

Consolidated Financial Statements

Year ended December 31, 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 year ended December 31, 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 (the "Board of Directors") of the Company appoints the Company's audit and risk committee (the "Audit & Risk 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 27, 2020



KPMG LLP
Chartered Professional Accountants
Bay Adelaide Centre
Suite 4600
333 Bay Street
Toronto, ON M5H 2S5

Telephone (416) 777-8500
Fax (416) 777-8818
www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Sprott Inc.

Opinion

We have audited the consolidated financial statements of Sprott Inc. (the "Company"), which comprise:

- the consolidated balance sheets as at December 31, 2019 and 2018;
- the consolidated statements of operations and comprehensive income for the years then ended;
- the consolidated statements of changes in shareholders' equity for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- and notes to the consolidated financial statements, including a summary of significant accounting policies.

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Annual Report 2019".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions and the "Annual Report 2019" as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represents the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is James Loewen.

February 27, 2020
Toronto, Canada

CONSOLIDATED BALANCE SHEETS

As at (In thousands of Canadian dollars)		Dec. 31 2019	Dec. 31 2018
Assets			
Current			
Cash and cash equivalents		71,495	47,252
Fees receivable		11,338	8,635
Loans receivable	(Note 6)	—	15,275
Proprietary investments	(Notes 3 and 10)	22,847	26,711
Other assets	(Note 7)	16,951	10,774
Income taxes recoverable		1,879	2,379
Total current assets		124,510	111,026
Loans receivable	(Note 6)	—	20,746
Long-term investments	(Note 3)	97,300	102,560
Other assets	(Note 7)	1,780	1,214
Property and equipment, net	(Note 4)	21,195	12,334
Intangible assets	(Note 5)	148,975	148,324
Goodwill	(Note 5)	25,006	26,115
Deferred income taxes	(Note 9)	5,578	5,896
		299,834	317,189
Total assets		424,344	428,215
Liabilities and Shareholders' Equity			
Current			
Accounts payable and accrued liabilities		30,843	41,641
Compensation payable		9,027	9,466
Obligations related to securities sold short	(Notes 3 and 10)	—	255
Loan facility	(Note 15)	5,000	—
Income taxes payable		1,054	607
Total current liabilities		45,924	51,969
Other accrued liabilities		5,546	—
Loan facility	(Note 15)	15,000	—
Deferred income taxes	(Note 9)	3,152	3,125
Total liabilities		69,622	55,094
Shareholders' equity			
Capital stock	(Note 8)	413,114	412,938
Contributed surplus	(Note 8)	43,672	43,383
Deficit		(134,104)	(117,201)
Accumulated other comprehensive income		32,040	34,001
Total shareholders' equity		354,722	373,121
Total liabilities and shareholders' equity		424,344	428,215
Commitments and provisions	(Notes 16 and 17)		

The accompanying notes form part of the consolidated financial statements

"Ron Dewhurst"
Director

"Sharon Ranson, FCPA, FCA"
Director

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	<i>For the years ended</i>	
	Dec. 31	Dec. 31
<i>(In thousands of Canadian dollars, except for per share amounts)</i>	2019	2018
Revenues		
Management fees	54,957	55,519
Carried interest and performance fees	2,391	1,802
Commissions	25,522	27,360
Finance income	15,170	15,427
Gain (loss) on net investments (Note 3)	(1,401)	(2,942)
Other income (loss) (Note 7)	(438)	12,103
Total revenue	96,201	109,269
Expenses		
Compensation	39,596	40,072
Stock-based compensation (Note 8)	7,149	12,358
Trailer and sub-advisor fees	1,429	179
Placement and referral fees	1,136	943
Selling, general and administrative	16,556	17,066
Interest expense	1,373	419
Amortization of intangibles (Note 5)	1,167	1,431
Amortization of property and equipment (Note 4)	3,866	768
Other expenses (Note 7)	6,778	3,376
Total expenses	79,050	76,612
Income before income taxes for the period	17,151	32,657
Provision (recovery) for income taxes (Note 9)	3,619	1,278
Net income for the period	13,532	31,379
Basic earnings per share (Note 8)	\$ 0.06	\$ 0.13
Diluted earnings per share (Note 8)	\$ 0.05	\$ 0.12
Net income for the period	13,532	31,379
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation gain (loss) on foreign operations (taxes of \$Nil)	(1,961)	4,328
Total other comprehensive income (loss)	(1,961)	4,328
Comprehensive income	11,571	35,707

