***No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.***

***A copy of this preliminary short form prospectus (the "Prospectus") has been filed with the securities regulatory authority in each of the provinces of Canada except for Quebec but has not yet become final for the purpose of the sale of securities. Information contained in this Prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.***

***Information has been incorporated by reference in this Prospectus from documents filed with the securities commissions or similar authorities in Canada****. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Sprott Inc. (the "**Company**") at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario M5J 2J1, Telephone: (416) 362-7172, and are also available electronically at www.sedar.com.*

*The distribution of this Prospectus outside of Canada may be restricted by law. See "Plan of Distribution".*

*This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States or in any other jurisdictions where such securities may not be lawfully offered for sale. The securities referred to in this Prospectus have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or the securities laws of any state of the United States, and accordingly will not be offered, sold or delivered, directly or indirectly, within the United States, its possessions and other areas subject to its jurisdiction without the availability of an exemption from the registration requirements of the U.S. Securities Act. Accordingly, we are offering the securities set forth in this prospectus in the United States only to qualified institutional buyers. See "Plan of Distribution".*

**PRELIMINARY SHORT FORM PROSPECTUS**

*Secondary Offering* June 8, 2017

# SPROTT INC.

## $●
## 18,000,000 Common Shares

This Prospectus qualifies the distribution of 18,000,000 common shares (the "**Offered Shares**") of the Company owned by 2176423 Ontario Ltd. (the "**Selling Shareholder**"), a corporation controlled by Eric Sprott, at a price of $● per Offered Share (the "**Offering Price**") for total gross proceeds of $● (the "**Secondary Offering**"). See "*Selling Shareholder*". The Offered Shares are being offered pursuant to an underwriting agreement dated ●, 2017 (the "**Underwriting Agreement**") among the Selling Shareholder, the Company and TD Securities Inc. (the "**Lead Underwriter**"), ●, ●, ●, ● and ● (collectively with the Lead Underwriter, the "**Underwriters**").

The Selling Shareholder currently owns approximately 24.72% of the issued and outstanding common shares of the Company (the "**Common Shares**"). Upon completion of the Secondary Offering, but before giving effect to the Over-Allotment Option (as defined herein), the Selling Shareholder will retain 43,498,078 Common Shares, representing approximately 17.49% of the outstanding Common Shares (approximately 16.40% if the Over-Allotment Option is exercised in full). Assuming completion of the Secondary Offering, the Private Placement (as defined herein) and the Exempt Issuer Bid (as defined herein), the Selling Shareholder will beneficially own: (i) 30,998,078 Common Shares (approximately 12.72% if the Over-Allotment Option is not exercised); or (ii) 28,298,078 Common Shares (approximately 11.61% if the Over-Allotment Option is exercised in full). See "*Selling Shareholder*".

The Company will not receive any proceeds from the Secondary Offering or the Private Placement.

The Common Shares are listed and posted for trading on the Toronto Stock Exchange (the "**TSX**") under the symbol "SII". On June 7, 2017, the last trading day prior to the date of this Prospectus, the closing price of a Common Share on the TSX was $2.36. The Offering Price was determined by negotiation between the Selling Shareholder and the Lead Underwriter, on its own behalf and on behalf of the Underwriters. See "*Plan of Distribution*".

**Price: $● per Offered Share**

| | Price to the Public | Underwriters' Fee(1) | Net Proceeds to the Selling Shareholder(2) |
|---|---|---|---|
| Per Offered Share ........................................................ | $● | $● | $● |
| Total(3)........................................................................ | $● | $● | $● |

Notes:

(1) In consideration of the services rendered by the Underwriters in connection with the Secondary Offering, the Selling Shareholder has agreed to pay the Underwriters an aggregate fee (the "**Underwriters' Fee**") of $● representing 5% of the gross proceeds of the Secondary Offering. See "*Plan of Distribution*".

(2) Before deducting the expenses of the Secondary Offering, estimated to be $250,000, which will be paid by the Company, subject to the limitations set forth under the heading "*Use of Proceeds*".

(3) The Selling Shareholder has granted the Underwriters an option (the "**Over-Allotment Option**"), exercisable in whole or in part, in the sole discretion of the Underwriters, at any time not later than 30 days following the date of closing of the Secondary Offering (the "**Closing Date**") to purchase from the Selling Shareholder up to an additional ● Common Shares (representing 15% of the Offered Shares) at the Offering Price on the same terms and conditions as the Secondary Offering to cover over-allotments, if any, and for market stabilization purposes. If the Over-Allotment Option is exercised in full, the total "Price to the Public", "Underwriters' Fee" and "Net Proceeds to the Selling Shareholder" will be $●, $● and $●, respectively, and the Selling Shareholder will own approximately 16.40% of the issued and outstanding Common Shares after giving effect to the Secondary Offering, but not giving effect to the Private Placement or the Exempt Issuer Bid. This Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Common Shares offered upon the exercise of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires such Common Shares under this Prospectus regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. Unless the context requires otherwise, all references in this Prospectus to the Offered Shares include the Common Shares offered upon the exercise of the Over-Allotment Option. See "*Plan of Distribution*".

The following table sets forth the number of Common Shares that may be sold by the Selling Shareholder to the Underwriters pursuant to the Over-Allotment Option:

| Underwriters' Position | Maximum Number of Securities Available | Exercise Period | Exercise Price |
|---|---|---|---|
| Over-Allotment Option | 2,700,000 Common Shares | Not later than 30 days following the Closing Date | $● per Common Share |

The Underwriters have agreed, as principals, to conditionally offer the Offered Shares for sale, subject to prior sale, if, as and when sold by the Selling Shareholder and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement and subject to approval of certain legal matters relating to the Offering on behalf of the Company and the Selling Shareholder by Baker & McKenzie LLP and on behalf of the Underwriters by Borden Ladner Gervais LLP.

Subject to applicable laws, in connection with the Secondary Offering, the Underwriters may over-allot or effect transactions that stabilize or maintain the market price of the Common Shares at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "*Plan of Distribution*".

