AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

General

The board of directors (the "**Board**") of Sprott Inc. (the "**Corporation**") has delegated the responsibilities, authorities and duties described below to the audit and risk management committee (the "**Committee**"). For the purpose of these terms of reference, the term "Corporation" shall include the Corporation and its subsidiaries.

The overall purpose of the Committee is to assist the Board in its oversight of (i) the integrity of the Corporation's financial statements, (ii) the Corporation's compliance with legal and regulatory requirements, (iii) the external auditor's qualifications and independence and (iv) the performance of the Corporation's internal audit function and external auditors.

The Committee shall be directly responsible for overseeing the accounting and financial reporting processes of the Corporation and audits of the financial statements of the Corporation, and the Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any registered external auditor employed by the Corporation (including resolution of disagreements between management of the Corporation and the external auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation. In so doing, the Committee will comply with all applicable Canadian securities laws, rules and guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules.

Members

1. The Committee will be comprised of a minimum of three directors. Each Committee member shall be independent within independence standards established by the Board and all applicable securities laws, rules or guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules. In addition, each Committee member shall be "financially literate" and at least one member of the Committee shall be designated as an "audit committee financial expert" and shall have "accounting or related financial management expertise", in each case, as such qualification is interpreted by the Board in its business judgement and as defined by applicable stock exchange rules and securities legislation. Committee members may not serve on more than two other public company audit committees, except with the prior approval of the Board.

2. Members of the Committee shall be appointed annually by the Board at the first meeting of the Board after the annual general meeting of shareholders. Each member shall serve until such member's successor is appointed, unless that member resigns or is removed by the Board or otherwise ceases to be a director of the Corporation. The Board shall fill any vacancy if the membership of the Committee is less than three directors.

3. The Chair of the Committee will be designated by the Board, on the recommendation of the Corporate Governance and Compensation Committee, or, if it does not do so, the members of the Committee may elect a Chair by vote of a majority of the full Committee membership. The Chair of the Committee shall, among other things, have the following duties and responsibilities:

   (a) overseeing the structure, effectiveness of the Committee, membership and activities delegated to the Committee;

   (b) chairing meetings of the Committee and encouraging free and open discussion at such meetings, including encouraging members to ask questions and express viewpoints during meetings;

   (c) scheduling and setting the agenda for meetings of the Committee with input from other members of the Committee, the Board and management as appropriate;

   (d) facilitating the timely, accurate and proper flow of information to and from the Committee, including reporting periodically to the Board;

   (e) arranging sufficient time during meetings of the Committee to discuss agenda items;

(f) taking reasonable steps to ensure the duties of the Committee are understood by members; and

(g) carrying out such other duties as may reasonably be requested by the Board.

Meetings

4. The Committee will meet at least quarterly and at such times and at such locations as the Chair of the Committee shall determine, provided that meetings shall be scheduled so as to permit the timely review of the Corporation's quarterly and annual financial statements and related management discussion and analysis, if applicable. Notice of every meeting shall be given to the external auditor, who shall, at the expense of the Corporation, be entitled to attend and to be heard thereat. The external auditor or any member of the Committee may also request a meeting of the Committee. The Committee shall meet at each regularly scheduled Committee meeting alone without management present, and shall meet separately with applicable senior management and the external auditors. The external auditor and management employees of the Corporation shall, when required by the Committee, attend any meeting of the Committee. Any director of the Corporation may request the Chair of the Committee to call a meeting of the Committee and may attend at such meeting or inform the Committee of a specific matter of concern to such director, and may participate in such meeting to the extent permitted by the Chair of the Committee.

5. Meetings of the Committee shall be validly constituted if a majority of the members of the Committee is present in person or by telephone conference. A resolution in writing signed by all the members of the Committee entitled to vote on that resolution at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee.

6. The Committee shall submit the minutes of all meetings to the Board, and when requested to, shall discuss the matters discussed at each Committee meeting with the Board.

Committee Charter and Performance

7. This charter sets out the Committee's mandate and responsibilities, which the Committee shall review and assess the adequacy of and the effectiveness of the Committee at least annually and propose recommended changes to the Corporate Governance and Compensation Committee who will do same and recommend changes to the Board for its approval.

8. The Committee shall present to the Board the results of its evaluation. In conducting the review of the Committee's performance, the Committee shall address all matters that it deems relevant to its performance, including as applicable the following: the adequacy, appropriateness and quality of information and recommendations of the Committee to the Board, the manner in which they were discussed and whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and informed matter.

9. Authority to make minor technical amendments to this charter is hereby delegated to the Corporation's corporate secretary, who will report any such amendments to the Board at its next meeting.

Committee Authority and Responsibilities

10. *General*

The overall duties of the Committee shall be to:

(i) assist the Board in the discharge of its duties relating to the Corporation's accounting policies and practices, reporting practices and internal controls;

(ii) establish and maintain a direct line of communication with the Corporation's external auditor and assess their performance;

(iii) oversee the work of the external auditor engaged to prepare or issue an auditor's report or to prepare other audit, review or attest services for the Corporation, including resolution of disagreements between management and the external auditor regarding financial reporting;

(iv) ensure that management has designed, implemented and is maintaining an effective system of internal controls and disclosure controls and procedures;

(v) monitor the credibility and objectivity of the Corporation's financial reports;

(vi) report regularly to the Board on the fulfillment of the Committee's duties, including any issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the external auditor or the performance of the internal audit function;

(vii) assist, with the assistance of the Corporation's legal counsel, the Board in the discharge of its duties relating to the Corporation's compliance with legal and regulatory requirements; and

(viii) assist the Board in the discharge of its duties relating to risk assessment and risk management.

11. *External Auditor*

The external auditor will report directly to the Committee and the Committee should have a clear understanding with the external auditor that such auditor must maintain an open and transparent relationship with the Committee and that ultimate accountability of the auditor is to the shareholders of the Corporation. The duties of the Committee as they relate to the external auditor shall be to:

(i) review management's recommendations for the appointment of the external auditor, and in particular their qualifications and independence, and recommend to the Board a firm of external auditors to be engaged and the compensation of such external auditor;

(ii) review the performance of the external auditor, including the fee, scope and timing of the audit, and make recommendations to the Board regarding the appointment or termination of the external auditor;

(iii) review, where there is to be a change of external auditor, all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102 Continuous Disclosure Obligations or any successor legislation ("NI 51-102"), and the planned steps for an orderly transition;

(iv) review all reportable events, including disagreements, unresolved issues and consultations, as defined in NI 51-102, on a routine basis, whether or not there is to be a change of external auditor;

(v) at least annually, obtain and review a report from the external auditor describing:

(a) the external auditor's internal quality-control procedures;

(b) any material issues raised by the most recent internal quality-control review, or peer review, of the external auditor, or by any inquiry or investigation by any governmental or professional authority, within the preceding five years, respecting one or more independent audits carried out by the external auditor, and any steps taken to deal with such issues; and

(c) all relationships between the external auditor and the Corporation, addressing the matters set forth in Public Company Accounting Oversight Board Rule 3526(b).

The Committee should report its conclusions with respect to the above matters, as well as its review of the lead partner of the external auditor, and its views on whether there should be a regular rotation of the external auditor, to the Board;

(vi) ensure the rotation of partners on the audit engagement team of the external auditor in accordance with applicable law, standards or rules;

(vii) review and pre-approve non-audit services to be provided to the Corporation by the external auditor;

(viii) review and approve the engagement letters of the external auditor, both for audit and permissible non-audit services, including the fees to be paid for such services;

(ix) review the nature of and fees for any non-audit services performed for the Corporation by the external auditor and consider whether the nature and extent of such services could detract from the external auditor's independence in carrying out the audit function; and

(x) meet with the external auditor, as the Committee may deem appropriate, to consider any matter which the Committee or external auditor believes should be brought to the attention of the Board or shareholders of the Corporation.

12. *Audits and Financial Reporting*

The duties of the Committee as they relate to audits and financial reporting shall be to:

(i) review the audit plan with the external auditor and management;

(ii) review with the external auditor and management all critical accounting policies and practices of the Corporation (including any proposed changes in accounting policies), the presentation of the impact of significant risks and uncertainties, all material alternative accounting treatments that the external auditor has discussed with management, other material written communications between the external auditor and management (such as any management letter or schedule of unadjusted differences), and key estimates and judgments of management that may in any such case be material to financial reporting;

(iii) review the contents of the audit report;

(iv) question the external auditor and management regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;

(v) review the scope and quality of the audit work performed;

(vi) review the adequacy of the Corporation's financial and auditing personnel;

(vii) review the co-operation received by the external auditor from the Corporation's personnel during the audit, any problems encountered by the external auditor (including management's response), any restrictions on the external auditor's work or on access to requested information and any significant disagreements with management;

(viii) review the evaluation of internal controls by the persons performing the internal audit function and the external auditor, together with management's response to the recommendations, including subsequent follow-up of any identified weaknesses. Particular emphasis will be given to the adequacy of internal controls to prevent or detect any payments, transactions or procedures that might be deemed illegal or otherwise improper;

(ix) review the appointments of the Chief Financial Officer, persons performing the internal audit function and any key financial executives involved in the financial reporting process;

(x) review with management and the external auditor the Corporation's interim unaudited financial statements and the annual audited financial statements, including related management discussion and analysis, in conjunction with the report of the external auditor thereon, and obtain an explanation from management of all significant variances between comparative reporting periods before recommending approval by the Board and the release thereof to the public;

(xi) review the terms of reference and budget for an internal auditor or internal audit function; and

(xii) if required to be included in the Corporation's annual proxy circular under applicable stock exchange rules, prepare an audit committee report.

13. *Accounting and Disclosure Policies*

The duties of the Committee as they relate to accounting and disclosure policies and practices shall be to:

(i) review major issues and analyses prepared by management and/or the external auditor regarding accounting principles and financial reporting issues and judgments made in connection with the preparation of financial statements, including any significant changes in the Corporation's selection or application of accounting principles, the effect of alternative International Financial Reporting Standards ("IFRS") methods on the financial statements and major issues as to the adequacy of the Corporation's internal controls, and any special audit steps adopted in light of material control deficiencies;

(ii) review the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation, and changes to accounting principles of the Canadian Institute of Chartered Accountants or any successor thereto, which would have a significant impact on the Corporation's financial reporting as reported to the Committee by management and the external auditor;

(iii) review the appropriateness of the accounting policies used in the preparation of the Corporation's financial statements and consider recommendations for any material change to such policies;

(iv) review the status of material contingent liabilities as reported to the Committee by management;

(v) review the status of income tax returns and potentially significant tax problems as reported to the Committee by management;

(vi) review any errors or omissions in the current or prior years' financial statements;

(vii) review and recommend approval by the Board before their release all public disclosure documents containing audited or unaudited financial results, including all press releases containing financial results, as well as financial information and earnings guidance provided to analysts and rating agencies (including any "pro forma" or "adjusted" non-IFRS information included therein), offering documents, annual reports, annual information forms and management's discussion and analysis containing such results; and

(viii) satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements other than the public disclosure referred to in clause (vii), above, and periodically assess the adequacy of these procedures.

14. *Risk Management*

The duties of the Committee as they relate to risk management shall be to:

(i) review the design and effectiveness of the Corporation's risk management systems and policies (including with respect to corporate reporting and disclosure, accounting and auditing controls and procedures, securities compliance and other matters pertaining to fraud against the Company and its shareholders) and, if considered appropriate, recommend such systems or policies to the Board for approval;

(ii) review and consider with management the Corporation's risk capacity, risk taking philosophy and approach to determining an appropriate balance between risk and reward, including remuneration policies in respect of performance objectives;

(iii) review and evaluate the Corporation's significant financial risk exposures, including currency, interest rate, credit, and market risks, and the steps management has taken, or has proposed to take, to monitor and manage such risk exposures (through hedges, swaps, other financial instruments, and otherwise), in compliance with applicable policies;

(iv) review and discuss with management the Corporation's significant non-financial risk exposures, including strategic, reputational, operational, regulatory, and business risks, and the steps management has taken or proposes to take to monitor and control such risk exposures in compliance with applicable policies;

(v) review and confirm with management that material non-financial information about the Corporation and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed;

(vi) review with management the quality and competence of management appointed to administer risk management functions;

(vii) review with management the Corporation's compliance programs;

(viii) review the Corporation's insurance coverage and deductible levels;

(ix) review, with legal counsel where required, such litigation, claims, tax assessments and other tax- related matters, transactions, material inquiries from regulators and governmental agencies or other contingencies which may have a material impact on financial results, the Corporation's reputation or which may otherwise adversely affect the financial well-being of the Corporation;

(x) review and evaluate the Corporation's susceptibility to fraud and corruption and management's processes for identifying and managing the risks of fraud and corruption;

(xi) review complaints or concerns submitted to the Chair of the Committee with respect questionable treatment or alleged violations of financial reporting and other risk related matters in accordance with the Corporation's Whistleblower Policy;

(xii) review and approve the statements to be included in the annual report, annual information form and any other disclosure documents concerning risk management; and

(xiii) consider other matters of a risk management nature as directed by the Board.

15. *Other*

The other duties of the Committee shall include:

(i) reviewing any inquiries, investigations or audits of a financial nature by governmental, regulatory or taxing authorities;

(ii) reviewing annual operating and capital budgets;

(iii) reviewing and reporting to the Board on difficulties and problems with regulatory agencies which are likely to have a significant financial impact;

(iv) establishing procedures for: (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters;

(v) reviewing and approving the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Corporation;

(vi) inquiring of management and the external auditor as to any activities that may be or may appear to be illegal or unethical; and

(vii) at the request of the Board, investigating and reporting on such other matters as it considers necessary or appropriate in the circumstances.

Authority to engage independent counsel and outside advisors

16. The Committee has the authority to engage independent counsel and other advisors it determines necessary to carry out its duties, to set and pay the compensation for any advisors employed by the Committee and to communicate directly with the internal and external auditors.

17. The Corporation shall provide appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment of (a) compensation to the external auditors employed by the Committee for the purposes of rendering or issuing an audit report or performing other audit, review or attest services for the Corporation, (b) compensation to any advisors engaged by the Committee, and (c) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

May 8, 2020

Management's Discussion and Analysis

Years ended December 31, 2020 and 2019

Forward looking statements

Certain statements in this Management's Discussion & Analysis ("MD&A"), and in particular the "Business Performance Highlights" section and "Outlook" section, contain forward-looking information and forward-looking statements (collectively referred to herein as the "Forward-Looking Statements") within the meaning of applicable Canadian and U.S. 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 MD&A contains Forward-Looking Statements pertaining to: (i) the belief that distortion in financial asset valuations is now so extreme that there has never been a stronger argument for investors to hold non-correlated assets, such as precious metals and their related equities, in their portfolios; (ii) the belief that there will be a rotation of investor capital into precious metal equities; (iii) the commitment to extend the company's reach by increasing our presence in key markets such as Europe and Asia; (iv) the expectation of expanding the client base with the launch of complementary new investment strategies in 2021; (v) the belief that 2021 will be a great year for the company, as it continues to strive to be the world's leading precious metals investment firm; (vi) continued strength in global precious metals pricing and mining equities markets throughout 2021; (vii) anticipation of flat-to-lower AUM in our lending segment as capital calls into new lending LPs are offset by capital distributions from older lending LPs that will be wound up later in the year, including the expectation of crystallized material carried interest gains from those LPs; (viii) anticipation of mining sector equity origination and M&A activity to remain constructive in 2021; (ix) at a consolidated level, the belief that the aforementioned segment level results will lead to another strong year for Sprott Inc. as far as continued earnings growth and strong operating margins; (x) expectation of the effects of COVID-19, and in particular, world government responses thereto via fiscal and monetary policy, will continue to be highly constructive to precious metals markets; and (xi) the declaration, payment and designation of dividends and confidence that our business will support the dividend level without impacting our ability to fund future growth initiatives.

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 herein under the heading "Critical Accounting Estimates, Judgments and Changes in Accounting Policies". 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 brokerage business; (xxviii) those risks described under the heading "Risk Factors" in the Company's annual information form dated February 25, 2021; and (xxix) those risks described under the headings "Managing Risk: Financial" and "Managing Risk: Non-Financial" in this MD&A. 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 securities laws.

Management's discussion and analysis

This MD&A of financial condition and results of operations, dated February 25, 2021, presents an analysis of the consolidated financial condition of the Company and its subsidiaries as at December 31, 2020, compared with December 31, 2019, and the consolidated results of operations for the three and twelve months ended December 31, 2020, compared with the three and twelve months ended December 31, 2019. The board of directors approved this MD&A on February 25, 2021. All note references in this MD&A are to the notes to the Company's December 31, 2020 audited annual consolidated financial statements ("annual financial statements"), unless otherwise noted. The Company was incorporated under the Business Corporations Act (Ontario) on February 13, 2008.