The accompanying notes form part of the consolidated financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(In thousands of Canadian dollars, other than number of shares)</i>		Number of Shares Outstanding	Capital Stock	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total Equity
At Dec. 31, 2018		243,062,337	412,938	43,383	(117,201)	34,001	373,121
Shares acquired for equity incentive plan	<i>(Note 8)</i>	(1,826,124)	(6,479)	—	—	—	(6,479)
Shares released on vesting of equity incentive plan	<i>(Note 8)</i>	2,803,998	6,535	(6,535)	—	—	—
Shares acquired and canceled under normal course issuer bid	<i>(Note 8)</i>	(740,600)	(2,266)	—	—	—	(2,266)
Foreign currency translation loss on foreign operations		—	—	—	—	(1,961)	(1,961)
Stock-based compensation	<i>(Note 8)</i>	—	—	7,149	—	—	7,149
Issuance of share capital on conversion of RSUs and other share based considerations	<i>(Note 8)</i>	815,289	2,191	(325)	—	—	1,866
Dividends declared	<i>(Note 12)</i>	61,519	195	—	(30,435)	—	(30,240)
Net income		—	—	—	13,532	—	13,532
Balance, Dec. 31, 2019		244,176,419	413,114	43,672	(134,104)	32,040	354,722
At Dec. 31, 2017		234,098,634	392,556	39,907	(118,272)	29,673	343,864
IFRS 9 transition adjustment		—	—	—	(50)	—	(50)
Shares acquired for equity incentive plan		(2,402,500)	(7,161)	—	—	—	(7,161)
Shares released on vesting of equity incentive plan		2,836,201	6,446	(6,446)	—	—	—
Shares released on exercise of stock option plan		558,048	1,217	(1,217)	—	—	—
Foreign currency translation loss on foreign operations		—	—	—	—	4,328	4,328
Issuance of share capital on purchase of management contracts		6,997,387	17,284	—	—	—	17,284
Stock-based compensation		—	—	12,358	—	—	12,358
Issuance of share capital on conversion of RSUs and other share based considerations		635,939	1,581	(1,219)	—	—	362
Dividends declared		338,628	1,015	—	(30,258)	—	(29,243)
Net income		—	—	—	31,379	—	31,379
Balance, Dec. 31, 2018		243,062,337	412,938	43,383	(117,201)	34,001	373,121

The accompanying notes form part of the consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>For the years ended</i>	
	Dec. 31 2019	Dec. 31 2018
<i>(In thousands of Canadian dollars)</i>		
Operating Activities		
Net income for the period	13,532	31,379
Add (deduct) non-cash items:		
Loss (gain) on net proprietary investments	1,401	2,942
Stock-based compensation	7,149	12,358
Amortization of property, equipment and intangible assets	5,033	2,199
Current portion of lease liability	(2,133)	—
Deferred income tax recovery	303	1,022
Current income tax expense	3,316	256
Other items	172	(435)
Income taxes paid	(2,437)	(3,852)
Changes in:		
Fees receivable	(2,703)	5,141
Loans receivable	36,021	12,652
Other assets	(6,743)	12,621
Accounts payable, accrued liabilities and compensation payable	(11,237)	14,728
Cash provided by operating activities	41,674	91,011
Investing Activities		
Purchase of investments	(45,383)	(79,267)
Sale of investments	50,370	37,077
Purchase of property and equipment	(2,952)	(7,805)
Purchase of intangible assets	—	(115,719)
Cash provided by (used in) investing activities	2,035	(165,714)
Financing Activities		
Acquisition of common shares for equity incentive plan	(6,479)	(7,161)
Acquisition of common shares under normal course issuer bid	(2,266)	—
Net advances from loan facility	20,000	—
Dividends paid	(30,240)	(29,243)
Cash provided by (used in) financing activities	(18,985)	(36,404)
Effect of foreign exchange on cash balances	(481)	2,239
Net increase (decrease) in cash and cash equivalents during the year	24,243	(108,868)
Cash and cash equivalents, beginning of the year	47,252	156,120
Cash and cash equivalents, end of the year	71,495	47,252
Cash and cash equivalents:		
Cash	66,240	41,999
Short-term deposits	5,255	5,253
	71,495	47,252
Supplementary disclosure of cash flow information		
Amount of interest received during the year	5,301	8,689

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, 2019 and 2018 ("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 27, 2020 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 Canadian 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.

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 Consulting LP ("SC");
- 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");
- 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.

Proprietary investments

Proprietary investments are investments held with the primary intention of short-term liquidity and capital management.

Long-term investments

Long-term investments are investments held for strategic purposes rather than for short-term liquidity and capital management purposes. Long-term investments classification reflects strategic positions held with the intention of seeding and building the next generation of investment products and services consistent with the long-term strategic objectives of the Company. These investments primarily include co-investments in strategically important investment funds, joint-venture interests or equity stakes in other entities.