The Underwriters propose to offer the Offered Shares initially at the Offering Price. After a reasonable effort has been made to sell all of the Offered Shares at the Offering Price, the Underwriters may subsequently reduce the selling prices to investors from time to time in order to sell any of the Offered Shares remaining unsold. Notwithstanding any reduction in the Offering Price, the Selling Shareholder will still receive a price of $● per Offered Share purchased by the Underwriters under this Prospectus. See "*Plan of Distribution*".

**TDSI is an affiliate of a Canadian Chartered Bank which has provided credit facilities to a wholly-owned subsidiary of the Company. Consequently, in connection with the Secondary Offering and pursuant to applicable securities legislation, the Company may be considered a "connected issuer" (as defined in National Instrument 33-105 – *Underwriting Conflicts*) of such Underwriter for the purposes of securities regulations in certain provinces and territories of Canada. See "*Relationship Between the Company and TDSI*" for more information.**

Subscriptions for Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Closing of the Secondary Offering is expected to occur on or about June 27, 2017 but in any event not later than the date that is 42 days after the date of the receipt for the (final) short form prospectus (the "**Final Prospectus**"). A purchaser of Offered Shares will not receive a physical share certificate for his, her or its Offered Shares but will receive only a customer confirmation from the registered dealer from or through which the Offered Shares are purchased and who is a CDS Clearing and Depository Services Inc. participant.

**An investment in the Offered Shares is speculative and involves a high degree of risk that should be considered by potential purchasers. An investment in the Offered Shares is suitable only for those purchasers who are willing to risk a loss of some or all of their investment and who can afford to lose some or all of their investment. See "*Risk Factors*" and "*Cautionary Note Regarding Forward-Looking Information*".**

Investors should rely only on the information contained or incorporated by reference in this Prospectus. None of the Company, the Selling Shareholder or any of the Underwriters has authorized anyone to provide investors with additional or different information. None of the Company, the Selling Shareholder or any of the Underwriters is offering to sell the Offered Shares in any jurisdiction where the offer or sale is not permitted. The information contained in this Prospectus is accurate only as of the date hereof, regardless of the time of delivery of this Prospectus or any sale of the Offered Shares.

Certain of the directors of the Company reside outside of Canada. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process. See "*Enforcement of Judgments Against Foreign Persons*".

The registered and head office of the Company is located at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario M5J 2J1.

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## GENERAL MATTERS

Purchasers should rely only on the information contained in this Prospectus and the documents incorporated by reference herein, and are not entitled to rely on parts of the information contained in this Prospectus and the documents incorporated by reference herein, to the exclusion of others. The Company, the Selling Shareholder and the Underwriters have not authorized anyone to provide purchasers with additional or different information. The information contained on the Company's corporate website is not intended to be included in or incorporated by reference into this Prospectus and purchasers should not rely on such information when deciding whether or not to purchase Offered Shares. The Company, the Selling Shareholder and the Underwriters are not, offering to sell the Offered Shares in any jurisdictions where the offer or sale is not permitted. The information contained in this Prospectus is accurate only as of the date hereof, regardless of the time of delivery of this Prospectus or any sale of the Offered Shares. The Company's business, financial condition, results of operations and prospects may have changed since the date of this Prospectus.

Unless otherwise indicated, financial statements in this Prospectus has been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. The financial information of the Company incorporated by reference herein is presented in Canadian dollars. **Unless otherwise noted herein, all references to "$" are to the currency of Canada.**

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Certain information and statements included or incorporated by reference into this Prospectus that are not purely historical constitute "forward-looking information" and "forward-looking statements" as defined under applicable Canadian securities laws. The Company's forward-looking statements include, but are not limited to, statements regarding management's expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. This forward-looking information relates to, among other things, the Secondary Offering, including the use of proceeds from the Secondary Offering, the estimated costs of the Secondary Offering, growth opportunities for the Company's gold miners exchange traded funds ("**ETFs**") and securing new distribution partnerships, the expectation that the Company's private resource business is positioned to return to greater EBITDA contribution, the expectation that the closing of the Secondary Offering will occur on or about June 27, 2017, but in any event no later than 42 days after the date of the receipt for the Final Prospectus, the completion of the Private Placement and the Exempt Issuer Bid described under the heading "*Private Placement and Exempt Issuer Bid*", the expectation that the board of directors of the Company (the "**Board**") will continue to declare quarterly dividends and annual special dividends and may also include other statements that are predictive in nature or that depend on or refer to future events or conditions. The words "anticipates," "believe," "continue," "could," "estimate," "expect," "intends," "may," "might," "plan," "possible," "potential," "predicts," "project," "should," "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

Although management believes the expectations reflected in such forward-looking statements are reasonable, forward-looking statements are based on the opinions, assumptions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include, but are not limited to: delays in any regulatory approvals relating to the Secondary Offering; termination of the Secondary Offering; difficult market conditions; changes in the investment management industry; risks relating to regulatory compliance; failure to deal appropriately with conflicts of interest; failure to continue to retain and attract qualified staff; competitive pressures; corporate growth may be difficult to sustain and may place significant demands on existing administrative, operational and financial resources; failure to execute the Company's succession plan; litigation risk; employee errors or misconduct which could result in regulatory sanctions or reputational harm; failure to implement effective information security policies, procedures and capabilities; failure to develop effective business resiliency plans; failure to obtain or maintain sufficient insurance coverage on favourable economic terms; foreign exchange risk relating to the relative value of the U.S. dollar; historical financial information is not necessarily indicative of future performance; the market price of the Common Shares may fluctuate widely and rapidly; the payment of dividends is not guaranteed and other factors described in this Prospectus under the heading "*Risk Factors*".

In addition, if any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in, or incorporated by reference into, this Prospectus. Accordingly, investors are cautioned not to place undue reliance on such statements.

All of the forward-looking information in this Prospectus, and the documents incorporated herein by reference, is qualified by these cautionary statements. Statements containing forward-looking information contained herein and in the documents incorporated herein by reference are made only as of the date of such document. The Company expressly disclaims any obligation to update or alter statements containing any forward-looking information, or the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law.