Presentation of financial information

The financial statements, including the required comparative information, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Financial results, including related historical comparatives contained in this MD&A, unless otherwise specified herein, are based on the annual financial statements. While the Company's functional currency is the Canadian dollar, its presentation currency has changed to US dollars effective January 1, 2020, with the prior period figures restated accordingly. We believe the US dollar better reflects the Company's consolidated financial position and results of operations given the materiality of revenues denominated in US dollars that further increased in 2020 with the January 17, 2020 close of the Tocqueville Asset Management gold strategies acquisition (the "Acquisition"). Accordingly, all dollar references in this MD&A are in US dollars, unless otherwise specified. The use of the term "prior period" refers to the three and twelve months ended December 31, 2019.

Key performance indicators (non-IFRS financial measures)

The Company measures the success of its 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 (loss) 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 are discussed below:

Assets under management

Assets under management ("AUM") refers to the total net assets managed by the Company through its various investment product offerings, managed accounts and managed companies.

Net inflows

Net inflows (consisting of net sales, capital calls and fee earning capital commitments) result in changes to AUM and are described individually below:

Net sales

Fund sales (net of redemptions), including 'at-the-market' transactions and secondary offerings of our physical trusts and new 'creations' of ETF units, are a key performance indicator as new assets being managed will lead to higher management fees and can potentially lead to increased carried interest and performance fee generation (as applicable) given that AUM is also the basis upon which carried interest and performance fees are calculated.

Capital calls and commitments

Capital calls into our lending LPs are a key source of AUM creation, and ultimately, earnings for the Company. Once capital is called into our lending LPs, it is included within the AUM of the Company as it will now earn a management fee (NOTE: it is possible for some forms of committed capital to earn a commitment fee despite being uncalled, in which case, it will also be included in AUM at that time). Conversely, once loans in our lending LPs are repaid, capital may be returned to investors in the form of a distribution, thereby reducing our AUM ("capital distributions").

Net fees

Management fees (net of trailer and sub-advisor fees) and carried interest and performance fees (net of carried interest and performance fee payouts) are key revenue indicators as they represent the net revenue contribution after directly associated costs that we generate from our AUM.

Net commissions

Commissions, net of commission expenses, arise primarily from the transaction based service offerings of our brokerage segment.

Net compensation

Net compensation excludes commissions, carried interest and performance fee payouts, which are presented net of their related revenues in this MD&A, and severance and new hire accruals which are non-recurring.

Total shareholder return

Total shareholder return is the financial gain (loss) that results from the change in the Company's share price, plus any dividends paid over the period.

Return on capital

Return on capital is calculated as adjusted base EBITDA, plus gain (loss) on investments divided by capital stock plus outstanding loan facility.

EBITDA, adjusted EBITDA, adjusted base EBITDA and operating margin

EBITDA in its most basic form is defined as earnings before interest expense, income taxes, depreciation and amortization. EBITDA is a measure commonly used in the investment industry by management, investors and investment analysts in understanding and comparing results by factoring out the impact of different financing methods, capital structures, amortization techniques and income tax rates between companies in the same industry. While other companies, investors or investment analysts may not utilize the same method of calculating EBITDA (or adjustments thereto), the Company believes its adjusted base EBITDA metric, in particular, results in a better comparison of the Company's underlying operations against its peers and a better indicator of recurring results from operations as compared to other non-IFRS financial measures.

Neither EBITDA, adjusted EBITDA or adjusted base EBITDA have standardized meaning under IFRS. Consequently, they should not be considered in isolation, nor should they be used in substitute for measures of performance prepared in accordance with IFRS.

The following table outlines how our EBITDA, Adjusted EBITDA and Adjusted base EBITDA measures are determined:

	3 months ended		12 months ended	
(in thousands $)	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2020**	**Dec. 31, 2019**
Net income for the periods	6,720	1,445	26,978	10,209
Adjustments:				
Interest expense	331	269	1,237	1,036
Provision for income taxes	2,561	948	7,684	2,741
Depreciation and amortization	1,023	1,254	4,052	3,795
EBITDA	10,635	3,916	39,951	17,781
Other adjustments:				
(Gain) loss on investments [1]	3,089	1,422	(5,109)	1,055
Non-cash stock-based compensation	1,307	648	2,835	3,863
Other expenses [2]	4,266	2,274	11,035	7,123
Adjusted EBITDA	19,297	8,260	48,712	29,822
Other adjustments:				
Carried interest and performance fees	(10,075)	(1,811)	(10,075)	(1,811)
Carried interest and performance fee related expenses	5,529	992	5,529	992
Adjusted base EBITDA	14,751	7,441	44,166	29,003
Operating margin [3]	51%	38%	49%	38%

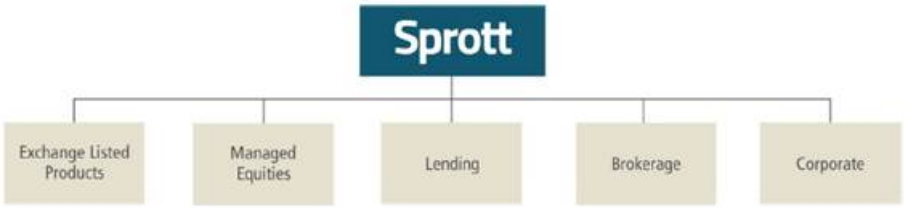
[1] This adjustment removes the income effects of certain gains or losses on short-term investments, co-investments, and digital gold strategies to ensure the reporting objectives of our EBITDA metric as described above are met.

[2] In addition to the items outlined in Note 5 of the annual financial statements, Other expenses also include severance and new hire accruals of $0.1 million for the 3 months ended (3 months ended December 31, 2019 - $0.2 million) and $1.3 million for the 12 months ended (12 months ended December 31, 2019 - $1.1 million) and excludes income attributable to non-controlling interests of $0.3 million for the 3 months ended (3 months ended December 31, 2019 - $Nil) and $0.8 million for the 12 months ended (12 months ended December 31, 2019 - $Nil) (see Other expenses in Note 5 of the financial statements).

[3] Calculated as adjusted base EBITDA inclusive of depreciation and amortization, and excluding income related to legacy balance sheet loans. This figure is then divided by revenues before gains (losses) on investments, net of direct costs as applicable.

Business overview

Our reportable operating segments are as follows:



Exchange listed products

- The Company's closed-end physical trusts and exchange traded funds ("ETFs").

Managed equities

- The Company's alternative investment strategies managed in-house and on a sub-advised basis.

Lending

- The Company's lending and streaming activities occur through limited partnership vehicles ("lending LPs").

Brokerage

- The Company's regulated broker-dealer activities (equity origination, corporate advisory, sales and trading).

Corporate

- Provides the Company's operating segments with capital, balance sheet management and other shared services.

All other segments

- Contains all non-reportable segments as per IFRS 8, *Operating Segments* ("IFRS 8"). See Note 14 of the annual financial statements for further details.

For a detailed account of the underlying principal subsidiaries within our reportable business segments, refer to the Company's Annual Information Form and Note 2 of the annual financial statements.

Performance highlights

Financial highlights



Environmental, Social, Governance highlights

Sprott is committed to incorporating ESG matters into our investment decision making and active ownership practices pursuant to the United Nations Principles for Responsible Investment. See “Environmental, social and governance” in the 2020 Annual Information Form for additional details. Below are additional ESG related highlights pertaining to the 2020 fiscal year.

Environmental

- Donation to American Australian Association’s Bush Fire Relief Fund
- Closed on the acquisition of U.S clean energy fund assets (Brookfield Renewable Partners: 50.1%; Sprott Korea led consortium: 49.9%)

Social

- Women and BIPOC make up 30%+ of board and senior leadership
- Signed 2020 BlackNorth initiative (along with over 200 public and private companies) to address workplace injustice against BIPOC in Canada
- Donation to various COVID-19 relief projects (including Toronto General Hospital and YMCA)
- Launched Sprott scholarship for women in finance at Carlton University
- Launched mandatory company wide unconscious bias training

Governance

- Engaged Global Governance Advisors for a 2021 project to assist in further enhancing our governance practices as we grow and expand our reach into international regulatory environments in the U.S, Europe and Asia
- Our compensation practices continue to produce a mix of pay reflecting the objectives of our shareholders that management be compensated more towards variable at-risk pay (annual incentive plan; “AIP”) and long-term stock incentives (long-term incentive plan; “LTIP”)
- Hired an independent audit firm to conduct a 2021 review of our cybersecurity framework against the best practices noted in the National Institute of Standards & Technology Cybersecurity Framework (“NIST Framework”)

Outlook

Our businesses

We anticipate continued strength in global precious metals and mining equities markets throughout 2021, which benefits our exchange listed products and managed equities segments. However, we anticipate flat-to-lower AUM in our lending segment as capital calls into new lending LPs are offset by capital distributions from older lending LPs that will be wound up later in the year (at which time, we would expect to crystallize material carried interest gains from those LPs). On the transactions side of the business, we anticipate mining sector equity origination and M&A activity to remain constructive in 2021, which benefits our brokerage segment.

At a consolidated level, we believe the aforementioned segment level results will lead to another strong year for Sprott Inc. in terms of continued earnings growth and strong operating margins.

Acquisition update

On January 17, 2020, the Company closed on the acquisition of Tocqueville Asset Management's gold fund strategies. The Acquisition cost was $15 million and contingent consideration up to $35 million was payable over the two years following the close of the Acquisition, subject to the achievement of certain financial performance conditions.

Subsequent to year-end, Sprott successfully negotiated an amendment to the original terms of the purchase agreement. In lieu of any contingent consideration entitlement for the 2020 and 2021 fiscal years, the vendor accepted a final payment from Sprott of $30 million ($27 million in cash and $3 million in Sprott Inc. common shares). This enabled Sprott to lock-in the total acquisition price and return on investment economics going into 2021 and further enabled Sprott to retain the full benefits of any additional increase in AUM expected over 2021.

COVID-19 update

The changing economic and market climate as a result of COVID-19 has led to the Company implementing its business continuity plan. Our portfolio managers, brokerage professionals, enterprise shared services teams and key outsource service providers are fully operational. While the exact impacts of COVID-19 over the short and long-term are undeterminable at the date of this report, management believes the effects of COVID-19 we have witnessed thus far, and in particular, world government responses thereto via fiscal and monetary policy, will continue to be highly constructive to precious metals markets as we progress into 2021.

Summary financial information

(In thousands $)	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Summary income statements								
Management fees	22,032	19,934	15,825	15,125	10,685	10,577	9,962	10,195
Carried interest and performance fees	10,075	—	—	—	1,811	—	—	—
less: Trailer and sub-advisor fees	371	291	326	154	966	50	67	—
less: Carried interest and performance fee payouts	5,529	—	—	—	86	—	—	—
Net fees	26,207	19,643	15,499	14,971	11,444	10,527	9,895	10,195
Commissions	6,761	9,386	6,133	5,179	6,599	6,056	3,293	3,315
less: Commission expense	2,788	3,789	2,377	1,870	2,658	2,654	1,356	1,386
Net commissions	3,973	5,597	3,756	3,309	3,941	3,402	1,937	1,929
Finance income [1]	1,629	757	656	914	2,481	2,561	3,435	2,946
Gain (loss) on investments	(3,089)	4,408	8,142	(4,352)	(1,252)	600	(408)	5
Other income	949	914	285	113	364	91	93	77
Total net revenues	29,669	31,319	28,338	14,955	16,978	17,181	14,952	15,152
Compensation	20,193	16,280	10,991	10,125	10,269	9,714	7,463	7,801
less: Carried interest and performance fee payouts	5,529	—	—	—	86	—	—	—
less: Commission expense	2,788	3,789	2,377	1,870	2,658	2,654	1,356	1,386
less: Severance and new hire accruals	65	210	358	667	157	168	650	109
Net compensation	11,811	12,281	8,256	7,588	7,368	6,892	5,457	6,306
Severance and new hire accruals	65	210	358	667	157	168	650	109
Placement and referral fees	191	522	246	86	434	114	251	58
Selling, general and administrative	2,439	2,523	3,049	3,544	2,986	3,175	3,256	3,062
Interest expense	331	320	350	236	269	297	226	244
Depreciation and amortization	1,023	992	1,049	988	1,254	893	819	829
Other expenses (gain)	4,528	4,154	2,893	(1,081)	2,117	(167)	3,051	1,038
Total expenses	20,388	21,002	16,201	12,028	14,585	11,372	13,710	11,646
Net income	6,720	8,704	10,492	1,062	1,445	4,336	1,581	2,847
Net lincome per share [2]	0.27	0.36	0.43	0.04	0.06	0.18	0.06	0.12
Adjusted base EBITDA	14,751	12,024	9,204	8,187	7,441	7,612	7,032	6,918
Adjusted base EBITDA per share [2]	0.60	0.49	0.38	0.33	0.31	0.31	0.29	0.28
Operating margin	51 %	47 %	49 %	43 %	38 %	36 %	39 %	39 %
Summary balance sheet								
Total assets	377,348	358,300	338,931	318,318	324,943	325,442	338,530	332,504
Total liabilities	86,365	81,069	70,818	65,945	53,313	51,774	68,008	54,009
Total AUM	17,390,389	16,259,184	13,893,039	10,734,831	9,252,515	8,548,982	8,103,723	7,909,488
Average AUM	16,719,815	16,705,046	13,216,415	11,007,781	8,932,651	8,608,001	7,898,334	7,887,089

[1] Finance income includes: (1) co-investment income from lending LP units; (2) ancillary income earned directly or indirectly from lending activities; and (3) interest income from on-balance sheet loans and brokerage client accounts

[2] Per share amounts for periods before May 28, 2020 reflect retrospective treatment of the 10:1 share consolidation.

Results of operations

AUM summary

AUM reached a record $17.4 billion as at December 31, 2020, up $1.1 billion (7%) from September 30, 2020 and up $8.1 billion (88%) from December 31, 2019. On a three and twelve months ended basis, we benefited from strong market value appreciation across most of our fund products. We also benefited from strong inflows in our physical trusts that more than offset the anticipated redemption experience in our precious metals strategies post-Acquisition (the Acquisition added $1.7 billion of AUM at time of closing).

3 months results

(In millions $)	AUM Sep. 30, 2020	Net inflows [1]	Market value changes	Other [2]	AUM Dec. 31, 2020	Blended management fee rate [3]
Exchange listed products						
- Physical trusts	11,131	201	519	—	11,851	0.39%
- ETFs	381	15	(14)	—	382	0.35%
	11,512	216	505	—	12,233	0.39%
Managed equities						
- Precious metals strategies	2,447	(9)	41	—	2,479	0.79%
- Other [4]	312	—	40	—	352	0.92%
	2,759	(9)	81	—	2,831	0.81%
Lending [5]	906	94	18	(19)	999	1.05%
Other [6]	1,082	87	158	—	1,327	0.79%
Total [7]	16,259	388	762	(19)	17,390	0.53%

12 months results

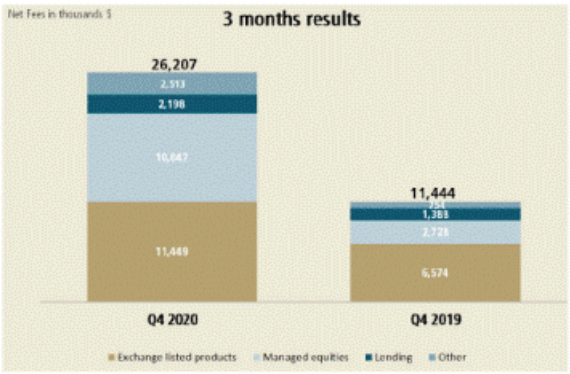
(In millions $)	AUM Dec. 31, 2019	Net inflows [1]	Market value changes	Other [2]	AUM Dec. 31, 2020	Blended management fee rate [3]
Exchange listed products						
- Physical trusts	6,579	2,752	2,520	—	11,851	0.39%
- ETFs	252	61	69	—	382	0.35%
	6,831	2,813	2,589	—	12,233	0.39%
Managed equities						
- Precious metals strategies	601	(658)	795	1,741	2,479	0.79%
- Other [4]	350	16	(14)	—	352	0.92%
	951	(642)	781	1,741	2,831	0.81%
Lending [5]	783	260	41	(85)	999	1.05%
Other [6]	688	226	413	—	1,327	0.79%
Total [7]	9,253	2,657	3,824	1,656	17,390	0.53%

(1) See 'Net inflows' in the key performance indicators (non-IFRS financial measures) section of this MD&A.
(2) Includes new AUM from fund acquisitions and lost AUM from fund divestitures and capital distributions of our lending LPs.
(3) Management fee rate represents the net amount received by the Company.
(4) Includes institutional managed accounts.
(5) $1.1 billion of committed capital remains uncalled, of which $0.4 billion earns a commitment fee (AUM), and $0.7 billion does not (future AUM).
(6) Includes Sprott Korea Corp., private equity strategy in Sprott Asia and high net worth discretionary managed accounts in the U.S.
(7) No performance fees are earned on exchange listed products. Performance fees are earned on all precious metals strategies (other than bullion funds) based on returns above relevant benchmarks. Other managed equities strategies primarily earn performance fees on flow-through products. Lending funds earn carried interest calculated as a pre-determined net profit over a preferred return.