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

Both Proprietary investments and Long-term investments include public equities, share purchase warrants, fixed income securities, mutual fund and alternative investment strategies, co-investments in funds and private holdings. 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 net 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 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.

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.

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.

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 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.

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.

Leases

Changes in accounting policies

The Company adopted IFRS 16 *Leases* ("IFRS 16") during the year. As permitted by the transition provisions of IFRS 16, the Company applied a modified retrospective approach. Accordingly, the Company elected not to restate comparative period results and there was no impact to opening retained earnings. Below is a summary of the IFRS 16 impacts.

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. Upon transition to IFRS 16, a right-to-use asset and lease liability of \$9.8 million were recorded. The right-to-use asset is presented on the property and equipment line of the consolidated balance sheet and the short and long-term portions of the lease liability are presented on 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 for short-term leases under 12 months and low-value assets such as IT equipment, with lease payments being expensed as they are occurred.

Prior to the adoption of IFRS 16, the Company classified its lease obligation as operating leases, with the lease payments being presented within the selling, general and administrative line of the consolidated statements of operations. Upon transition to IFRS 16, the right-to-use asset is amortized on a straight-line basis over the term of the lease with the amortization expense being presented on the amortization of property and equipment line of the consolidated statements of operations. The lease liability is subsequently remeasured at amortized cost using the effective interest rate method, with the interest charge on the incremental borrowing rate being presented on the interest expense line of the consolidated statements of operations.

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. The use of unobservable inputs can involve significant judgment and materially affect the reported fair value of financial instruments.

Expected credit loss

Due to the nature of provisions, a considerable part of their determination is based on estimates and judgments, including assumptions concerning the likelihood of future events occurring. The actual outcome of these uncertain events may be materially different from provisions recorded on the Company's financial statements. With regard to loan impairments, management exercises judgment to determine the expected credit loss, the probability of default and loss given default.

Share-based payments

The Company measures the cost of share-based payments to employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including (in the case of options grants) the expected life of the option, volatility, and dividend yields, (and in the case of performance-based equity grants), the probability of a subsidiary or executive attaining certain performance targets, the future stock price of the Company and the future employment of senior employees.

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: (i) changes in tax laws and regulations, both domestic and foreign; (ii) an amendment to the calculation of partnership income allocation; or (iii) 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.

3 PROPRIETARY INVESTMENTS, OBLIGATIONS RELATED TO SECURITIES SOLD SHORT AND LONG-TERM INVESTMENTS

Proprietary investments and Obligations related to securities sold short

Consist of the following (in thousands \$):

	Classification and measurement criteria	Dec. 31, 2019	Dec. 31, 2018
Public equities and share purchase warrants	FVTPL	13,738	19,066
Fixed income securities	FVTPL	5,511	2,796
Private holdings:			
- Private investments	FVTPL	2,434	2,830
- Energy contracts	Non-financial instrument	1,164	2,019
Total proprietary investments		22,847	26,711
Obligations related to securities sold short	FVTPL	—	255

Long-term investments

Consists of the following (in thousands \$):

	Classification and measurement criteria	Dec. 31, 2019	Dec. 31, 2018
Co-investments in funds	FVTPL	72,602	77,615
Private holdings			
- Private investments	FVTPL	24,698	24,945
Total long-term investments		97,300	102,560

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

4 PROPERTY AND EQUIPMENT

Consist of the following (in thousands \$):

	Artwork	Furniture and fixtures	Computer hardware and software	Right of use assets and Leasehold improvements	Total
Cost					
At December 31, 2017	2,996	3,148	2,619	3,939	12,702
Disposal on Sale Transaction	—	(28)	(54)	(28)	(110)
Additions	6,605	2	946	252	7,805
Net exchange differences	—	44	53	34	131
At December 31, 2018	9,601	3,166	3,564	4,197	20,528
Additions	—	146	—	12,679	12,825
Net exchange differences	—	(12)	(30)	(139)	(181)
At December 31, 2019	9,601	3,300	3,534	16,737	33,172
Accumulated amortization					
At December 31, 2017	—	(3,077)	(2,564)	(1,762)	(7,403)
Disposal on Sale Transaction	—	28	44	18	90
Charge for the year	—	(27)	(297)	(444)	(768)
Net exchange differences	—	(44)	(46)	(23)	(113)
At December 31, 2018	—	(3,120)	(2,863)	(2,211)	(8,194)
Charge for the year	—	(58)	(442)	(3,366)	(3,866)
Net exchange differences	—	41	27	15	83
At December 31, 2019	—	(3,137)	(3,278)	(5,562)	(11,977)
Net book value at:					
December 31, 2018	9,601	46	701	1,986	12,334
December 31, 2019	9,601	163	256	11,175	21,195