## NON-IFRS FINANCIAL MEASURES

EBITDA, Adjusted EBITDA and Adjusted Base EBITDA are non-IFRS financial measures commonly used by financial analysts in evaluating the financial performance of companies. "EBITDA" is defined as earnings before interest expense, income taxes, depreciation and amortization. "Adjusted EBITDA" is defined as EBITDA, further adjusted for the following: (i) impairment/reversal of intangibles; (ii) gains/losses on proprietary investments; (iii) gains/losses on foreign exchange; (iv) non-cash stock based compensation; and (v) other items. "Adjusted Base EBITDA" is defined as Adjusted EBITDA, further adjusted for performance fees and related expenses. Management believes these non-IFRS financial measures may be useful metrics for evaluating the Company's financial performance as they are measures that management uses internally to assess performance, in addition to IFRS measures. As there is no generally accepted method of calculating these non-IFRS financial measures, these terms as used herein are not necessarily comparable to similarly titled measures of other companies. These non-IFRS financial measures have limitations as analytical tools and should not be considered in isolation from, or as an alternative to, net income (loss), cash flow provided from (used in) operating activities or other data prepared in accordance with IFRS. Additionally, there may be certain items included or excluded from these non-IFRS financial measures that are significant in assessing the Company's operating results and liquidity.

## DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities commissions or similar authorities in each of the provinces and territories of Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of the Company at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario M5J 2J1, Telephone: (416) 362-7172. These documents are also available through the Internet on the System for Electronic Document Analysis and Retrieval ("**SEDAR**"), which can be accessed online at www.sedar.com.

The following documents, which the Company has filed with securities commissions or similar authorities in Canada, are specifically incorporated by reference and form an integral part of this Prospectus:

(a) the annual information form of the Company dated March 1, 2017 for its fiscal year ended December 31, 2016 (the "**AIF**");

(b) the audited comparative consolidated financial statements of the Company and the notes thereto as at and for its fiscal year ended December 31, 2016, together with the auditors' reports thereon,

(c) the management's discussion and analysis of the Company for its fiscal year ended December 31, 2016 (the "**MD&A**");

(d) the unaudited comparative interim condensed consolidated financial statements of the Company and the notes thereto as at and for the three month period ended March 31, 2017;

(e) the management's discussion and analysis of the Company for the three month period ended March 31, 2017;

(f) the management information circular dated March 23, 2017 relating to the annual and special meeting of shareholders of the Company held on May 10, 2017; and

(g) the material change report (the "**SAM Material Change Report**") dated April 13, 2017 with respect to the announcement of the Company entering into an agreement to sell its Canadian diversified assets to a management group led by John Wilson, CEO of Sprott Asset Management LP ("**SAM**") and James Fox, President of SAM for $46 million (the "**SAM Sale Transaction**").

Any documents of the type required by National Instrument 44-101 – *Short Form Prospectus Distributions* to be incorporated by reference in a short form prospectus including any material change reports (excluding any confidential material change reports), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon, information circulars, annual information forms and business acquisition reports filed by the Company with a securities commission or similar regulatory authority in Canada on or after the date of this Prospectus and prior to the termination of the distribution under this Prospectus shall be deemed to be incorporated by reference into this Prospectus.

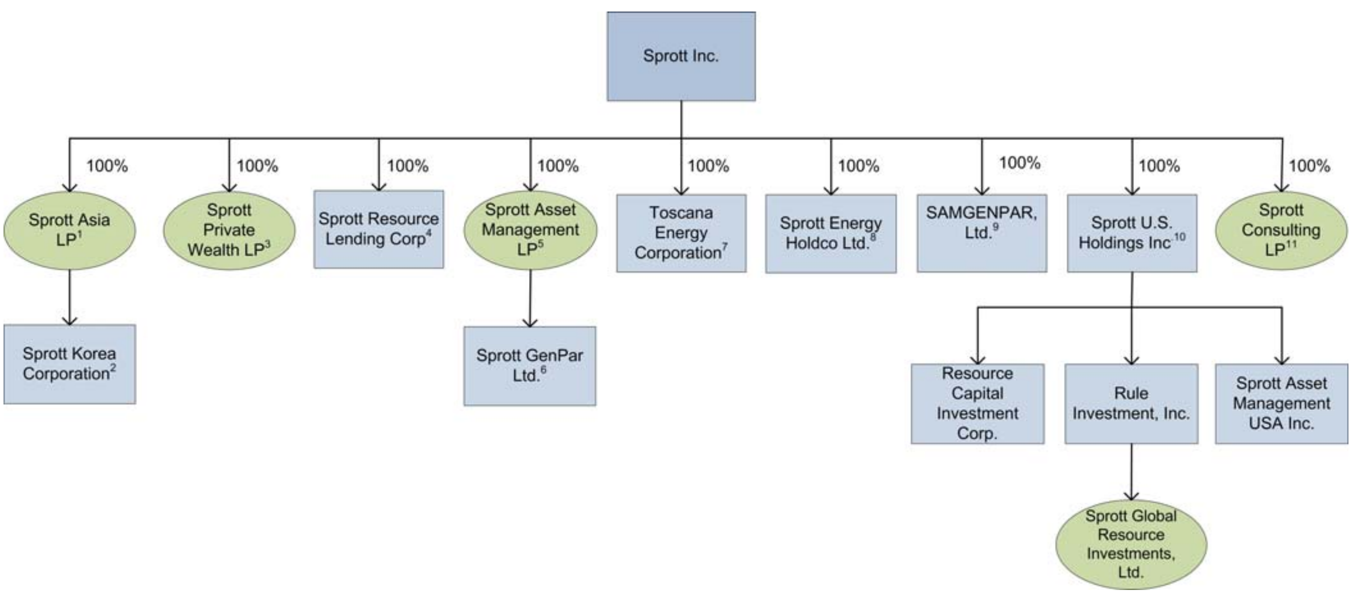
**Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.**

## SPROTT INC.

**The following is a summary of information pertaining to the Company and does not contain all the information about the Company that may be important to you. You should read the more detailed information and financial statements and related notes that are incorporated by reference into and are considered to be a part of this Prospectus including, but not limited to the AIF.**

The Company was incorporated under the *Business Corporations Act* (Ontario) by Articles of Incorporation dated February 13, 2008. The Company's registered and head office is located at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario M5J 2J1.