Key revenue lines

Management fees

Management fees were $22 million in the quarter, up $11.3 million from the prior period and were $72.9 million on a full year basis, up $31.5 million. Performance fees finished the year at $10.1 million, up $8.3 million from the prior period. Net fees were $26.2 million in the quarter, up $14.8 million from the prior period and were $76.3 million on a full year basis, up $34.3 million. The revenue increases in the quarter and on a full year basis were primarily due to strong net inflows and market value appreciation in our exchange listed products segment. We also benefited from strong market value appreciation and the addition of new AUM from the Acquisition in our managed equities segment and higher fees in our lending segment.





Commission revenues

Commission revenues were $6.8 million in the quarter, up $0.2 million (2%) from the prior period and were $27.5 million on a full year basis, up $8.2 million (43%). Net commissions were $4 million in the quarter, up slightly from the prior period and were $16.6 million on a full year basis, up $5.4 million (48%). The increase was due to strong equity origination, sales and trading activities in our brokerage segment throughout the year.

Finance income

Finance income was $1.6 million in the quarter, down $0.9 million (34%) from the prior period and was $4 million on a full year basis, down $7.5 million (65%). Finance income primarily includes interest income from our co-investments in LP units and other ancillary income earned directly or indirectly from lending activities. The comparative period finance income also includes interest income from legacy loans. Lower finance income in the quarter and on a full year basis was primarily due to the repayment of legacy balance sheet loans.

Key expense lines

Compensation

Compensation was $20.2 million in the quarter, up $9.9 million (97%) from the prior period and was $57.6 million on a full year basis, up $22.3 million (63%). Net compensation was $11.8 million in the quarter, up $4.4 million (60%) from the prior period and was $39.9 million on a full year basis, up $13.9 million (53%).

The increase in the quarter and on a full year basis was primarily due to higher variable at-risk pay relating to the Company's significantly improved financial performance over the year. Annual adjusted base EBITDA was up 52% year-over-year, consistent with the 53% increase year-over-year in net compensation. Adjusted base EBITDA, operating margins and net revenue targets form the basis of the quantitative performance measures used when determining variable at-risk compensation. Higher compensation was also the result of additional base salaries attributable to new hires from the Acquisition. The Company reduced its compensation ratio over the last five years (net compensation / net fees & net commissions) from a high of 54% to a low of 43% in 2020 while correspondingly increasing the proportion of variable at-risk pay (AIP and LTIP) our employees receive relative to fixed compensation.

Selling, general & administrative ("SG&A")

SG&A was $2.4 million in the quarter, down $0.5 million (18%) from the prior period and was $11.6 million on a full year basis, down $0.9 million (7%). The decrease in the quarter and on a full year basis was the result of lower marketing and sales costs relating to travel restrictions due to COVID-19.

Earnings

Net income was $6.7 million in the quarter, up $5.3 million from the prior period and was $27 million on a full year basis, up $16.8 million. Adjusted base EBITDA was $14.8 million in the quarter, up $7.3 million (98%) from the prior period and was $44.2 million on a full year basis, up $15.2 million (52%). During the quarter and on a full year basis, we benefited from increased fees due to strong net inflows and market value appreciation in our exchange listed products segment, the Acquisition and additional market value appreciation in our managed equities segment. We also benefited from increased commission revenues in our brokerage segment. These increases more than offset lower finance income in our lending segment and higher variable at-risk compensation on increased revenues, earnings generation and strong operating margins across the Company.

Additional revenues and expenses

Investment gains on a full year basis were mainly due to market value appreciation of certain equity holdings and co-investments. These gains were partially offset by unrealized losses on digital gold strategies in the fourth quarter.

Other income was higher mainly due to the consolidation of certain feeder funds. Interest expense, placement and referral fees were largely flat year-over-year.

Amortization of intangibles was flat from the prior period. Depreciation of property was slightly higher on a full year basis from the prior period mainly due to increased depreciation expense related to a new lease attributable to the Acquisition.

Other expenses were higher primarily due to the increase in contingent consideration related to the Acquisition.

Balance sheet

Total assets were $377.3 million, up $52.4 million (16%) from December 31, 2019. The increase was primarily due to the increase in intangible assets related to the Acquisition.

Total liabilities were $86.4 million, up $33.1 million (62%) from December 31, 2019. The increase was primarily due to the accrual of contingent consideration related to the Acquisition and accrued liabilities related to non-controlling interest.

Total shareholder’s equity was $291 million, up $19.4 million (7%) from December 31, 2019.

Reportable operating segments

Exchange listed products

(In thousands $)	3 months ended Dec. 31, 2020	3 months ended Dec. 31, 2019	12 months ended Dec. 31, 2020	12 months ended Dec. 31, 2019
Summary income statement				
Management fees	11,449	6,574	37,670	24,481
Other income	1	21	10	47
Total revenues	**11,450**	**6,595**	**37,680**	**24,528**
Net compensation	1,437	1,101	5,085	3,662
Severance and new hire accruals	—	21	73	147
Selling, general and administrative	553	939	2,230	3,034
Interest expense	76	201	338	824
Depreciation and amortization	242	239	940	952
Other expenses	994	320	485	655
Total expenses	**3,302**	**2,821**	**9,151**	**9,274**
Income before income taxes	**8,148**	**3,774**	**28,529**	**15,254**
Adjusted base EBITDA	9,497	4,575	30,563	17,988
Operating margin	81%	68%	79%	73%
Total AUM	12,233,316	6,831,093	12,233,316	6,831,093
Average AUM	11,786,235	6,741,239	9,914,709	6,261,066

3 and 12 months ended

Income before income taxes was $8.1 million in the quarter, up $4.4 million from the prior period and was $28.5 million on a full year basis, up $13.3 million. Adjusted base EBITDA was $9.5 million in the quarter, up $4.9 million from the prior period and was $30.6 million on a full year basis, up $12.6 million. Our quarter and full year results benefited from higher average AUM given strong inflows and market value appreciation in our physical trust products which more than offset higher net compensation.

Managed equities

(In thousands $)	3 months ended Dec. 31, 2020	3 months ended Dec. 31, 2019	12 months ended Dec. 31, 2020	12 months ended Dec. 31, 2019
Summary income statement				
Management fees	**5,901**	**2,001**	**20,621**	**7,805**
Carried interest and performance fees	10,075	1,811	10,075	1,811
less: Trailer and sub-advisor fees	400	998	1,262	1,211
less: Carried interest and performance fee payouts	5,529	86	5,529	86
Net fees	10,047	2,728	23,905	8,319
Gain on investments	1,719	1,176	9,803	3,558
Other income	297	364	855	884
Total net revenues	12,063	4,268	34,563	12,761
Net compensation	2,287	954	8,234	4,470
Severance and new hire accruals	12	90	142	90
Selling, general and administrative	356	613	1,726	1,876
Interest expense	200	—	686	—
Depreciation and amortization	54	51	208	212
Other expenses	2,579	20	4,899	200
Total expenses	**5,488**	**1,728**	**15,895**	**6,848**
Income before income taxes	**6,575**	**2,540**	**18,668**	**5,913**
Adjusted base EBITDA	3,288	791	10,762	3,167
Operating margin	56%	32%	53%	35%
Total AUM	2,831,023	950,911	2,831,023	950,911
Average AUM	2,735,878	907,365	2,649,120	854,691

3 and 12 months ended

Income before income taxes was $6.6 million in the quarter, up $4 million from the prior period and was $18.7 million on a full year basis, up $12.8 million. Our quarter and full year results benefited from increased management fees from the Acquisition, higher net performance fees and improved equity valuations in our funds, which more than offset higher net compensation and higher other expenses resulting from increase in contingent consideration related to the Acquisition. Adjusted base EBITDA was $3.3 million in the quarter, up $2.5 million from the prior period and was $10.8 million on a full year basis, up $7.6 million. Our quarter and full year results benefited from increased management fees, which more than offset higher net compensation.

Lending

(In thousands $)	3 months ended Dec. 31, 2020	3 months ended Dec. 31, 2019	12 months ended Dec. 31, 2020	12 months ended Dec. 31, 2019
Summary income statement				
Management fees	2,198	1,388	9,366	5,646
Finance income [1]	1,629	2,261	3,838	9,962
Gain (loss) on investments	2,062	(101)	2,037	(1,152)
Other income	185	268	268	289
Total revenues	**6,074**	**3,816**	**15,509**	**14,745**
Net compensation	1,631	1,256	5,788	4,944
Severance and new hire accruals	15	—	212	61
Placement and referral fees	41	15	192	44
Selling, general and administrative	318	222	887	777
Interest expense	—	30	11	61
Depreciation and amortization	1	27	53	107
Other expenses	2,115	1,577	1,326	2,230
Total expenses	**4,121**	**3,127**	**8,469**	**8,224**
Income before income taxes	**1,953**	**689**	**7,040**	**6,521**
Adjusted base EBITDA	2,423	2,459	7,272	10,725
Operating margin	61%	64%	59%	56%
Total AUM [2]	999,037	783,328	999,037	783,328
Average AUM	950,909	555,868	880,577	496,361

[1] Includes: (1) co-investment income from lending LP units held as part of our co-investment portfolio; and (2) interest income from on-balance sheet loans in the prior period.

[2] $1.1 billion of committed capital remains uncalled, of which $0.4 billion earns a commitment fee (AUM), and $0.7 billion does not (future AUM).

3 and 12 months ended

Income before income taxes was $2 million in the quarter, up $1.3 million from the prior period and was $7 million on a full year basis, up $0.5 million. Adjusted base EBITDA was $2.4 million in the quarter, down slightly from the prior period and was $7.3 million on a full year basis, down $3.5 million (32%). Income before income taxes benefited from higher management fees and gains on our co-investments. However, our quarter and full year adjusted base EBITDA results were primarily impacted by lower finance income given the full repayment of legacy loans in the third quarter of 2019, which more than offset increased management fees on a full year basis.

Brokerage

(In thousands $)	3 months ended Dec. 31, 2020	3 months ended Dec. 31, 2019	12 months ended Dec. 31, 2020	12 months ended Dec. 31, 2019
Summary income statement				
Commissions	**6,882**	**6,261**	**26,705**	**18,480**
less: Commission expense	2,713	2,650	10,749	8,024
Net commissions	4,169	3,611	15,956	10,456
Management fees	886	358	2,168	1,298
Finance income	—	220	118	1,461
Gain (loss) on investments	5	165	1,590	(113)
Other income	24	22	102	82
Total net revenues	5,084	4,376	19,934	13,184
Net compensation [(1)]	1,859	1,667	6,033	6,510
Severance and new hire accruals	30	25	680	390
Placement and referral fees	98	355	603	673
Selling, general and administrative	1,031	835	4,151	4,299
Interest expense	12	13	45	58
Depreciation and amortization	145	136	533	491
Other expenses (gain)	494	24	660	(3)
Total expenses	**3,669**	**3,055**	**12,705**	**12,418**
Income before income taxes	**1,415**	**1,321**	**7,229**	**766**
Adjusted base EBITDA	2,522	1,756	8,052	3,342
Operating margin	53%	41%	47%	24%

(1) Net compensation is presented excluding commission expense, which is reported net of commission revenue.

3 and 12 months ended

Income before income taxes was $1.4 million in the quarter, up $0.1 million from the prior period and was $7.2 million on a full year basis, up $6.5 million. Adjusted base EBITDA was $2.5 million in the quarter, up $0.8 million from the prior period and was $8.1 million on a full year basis, up $4.7 million. Our quarter and full year results benefited from strong equity origination, sales and trading activities.

Corporate

This segment is primarily a cost centre that provides capital, balance sheet management and shared services to the Company's subsidiaries.

	3 months ended		12 months ended	
(In thousands $)	**Dec. 31, 2020**	**Dec. 31, 2019**	**Dec. 31, 2020**	**Dec. 31, 2019**
Summary income statement				
Loss on investments	(6,793)	(2,111)	(7,351)	(2,668)
Other income	71	19	137	64
Total revenues	**(6,722)**	**(2,092)**	**(7,214)**	**(2,604)**
Net compensation	3,987	1,933	13,036	5,745
Severance and new hire accruals	—	21	52	25
Selling, general and administrative	331	366	1,699	1,922
Interest expense	43	25	157	93
Depreciation and amortization	572	795	2,286	2,006
Other expenses (gain)	389	(211)	1,336	113
Total expenses	**5,322**	**2,929**	**18,566**	**9,904**
Income (loss) before income taxes	**(12,044)**	**(5,021)**	**(25,780)**	**(12,508)**
Adjusted base EBITDA	(3,965)	(2,045)	(13,722)	(7,290)

3 and 12 months ended

- Investments losses were primarily due to unrealized losses on our digital gold strategies in the fourth quarter.
- Net compensation increased primarily due to higher variable at-risk compensation on increased revenues, earnings generation and strong operating margins across the Company, and higher base salaries as a result of the Acquisition.
- SG&A decreased due to our ongoing multi-year cost containment program.
- Other expenses were primarily due to FX translation movements.

Dividends

The following dividends were declared by the Company during the twelve months ended December 31, 2020:

Record date	Payment Date	Cash dividend per share [1]		Total dividend amount (in thousands $)
March 9, 2020 - Regular dividend Q4 2019	March 24, 2020	CAD$	0.30	5,387
May 19, 2020 - Regular dividend Q1 2020	June 3, 2020	CAD$	0.30	5,560
August 17, 2020 - Regular dividend Q2 2020	September 1, 2020	US$	0.23	5,915
November 23, 2020 - Regular dividend Q3 2020	December 8, 2020	US$	0.25	6,378
Dividends [2]				23,240

(1) Dividends per share in this MD&A for periods before May 28 reflect retrospective treatment of the 10:1 share consolidation.

(2) Subsequent to quarter-end, on February 25, 2021, a regular dividend of US$0.25 per common share was declared for the year ended December 31, 2020. This dividend is payable on March 23, 2021 to shareholders of record at the close of business on March 8, 2021.

Capital stock

On May 28, 2020, the Company successfully completed a 10:1 common share consolidation. Shareholders received 1 post-consolidation share for every 10 pre-consolidation shares. All information pertaining to shares and per-share amounts in this MD&A for periods before May 28 reflect retrospective treatment of this share consolidation.

Including the 0.8 million unvested common shares currently held in the EPSP Trust (December 31, 2019 - 0.9 million), total capital stock issued and outstanding was 25.6 million (December 31, 2019 - 25.3 million).

Earnings per share for the current and prior periods have been calculated using the weighted average number of shares outstanding during the respective periods. Basic earnings per share was $0.27 for the quarter and $1.10 on a full year basis compared to $0.06 and $0.42 in the prior periods respectively. Diluted earnings per share was $0.26 in the quarter and $1.05 on a full year basis compared to $0.06 and $0.40 in the prior periods respectively. Diluted earnings per share reflects the dilutive effect of in-the-money stock options, unvested shares held in the EPSP Trust and outstanding restricted stock units.

A total of 162,500 stock options are outstanding pursuant to our stock option plan, all of which are exercisable.

Liquidity and capital resources

As at December 31, 2020, the Company had $17 million (December 31, 2019 - $15.3 million) outstanding on its credit facility, all of which is due after 12 months (December 31, 2019 - $3.8 million due within 12 months and $11.5 million due after 12 months).