5 GOODWILL AND INTANGIBLE ASSETS

Consist of the following (in thousands \$):

	Goodwill	Fund management contracts (indefinite life)	Fund management contracts (finite life)	Total
Cost				
At December 31, 2017	166,882	—	47,416	214,298
Additions	—	133,303	—	133,303
Net exchange differences	13,482	—	—	13,482
At December 31, 2018	180,364	133,303	47,416	361,083
Additions	—	1,830	—	1,830
Net exchange differences	(7,142)	(12)	—	(7,154)
At December 31, 2019	173,222	135,121	47,416	355,759
Accumulated amortization				
At December 31, 2017	(142,859)	—	(30,964)	(173,823)
Amortization charge for the period	—	—	(1,431)	(1,431)
Net exchange differences	(11,390)	—	—	(11,390)
At December 31, 2018	(154,249)	—	(32,395)	(186,644)
Amortization charge for the period	—	—	(1,167)	(1,167)
Net exchange differences	6,033	—	—	6,033
At December 31, 2019	(148,216)	—	(33,562)	(181,778)
Net book value at:				
December 31, 2018	26,115	133,303	15,021	174,439
December 31, 2019	25,006	135,121	13,854	173,981

Impairment assessment of goodwill

Previously, the Company reported seven cash generating units ("CGU") for goodwill impairment assessment and testing purposes:

- Exchange Listed Products
- Alternative Asset Management
- Global
- Lending
- Consulting
- Merchant Banking & Advisory
- Corporate

During the first quarter of 2019, as the Company completed the reorganization of its reportable segments, the assets that were previously aggregated to create the global CGU no longer met the requirements of a CGU as they no longer generated independent cash flows. As a result, these assets were disaggregated from the global CGU, and were reallocated to existing CGUs with similar assets that generate largely independent cash flows (brokerage assets within the brokerage CGU and fixed term LP assets within the managed equities CGU). The Company CGUs are now as follows:

- Exchange Listed Products
- Lending
- Managed Equities
- Brokerage
- Corporate

As at December 31, 2019, the Company had allocated \$25 million (December 31, 2018 - \$26.1 million) of goodwill on a relative value approach basis to the exchange listed products and managed equities CGUs (previously called the alternative asset management CGU).

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 CGU or the managed equities CGU.

Impairment assessment of indefinite life fund management contracts

As at December 31, 2019, the Company had an exchange listed fund management contract within the exchange listed products CGU of \$135.1 million related to Central Fund of Canada (December 31, 2018 - \$133.3 million). The addition during the year was for integration costs. There was no impairment as at December 31, 2019.

Impairment assessment of finite life fund management contracts

As at December 31, 2019, the Company had exchange listed fund management contracts within the exchange listed products CGU of \$13.9 million (December 31, 2018 - \$15 million). There was no impairment as at December 31, 2019.

6 LOANS RECEIVABLE

Components of loans receivable

Loans are reported at their amortized cost using the effective interest method. Loans are reported net of any expected credit loss provisions on the expected credit loss provisions line of the consolidated statements of operations. Total carrying value consists of the following (in thousands \$):

	Dec. 31, 2019	Dec. 31, 2018
Loans		
Loan principal	—	37,873
Accrued interest	—	14
Deferred revenue	—	(1,816)
Amortized cost	—	36,071
Expected credit loss provision	—	(50)
Less: current portion	—	(15,275)
Total carrying value of non-current loans receivable	—	20,746

Expected credit losses ("ECL")

When a loan is classified as impaired, the original expected timing and amount of future cash flows may be revised to reflect new circumstances. These revised cash flows are discounted using the original effective interest rate to determine the net realizable value of the loan. Finance income is thereafter recognized on this net realizable value using the original effective interest rate. Additional changes to the amount or timing of future cash flows could result in further losses, or the reversal of previous losses, which would also impact the amount of subsequent finance income recognized.

At each reporting date, the Company performs a comprehensive review of each loan measured at amortized cost in its portfolio to determine the requirements for an ECL provision. As at December 31, 2019, the Company had no loans measured at amortized cost.