The principal subsidiaries of the Company are as indicated in the following chart:




Notes:

(1) Sprott Asia GP Inc. is the general partner of Sprott Asia Limited Partnership, which exists under the laws of the Province of Ontario.
(2) Sprott Korea exists under the laws of South Korea.
(3) Sprott Private Wealth GP Inc. is the general partner of Sprott Private Wealth LP ("**SPW**"), which exists under the laws of the Province of Ontario.
(4) Sprott Resource Lending Corp. exists under the federal laws of Canada.
(5) Sprott Asset Management GP Inc. is the general partner of SAM, which exists under the laws of the Province of Ontario.

(6) Sprott GenPar Ltd. is the general partner of Sprott Hedge Fund L.P., Sprott Hedge Fund L.P. II, Sprott Bridging Income Fund LP, Sprott Enhanced Long Short Equity Fund L.P., Sprott Resource Credit Strategies Fund and Sprott Private Resource Lending L.P. Sprott GenPar Ltd. exists under the laws of the Province of Ontario.
(7) Toscana Energy Corporation exists under the laws of the Province of Alberta.
(8) Sprott Energy Holdco Ltd. exists under the laws of the Province of Alberta.
(9) SAMGENPAR, Ltd. is the general partner of Sprott Capital L.P., Sprott Capital L.P. II and Sprott Global Resources L.P. SAMGENPAR, Ltd. exists under the laws of the Province of Ontario.
(10) Sprott U.S. Holdings Inc. ("**Sprott U.S.**") was formed to acquire Rule Investment, Inc. (which in turn owns Sprott Global Resource Investments, Ltd. ("**GRIL**")), SAM USA and RCIC. Sprott U.S. exists under the laws of the State of Delaware. Rule Investment, Inc., GRIL and Sprott Asset Management USA Inc. exist under the laws of the State of California. Resource Capital Investment Corporation exists under the laws of the State of Nevada.
(11) Sprott Consulting GP Inc. is the general partner of Sprott Consulting Limited Partnership, which exists under the laws of the Province of Ontario.

The Company believes the recent issues among incumbents in the junior gold mining ETF space present growth opportunities for its gold miners ETFs. The Company is focused on securing new distribution partnerships and has a pipeline of new exchange-listed product opportunities, including its investment in next-generation gold strategy through Tradewind Markets. Management believes the Company's private resource business is positioned to return to greater EBITDA contribution. The Company has approximately $700 million in un-deployed commitments to be invested by Sprott Private Resource Lending LP. In addition, the Company believes it has synergies and deal potential through its recently launched merchant bank.

The Company's assets under management ("**AUM**") as at December 31, 2013 was approximately $7 billion and as at March 31, 2017 was approximately $9.7 billion. The Company's net revenue for its fiscal year ended December 31, 2013 was approximately $108.4 million and for the twelve months ended March 31, 2017 was approximately $143.2 million. Adjusted EBITDA for the fiscal year ended December 31, 2013 was approximately $34.9 million and for the twelve months ended March 31, 2017 was approximately $42.4 million.

### Recent Development – SAM Sale Transaction

On April 10, 2017, the Company entered into an agreement with a group (the "**Buyer**") led by the current CEO of SAM to sell its Canadian diversified assets for an aggregate purchase price of approximately $46 million. The Company believes that the SAM Sale Transaction will enable it to realign resources to focus on its core competencies in precious metals, natural resources and real assets in order to capitalize on global market opportunities in those areas, all as described in more detail in the SAM Material Change Report.

Upon the closing of the SAM Sale Transaction, the Company will sell management agreements related to certain investment funds and accounts together totaling $3.0 billion in AUM and concurrently enter into new agreements with the Buyer to provide sub-advisory services for $865 million of these assets. The Company will retain all management contracts for its exchange-listed products business and the entire team managing the Sprott Physical Trusts and ETFs will remain intact. In addition, the Company will retain the management contracts for its institutional precious metals strategies and the SAM precious metals investment team will remain with the Company.

The SAM Sale Transaction is subject to receipt of certain regulatory and/or securityholder approvals as well as customary closing conditions. Subject to these conditions, the Company anticipates closing of part of the SAM Sale Transaction to occur in the third quarter of 2017 and the remainder in the fourth quarter of 2017.

## PRIVATE PLACEMENT AND EXEMPT ISSUER BID

The Selling Shareholder has entered into a share purchase agreement dated as of ●, 2017 with the Sprott Inc. 2011 Employee Profit Sharing Plan, by its independent trustee, Canadian Western Trust Company (the "**Purchaser**") pursuant to which it has agreed to sell, on a non-brokered private placement basis, 7,500,000 Common Shares (the "**Private Placement Shares**") to the Purchaser (the "**Private Placement**"). The Private Placement Shares will be sold at the Offering Price for aggregate gross proceeds to the Selling Shareholder of $●. Pursuant to an employee profit sharing plan trust agreement between the Company and Canadian Western Trust Company (the "**Trustee**") made as of June 29, 2011 and amended as of August 17, 2011, the Trustee was appointed trustee of the trust fund established thereunder with respect to the Sprott Inc. 2011 Employee Profit Sharing Plan.

In addition to the Private Placement, subject to applicable laws, including under Part 4, Division 2 of National Instrument 62-104 - *Take-Over Bids and Issuer Bids*, the Toronto Stock Exchange Company Manual, the *Business*

*Corporations Act* (Ontario) and the constating documents of the Company, the Company proposes to purchase approximately 5,000,000 Common Shares from the Selling Shareholder for cancellation (the "**Exempt Issuer Bid**") at a price per Common Share equal to the Offering Price for total proceeds of $● to the Selling Shareholder. Given that the Selling Shareholder owns greater than 10% of the outstanding Common Shares, the Exempt Issuer Bid is considered a related party transaction under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions.* The Exempt Issuer Bid is exempt from the valuation and minority vote requirements of MI 61-101 since the fair market value of the Common Shares being acquired is less than 25% of the capitalization of the Company.

The Company will not pay the Underwriters any fee in connection with the Private Placement or the Exempt Issuer Bid.

The closing of each of the Private Placement and the Exempt Issuer Bid is scheduled to occur on or about the Closing Date.