On November 13, 2020, the Company extended and upsized its previous credit facility to $70 million, up from $61 million at the time of the extension. Amounts under the new facility may be borrowed under the facility through prime rate loans or bankers' acceptances. Similar to the previous facility, amounts may also be borrowed in US dollars through base rate loans. As at December 31, 2020, the Company was in compliance with all covenants, terms and conditions under the credit facility. Key terms under the credit facility are noted below:

Structure

- 5-year, $70 million revolver with "bullet maturity" December 14, 2025

Interest rate

- Prime rate + 0 bps or;
- Banker acceptance rate + 170 bps

Covenant terms

- Minimum AUM: 70% of AUM on November 13, 2020
- Debt to EBITDA less than or equal to 2.5:1
- EBITDA to interest expense more than or equal to 2.5:1

Commitments

Besides the Company's long-term lease agreements, there are commitments to make co-investments in lending LPs arising from our lending segment or commitments to make investments in the net investments portfolio of the Company. As at December 31, 2020, the Company had $4.6 million in co-investment commitments from the lending segment (December 31, 2019 - $6.6 million).

Critical accounting estimates, judgements and changes in accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are described below. The Company based its assumptions and estimates on parameters available when the annual financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions and estimates as they occur. The Company's significant accounting policies are described in Note 2 of the annual financial statements. Certain of these accounting policies require management to make key assumptions concerning the future and consider other sources of estimation uncertainty at the reporting date. These accounting estimates are considered critical because they require subjective and/or complex judgements that may have a material impact on the value of our assets, liabilities, revenues and expenses.

Critical accounting estimates

Impairment of goodwill and intangible assets

All indefinite life intangible assets and goodwill are assessed for impairment, however, finite life intangibles are only tested for impairment to the extent indicators of impairment exist at the time of a quarterly assessment. In the case of goodwill and indefinite life intangibles, this annual test for impairment augments the quarterly impairment indicator assessments. Values associated with goodwill and intangibles involve estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates, AUM, net inflows, and asset lives. These estimates require significant judgment regarding market growth rates, fund flow assumptions, expected margins and costs, which could affect the Company's future results if estimates of future performance and fair value change.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated balance sheets cannot be derived from active markets, they are determined using valuation techniques and models. Model inputs are taken from observable markets where possible, but where this is not feasible, unobservable inputs may be used. These unobservable inputs include, but are not limited to, projected cash flows, discount rates, comparable recent transactions, volatility of underlying securities in warrant valuations and extraction recovery rates of mining projects. The use of unobservable inputs can involve significant judgment and materially affect the reported fair value of financial instruments.

Contingent consideration

The Acquisition necessitated the recognition of contingent consideration for the amounts payable in cash and shares under the terms of the purchase agreement. The cash settled portion of the contingent consideration was measured at the closing date fair value, based on management's estimate of the level of future revenue obtained from the contracts over the contingent consideration measurement period. The equity settled portion of the contingent consideration was measured at its grant date fair value in accordance with the requirements of IFRS 2 *Share-based Payment*. The key judgments utilized in the estimation of the contingent consideration were fund flow assumptions. As at December 31, 2020, the contingent consideration payable was updated to reflect current estimates with the resulting adjustment recorded in Other expense.

Significant judgements

Investments in other entities

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") and IAS 28 *Investments in Associates and Joint Ventures* ("IAS 28") provide for the use of judgment in determining whether an investee should be included within the consolidated financial statements of the Company and on what basis (subsidiary, joint venture, financial instrument or associate). Significant judgment is applied in evaluating facts and circumstances relevant to the Company and investee, including: (1) the extent of the Company's direct and indirect interests in the investee; (2) the level of compensation to be received from the investee for management and other services provided to it; (3) "kick out rights" available to other investors in the investee; and (4) other indicators of the extent of power that the Company has over the investee.

Change in accounting policies

Change in presentation currency

Effective January 1, 2020, the Company changed its presentation currency from Canadian to US dollars to better reflect the Company's business activities, given the significance of our revenues denominated in US dollars that further increased in 2020 with the January 17, 2020 close of the Acquisition.

The Company followed the guidance of IAS 21 *Effects of Changes in Foreign Exchange Rates* ("IAS 21") and have applied the change retroactively. As a result, the Company has restated prior year comparatives, including the January 1 opening balance sheet as required by IFRS 1 *First-time Adoption of International Financial Reporting Standards* ("IFRS 1"). The change in presentation currency had the following effect:

- Assets and liabilities have been translated at the exchange rate on the respective reporting dates;
- Equity transactions have been translated at the historical exchange rate at the date of the transaction;
- The statements of operations has been translated at the average exchange rate on the respective reporting dates; and
- Exchange differences arising on translation are presented in the Accumulated other comprehensive loss line in shareholders' equity on the balance sheet.

Managing financial risks

Market risk

The Company separates market risk into three categories: price risk, interest rate risk and foreign currency risk.

Price risk

Price risk arises from the possibility that changes in the price of the Company's on and off-balance sheet assets and liabilities will result in changes in carrying value or recoverable amounts. The Company's revenues are also exposed to price risk since management fees, carried interests and performance fees are correlated with AUM, which fluctuates with changes in the market values of the assets in the funds and managed accounts managed by the Company.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will adversely affect the value of, or cash flows from, financial instrument assets. The Company's earnings, particularly through its lending segment, are exposed to volatility as a result of sudden changes in interest rates. Management takes into account a number of factors and is committed to several processes to ensure that this risk is appropriately managed.

Foreign currency risk

The Company enters into transactions that are denominated primarily in US dollar and Canadian dollar. Foreign currency risk arises from foreign exchange rate movements that could negatively impact either the carrying value of financial assets and liabilities or the related cash flows which are denominated in currencies other than the functional currency of the Company and its subsidiaries. The Company may employ certain hedging strategies to mitigate foreign currency risk.

Credit risk

Credit risk is the risk that a borrower will not honor its commitments and a loss to the Company may result. Credit risk generally arises in the Company's investments portfolio.

Investments

The Company incurs credit risk when entering into, settling and financing transactions with counterparties. Management takes into account a number of factors and is committed to several processes to ensure that this risk is appropriately managed.

Other

The majority of accounts receivable relate to management fees, carried interest and performance fees receivable from the funds, managed accounts and managed companies managed by the Company. These receivables are short-term in nature and any credit risk associated with them is managed by dealing with counterparties that the Company believes to be creditworthy and by actively monitoring credit exposure and the financial health of the counterparties.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company's exposure to liquidity risk is minimal as it maintains sufficient levels of liquid assets to meet its obligations as they come due. Additionally, the Company has access to a $70 million committed line of credit with a major Canadian schedule I chartered bank. As part of its cash management program, the Company primarily invests in short-term debt securities issued by the Government of Canada with maturities of less than three months.

The Company's exposure to liquidity risk as it relates to our co-investments in lending LPs arises from fluctuations in cash flows from making capital calls and receiving capital distributions. The Company manages its loan co-investment liquidity risk through the ongoing monitoring of scheduled capital calls and distributions ("match funding") and through its broader treasury risk management program and enterprise capital budgeting.

Financial liabilities, including accounts payable and accrued liabilities and compensation and employee bonuses payable, are short-term in nature and are generally due within a year.

The Company's management team is responsible for reviewing resources to ensure funds are readily available to meet its financial obligations as they come due, as well as ensuring adequate funds exist to support business strategies and operations growth. The Company manages liquidity risk by monitoring cash balances on a daily basis and through its broader treasury risk management program. To meet any liquidity shortfalls, actions taken by the Company could include: slowing its co-investment activities; adjust or otherwise temporarily suspend AIPs; cut or temporarily suspend its dividend; drawing on the line of credit; liquidating net investments; and/or issuing common shares.

Concentration risk

A significant portion of the Company's AUM as well as its investments are focused on the natural resource sector, and in particular, precious metals related investments and transactions. In addition, from time-to-time, certain investment may be concentrated to a material degree in a single position or group of positions. Management takes into account a number of factors and is committed to several processes to ensure that this risk is appropriately managed.

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. This includes information required to be disclosed in the Company's 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.

Our chief executive officer and chief financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in the applicable U.S. and Canadian securities law), concluded that the Company's DC&P and ICFR were properly designed and were operating effectively as of December 31, 2020. In addition, there were no material changes to ICFR during the quarter, and the implementation of our business continuity plan as a result of COVID-19 has not prevented the normal function of our internal controls.

Managing non-financial risks

Confidentiality of information

Confidentiality is essential to the success of the Company's business, and it strives 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. The Company keeps the affairs of its clients confidential and does not disclose the identities of clients (absent expressed client consent to do so). If a prospective client requests a reference, the Company will not provide the name of an existing client before receiving permission from that client to do so.

Conflicts of interest

The Company established a number of policies with respect to employee personal trading. Employees may not trade any of the securities held or being considered for investment by any of the Company's 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. All employees must comply with the Company's Code of Ethics. The code establishes strict rules for professional conduct including the 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 ("IRC") to whom all conflicts of interest matters must be referred for review and approval. The Company established an IRC for its public funds. As required by NI 81-107, the Company established written policies and procedures for dealing with conflict of interest matters and maintains records in respect of these matters and provides assistance to the IRC in carrying out its functions. The IRC is comprised of three independent members, and is subject to requirements to conduct regular assessments and provide reports to the Company and to the holders of interests in public mutual funds in respect of its functions.

Insurance

The Company maintains appropriate insurance coverage for general business and liability risks as well as insurance coverage required by regulation. Insurance coverage is reviewed periodically to ensure continued adequacy.

Internal controls and procedures

Several of the Company's subsidiaries operate in regulated environments and are subject to business conduct rules and other rules and regulations. The Company has internal control policies related to 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 U.S. Securities and Exchange Commission ("SEC").

Enterprise risk management

The starting point to any enterprise risk management program ("ERM") is the articulation of a risk appetite, which is the amount and types of risk we are willing to accept in our pursuit of business objectives. A company's risk appetite is the bedrock upon which an ERM framework is established.

Our risk appetite is primarily based on specific regulatory and legal environment considerations; general environmental social and governance responsibilities ("ESG"); the need for sound capital adequacy and treasury management processes; the preservation of our positive reputation among current and future stakeholders; the natural expectation of our shareholders that we take appropriate and reasonable levels of risk in our various business segments to maximize shareholder returns; and our overall desire to be good corporate citizens as part of our organizational culture and core values. The aforementioned considerations formed the basis for our risk appetite statements noted below:

- Regardless of loss probability, we will only accept inherent or residual risks that we have a proven, demonstrable ability to understand, diligently manage on an ongoing basis and thoroughly consider and balance relative to the outcomes; and
- Our risk appetite is low around any actions or inactions that could materially jeopardize the company's reputation, core values or commitment to its stakeholders. Furthermore, at no point would we ever accept existential inherent or residual risks, regardless of loss probability.

The ERM process involves a comprehensive drill down through the organization to its constituent parts to identify all salient risks and evaluate them through the lens of our risk appetite. The following is a summary of the ERM steps used to filter organizational risks through our risk appetite:

- Identify all major processes within each business segment (and enterprise shared services function supporting them);
- Identify materially relevant inherent risks (both quantitative and qualitative), that may arise in each major process area;
- Rate each inherent risk (in the absence of internal controls), based on the degree of event probability and impact to the organization;
- Determine our risk tolerance for each inherent risk previously identified and rated;
- Identify internal controls in place (or needed) to mitigate the inherent risks down to the appropriate “residual level” (i.e. determine the post-controls risk rating and compare it to our predetermined risk tolerance level). NOTE: we stratify our internal controls universe using the “three lines of defense” approach recommended by the Institute of Internal Auditors prior to evaluating the effectiveness of internal controls;
- Compare all residual risk ratings to their corresponding risk tolerance level to ensure the risk is being appropriately managed (i.e. there are a sufficient number of, and appropriate types of, internal controls in place to manage the risk in light of our risk tolerance), and if not, take further action;
- Test, document and report on the effectiveness of the ERM program in managing risks within the boundaries of our risk appetite.

COVID-19 risk

The changing economic and market climate as a result of COVID-19 has led to the Company implementing its business continuity plan. Our portfolio managers, brokerage professionals, enterprise shared services teams and key outsource service providers are fully operational. While the exact impacts of COVID-19 over the short and long-term are undeterminable at the date of this report, management believes the effects of COVID-19 we have witnessed thus far, and in particular, world government responses thereto via fiscal and monetary policy, will continue to be highly constructive to precious metals markets as we progress into 2021.

Additional information relating to the Company, including the Company’s Annual Information Form is available on EDGAR at www.edgar.com and SEDAR at www.sedar.com

Exhibit 99.3

Consolidated Financial Statements

Years ended December 31, 2020 and 2019

Management's responsibility for financial reporting

The accompanying consolidated financial statements, which consolidate the financial results of Sprott Inc. (the "Company"), were prepared by management, who are responsible for the integrity and fairness of all information presented in the consolidated financial statements and management's discussion and analysis ("MD&A") for the years ended December 31 2020 and 2019. The consolidated financial statements were prepared by management in accordance with International Financial Reporting Standards. Financial information presented in the MD&A is consistent with that in the consolidated financial statements.

In management's opinion, the consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized in Note 2 of the consolidated financial statements. Management maintains a system of internal controls to meet its responsibilities for the integrity of the consolidated financial statements.

The board of directors of the Company appoints the Company's audit and risk management committee annually. Among other things, the mandate of the audit & risk committee includes the review of the consolidated financial statements of the Company on a quarterly basis and the recommendation to the board of directors for approval. The audit & risk committee has access to management and the auditors to review their activities and to discuss the external audit program, internal controls, accounting policies and financial reporting matters.

KPMG LLP performed an independent audit of the consolidated financial statements, as outlined in the auditors' report contained herein. KPMG LLP had, and has, full and unrestricted access to management of the Company, the audit & risk committee and the board of directors to discuss their audit and related findings and have the right to request a meeting in the absence of management at any time.



Peter Grosskopf
Chief Executive Officer

Kevin Hibbert, FCPA, FCA
Chief Financial Officer and Senior Managing Director

February 25, 2021

KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, ON M5H 2S5
Canada
Tel 416-777-8500
Fax 416-777-8818

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Sprott Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Sprott Inc. and subsidiaries ("the Company") as of December 31, 2020 and 2019, and as of January 1,
2019, the related consolidated statements of operations and comprehensive income, cash flows, and changes in shareholders' equity for each of the years in the two-year period ended December 31, 2020, and the related notes (collectively, the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and
2019, and its financial performance and its cash flows for each of the years in the two-year period ended December 31, 2020, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company has elected to change its presentation currency from the Canadian dollar to the U.S. dollar. The change is as of January 1, 2020, and has been retrospectively applied, and the statement of financial position as of January 1, 2019, has been included in pursuant to the requirements of International Financial Reporting Standards.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement,
whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2016.



Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

February 25, 2021

Consolidated balance sheets

As at *(In thousands of US dollars)*		Dec. 31 2020	Dec. 31 2019	Jan. 1 2019
Assets			(Note 2)	(Note 2)
Current				
Cash and cash equivalents		44,106	54,748	34,637
Fees receivable		21,581	8,682	6,330
Loans receivable		—	—	11,197
Short-term investments	*(Notes 3 & 10)*	9,475	17,495	19,580
Other assets	*(Note 5)*	9,196	12,980	7,893
Income taxes recoverable		948	1,439	1,744
Total current assets		85,306	95,344	81,381
Loans receivable		—	—	15,207
Co-investments	*(Note 4 & 10)*	82,467	55,595	56,894
Other assets	*(Note 5 & 10)*	16,118	20,276	19,175
Property and equipment, net	*(Note 6)*	16,611	16,230	16,392
Intangible assets	*(Note 7)*	155,968	114,078	108,726
Goodwill	*(Note 7)*	19,149	19,149	19,149
Deferred income taxes	*(Note 9)*	1,729	4,271	4,322
		292,042	229,599	239,865
Total assets		377,348	324,943	321,246
Liabilities and shareholders' equity				
Current				
Accounts payable and accrued liabilities		29,702	23,618	32,106
Compensation payable		15,192	6,912	6,939
Obligations related to securities sold short		—	—	187
Loan facility	*(Note 15)*	—	3,829	—
Income taxes payable		2,347	807	445
Total current liabilities		47,241	35,166	39,677
Other accrued liabilities		17,379	4,247	5,769
Loan facility	*(Note 15)*	16,994	11,486	—
Deferred income taxes	*(Note 9)*	4,751	2,414	2,291
Total liabilities		86,365	53,313	47,737
Shareholders' equity				
Capital stock	*(Note 8)*	417,758	407,900	407,775
Contributed surplus	*(Note 8)*	43,309	43,160	42,964
Deficit		(104,484)	(108,222)	(95,422)
Accumulated other comprehensive loss		(65,600)	(71,208)	(81,808)
Total shareholders' equity		290,983	271,630	273,509
Total liabilities and shareholders' equity		377,348	324,943	321,246
Commitments and provisions	*(Note 16)*			

The accompanying notes form part of the consolidated financial statements

"Ron Dewhurst" *"Sharon Ranson, FCPA, FCA"*
Director Director

Consolidated statements of operations and comprehensive income

(In thousands of US dollars, except for per share amounts)		*For the years ended* Dec. 31 2020	Dec. 31 2019
			(Note 2)
Revenues			
Management fees		72,916	41,419
Carried interest and performance fees		10,075	1,811
Commissions		27,459	19,263
Finance income		3,956	11,423
Gain (loss) on investments	*(Note 3, 4 and 5)*	5,109	(1,055)
Other income	*(Note 5)*	2,261	625
Total revenue		121,776	73,486
Expenses			
Compensation	*(Note 8)*	57,589	35,247
Trailer and sub-advisor fees		1,142	1,083
Placement and referral fees		1,045	857
Selling, general and administrative		11,555	12,479
Interest expense		1,237	1,036
Amortization of intangibles	*(Note 7)*	869	879
Depreciation of property and equipment	*(Note 6)*	3,183	2,916
Other expenses	*(Note 5)*	10,494	6,039
Total expenses		87,114	60,536
Income before income taxes for the year		34,662	12,950
Provision for income taxes	*(Note 9)*	7,684	2,741
Net income for the period		26,978	10,209
Net income per share:			
Basic[1]	*(Note 8)*	$ 1.10	$ 0.42
Diluted[1]	*(Note 8)*	$ 1.05	$ 0.40
Net income for the year		26,978	10,209
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation gain (taxes of $Nil)		5,608	10,600
Total other comprehensive income		5,608	10,600
Comprehensive income		32,586	20,809

The accompanying notes form part of the consolidated financial statements

(1) Amounts reflect retrospective application of the May 28, 2020 share consolidation (see Note 8).