## RISK FACTORS

An investment in the Company's securities involves risk. In addition to the risks set forth below and the other information contained in this Prospectus or incorporated by reference herein, prospective investors should consider carefully the risks and uncertainties described in the documents incorporated by reference in this Prospectus. ***A discussion of certain risks and uncertainties affecting the Company's business is provided under the heading "Risk Factors" in the AIF and under the heading "Managing Risk" in the MD&A, which are incorporated by reference in this Prospectus.*** These are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties not presently known to the Company, or that it currently considers immaterial, may also materially and adversely affect it. If any of the events identified in these risks and uncertainties were to actually occur, the Company's business, financial condition and results of operations could be materially harmed.

### *Share Price Volatility*

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 Company's earnings and results of operations and other developments affecting its business; (iii) sales of additional common shares into the market by employees of the Company; (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 Company's operating results or prospects have not changed.

### *Future Sales of Common Shares by Existing Shareholders*

Subject to compliance with applicable securities laws, significant shareholders and the Company's directors and officers 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 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 significant shareholders or the Company's directors or officers, or the perception that such sales could occur, could adversely affect prevailing market prices for the Common Shares.

### *Dilution*

The Company may sell or issue additional Common Shares or other securities in the future, including upon exercise of stock options, to finance future activities. The Company 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, investors will suffer dilution to their voting power and the Company may experience dilution in its earnings per share.

*Dividends*

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 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. See "*Dividends*".

*Restrictions on Share Ownership and Transfer*

The ownership of the Common Shares is subject to certain restrictions under legislation applicable to certain of the Company's subsidiaries and rules and regulations established by securities regulatory authorities and certain self-regulatory organizations. See "*Description of Securities being Distributed*". 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 Company 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 Company 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 ore 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 Company and/or its subsidiaries. As a result of these restrictions, the market for significant blocks of Common Shares may be limited.

*Failure to Complete the SAM Sale Transaction*

The Company believes that the completion of the SAM Sale Transaction will provide certain benefits to the Company and its shareholders. There is, however, a risk that some or all of the expected benefits of the SAM Sale Transaction may fail to materialize, may not occur within the time periods anticipated by the Company, or may not be completed at all. The realization of such benefits may be affected by a number of factors, many of which are beyond the control of the Company. If the SAM Sale Transaction fails to close or to provide the results that the Company anticipates, the SAM Sale Transaction could materially and adversely affect the Company and its financial results.

## USE OF PROCEEDS

The net proceeds to the Selling Shareholder from the sale of the Offered Shares are estimated to be approximately $● after deduction of the Underwriters' Fee of $●. If the Over-Allotment Option is exercised in full, the net proceeds to the Selling Shareholder, after deducting the Underwriters' Fee of $● will be approximately $●. The Selling Shareholder intends to use a substantial portion of the net proceeds from the Secondary Offering to invest in funds and securities, which may include those managed by the Company or its affiliates. The term, duration and timing of any such investment shall be at the sole discretion of the Selling Shareholder.

The expenses of the Secondary Offering are estimated to be $250,000. Subject to the last sentence of this paragraph, the Underwriters will be responsible for their "out of pocket" expenses and the fees and disbursements of Underwriters' legal counsel. Whether or not closing of the Secondary Offering occurs, all other expenses of or incidental to the creation, issue, delivery, and marketing of the offering shall be borne by the Company. If the Secondary Offering is terminated, other than by reason of a default of one of the Underwriters, the Company shall reimburse the Underwriters for any and all expenses reasonably incurred by them, including, for greater certainty, the fees and disbursements of the Underwriters' legal counsel.

The Company will not receive any proceeds from the Secondary Offering. However, the Company believes that the orderly distribution of Offered Shares held by the Selling Shareholder and additional intended investment by the Selling Shareholder in funds and securities managed by the Company or its affiliates as aforesaid is beneficial to the Company and its shareholders, and has therefore agreed to facilitate the sale of the Offered Shares by the Selling Shareholder under this Prospectus.

## DESCRIPTION OF SECURITIES BEING DISTRIBUTED

### Authorized Capital

The authorized share capital of the Company consists of an unlimited number of Common Shares, issuable in series, of which 248,762,875 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 Company, to attend and to cast one vote per Common Share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive on a *pro rata* basis such dividends, if any, as and when declared by the Board at its discretion from funds legally available therefor and upon the liquidation, dissolution or winding up of the Company are entitled to receive on a *pro rata* basis the net assets of the Company 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 and Transfer**

The Company 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, SPW or the Company, 10% or more of the outstanding participating securities of SAM, SPW or the Company, or an interest of 10% or more in the total equity of the Company.

## PRIOR SALES

The following table sets forth the details regarding all issuances of Common Shares, including issuances of all securities convertible or exchangeable into Common Shares, during the 12 months prior to the date hereof:

| Date of Issue | Type of Security Issued | Number of Securities Issued | Issuance / Exercise Price Per Security |
|---|---|---|---|
| December 6, 2016(1) | Common Shares | 10,262 | $2.50 |
| January 11, 2017(2) | Common Shares | 61,729 | $2.16 |
| January 16, 2017(2) | Common Shares | 24,401 | $2.55 |
| March 27, 2017(1) | Common Shares | 10,896 | $2.32 |
| June 2, 2017(1) | Common Shares | 187,804 | $2.36 |

Notes:

(1) Common Shares issued under the Company's dividend reinvestment plan.
(2) Common Shares issued under the equity incentive plan for U.S. service providers of the Company and its affiliated entities.

## TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the TSX under the symbol "SII". The following table sets forth the high and low prices and the monthly aggregate trading volume of the Common Shares, as recorded by the TSX, for the periods indicated.

| Month | High | Low | Aggregate Trading Volume |
|---|---|---|---|
| June 2016 | $2.76 | $2.32 | 2,807,594 |
| July 2016 | $2.77 | $2.43 | 12,492,715 |
| August 2016 | $2.64 | $2.38 | 7,144,708 |
| September 2016 | $2.52 | $2.30 | 4,467,089 |
| October 2016 | $2.43 | $2.10 | 4,697,603 |
| November 2016 | $2.65 | $1.97 | 9,946,941 |
| December 2016 | $2.63 | $2.25 | 3,905,581 |
| January 2017 | $2.69 | $2.28 | 3,080,342 |
| February 2017 | $2.44 | $2.26 | 3,983,221 |
| March 2017 | $2.43 | $2.20 | 3,977,038 |

| Month | High | Low | Aggregate Trading Volume |
|---|---|---|---|
| April 2017 | $2.36 | $2.12 | 12,440,537 |
| May 2017 | $2.54 | $2.23 | 3,563,582 |
| June 1 - 7, 2017 | $2.43 | $2.28 | 2,062,302 |

## 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 Company's financial results, including the level of performance fees paid to the Company, and other factors it determines to be relevant at the time. The Company's dividend policy currently provides that the Board will declare, and the Company will pay, quarterly dividends on the Common Shares in the amount of $0.03 per Common Share. In addition, the Company expects that the Board will annually declare a special dividend on each of the Common Shares following receipt of performance fees, if any. The amount and timing of such special dividend, if any, will be determined by the Board in its sole discretion. All dividends are subject to declaration by the Board who will consider, among other things, the Company's risk adjusted capital and working capital requirements. There is no certainty that any such dividends will be declared or paid. Any dividend policy established by the Board can be changed at any time and such policy is not binding on the Company. The Company has confirmed that the Board has no current intention to change its dividend policy in response to the sale of the Offered Shares and the sale of Common Shares under the terms of the Private Placement or the Exempt Issuer Bid by the Selling Shareholder.

Approximately $345 million in capital has been returned to the Company's shareholders since its initial public offering. The following table sets forth the per share amount of cash dividends paid by the Company since the beginning of its most recently completed financial year.

| Quarter Ended | Record Date | Payment Date | Dividend per Common Share |
|---|---|---|---|
| March 31, 2017 | May 18, 2017 | June 2, 2017 | $0.03 |
| December 31, 2016 | March 10, 2017 | March 27, 2017 | $0.03 |
| September 30, 2016 | November 21, 2016 | December 6, 2016 | $0.03 |
| June 30, 2016 | August 23, 2016 | September 6, 2016 | $0.03 |
| March 31, 2016 | May 25, 2016 | June 8, 2016 | $0.03 |
| December 31, 2015 | March 22, 2016 | April 5, 2016 | $0.03 |

## CONSOLIDATED CAPITALIZATION

There have been no material changes to the share and loan capital of the Company, on a consolidated basis, since March 31, 2017 and no material change will occur as a result of the sale of the Offered Shares under the Secondary Offering. Upon completion of the Exempt Issuer Bid, the Company will cancel all of the Common Shares acquired thereunder.

## SELLING SHAREHOLDER

The Selling Shareholder under this Secondary Offering is 2176423 Ontario Ltd. As of the date of this Prospectus, the Selling Shareholder beneficially owns 61,498,078 Common Shares, representing approximately 24.72% of the issued and outstanding Common Shares.

Upon completion of the Secondary Offering, but before giving effect to the Over-Allotment Option, the Private Placement and the Exempt Issuer Bid, the Selling Shareholder will beneficially own 43,498,078 Common Shares, representing approximately 17.49% of the issued and outstanding Common Shares (approximately 16.40% if the Over-Allotment Option is exercised in full).

The following table sets forth information with respect to the ownership by the Selling Shareholder of Common Shares immediately prior to completion of the Secondary Offering and as adjusted to reflect the sale of the Offered Shares pursuant to the Secondary Offering:

| | | Common Shares Owned, Controlled or Directed Immediately Prior to Completion of the Secondary Offering | Common Shares to be Sold in the Secondary Offering | Common Shares Owned, Controlled or Directed After the Secondary Offering |
|---|---|---|---|---|
| **Selling Shareholder(1)(2)** | **Type of Ownership** | **Number and Percentage** | **Number** | **Number and Percentage** |
| 2176423 Ontario Ltd. | Of record and beneficial | 61,498,078<br>24.72% | 18,000,000 | 43,498,078<br>17.49% |

Notes:

(1) On a fully-diluted basis, the Selling Shareholder beneficially owns 61,498,078 Common Shares (24.72%) before the Secondary Offering and will beneficially own 43,498,078 Common Shares (17.49%) after the Secondary Offering (assuming no exercise of the Over-Allotment Option). After giving effect to the Over-Allotment Option, if exercised in full, on a fully-diluted basis, the Selling Shareholder will beneficially own 40,798,078 Common Shares (16.40%).

(2) On a fully-diluted basis, assuming completion of the Secondary Offering, the Private Placement and the Exempt Issuer Bid, the Selling Shareholder will beneficially own: (i) 30,998,078 Common Shares (12.72%) (assuming no exercise of the Over-Allotment Option); or (ii) 28,298,078 Common Shares (11.61%) after giving effect to the Over-Allotment Option, if exercised in full.

Eric Sprott beneficially owns or exercises control or direction over, directly or indirectly, all of the voting securities in the capital of the Selling Shareholder. Mr. Sprott also beneficially owns or exercises control or direction over, directly or indirectly, excluding through his holdings in the Selling Shareholder, 100,000 Common Shares, representing 0.04% of the issued and outstanding Common Shares. Mr. Sprott is the President, Secretary and a director of the Selling Shareholder.

Peter Grosskopf beneficially owns or exercises control or direction over, directly or indirectly, 6,239,425 Common Shares, representing 2.51% of the issued and outstanding Common Shares and 3,250,000 options to acquire Common Shares issued pursuant to his employment agreement with the Company. Mr. Grosskopf is the Chief Executive Officer and a director of the Company, and a senior officer of the Selling Shareholder. Mr. Grosskopf does not own or exercise control or direction over, directly or indirectly, any of the voting securities in the capital of the Selling Shareholder.

## PLAN OF DISTRIBUTION

Pursuant to the Underwriting Agreement, the Selling Shareholder has agreed to sell and the Underwriters have severally (and not jointly and severally) agreed to purchase on the Closing Date, the Offered Shares at the Offering Price, for aggregate gross consideration of $● payable in cash to the Selling Shareholder against delivery of the Offered Shares. The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events including, but not limited to, material changes, disasters and any material breach of the Underwriting Agreement. The Underwriters are, however, obligated to take up and pay for all of the Offered Shares if they are purchased under the Underwriting Agreement on the closing of the Secondary Offering and in any event not later than the date that is 42 days after the date of the receipt for the Final Prospectus. The obligations of the Underwriters are subject to certain closing conditions.