Consolidated statements of changes in shareholders' equity

(In thousands of US dollars, other than number of shares)		Number of shares outstanding [1]	Capital stock	Contributed surplus	Deficit	Accumulated other comprehensive income	Total equity
At Dec. 31, 2019		24,417,639	407,900	43,160	(108,222)	(71,208)	271,630
Shares acquired for equity incentive plan	*(Note 8)*	(128,304)	(2,514)	—	—	—	(2,514)
Issuance of share capital on purchase of management contracts	*(Note 8)*	104,720	2,500	—	—	—	2,500
Share-based contingent consideration related to the Acquisition	*(Note 8)*	—	—	4,879	—	—	4,879
Shares released on vesting of equity incentive plan	*(Note 8)*	248,883	4,361	(4,361)	—	—	—
Issuance of share capital on exercise of stock options	*(Note 8)*	150,000	5,159	(2,655)	—	—	2,504
Shares acquired and canceled under normal course issuer bid	*(Note 8)*	(112,343)	(2,024)	—	—	—	(2,024)
Foreign currency translation gain (loss)		—	—	—	—	5,608	5,608
Stock-based compensation	*(Note 8)*	—	—	4,517	—	—	4,517
Issuance of share capital on conversion of RSUs and other share based considerations	*(Note 8)*	103,269	2,231	(2,231)	—	—	—
Dividends declared	*(Note 12)*	5,501	145	—	(23,240)	—	(23,095)
Net income		—	—	—	26,978	—	26,978
Balance, Dec. 31, 2020		24,789,365	417,758	43,309	(104,484)	(65,600)	290,983
At Dec. 31, 2018	*(Note 2)*	24,306,233	407,775	42,964	(95,422)	(81,808)	273,509
Shares acquired for equity incentive plan	*(Note 8)*	(182,612)	(4,906)	—	—	—	(4,906)
Shares released on vesting of equity incentive plan	*(Note 8)*	280,399	4,945	(4,945)	—	—	—
Shares acquired and canceled under normal course issuer bid	*(Note 8)*	(74,060)	(1,715)	—	—	—	(1,715)
Foreign currency translation gain (loss)	*(Note 8)*	—	—	—	—	10,600	10,600
Stock-based compensation	*(Note 8)*	—	—	5,392	—	—	5,392
Issuance of share capital on conversion of RSUs and other share based considerations	*(Note 8)*	81,528	1,654	(251)	—	—	1,403
Dividends declared		6,151	147	—	(23,009)	—	(22,862)
Net income		—	—	—	10,209	—	10,209
Balance, Dec, 31, 2019	*(Note 2)*	24,417,639	407,900	43,160	(108,222)	(71,208)	271,630

The accompanying notes form part of the consolidated financial statements

(1) Amounts reflect retrospective application of the May 28, 2020 share consolidation (see Note 8).

Consolidated statements of cash flows

(In thousands of US dollars)	*For the years ended* Dec. 31 2020	Dec. 31 2019
Operating activities		(Note 2)
Net income for the period	26,978	10,209
Add (deduct) non-cash items:		
Loss (gain) on investments	(5,109)	1,055
Stock-based compensation	4,517	5,392
Depreciation and amortization of property, equipment and intangible assets	4,052	3,795
Deferred income tax expense	4,681	231
Current income tax expense	3,003	2,510
Other items	1,015	130
Income taxes paid	(795)	(1,836)
Changes in:		
Fees receivable	(12,899)	(2,352)
Loans receivable	—	26,404
Other assets	(2,971)	(5,555)
Accounts payable, accrued liabilities and compensation payable	3,767	(6,933)
Cash provided by (used in) operating activities	26,239	33,050
Investing activities		
Purchase of investments	(23,634)	(34,197)
Sale of investments	19,728	37,955
Purchase of property and equipment	(686)	(2,224)
Purchase of management contracts	(12,500)	—
Cash provided (used in) investing activities	(17,092)	1,534
Financing activities		
Acquisition of common shares for equity incentive plan	(2,514)	(4,906)
Acquisition of common shares under normal course issuer bid	(2,024)	(1,715)
Cash received on exercise of stock options	2,504	—
Repayment of lease liabilities	(1,904)	(1,650)
Contributions from non-controlling interests	3,518	—
Net advances from loan facility	1,074	15,031
Dividends paid	(23,095)	(22,862)
Cash provided by (used in) financing activities	(22,441)	(16,102)
Effect of foreign exchange on cash balances	2,652	1,629
Net increase (decrease) in cash and cash equivalents during the period	(10,642)	20,111
Cash and cash equivalents, beginning of the year	54,748	34,637
Cash and cash equivalents, end of the period	44,106	54,748
Cash and cash equivalents:		
Cash	43,901	50,724
Short-term deposits	205	4,024
	44,106	54,748

The accompanying notes form part of the consolidated financial statements

1 Corporate information

Sprott Inc. (the "Company") was incorporated under the Business Corporations Act (Ontario) on February 13, 2008. Its registered office is at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2600, Toronto, Ontario M5J 2J1.

2 Summary of significant accounting policies

Statement of compliance

These annual audited consolidated financial statements for the years ended December 31, 2020 and 2019 ("financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

They have been authorized for issue by a resolution of the Board of Directors of the Company on February 25, 2021 and include all subsequent events up to that date.

Basis of presentation

These financial statements have been prepared on a going concern basis and on a historical cost basis, except for financial assets and financial liabilities classified as fair value through profit or loss ("FVTPL") or fair value through other comprehensive income ("FVOCI"), both of which have been measured at fair value. The financial statements are presented in US dollars and all values are rounded to the nearest thousand ($000), except when indicated otherwise.

Principles of consolidation

These financial statements of the Company are prepared on a consolidated basis so as to include the accounts of all limited partnerships and corporations the Company is deemed to control under IFRS. Controlled limited partnerships and corporations ("subsidiaries") are consolidated from the date the Company obtains control. All intercompany balances with subsidiaries are eliminated upon consolidation. Subsidiary financial statements are prepared over the same reporting period as the Company and are based on accounting policies consistent with that of the Company.

During the year, the Company commenced consolidation of certain feeder funds due to them becoming material. The Company records third-party interests in the funds which do not qualify to be equity due to redeemable or limited life features, as non-controlling interest liabilities. Such interests are initially recognized at fair value, with any changes recorded as Other expense.

Control exists if the Company has power over the entity, exposure or rights to variable returns from its involvement with the entity and the ability to use its power over the entity to affect the amount of returns the Company receives. In many, but not all instances, control will exist when the Company owns more than one half of the voting rights of a corporation, or is the sole limited and general partner of a limited partnership.

The Company currently controls the following principal subsidiaries:

- Sprott Asset Management LP ("SAM");
- Sprott Capital Partners LP ("SCP");
- Sprott Asia LP ("Sprott Asia") and Sprott Korea Corporation ("Sprott Korea");
- Sprott U.S. Holdings Inc. ("SUSHI"), parent of: (1) Rule Investments Inc. ("RII"); (2) Sprott Global Resource Investments Ltd. ("SGRIL"); (3) Sprott Asset Management USA Inc. ("SAM US"); and (4) Resource Capital Investment Corporation ("RCIC"). Collectively, the interests of SUSHI are referred to as "Global" in these financial statements;
- Sprott Resource Lending Corp. ("SRLC"); and
- Sprott Inc. 2011 Employee Profit Sharing Plan Trust (the "Trust").

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit with banks and with carrying brokers, which are not subject to restrictions, and short-term interest bearing notes and treasury bills with a term to maturity of less than three months from the date of purchase.

Investments

Investments classified as short-term, including equity kickers received as consideration for mining finance transactions occurring primarily in our lending and brokerage segments, are held with the primary intention of short-term liquidity and capital management. Investments classified as long-term are primarily joint-venture interests or equity stakes in companies held for strategic purposes.

Co-investments

Co-investments are investments we make alongside clients of our various fund strategies to demonstrate the commitment and confidence we have in investment strategies we promote and operate.

Financial instruments

Classification and measurement of financial assets

Financial assets are measured at initial recognition at fair value, and are classified and subsequently measured at FVTPL, amortized cost or FVOCI.

Financial assets are measured at amortized cost if the contractual terms of the instrument give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding and it is held within a business model whose objective is to hold assets to collect contractual cash flows.

Financial assets are measured at FVOCI if the contractual terms of the instrument give rise to cash flows that are solely for payments of principal and interest on the principal amount outstanding and it is held within a business model whose objective is to hold assets to collect contractual cash flow and to sell financial assets. For equity instruments that are not held for trading, the Company may also elect to irrevocably elect, on an investment by investment basis, to present changes in the fair value of an investment through OCI.

All financial assets that are not measured at amortized cost or FVOCI are measured at FVTPL. This includes all derivative financial assets the Company may hold.

Valuation of investments

Investments include public equities, share purchase warrants, fixed income securities, mutual fund, private companies and alternative investment strategies, while co-investments are investments held in the funds managed by the Company. Public equities, share purchase warrants and fixed income securities are measured at fair value and are accounted for on a trade-date basis. Mutual fund and alternative investment strategy investments which are valued using the net asset value per unit of the fund, which represents the underlying net assets at fair values determined using closing market prices. These investments are generally made in the process of launching a new fund and are redeemed (if open-end) or sold (if closed-end) as third party investors subscribe. The balance represents the Company's maximum exposure to loss associated with the investments. Private holdings include private company investments which are classified as FVTPL and carried at fair value based on the value of the Company's interests in the private companies determined from financial information provided by management of the private companies, which may include operating results, subsequent rounds of financing and other appropriate information. Any change in fair value is recognized in gains (loss) on investments on the consolidated statements of operations and comprehensive income.

Fair value hierarchy

All financial instruments recognized at fair value in the consolidated balance sheets are classified into three fair value hierarchy levels as follows:

- Level 1: valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;
- Level 2: valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means; and
- Level 3: valuation techniques with significant unobservable market inputs.

The Company will transfer financial instruments into or out of levels in the fair value hierarchy to the extent the instrument no longer satisfies the criteria for inclusion in the category in question. Level 3 valuations are prepared by the Company and reviewed and approved by management at each reporting date. Valuation results, including the appropriateness of model inputs, are compared to actual market transactions to the extent readily available. Valuations of level 3 assets are also discussed with the Audit and Risk Management Committee as deemed necessary by the Company.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported on the consolidated balance sheets if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Impairment of financial assets

Expected credit losses are a probability-weighted estimate of future credit losses. Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows the Company expects to receive.

Loans receivable

Loans receivable are financial assets with fixed or determinable payments that are held solely for payments of principal and interest on the principal amount outstanding and are held within a business model whose objective is to hold assets to collect contractual cash flows. Loans receivable are measured at amortized cost.

Fees received for originating loans are considered an integral part of the yield earned on the loan and are recognized in finance income over the term of the loan using the effective interest method. Fees received may include cash payments and/or securities in the borrower.

At each reporting date, management assesses the probability of default and the loss given default using economic and market trends, quoted credit rating of the borrower, market value of the asset, and appraisals, if any, of the security underlying the loan. The impairment is then classified into three stages:

- Stage 1 - For loans where credit risk has not increased significantly, an impairment is recognized equal to the credit losses expected to result from defaults occurring over the following twelve months.
- Stage 2 - For loans where credit risk has increased significantly, an impairment is recognized equal to the credit losses expected to result from defaults occurring over the life of the loan.
- Stage 3 - For loans which are credit impaired, a loss allowance is recognized equal to the expected credit losses over the expected lifetime of the Loan. Any subsequent recognition of finance income for which an expected credit loss provision exists, is calculated at the discount rate used in determining the provision, which may differ from the contractual rate of interest.

Recognition of income and related expenses

The Company receives variable consideration in the form of management fees, which are allocated to distinct time periods in which the management services are being provided. Management fees are recognized when they are no longer susceptible to market factors and no longer subject to a significant reversal in revenue.

The Company may also earn variable consideration in the form of carried interest and performance fees. These fees are recognized when they are no longer susceptible to market factors or subject to significant reversal in revenue, which is determined subject to agreements in the underlying funds.

Commission income is recognized when the related services are rendered and no longer subject to a significant reversal in revenue.

Finance income, which includes interest income and co-investment income, is recognized on an accrual basis using the effective interest method. Under the effective interest method, the interest rate realized is not necessarily the same as the stated rate in the loan or debenture documents. The effective interest rate is the rate required to discount the future value of all loan or debenture cash flows to their present value and is adjusted for the receipt of cash and non-cash items in connection with the loan.

Costs related to obtaining a contract with clients ("placement fees") are amortized on a systematic basis related to the transfer of services to those clients.

Property and equipment

Property and equipment are recorded at cost and are amortized on a declining balance basis over the expected useful life which ranges from 1 to 5 years. Leasehold improvements are amortized on a straight-line basis over the term of the lease. Artwork is not amortized since it does not have a determinable useful life. The residual values, useful life and methods of amortization for property and equipment are reviewed at each reporting date and adjusted prospectively, if necessary. Any loss resulting from impairment of property and equipment is expensed in the period the impairment is identified.

Intangible assets

The useful life of an intangible asset is either finite or indefinite. Intangible assets other than goodwill are recognized when they are separable or arise from contractual or other legal rights, and have fair values that can be reliably measured.

Intangible assets that are purchased are measured at the acquisition date and include the fair value of considerations transfered, and include an estimate for contingent consideration where applicable.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment indicators at each reporting date, or more frequently if changes in circumstances indicate that the carrying value may be impaired. Intangible assets with finite lives are only tested for impairment if indicators of impairment exist at the time of an impairment assessment. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense and any impairment losses on intangible assets with finite lives are recognized in the consolidated statements of operations.

Intangible assets with indefinite useful lives are not amortized, but are assessed for impairment indicators at each reporting date, or more frequently if changes in circumstances indicate that the carrying value may be impaired. In addition to impairment indicator assessments, indefinite life intangibles must be tested annually for impairment. The indefinite life of an intangible asset is reviewed annually to determine whether the indefinite life continues to be supportable. If no longer supportable, changes in useful life from indefinite to finite are made prospectively.

Any loss resulting from impairment of intangible assets is expensed in the period the impairment is identified. Any gain resulting from an impairment reversal of intangible assets is recognized in the period the impairment reversal is identified but cannot exceed the carrying amount that would have been determined (net of amortization and impairment) had no impairment loss been recognized for the intangible asset in prior periods.

Business combinations and goodwill

The purchase price of an acquisition accounted for under the acquisition method is allocated based on the fair values of the net identifiable assets acquired. The excess of the purchase price over the fair values of such identifiable net assets is recorded as goodwill.

Goodwill, which is measured at cost less any accumulated impairment losses, is not amortized, but rather, is assessed for impairment indicators at each reporting date, or more frequently if changes in circumstances indicate that the carrying value may be impaired. In addition to quarterly impairment indicator assessments, goodwill must be tested annually for impairment. For the purpose of impairment testing, goodwill is allocated to each of the Company's cash generating units ("CGUs") that are expected to benefit from the acquisition. The recoverable amount of a CGU is compared to its carrying value plus any goodwill allocated to the CGU. If the recoverable amount of a CGU is less than its carrying value plus allocated goodwill, an impairment charge is recognized, first against the carrying value of the goodwill, with any remaining difference being applied against the carrying value of assets contained in the impacted CGUs. Impairment losses on goodwill are recorded in the consolidated statements of operations and comprehensive income and cannot be subsequently reversed.

Income taxes

Income tax is comprised of current and deferred tax.

Income tax is recognized in the consolidated statements of operations and comprehensive income except to the extent that it relates to items recognized directly in other comprehensive income or elsewhere in equity, in which case, the related taxes are also recognized in other comprehensive income (loss) or elsewhere in equity.

Deferred taxes are recognized using the liability method for temporary differences that exist between the carrying amounts of assets and liabilities in the consolidated balance sheet and the amounts attributed to such assets and liabilities for tax purposes. Deferred tax assets and liabilities are determined based on the enacted or substantively enacted tax rates that are expected to apply when the differences related to the assets or liabilities reported for tax purposes are expected to reverse in the future. Deferred tax assets are recognized only when it is probable that sufficient taxable profits will be available or taxable temporary differences reversing in future periods against which deductible temporary differences may be utilized.

Deferred taxes liabilities are not recognized on the following temporary differences:

- Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Taxable temporary differences related to investments in subsidiaries, associates or joint ventures or joint operations to the extent they are controlled by the Company and they will not reverse in the foreseeable future;
- Taxable temporary differences arising on the initial recognition of goodwill.

The Company records a provision for uncertain tax positions if it is probable that the Company will have to make a payment to tax authorities upon their examination of a tax position. This provision is measured at the Company's best estimate of the amount expected to be paid. Provisions are reversed to income in the period in which management assesses they are no longer required or determined by statute.

The measurement of tax assets and liabilities requires an assessment of the potential tax consequences of items that can only be resolved through agreement with the tax authorities. While the ultimate outcome of such tax audits and discussions cannot be determined with certainty, management estimates the level of provisions required for both current and deferred taxes.

Share-based payments

The Company uses the fair value method to account for equity settled share-based payments with employees and directors. Compensation expense is determined using the Black-Scholes option valuation model for stock options.

Compensation expense for the share incentive program is determined based on the fair value of the benefit conferred on the employee. Compensation expense for deferred stock units ("DSU") is determined based on the value of the Company's common shares at the time of grant. Compensation expense for earn-out shares is determined using appropriate valuation models. Compensation expense related to the Company's Employee Profit Sharing Plan is determined based on the value of the Company's common shares purchased by the Trust as of the grant date.

Compensation expense is recognized over the vesting period with a corresponding increase to contributed surplus other than for the Company's DSUs where the corresponding increase is to liabilities. Stock options and common shares held by the Trust vest in installments which require a graded vesting methodology to account for these share-based awards. On the exercise of stock options for shares, the contributed surplus previously recorded with respect to the exercised options and the consideration paid is credited to capital stock. On the issuance of the earn-out shares, the contributed surplus previously recorded with respect to the issued earn-out shares is credited to capital stock. On the vesting of common shares in the Trust, the contributed surplus previously recorded is credited to capital stock. On the exercise of DSUs, the liability previously recorded is credited to cash.

Earnings per share

Basic and diluted earnings per share are computed by dividing net income by the weighted average number of common shares outstanding during the period.

The Company applies the treasury stock method to determine the dilutive impact, if any, of stock options and unvested shares purchased for the Trust. The treasury stock method determines the number of incremental common shares by assuming that the number of dilutive securities the Company has granted to employees have been issued.

Lease commitments

The Company recognizes a right-to-use asset and a lease liability as at the lease commencement date. The right-to-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment. The lease liability is initially measured at the present value of future lease payments over the anticipated lease term, discounted using the Company's incremental borrowing rate. The right-to-use asset is presented in the property and equipment line of the consolidated balance sheet and the short and long-term portions of the lease liability are presented in the accounts payable and accrued liabilities line and other accrued liabilities line, respectively, of the consolidated balance sheet. The Company used the practical expedient when applying IFRS 16*, Leases* for short-term leases under 12 months and low-value assets such as IT equipment, with lease payments being expensed as they are occurred.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to management. Management is responsible for allocating resources and assessing performance of the operating segments to make strategic decisions.

Significant accounting judgments and estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below. The Company based its assumptions and estimates on parameters available when these financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions and estimates as they occur.

Fair value of financial instruments

When the fair value of financial assets and financial liabilities recorded in the consolidated balance sheets cannot be derived from active markets, they are determined using valuation techniques and models. Model inputs are taken from observable markets where possible, but where this is not feasible, unobservable inputs may be used. These unobservable inputs include, but are not limited to, projected cash flows, discount rates, comparable recent transactions, volatility of underlying securities in warrant valuations and extraction recovery rates of mining projects. The use of unobservable inputs can involve significant judgment and materially affect the reported fair value of financial instruments.

Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent it is probable that sufficient taxable profit will be generated in order to utilize the losses. In addition, taxable income is subject to estimation as a portion of performance fee revenue is an allocation of partnership income. Such allocations involve a certain degree of estimation and income tax estimates could change as a result of: (1) changes in tax laws and regulations, both domestic and foreign; (2) an amendment to the calculation of partnership income allocation; or (3) a change in foreign affiliate rules. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized based on the likely timing and the level of future taxable profits together with future tax planning strategies.

Investments in other entities

IFRS 10 *Consolidated Financial Statements* ("IFRS 10") and IAS 28 *Investments in Associates and Joint Ventures* ("IAS 28") provide for the use of judgment in determining whether an investee should be included within the consolidated financial statements of the Company and on what basis (subsidiary, joint venture or associate). Significant judgment is applied in evaluating facts and circumstances relevant to the Company and investee, including: (1) the extent of the Company's direct and indirect interests in the investee; (2) the level of compensation to be received from the investee for management and other services provided to it; (3) "kick out rights" available to other investors in the investee; and (4) other indicators of the extent of power that the Company has over the investee.

Impairment of goodwill and intangible assets

All indefinite life intangible assets and goodwill are assessed for impairment, however, finite life intangibles are only tested for impairment to the extent indications of impairment exist at time of a quarterly assessment. In the case of goodwill and indefinite life intangibles, an annual test for impairment augments the quarterly impairment indicator assessments. Values associated with goodwill and intangibles involve estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates and asset lives. These estimates require significant judgment regarding market growth rates, fund flow assumptions, expected margins and costs which could affect the Company's future results if estimates of future performance and fair value change.

Contingent consideration

The Acquisition necessitated the recognition of contingent consideration for the amounts payable in cash and shares under the terms of the purchase agreement. The cash settled portion of the contingent consideration was measured at the closing date fair value, based on management’s estimate of the level of future revenue obtained from the contracts over the contingent consideration measurement period. The equity settled portion of the contingent consideration was measured at its grant date fair value in accordance with the requirements of IFRS 2 *Share-based Payment*. The key judgments utilized in the estimation of the contingent consideration were fund flow assumptions. As at December 31, 2020, the contingent consideration payable was updated to reflect current estimates with the resulting adjustment recorded in Other expense.

Foreign currency translation

Accounts in the financial statements of the Company's subsidiaries are measured using their functional currency, being the currency of the primary economic environment in which the entity operates. The Company's performance is evaluated and its liquidity is managed in Canadian dollars. Therefore, the Canadian dollar is the functional currency of the Company. The Canadian dollar is also the functional currency of all its subsidiaries, with the exception of Global Companies, which uses the U.S. dollar as its functional currency. Accordingly, the assets and liabilities of Global Companies are translated into Canadian dollars using the rate in effect on the date of the consolidated balance sheets. Revenue and expenses are translated at the average rate over the reporting period. Foreign currency translation gains and losses arising from the Company's translation of its net investment in Global companies, including goodwill and the identified intangible assets, are included in accumulated other comprehensive income or loss as a separate component within shareholders' equity until there has been a realized reduction in the value of the underlying investment.

Changes in accounting policies

Change in presentation currency

Effective January 1, 2020, the Company changed its presentation currency from Canadian to US dollars to better reflect the Company's business activities, given the significance of our revenues denominated in US dollars that further increased in 2020 with the January 17, 2020 close of Tocqueville Asset Management's gold strategies ("the Acquisition").

The Company followed the guidance of IAS 21 *Effects of Changes in Foreign Exchange Rates* ("IAS 21") and have applied the change retroactively. As a result, the Company has restated prior year comparatives, including the January 1 opening balance sheet as required by IFRS 1 *First-Time Adoption of International Financial Reporting Standards* ("IFRS 1"). The change in presentation currency had the following effect:

- Assets and liabilities have been translated at the exchange rate on the respective reporting dates;
- Equity transactions have been translated at the historical exchange rate at the date of the transaction;
- The statements of operations and comprehensive income have been translated at the average exchange rate on the respective reporting dates; and
- Exchange differences arising on translation are presented in the accumulated other comprehensive loss line in shareholders' equity on the balance sheets.

The exchange rates used for prior periods were as follows:

	Dec. 31, 2019	Sep. 30, 2019	Jun. 30, 2019	Mar. 31, 2019	Jan. 1, 2019
As at reporting date	1.31	1.32	1.31	1.34	1.36
Average rate for the 3 month ended	1.32	1.32	1.34	1.33	1.32

3 Short-term investments

Primarily consist of equity investments in public and private entities we receive as consideration during lending, managed equities and brokerage segment activities (in thousands $):

	Classification and measurement criteria	Dec. 31, 2020	Dec. 31, 2019
Public equities and share purchase warrants	FVTPL	6,751	10,520
Fixed income securities	FVTPL	731	4,220
Private holdings:			
- Private investments	FVTPL	1,993	1,864
- Energy contracts	Non-financial instrument	—	891
Total short-term investments		9,475	17,495

Gains and losses on financial assets and liabilities classified at FVTPL are included in the gain (loss) on investments on the consolidated statements of operations and comprehensive income.

4 Co-investments

Consists of the following (in thousands $):

	Classification and measurement criteria	Dec. 31, 2020	Dec. 31, 2019
Co-investments in funds	FVTPL	82,467	55,595
Total co-investments		82,467	55,595

Gains and losses on co-investments in funds are included in the gain (loss) on investments on the consolidated statements of operations and comprehensive income.

5 Other assets, income, expenses and non-controlling interest

Other assets

Consist of the following (in thousands $):

	Dec. 31, 2020	Dec. 31, 2019
Digital gold strategies[1]	11,518	18,913
Fund recoveries and investment receivables	6,043	5,951
Assets attributable to non-controlling interests	3,518	—
Prepaid expenses	2,316	4,355
Other[2]	1,919	2,231
Deferred costs related to the Acquisition[3]	—	1,806
Total other assets	25,314	33,256

(1) Digital gold strategies are financial instruments classified at FVTPL. Gains and losses are included in gain (loss) on investments on the consolidated statements of operations. These investments were reclassified from long-term investments to other assets.
(2) Includes miscellaneous third-party receivables.
(3) Includes legal, proxy and investor relations costs.

Other income

Consist of the following (in thousands $):

	For the years ended	
	Dec. 31, 2020	Dec. 31, 2019
Investment income [1]	1,502	625
Income attributable to non-controlling interest	759	—
Total other income	2,261	625

(1) Primarily includes miscellaneous investment fund income, syndication and trailer fee income.

Other expenses

Consist of the following (in thousands $):

	For the years ended	
	Dec. 31, 2020	Dec. 31, 2019
Costs related to energy assets	798	577
Foreign exchange losses	772	1,503
Increase in contingent consideration related to the Acquisition	4,717	—
Other [1]	4,207	3,959
Total other expenses	10,494	6,039

(1) Includes net income attributable to non-controlling interest of $565 thousand and SG&A attributable to non-controlling interest of $194 thousand for the year ended December 31, 2020 (year ended December 31, 2019 - $Nil) as well as non-recurring professional fees and transaction costs.

Non-controlling interest

Non-controlling interest consist of third-party interest in our consolidated co-investments in funds. The following table provide a summary of amounts attributable to this non-controlling interest:

	Dec. 31, 2020	Dec. 31, 2019
Assets	3,518	—
Liabilities - current[(1)]	(640)	—
Liabilities - long-term[(1)]	(2,878)	—

(1) Current and long-term Liabilities attributable to non-controlling interest is included in accounts payable and accrued liabilities and other accrued liabilities respectively

6 Property and equipment

Consist of the following (in thousands $):

	Artwork	Furniture and fixtures	Computer hardware and software	Leasehold improvements	Right of use assets	Total
Cost						
At Dec. 31, 2018	7,040	2,321	2,613	3,077	—	15,051
Additions	—	107	—	2,117	7,182	9,406
Net exchange differences	312	99	93	138	302	944
At Dec. 31, 2019	7,352	2,527	2,706	5,332	7,484	25,401
Additions	—	279	153	254	2,435	3,121
Net exchange differences	167	70	71	135	322	765
At Dec. 31, 2020	7,519	2,876	2,930	5,721	10,241	29,287
Accumulated amortization						
At Dec. 31, 2018	—	(2,288)	(2,099)	(1,621)	—	(6,008)
Depreciation charge for the year	—	(43)	(324)	(926)	(1,623)	(2,916)
Net exchange differences	—	(71)	(87)	(70)	(19)	(247)
At Dec. 31, 2019	—	(2,402)	(2,510)	(2,617)	(1,642)	(9,171)
Depreciation charge for the year	—	(68)	(205)	(970)	(1,940)	(3,183)
Net exchange differences	—	(26)	(59)	(133)	(104)	(322)
At Dec. 31, 2020	—	(2,496)	(2,774)	(3,720)	(3,686)	(12,676)
Net book value at:						
Dec. 31, 2019	7,352	125	196	2,715	5,842	16,230
Dec. 31, 2020	7,519	380	156	2,001	6,555	16,611

7 Goodwill and intangible assets

Consist of the following (in thousands $):

	Goodwill	Fund management contracts (indefinite life)	Fund management contracts (finite life)	Total
Cost				
At Dec. 31, 2018	132,251	97,744	34,768	264,763
Additions	—	1,376	—	1,376
Net exchange differences	—	4,350	1,540	5,890
At Dec. 31, 2019	132,251	103,470	36,308	272,029
Additions	—	36,107	—	36,107
Net exchange differences	—	6,454	198	6,652
At Dec 31, 2020	132,251	146,031	36,506	314,788
Accumulated amortization				
At Dec. 31, 2018	(113,102)	—	(23,753)	(136,855)
Amortization charge for the year	—	—	(879)	(879)
Net exchange differences	—	—	(1,068)	(1,068)
At Dec. 31, 2019	(113,102)	—	(25,700)	(138,802)
Amortization charge for the year	—	—	(869)	(869)
At Dec 31, 2020	(113,102)	—	(26,569)	(139,671)
Net book value at:				
Dec. 31, 2019	19,149	103,470	10,608	133,227
Dec. 31, 2020	19,149	146,031	9,937	175,117

Impairment assessment of goodwill

The Company has identified 5 cash generating units ("CGU") as follows:

- Exchange listed products
- Managed equities
- Lending
- Brokerage
- Corporate

As at December 31, 2020, the Company had allocated $19.1 million (December 31, 2019 - $19.1 million) of goodwill on a relative value approach basis to the exchange listed products and managed equities CGUs.

In the normal course, goodwill is tested for impairment once per annum, which for the Company is during the fourth quarter of each year or earlier if there are indicators of impairment. During the impairment testing process, there was no impairment in either the exchange listed products or the managed equities CGUs.

Impairment assessment of indefinite life fund management contracts

As at December 31, 2020, the Company had indefinite life intangibles related to fund management contracts of $146 million (December 31, 2019 - $103.5 million). The addition during the year relates to the Acquisition. The cost of the intangible asset was recorded at the fair value of consideration transferred of $15 million, including contingent consideration of $19.3 million (see Note 2) and the acquisition costs directly attributable to the purchase of the management contracts of $1.8 million (see Note 5). There was no impairment as at December 31, 2020 or 2019.

Impairment assessment of finite life fund management contracts

As at December 31, 2020, the Company had exchange listed fund management contracts within the exchange listed products CGU of $9.9 million (December 31, 2019 - $10.6 million). There was no impairment as at December 31, 2020 or 2019.