The Selling Shareholder has granted to the Underwriters the Over-Allotment Option, exercisable in whole or in part, at the sole discretion of the Underwriters, at any time not later than 30 days following the Closing Date to purchase from the Selling Shareholder up to an additional 2,700,000 Common Shares at the Offering Price on the same terms and conditions of the Secondary Offering to cover over-allotments, if any, and for market stabilization purposes. This Prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Common Shares offered upon the exercise of the Over-Allotment Option. A purchaser who acquires Common Shares forming part of the Underwriters' over-allocation position acquires such Common Shares under this Prospectus regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

The Offering Price was determined by negotiation between the Selling Shareholder and the Lead Underwriter, on its own behalf and on behalf of the Underwriters.

In consideration for their services in connection with the Secondary Offering and the Over-Allotment Option, the Selling Shareholder has agreed to pay the Underwriters a fee equal to $● per Offered Share. The Company will not receive any proceeds from the sale of the Offered Shares.

The Company and the Selling Shareholder have agreed to indemnify the Underwriters against certain liabilities and expenses, including liabilities under applicable Canadian securities legislation, or to contribute to payments the Underwriters may be required to make in respect of those liabilities.

The Company has agreed, until the date which is 90 days following the closing of the Secondary Offering, it will not, directly or indirectly, without the prior written consent of the Lead Underwriter, which consent shall not be unreasonably withheld or delayed, issue, offer, sell, negotiate or enter into any agreement to issue, sell, grant any option to purchase, transfer, assign or otherwise dispose of any Common Shares or any securities convertible into or exchangeable for Common Shares or otherwise transfer an economic interest in equity securities of the Company, or announce any intention to do any of the foregoing, except (i) in connection with the exchange, transfer, conversion or exercise rights of existing outstanding securities or existing commitments to issue securities; (ii) pursuant to any stock option plan or equity incentive plan of the Company; or (iii) as contemplated in this Prospectus.

In addition, the Selling Shareholder has agreed, until a date which is 180 days following the closing of the Secondary Offering, it will not, directly or indirectly, without the prior written consent of the Lead Underwriter, which consent shall not be unreasonably withheld or delayed, sell, negotiate or enter into any agreement to sell, grant any option to purchase, transfer, assign or otherwise dispose of any Common Shares or any securities convertible into or exchangeable for Common Shares or otherwise transfer an economic interest in equity securities of the Company, or announce any intention to do any of the foregoing, except in connection with: (i) the sale of the Common Shares to the Underwriters in accordance with the terms of the Underwriting Agreement; or (ii) the sale of Common Shares pursuant to the Private Placement or the Exempt Issuer Bid.

Furthermore, the Selling Shareholder has agreed, until a date which is 365 days following the closing of the Secondary Offering (provided Peter Grosskopf is the Chief Executive Officer of the Company), without prior written consent of the Company, which consent shall not be unreasonably withheld or delayed, sell negotiate or enter into any agreement to sell, grant any option to purchase, transfer, assign or otherwise dispose of any Common Shares or any securities convertible into or exchangeable for Common Shares or otherwise transfer an economic interest in equity securities of the Company, or announce any intention to do any of the foregoing, except in connection with: (i) the sale of the Common Shares to the Underwriters in accordance with the terms of the Underwriting Agreement; or (ii) the sale of Common Shares pursuant to the Private Placement or the Exempt Issuer Bid.

The Underwriters propose to offer the Offered Shares initially at the Offering Price. After the Underwriters have made a reasonable effort to sell all of the Offered Shares at the Offering Price, the offering price may be decreased and may be further changed from time to time to an amount not greater than the Offering Price, and the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Offered Shares is less than the gross proceeds paid by the Underwriters to the Selling Shareholder. Any such reduction of the Offering Price will not affect the proceeds received by the Selling Shareholder.

The Underwriters may not, throughout the period of distribution under this Prospectus, bid for or purchase the Common Shares. The foregoing restriction is subject to certain exceptions, on the condition that the bid or purchase not be engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market-making activities and a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of distribution. The Company has been advised by the Underwriters that, in connection with the Secondary Offering and subject to the foregoing, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares at a level other than that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

In the ordinary course of business, each of the Underwriters and/or its affiliates has provided and may provide in the future investment banking, commercial banking and other financial services to the Company and/or the Selling Shareholder and their respective affiliates for which it has received or will receive compensation.

In connection with the Secondary Offering, certain of the Underwriters or securities dealers may distribute prospectuses electronically.

Subscriptions for the Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

The Offered Shares will be offered in each of the provinces of Canada except for Quebec, through the Underwriters in such provinces. The Offered Shares have not been and will not be registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered, sold or delivered, directly or indirectly, in the United States except in accordance with the Underwriting Agreement and in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws. The Underwriters have agreed, and the Underwriting Agreement provides, that the Underwriters will only offer and sell the Offered Shares outside the United States in accordance with Regulation S under the U.S. Securities Act and in the United States, through their United States registered broker-dealer affiliates, to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act ("**Rule 144A**")) in accordance with Rule 144A, or to "accredited investors" (as defined in Regulation D under the U.S. Securities Act in accordance with Regulation D and similar exemptions under applicable U.S. state securities laws. This Prospectus does not constitute an offer to sell or a solicitation or an offer to buy any of the Offered Shares within the United States. In addition, until 40 days after the Closing Date, an offer or sale of the Offered Shares within the United States by any dealer (whether or not participating in the Secondary Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in reliance on an exemption from the registration requirements of the U.S. Securities Act. The Offered Shares sold in the United States will be "restricted securities" within the meaning of Rule 144 under the U.S. Securities Act.