8 Shareholders' equity

On May 28, 2020, the Company successfully completed a 10:1 common share consolidation. Shareholders received 1 post-consolidation share for every 10 pre-consolidation shares. All information pertaining to shares and per-share amounts in the financial statements for periods before May 28 reflect retrospective treatment of this share consolidation.

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 $)
At Dec. 31, 2018	24,306,233	407,775
Issuance of share capital under dividend reinvestment program	6,151	147
Shares acquired and cancelled under normal course issuer bid	(74,060)	(1,715)
Issuance of share capital on conversion of RSUs	81,528	1,654
Shares acquired for equity incentive plan	(182,612)	(4,906)
Shares released on vesting of equity incentive plan	280,399	4,945
At Dec. 31, 2019	24,417,639	407,900
Shares acquired for equity incentive plan	(128,304)	(2,514)
Issuance of share capital on purchase of management contracts	104,720	2,500
Shares released on vesting of equity incentive plan	248,883	4,361
Issuance of share capital on exercise of stock options	150,000	5,159
Shares acquired and canceled under normal course issuer bid	(112,343)	(2,024)
Issuance of share capital on conversion of RSUs and other share based considerations	103,269	2,231
Issuance of share capital under dividend reinvestment program	5,501	145
At Dec. 31, 2020	24,789,365	417,758

Contributed surplus consists of: stock option expense; earn-out shares expense; equity incentive plans' expense; and additional purchase consideration.

	Stated value (in thousands $)
At Dec. 31, 2018	42,964
Stock-based compensation	5,392
Issuance of share capital on conversion of RSUs	(251)
Released on vesting of common shares for equity incentive plan	(4,945)
At Dec. 31, 2019	43,160
Share-based contingent consideration related to the Acquisition	4,879
Shares released on vesting of common shares for equity incentive plan	(4,361)
Shares released on exercise of stock options	(2,655)
Stock-based compensation	4,517
Issuance of share capital on conversion of RSUs and other share based considerations	(2,231)
At Dec. 31, 2020	43,309

Stock option plan

The Company has an option plan (the "Plan") intended to provide incentives to directors, officers and employees of the Company and its wholly owned subsidiaries. The aggregate number of shares issuable upon the exercise of all options granted under the Plan and under all other stock-based compensation arrangements including the Trust and Equity Incentive Plan ("EIP") cannot exceed 10% of the issued and outstanding shares of the Company as at the date of 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 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 150,000 stock options exercised during the year ended December 31, 2020 (year ended December 31, 2019 - Nil) and 15,000 options expired during the year ended December 31, 2020 (year ended December 31, 2019 - Nil). There were no stock options issued during the year ended December 31, 2020 (year ended December 31, 2019 - Nil).

For valuing share option grants, the fair value method of accounting is used. The fair value of option grants is determined using the Black-Scholes option-pricing model, which takes into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Compensation cost is recognized over the 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	Weighted average exercise price (CAD $)
Options outstanding, Dec. 31, 2018	327,500	25.70
Options exercisable, Dec. 31, 2018	187,500	27.00
Options outstanding, Dec. 31, 2019	327,500	25.70
Options exercisable, Dec. 31, 2019	257,500	26.00
Options exercised during the year ended 2020	(150,000)	23.30
Options expired during the year ended 2020	(15,000)	66.00
Options outstanding, Dec. 31, 2020	162,500	23.61
Options exercisable, Dec. 31, 2020	162,500	23.61

Options outstanding and exercisable as at December 31, 2020 are as follows:

Exercise price (CAD $)	Number of options outstanding	Weighted average remaining contractual life (years)	Number of options exercisable
23.30	150,000	5.1	150,000
27.30	12,500	5.4	12,500
23.30 to 27.30	162,500	5.1	162,500

Equity incentive plan

For employees in Canada, the Trust has been established and the Company will fund the Trust with cash, which will be used by the trustee to purchase: (1) on the open market, common shares of the Company that will be held in the Trust until the awards vest and are distributed to eligible members; or (2) from treasury, common shares of the Company that will be held in the Trust until the awards vest and are distributed to eligible employees; and (3) from time-to-time, purchases from 2176423 Ontario Ltd., a company controlled by Eric Sprott, pursuant to the terms and conditions of a previously announced share transaction. For employees in the U.S. under the EIP plan, the Company will allot common shares of the Company as either: (1) restricted stock; (2) unrestricted stock; or (3) restricted stock units ("RSUs"), the resulting common shares of which will be issued from treasury.

There were 104,858 RSUs granted during the year ended December 31, 2020 (year ended December 31, 2019 - 69,954). The Trust acquired 128,304 shares in the year ended December 31, 2020 (year ended December 31, 2019 - 182,612 shares).

	Number of common shares
Common shares held by the Trust, Dec. 31, 2018	993,225
Acquired	182,612
Released on vesting	(280,399)
Unvested common shares held by the Trust, Dec. 31, 2019	895,438
Acquired	128,304
Released on vesting	(248,883)
Unvested common shares held by the Trust, Dec. 31, 2020	774,859

Of the $57.6 million compensation expense for the year ended December 31, 2020, $4.5 million relates to stock-based compensation, details of which are presented in the table below (in thousands $):

	For the years ended	
	Dec. 31, 2020	Dec. 31, 2019
Stock option plan	10	188
EIP	4,507	5,204
Total stock-based compensation	4,517	5,392

Basic and diluted earnings per share

The following table presents the calculation of basic and diluted earnings per common share:

	For the years ended	
	Dec. 31, 2020	Dec. 31, 2019
Numerator (in thousands $):		
Net income - basic and diluted	26,978	10,209
Denominator (Number of shares in thousands):		
Weighted average number of common shares	25,464	25,356
Weighted average number of unvested shares purchased by the Trust	(976)	(969)
Weighted average number of common shares - basic	24,488	24,387
Weighted average number of dilutive stock options	163	312
Weighted average number of unvested shares under EIP	1,132	969
Weighted average number of common shares - diluted	25,783	25,668
Net income per common share		
Basic	1.10	0.42
Diluted	1.05	0.40

Capital management

The Company's objectives when managing capital are:

- to meet regulatory requirements and other contractual obligations;
- to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders;
- to provide financial flexibility to fund possible acquisitions;
- to provide adequate seed capital for the Company's new product offerings; and
- to provide an adequate return to shareholders through growth in assets under management, growth in management fees, carried interest and performance fees and return on the Company's invested capital that will result in dividend payments to shareholders.

The Company's capital is comprised of equity, including capital stock, contributed surplus, retained earnings (deficit) and accumulated other comprehensive income (loss). SCP is a member of the Investment Industry Regulatory Organization of Canada ("IIROC"), SAM is a registrant of the Ontario Securities Commission ("OSC") and the U.S. Securities and Exchange Commission ("SEC"), SAM US is registered with the SEC and SGRIL is a member of the Financial Industry Regulatory Authority ("FINRA"). As a result, all of these entities are required to maintain a minimum level of regulatory capital. To ensure compliance, management monitors regulatory and working capital on a regular basis. As at December 31, 2020 and 2019, all entities were in compliance with their respective capital requirements.

9 Income taxes

The major components of income tax expense are as follows (in thousands $):

	For the years ended	
	Dec. 31, 2020	Dec. 31, 2019
Current income tax expense (recovery)		
Based on taxable income of the current period	2,901	2,395
Adjustments in respect to previous years	102	115
Total current income tax expense	3,003	2,510
Deferred income tax expense (recovery)		
Origination and reversal of temporary differences	5,373	231
Adjustments in respect to previous years	(692)	—
Total deferred income tax expense	4,681	231
Income tax expense reported in the consolidated statements of operations	7,684	2,741

Taxes calculated on the Company's earnings differs from the theoretical amount that would arise using the weighted average tax rate applicable to earnings of the Company as follows (in thousands $):

	For the years ended	
	Dec. 31, 2020	Dec. 31, 2019
Income before income taxes	34,662	12,950
Tax calculated at domestic tax rates applicable to profits in the respective countries	9,324	3,432
Tax effects of:		
Non-deductible stock-based compensation	356	107
Non-taxable capital (gains) and losses	841	(47)
Intangibles	(458)	87
Adjustments in respect of previous periods	(590)	115
Non-capital losses and other temporary differences not benefited previously	(1,563)	(1,405)
Rate differences and other	(226)	452
Tax charge	7,684	2,741

The weighted average statutory tax rate was 26.9% (December 31, 2019 - 26.5%). The Company has $8 million of capital tax losses from prior years that will begin to expire in 2022. The benefit of these capital losses has not been recognized.

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. Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The ability to realize the tax benefits of these losses is dependent upon a number of factors, including the future profitability of operations in the jurisdictions in which the tax losses arose. The movement in significant components of the Company's deferred income tax assets and liabilities is as follows (in thousands $):

For the year ended December 31, 2020

	Dec. 31, 2019	Recognized in income	Exchange rate differences	Dec. 31, 2020
Deferred income tax assets				
Stock-based compensation	4,117	(368)	72	3,821
Non-capital and capital losses	3,432	(1,195)	33	2,270
Other	247	230	(42)	435
Total deferred income tax assets	7,796	(1,333)	63	6,526
Deferred income tax liabilities				
Fund management contracts	6,809	2,360	277	9,446
Unrealized gains (losses)	(910)	997	31	118
Other	40	(9)	(47)	(16)
Total deferred income tax liabilities	5,939	3,348	261	9,548
Net deferred income tax assets (liabilities) [(1)]	1,857	(4,681)	(198)	(3,022)

For the year ended December 31, 2019 [(2)]

	Dec. 31, 2018	Recognized in income	Exchange rate differences	Dec. 31, 2019
Deferred income tax assets				
Stock-based compensation	3,349	606	162	4,117
Non-capital losses	3,678	(372)	126	3,432
Unrealized losses	283	604	23	910
Other	376	(143)	14	247
Total deferred income tax assets	7,686	695	325	8,706
Deferred income tax liabilities				
Fund management contracts	5,141	1,404	264	6,809
Other	514	(478)	4	40
Total deferred income tax liabilities	5,655	926	268	6,849
Net deferred income tax assets [(1)]	2,031	(231)	57	1,857

(1) Deferred tax assets of $1.7 million (December 31, 2019 - $4.3 million) and deferred tax liabilities of $4.8 million (December 31, 2019 - $2.4 million) are presented on the balance sheet net by legal jurisdiction.
(2) Certain comparative figures have been reclassified to conform with current year presentation

10 Fair value measurements

The following tables present the Company's recurring fair value measurements within the fair value hierarchy. The Company did not have non-recurring fair value measurements as at December 31, 2020 and December 31, 2019 (in thousands $).

Short-term investments

Dec. 31, 2020	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	5,101	1,379	271	6,751
Fixed income securities	—	731	—	731
Private holdings	—	—	1,993	1,993
Total net recurring fair value measurements	5,101	2,110	2,264	9,475

Dec. 31, 2019	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	7,537	2,983	—	10,520
Fixed income securities	—	3,454	766	4,220
Private holdings	—	—	1,864	1,864
Total net recurring fair value measurements	7,537	6,437	2,630	16,604

Co-investments

Dec. 31, 2020	Level 1	Level 2	Level 3	Total
Co-investments in funds	—	76,026	6,441	82,467
Total net recurring fair value measurements	—	76,026	6,441	82,467

Dec. 31, 2019	Level 1	Level 2	Level 3	Total
Co-investments in funds	—	51,065	4,530	55,595
Total net recurring fair value measurements	—	51,065	4,530	55,595

Other assets

Dec. 31, 2020	Level 1	Level 2	Level 3	Total
Digital gold strategies	—	—	11,518	11,518
Total net recurring fair value measurements	—	—	11,518	11,518

Dec. 31, 2019	Level 1	Level 2	Level 3	Total
Digital gold strategies	—	—	18,913	18,913
Total net recurring fair value measurements	—	—	18,913	18,913

The following tables provides a summary of changes in the fair value of Level 3 financial assets (in thousands $):

Short-term investments

	Changes in the fair value of Level 3 measurements - Dec. 31 2020				
	Dec. 31, 2019	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Dec. 31, 2020
Share purchase warrants	—	271	—	—	271
Private holdings	1,864	—	(15)	144	1,993
Fixed income securities	766	(783)	—	17	—
	2,630	(512)	(15)	161	2,264

	Changes in the fair value of Level 3 measurements - Dec. 31, 2019				
	Dec. 31, 2018	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Dec. 31, 2019
Private holdings	2,075	34	(43)	(202)	1,864
Fixed income securities	733	—	—	33	766
	2,808	34	(43)	(169)	2,630

Co-investments

	Changes in the fair value of Level 3 measurements - Dec. 31, 2020				
	Dec. 31, 2019	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Dec. 31, 2020
Co-investments in funds	4,530	1,628	—	283	6,441
	4,530	1,628	—	283	6,441

	Changes in the fair value of Level 3 measurements - Dec. 31, 2019				
	Dec. 31, 2018	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Dec. 31, 2019
Co-investments in funds	3,574	1,193	—	(237)	4,530
	3,574	1,193	—	(237)	4,530

Other assets

	Changes in the fair value of Level 3 measurements - Dec. 31, 2020				
	Dec. 31, 2019	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Dec. 31, 2020
Digital gold strategies	18,913	500	—	(7,895)	11,518
	18,913	500	—	(7,895)	11,518

	Changes in the fair value of Level 3 measurements - Dec. 31, 2019				
	Dec. 31, 2018	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Dec. 31, 2019
Digital gold strategies	18,285	2,574	—	(1,946)	18,913
	18,285	2,574	—	(1,946)	18,913

During the year ended December 31, 2020, the Company transferred public equities of $0.5 million (December 31, 2019 - $2.5 million) from Level 2 to Level 1 within the fair value hierarchy due to the release of trading restrictions by the issuer. For the year ended December 31, 2020, the Company purchased level 3 investments of $2.1 million (December 31, 2019 - $3.8 million). For the year ended December 31, 2020, the Company transferred $Nil million (December 31, 2019 - $0.1 million) from Level 3 to Level 1 within the fair value hierarchy. For the year ended December 31, 2020, the Company transferred $0.3 million (December 31, 2019 - $Nil) from level 2 to level 3 due to the impact of volatility of the underlying security on the fair value of share purchase warrants. For the year ended December 31, 2020, the Company transferred $0.8 million (December 31, 2019 - $Nil) from Level 3 to Level 2 within the fair value hierarchy due to the exercise of a conversion option into equity.

The following table presents the valuation techniques used by the Company in measuring fair values:

Type	Valuation technique
Public equities and share purchase warrants	Fair values are determined using pricing models which incorporate all available market-observable inputs.
Alternative funds and private equity funds	Fair values are based on the last available net asset value.
Fixed income securities	Fair values are based on independent market data providers or third-party broker quotes.
Private holdings (including digital gold strategies)	Fair values based on variety of valuation techniques, including discounted cash flows, comparable recent transactions and other techniques used by market participants.

The Company's Level 3 securities consist of private holdings, private equity funds and fixed income securities of private companies. The significant unobservable inputs used in these valuation techniques can vary considerably over time, and include grey market financing prices, discount rates and extraction recovery rates of mining projects. A significant change in any of these inputs in isolation would result in a material impact in fair value measurement. The potential impact of a 5% change in the significant unobservable inputs on profit or loss would be approximately $1 million (December 31, 2019 - $0.9 million).

Financial instruments not carried at fair value

For fees receivable, other assets, accounts payable and accrued liabilities and compensation payable, the carrying amount represents a reasonable approximation of fair value.

11 Related party transactions

The remuneration of directors and other key management personnel of the Company for employment services rendered are as follows (in thousands $):

	For the years ended	
	Dec. 31, 2020	Dec. 31, 2019
Fixed salaries and benefits	3,247	2,155
Variable incentive-based compensation	8,715	3,405
Share-based compensation	1,817	1,678
	13,779	7,238

The DSU plan for independent directors of the Company vests annually over a three-year period and may only be settled in cash upon retirement. DSUs issued in lieu of directors' fees and dividends vest immediately. There were 3,559 DSUs issued during the year (December 31, 2019 - 12,349).

12 Dividends

The following dividends were declared by the Company during the twelve months ended December 31, 2020:

Record date	Payment Date	Cash dividend per share [1]	Total dividend amount (in thousands $)
March 9, 2020 - Regular dividend Q4 2019	March 24, 2020	CAD$0.30	5,387
May 19, 2020 - Regular dividend Q1 2020	June 3, 2020	CAD$0.30	5,560
August 17, 2020 - Regular dividend Q2 2020	September 1, 2020	US$0.23	5,915
November 23, 2020 - Regular dividend Q3 2020	December 8, 2020	US$0.25	6,378
Dividends [2]			23,240

[1] Dividends per share for periods before May 28 reflect retrospective treatment of the 10:1 share consolidation.