This Prospectus and the Offered Shares are only made available in Australia to persons to whom an offer of securities can be made without disclosure in accordance with applicable exemptions in sections 708(8) (sophisticated investors) or 708(11) (professional investors) of the Australian Corporations Act 2001 (the "**Corporations Act**"). This document is not a prospectus, product disclosure statement or any other formal "disclosure document" for the purposes of Australian law and is not required to, and does not, contain all the information which would be required in a "disclosure document" under Australian law. This Prospectus has not been and will not be lodged or registered with the Australian Securities & Investments Commission or the Australian Securities Exchange and the Company is not subject to the continuous disclosure requirements that apply in Australia. Purchasers should not construe anything in this Prospectus as legal, business or tax advice nor as financial product advice for the purposes of Chapter 7 of the Corporations Act. Purchasers in Australia should be aware that the offer of the Offered Shares for resale in Australia within 12 months of their issue may, under section 707(3) of the Corporations Act, require disclosure to investors under Part 6D.2 if none of the exemptions in section 708 of the Corporations Act apply to the re-sale. Any purchaser in Australia will be taken to represent and warrant that if the purchaser (or any person for whom a purchaser is acquiring the Offered Shares) is in Australia, the purchaser (and any such person) is a "sophisticated investor" within the meaning of section 708(8) of the Corporations Act or a "professional investor" within the meaning of section 708(11) of the Corporations Act.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand) (the "**FMC Act**"). The Offered Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who: (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act; (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act; (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act; (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## RELATIONSHIP BETWEEN THE COMPANY AND TDSI

TDSI is an affiliate of a Canadian chartered bank which is a lender (the "**Lender**") to the Company under a credit facility. Accordingly, in connection with the Secondary Offering and pursuant to applicable securities legislation, the Company may be considered to be a "connected issuer" (as defined in National Instrument 33-105 – *Underwriting Conflicts*) of TDSI for the purpose of securities regulations in certain provinces and territories in Canada.

On March 27, 2017, SAM, a wholly-owned subsidiary of the Company, entered into a credit facility with a maximum availability of $35 million (the "**Credit Facility**") made available by an affiliate of TDSI. As of the date of this Prospectus, there is no outstanding balance under the Credit Facility. The Company is in compliance in all material respects with the terms of its indebtedness to the Lender under the Credit Facility, and the Lender has not waived any breach by the Company of such agreement since its execution.

The decision to distribute the Offered Shares and the determination of the terms of the Secondary Offering were made through negotiations between the Selling Shareholder and the Lead Underwriter, on its own behalf and on behalf of the other Underwriters. The Lender did not have any involvement in such decision or determination; however, the Lender has been advised of the Secondary Offering and the terms thereof. As a consequence of the Secondary Offering, the Underwriters will receive their respective share of the Underwriters' Fee payable by the Selling Shareholder to the Underwriters.

## ELIGIBILITY FOR INVESTMENT

In the opinion of Baker & McKenzie LLP, counsel to the Company and the Selling Shareholder and Borden Ladner Gervais LLP, counsel to the Underwriters, based on the provisions of the *Income Tax Act* (Canada) and the regulations thereunder (collectively, the "**Tax Act**") in force as of the date hereof, the Offered Shares will be a qualified investment under the Tax Act at the time of their acquisition by a trust governed by a registered retirement savings plan ("**RRSP**"), a registered retirement income fund ("**RRIF**"), a deferred profit sharing plan, a registered education savings plan, a registered disability savings plan, or a tax-free savings account ("**TFSA**"), each as defined in the Tax Act (each a "**Plan**") provided that, at the time of the acquisition by the Plan, the Offered Shares are listed on a "designated stock exchange" (which currently includes the TSX).

Notwithstanding that the Offered Shares may be a qualified investment for a trust governed by a TFSA, RRSP or RRIF, the holder of a TFSA or an annuitant of an RRSP or RRIF, as the case may be, will be subject to a penalty tax in respect of such Offered Shares held in the TFSA, RRSP or RRIF, if such Offered Shares are a "prohibited investment" within the meaning of the Tax Act. The Offered Shares will generally not be a "prohibited investment" provided that the holder of the TFSA or the annuitant under the RRSP or RRIF, as applicable, (i) deals at arm's length with the Company for purposes of the Tax Act, and (ii) does not have a "significant interest" within the meaning of the Tax Act in the Company. Prospective purchasers who intend to hold the Offered Shares in their TFSAs, RRSPs or RRIFs should consult their own tax advisors regarding their particular circumstances.

## ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

Messrs. Ronald Dewhurst, Marc Faber and Arthur Richards Rule IV, each a director of the Company, reside outside of Canada. Each of Messrs. Dewhurst, Faber and Rule has appointed the Company at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario M5J 2J1 as his agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

## TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is TSX Trust Company at its principal offices in Toronto, Ontario.

## AUDITORS

The auditors of the Company for the year ended December 31, 2016 are KPMG LLP, Chartered Professional Accountants and Licensed Public Accountants, Toronto Ontario, who are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of the Institute of Chartered Accountants of Ontario).

The auditors of the Company for the year ended December 31, 2015 are Ernst & Young LLP, Chartered Professional Accountants and Licensed Public Accountants, Toronto Ontario, who are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario (registered name of the Institute of Chartered Accountants of Ontario).

## LEGAL MATTERS

No person or company whose profession or business gives authority to a statement made by such person or company and who is named in this Prospectus as having prepared or certified a part of this Prospectus, or a report or valuation described in this Prospectus has received or shall receive a direct or indirect interest in the property of the Company or any associate or affiliate of the Company.

Certain legal matters relating to the Secondary Offering will be passed upon on behalf of the Company and the Selling Shareholder by Baker & McKenzie LLP and on behalf of the Underwriters by Borden Ladner Gervais LLP. As of the date of this Prospectus, the "designated professionals" (as such term is defined in Form 51-102F2 - *Annual Information Form*) of Baker & McKenzie LLP and Borden Ladner Gervais LLP, respectively, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding Common Shares.

## STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to the applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or should consult with a legal advisor.

## CERTIFICATE OF THE COMPANY

Dated: June 8, 2017

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of all of the provinces of Canada except for Quebec.

**SPROTT INC.**

| | |
|---|---|
| (Signed) PETER GROSSKOPF<br>Chief Executive Officer | (Signed) KEVIN HIBBERT<br>Chief Financial Officer |

On behalf of the Board of Directors

| | |
|---|---|
| (Signed) SHARON RANSON<br>Director | (Signed) JAMES RODDY<br>Director |

## CERTIFICATE OF THE UNDERWRITERS

Dated: June 8, 2017

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of all of the provinces of Canada except for Quebec.

TD SECURITIES INC.

By: (Signed) Alan Polak
Managing Director