[2] Subsequent to year end, on February 25, 2021, a regular dividend of US$0.25 per common share was declared for the quarter ended December 31, 2020. This dividend is payable on March 23, 2021 to shareholders of record at the close of business on March 8, 2021.

13 Risk management activities

The Company's exposure to market, credit, liquidity, concentration, and COVID-19 risks are described below:

Market risk

Market risk refers to the risk that a change in the level of one or more of market prices, interest rates, foreign exchange rates, indices, volatilities, correlations or other market factors, such as liquidity, will result in a change in the fair value of an asset. The Company's financial instruments are classified as FVTPL. Therefore, certain changes in fair value or permanent impairment, if any, affect reported earnings as they occur. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Company manages market risk through regular monitoring of its proprietary investments and loans receivable. The Company separates market risk into three categories: price risk, interest rate risk and foreign currency risk.

Price risk

Price risk arises from the possibility that changes in the price of the Company's investments and co-investments will result in changes in carrying value. If the market values of investments and co-investments classified as FVTPL increased or decreased by 5%, with all other variables held constant, this would have resulted in an increase or decrease in net income before tax of approximately $5.2 million for the year (December 31, 2019 - $4.5 million). For more details about the Company's investments and co-investments, refer to Note 3 and Note 4.

The Company's revenues are also exposed to price risk since management fees, performance fees and carried interests are correlated with assets under management, which fluctuates with changes in the market values of the assets in the funds and managed accounts managed by SAM, SRLC, SC, RCIC and SAM US.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will adversely affect the value of, or cash flows from, financial instrument assets. The Company’s earnings, particularly through its co-investment in lending LPs, are exposed to volatility as a result of sudden changes in interest rates.

As at December 31, 2020, the Company had $0.7 million of fixed income securities (December 31, 2019 - $4.2 million).

Foreign currency risk

Foreign currency risk arises from foreign exchange rate movements that could negatively impact either the carrying value of financial assets and liabilities or the related cash flows when translating those balances into the Company's functional currency, Canadian dollars. The Company's primary foreign currency is the United States dollar ("USD"). The Company may employ certain hedging strategies to mitigate foreign currency risk.

The Global Companies' assets are all denominated in USD with their translation impact being reported as part of other comprehensive income in the financial statements. Excluding the impact of the Global Companies, as at December 31, 2020, approximately $74.1 million (December 31, 2019 - $73.7 million) of total Canadian assets were invested in proprietary investments priced in USD. A total of $12.2 million (December 31, 2019 - $29.7 million) of cash, $8.1 million (December 31, 2019 -$5.7 million) of accounts receivable and $1.5 million (December 31, 2019 - $3.7 million) of other assets were denominated in USD. As at December 31, 2020, if the exchange rate between USD and the Canadian dollar increased or decreased by 5%, with all other variables held constant, the increase or decrease in net income would have been approximately $4.8 million for the year (December 31, 2019 - $5.7 million).

Credit risk

Credit risk is the risk that a borrower will not honour its commitments and a loss to the Company may result.

Loans receivable

The Company incurs credit risk primarily in the on-balance sheet loans of SRLC and through co-investments made in the lending LPs managed by SRLC. In addition to the relative default probability of SRLC borrowers (both directly via on balance sheet loans and indirectly via borrowers in the lending LPs we co-invest with), credit risk is also dependent on loss given default, which can increase credit risk if the values of the underlying assets securing the Company's loans decline to levels approaching or below the loan amounts. A decrease in commodity prices may delay the development of the underlying security or business plans of the borrower and will adversely affect the value of the Company's security against a loan. Additionally, the value of the Company's underlying security in a loan can be negatively affected if the actual amount or quality of the commodity proves to be less than that originally estimated, or the ability to extract the commodity proves to be more difficult or more costly than originally estimated. During the loan origination process, management takes into account a number of factors and is committed to several processes to ensure that this risk is appropriately mitigated. These include:

- emphasis on first priority and/or secured financings;
- the investigation of the creditworthiness of borrowers;
- the employment of qualified and experienced loan professionals;
- a review of the sufficiency of the borrower’s business plans including plans that will enhance the value of the underlying security;
- frequent and documented status updates provided on business plans;
- engagement of qualified independent advisors (e.g. lawyers, engineers and geologists) to protect Company interests;
- legal reviews that are performed to ensure that all due diligence requirements are met prior to funding.

As at December 31, 2020 had no exposure to credit risk via on-balance sheet loans of SRLC (December 31, 2019 - $Nil). The Company will syndicate loans in certain circumstances if it wishes to reduce its exposure to a borrower or comply with loan exposure maximums. The Company reviews its policies regarding its lending limits on an ongoing basis. For precious metal loans, the Company performs the same due diligence procedures as it would for its resource loans and resource debentures.

Collectability of loans

Besides the above noted measures we take to manage credit risk, the Company will report on credit risk in the notes to the annual consolidated financial statements and records expected credit loss provisions to ensure that on-balance sheet loans are recorded at their estimated recoverable amount (i.e. net of impairment risk we believe to exist as at the balance sheet date and in accordance with IFRS). Actual losses incurred in the on-balance sheet loan portfolio could differ materially from our provisions. Management takes into account a number of factors and is committed to several processes to ensure that this risk is appropriately managed.

Net investments

The Company incurs credit risk when entering into, settling and financing various proprietary transactions. As at December 31, 2020 and 2019, the Company's most significant proprietary investments counterparty was National Bank Independent Network Inc. ("NBIN"), the carrying broker of SCP, which also acts as a custodian for most of the Company's proprietary investments. NBIN is registered as an investment dealer subject to regulation by IIROC; as a result, it is required to maintain minimum levels of regulatory capital at all times.

Other

The majority of accounts receivable relate to management, carried interest and performance fees receivable from the Funds, managed accounts and managed companies managed by the Company. Credit risk is managed in this regard by dealing with counterparties that the Company believes to be creditworthy and by actively monitoring credit exposure and the financial health of the counterparties.

The Global Companies incur credit risk when entering into, settling and financing various proprietary transactions. As at December 31, 2020 and 2019, the Global Companies' most significant counterparty was RBC Capital Markets, LLC ("RBCCM"), the carrying broker of SGRIL and custodian of the net assets of the Funds managed by RCIC. RBCCM is registered as a broker-dealer and registered investment advisor subject to regulation by FINRA and the SEC; as a result, it is required to maintain minimal levels of regulatory capital at all times.

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due.

The Company's exposure to liquidity risk is minimal as it maintains sufficient levels of liquid assets to meet its obligations as they come due. Additionally, the Company has access to a $70 million committed line of credit with a major Canadian Schedule I bank. As part of its cash management program, the Company primarily invests in short-term debt securities issued by the Government of Canada with maturities of less than three months. As at December 31, 2020, the Company had $44.1 million or 12% (December 31, 2019 - $54.7 million or 17%) of its total assets in cash and cash equivalents. In addition, approximately $35.1 million or 38% (December 31, 2019 - $10.5 million or 14%) of proprietary investments held by the Company are readily marketable and are recorded at their fair value.

The Company's exposure to liquidity risk as it relates to our co-investments in lending LPs arises from fluctuations in cash flows from making capital calls and receiving capital distributions. The Company manages its loan co-investment liquidity risk through the ongoing monitoring of scheduled capital calls and distributions ("match funding") and through its broader treasury risk management program and enterprise capital budgeting. As at December 31, 2020, the Company had $4.6 million in co-investment commitments from the Lending segment (December 31, 2019 - $6.6 million). Financial liabilities, including accounts payable and accrued liabilities and compensation and employee bonuses payable, are short-term in nature and are generally due within a year.

The following are the remaining contractual maturities of financial liabilities as at December 31, 2020 (in thousands $):

Contractual obligations	Carrying Amount	Less than 1 year	1-3 years	3-5 years	More than 5 years
Lease obligation	7,460	2,501	4,719	240	—
Compensation payable	15,192	15,192	—	—	—
Operating accounts payable	19,046	19,046	—	—	—
Contingent consideration	20,575	10,000	10,575	—	—
Loan facility	16,994	—	—	16,994	—
	79,267	46,739	15,294	17,234	—

The Company's management team is responsible for reviewing resources to ensure funds are readily available to meet its financial obligations as they come due, as well as ensuring adequate funds exist to support business strategies and operations growth. The Company manages liquidity risk by monitoring cash balances on a daily basis. To meet any liquidity shortfalls, actions taken by the Company could include: syndicating a portion of its loans; slowing its lending activities; drawing on the line of credit; liquidating proprietary investments and/or issuing common shares.

Concentration risk

The majority of the Company's AUM, as well as its proprietary investments and loans receivables are focused on the natural resource sector, and in particular, precious metals & mining.

COVID-19 risk

The changing economic and market climate as a result of COVID-19 has led to the Company implementing its business continuity plan. Our portfolio managers, brokerage professionals, enterprise shared services teams and key outsource service providers are fully operational. The exact impacts of COVID-19 over the short and long-term are undeterminable at the date of this report.

14 Segmented information

For management purposes, the Company is organized into business units based on its products, services and geographical location and has five reportable segments as follows:

- **Exchange listed products** (reportable), which provides management services to the Company's closed-end physical trusts and exchange traded funds ("ETFs"), both of which are actively traded on public securities exchanges;
- **Managed equities** (reportable), which provides asset management and sub-advisory services to the Company's branded funds, fixed-term LPs and managed accounts;
- **Lending** (reportable), which provides lending and streaming activities through limited partnership vehicles as well as through direct lending activities using the Company's balance sheet;
- **Brokerage** (reportable), which includes the activities of our Canadian and U.S. broker-dealers;
- **Corporate** (reportable), which provides capital, balance sheet management and enterprise shared services to the Company's subsidiaries;
- **All other segments** (non-reportable), which do not meet the definition of reportable segments as per IFRS 8.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on earnings before interest expense, income taxes, amortization and impairment of intangible assets and goodwill, gains and losses on proprietary investments (as if such gains and losses had not occurred), foreign exchange gains and losses, one time non-recurring expenses, non-cash and non-recurring stock-based compensation, carried interest and performance fees and carried interest and performance fee payouts (adjusted base EBITDA).

Adjusted base EBITDA is not a measurement in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS.

Transfer pricing between operating segments is performed on an arm's length basis in a manner similar to transactions with third parties.

The following tables present the operations of the Company's segments (in thousands $):

For the year ended December 31, 2020

	Exchange listed products	Managed equities	Lending	Brokerage	Corporate	Consolidation, elimination and all other segments	Consolidated
Total revenue	37,680	41,354	15,509	30,683	(7,214)	3,764	121,776
Total expenses	9,151	22,686	8,469	23,454	18,566	4,788	87,114
Income (loss) before income taxes	28,529	18,668	7,040	7,229	(25,780)	(1,024)	34,662
Adjusted base EBITDA	30,563	10,762	7,272	8,052	(13,722)	1,239	44,166

For the year ended December 31, 2019

	Exchange listed products	Managed equities	Lending	Brokerage	Corporate	Consolidation, elimination and all other segments	Consolidated
Total revenue	24,528	14,058	14,745	21,208	(2,604)	1,551	73,486
Total expenses	9,274	8,145	8,224	20,442	9,904	4,547	60,536
Income (loss) before income taxes	15,254	5,913	6,521	766	(12,508)	(2,996)	12,950
Adjusted base EBITDA	17,988	3,167	10,725	3,342	(7,290)	1,071	29,003

For geographic reporting purposes, transactions are primarily recorded in the location that corresponds with the underlying subsidiary's country of domicile that generates the revenue. The following table presents the revenue of the Company by geographic location (in thousands $):

	For the years ended	
	Dec. 31, 2020	Dec. 31, 2019
Canada	95,962	63,375
United States	25,814	10,111
	121,776	73,486

15 Loan facility

As at December 31, 2020, the Company had $17 million (December 31, 2019 - $15.3 million) outstanding on its credit facility, all of which is due after 12 months (December 31, 2019 - $3.8 million due within 12 months and $11.5 million due after 12 months).

On November 13, 2020, the Company extended and upsized its previous credit facility to $70 million, up from $61 million at the time of the extension. Amounts under the new facility may be borrowed under the facility through prime rate loans or bankers' acceptances. Similar to the previous facility, amounts may also be borrowed in US dollars through base rate loans. As at December 31, 2020, the Company was in compliance with all covenants, terms and conditions under the credit facility. Key terms under the credit facility are noted below:

Structure

- 5-year, $70 million revolver with "bullet maturity" December 14, 2025

Interest Rate

- Prime rate + 0 bps or;
- Banker acceptance rate + 170 bps

Covenant Terms

- Minimum AUM: 70% of AUM on November 13, 2020
- Debt to EBITDA less than or equal to 2.5:1
- EBITDA to interest expense more than or equal to 2.5:1

16 Commitments and provisions

Besides the Company's long-term lease agreement, there are commitments to make investments in the net investments portfolio of the Company. As at December 31, 2020, the Company had $4.6 million in co-investment commitments from the lending segment, all due within one year (December 31, 2019 - $6.6 million).

17 Subsequent events

Subsequent to year-end, the Company successfully negotiated an amendment to the original terms of the purchase agreement. In lieu of any contingent consideration entitlement for the 2020 and 2021 fiscal years, the vendor accepted a final payment from the Company of $30 million ($27 million in cash and $3 million in Sprott Inc. common shares). This enabled the Company to lock-in the total acquisition price and return on investment economics going into 2021 and further enabled the Company to retain the full benefits of any additional increase in AUM expected over 2021. As a result of this change, the Company revised the contingent consideration in the first quarter of 2021 and incurred an expense of $4.4 million. This one-time charge on revision of contingent consideration will be included as part of the Other expenses line on the consolidated statements of operations and comprehensive income.

EXHIBIT 99.4

CERTIFICATION REQUIRED BY RULE 13a-14(a) OR RULE 15d-14(a), PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Peter Grosskopf, certify that:

1. I have reviewed this annual report on Form 40-F of Sprott Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 26, 2021

/s/ Peter Grosskopf
Signature

Chief Executive Officer
Title

EXHIBIT 99.5

CERTIFICATION REQUIRED BY RULE 13a-14(a) OR RULE 15d-14(a), PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Kevin Hibbert, certify that:

1. I have reviewed this annual report on Form 40-F of Sprott Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: February 26, 2021

/s/ Kevin Hibbert
Signature

Chief Financial Officer
Title

EXHIBIT 99.6

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ENACTED PURSUANT TO
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

Sprott Inc. (the "Company") is filing with the U.S. Securities and Exchange Commission on the date hereof, its annual report on Form 40-F for the fiscal year ended December 31, 2020 (the "Report").

I, Peter Grosskopf, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as enacted pursuant to section 906 of the U.S. Sarbanes-Oxley Act of 2002, that:

(i) the Report fully complies with the requirements of section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Peter Grosskopf
Name: Peter Grosskopf
Title: Chief Executive Officer

Date: February 26, 2021

EXHIBIT 99.7

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ENACTED PURSUANT TO
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002

Sprott Inc. (the "Company") is filing with the U.S. Securities and Exchange Commission on the date hereof, its annual report on Form 40-F for the fiscal year ended December 31, 2020 (the "Report").

I, Kevin Hibbert, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as enacted pursuant to section 906 of the U.S. Sarbanes-Oxley Act of 2002, that:

(i) the Report fully complies with the requirements of section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kevin Hibbert
Name: Kevin Hibbert
Title: Chief Financial Officer

Date: February 26, 2021

Exhibit 99.8



KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, ON M5H 2S5
Canada
Tel 416-777-8500
Fax 416-777-8818

Consent of Independent Registered Public Accounting Firm

The Board of Directors of Sprott Inc.

We, KPMG LLP, consent to the use of our report dated February 25, 2021, with respect to the consolidated financial statements of Sprott Inc. which comprise the consolidated balance sheets as at December 31, 2020, December 31, 2019, and January 1, 2019, the consolidated statements of operations and comprehensive income, cash flows, and changes in shareholders' equity for each of the years in the two-year period ended December 31, 2020, and the related notes which is included in this annual report on Form 40-F of the Company for the fiscal year ended December 31, 2020.

Our report dated February 25, 2021 on the consolidated financial statements referred to above contains an explanatory paragraph indicating the Company has changed its presentation currency in 2020.

We, KPMG LLP, also consent to the incorporation by reference of our report in the Registration Statement on Form S-8 (File No. 333-242456) of the Company.

/s/ KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
February 26, 2021

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