Finance income on impaired loans and the changes in expected credit loss provisions are as follows (in thousands \$):

	For the years ended	
	Dec. 31, 2019	Dec. 31, 2018
Interest on impaired loans	—	—
Expected credit loss provisions		
Balance, beginning of the year	50	—
Transition adjustment	—	50
Revised balance, beginning of the year	50	50
Expected credit loss provision (recovery)	(50)	—
Net exchange differences	—	—
Balance, end of period	—	50

Sector distribution of loan principal

Distribution of the Company's outstanding loan principal balances by sector:

	Dec. 31, 2019		Dec. 31, 2018	
	Number of Loans	(in thousands \$)	Number of Loans	(in thousands \$)
Loans				
Metals and mining	—	—	1	34,931
Energy and other	—	—	2	2,942
Total loan principal	—	—	3	37,873

Geographic distribution of loan principal

Distribution of the Company's outstanding loan principal balances by geographic location of the underlying security:

	Dec. 31, 2019		Dec. 31, 2018	
	Number of Loans	(in thousands \$)	Number of Loans	(in thousands \$)
Loans				
Canada	—	—	1	1,578
United States of America	—	—	2	36,295
Total loan principal	—	—	3	37,873

7 OTHER ASSETS, INCOME AND EXPENSES

Other assets

Consist of the following (in thousands \$):

	Dec. 31, 2019	Dec. 31, 2018
Fund recoveries and investment receivables	7,772	4,722
Deferred Tocqueville acquisition costs ⁽¹⁾	2,358	—
Prepaid expenses	5,687	5,369
Other ⁽²⁾	2,914	1,897
Total Other assets	18,731	11,988

⁽¹⁾ Includes legal, proxy and investor relations costs.

⁽²⁾ Other includes miscellaneous third-party receivables.

Other income (loss)

Consist of the following (in thousands \$):

	For the years ended	
	Dec. 31, 2019	Dec. 31, 2018
Net proceeds from sale transaction ⁽¹⁾	—	4,200
Other investment income ⁽²⁾	826	4,417
Foreign exchange gain (losses)	(1,960)	2,310
Total Other income (loss)⁽³⁾	(1,134)	10,927

⁽¹⁾ Gross proceeds of \$5.0 million, net of transaction costs of \$0.8 million. This relates to the January 29, 2018 closing of the sale of our non-core private wealth client business.

⁽²⁾ Primarily includes investment fund income, syndication and trailer fee income.

⁽³⁾ Excludes royalty income of \$0.7 million on a twelve month ended basis (December 31, 2018 - \$1.2 million), which is presented net of operating, depletion and impairment charges below.

Other expenses

Consist of the following (in thousands \$):

	For the years ended	
	Dec. 31, 2019	Dec. 31, 2018
Costs (recoveries) related to energy assets ⁽¹⁾	756	(28)
Other ⁽²⁾	5,326	2,228
Total Other expenses	6,082	2,200

⁽¹⁾ Includes operating, depletion and impairment charges, net of royalty income of \$0.7 million on a twelve month ended basis (December 31, 2018 - \$1.2 million).

⁽²⁾ Includes non-recurring professional fees and transaction costs.

8 SHAREHOLDERS' EQUITY

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, 2017	234,098,634	392,556
Issuance of share capital under dividend reinvestment program	338,628	1,015
Issuance of share capital on purchase of management contracts	6,997,387	17,284
Released on exercise of stock option plan	558,048	1,217
Issuance of share capital on conversion of RSUs	635,939	1,581
Acquired for equity incentive plan	(2,402,500)	(7,161)
Released on vesting of equity incentive plan	2,836,201	6,446
At Dec. 31, 2018	243,062,337	412,938
Issuance of share capital under dividend reinvestment program	61,519	195
Issuance of share capital on conversion of RSUs and other share based considerations	815,289	2,191
Acquired for equity incentive plan	(1,826,124)	(6,479)
Acquired and cancelled under normal course issuer bid	(740,600)	(2,266)
Released on vesting of equity incentive plan	2,803,998	6,535
At Dec. 31, 2019	244,176,419	413,114

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, 2017	39,907
Expensing of Stock-based compensation over the vesting period	12,358
Issuance of share capital on conversion of RSUs	(1,219)
Released on exercise of stock option plan	(1,217)
Released on vesting of common shares for equity incentive plan	(6,446)
At Dec. 31, 2018	43,383
Expensing of Stock-based compensation over the vesting period	7,149
Issuance of share capital on conversion of RSUs and other share based considerations	(325)
Released on vesting of common shares for equity incentive plan	(6,535)
At Dec. 31, 2019	43,672

Stock option plan

The Company has an option plan (the "Plan") intended to provide incentives to directors, officers, employees and consultants 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 no stock options issued for the twelve months ended December 31, 2019 (twelve months ended December 31, 2018 - 750,000). There were no options exercised for the year ended December 31, 2019 (year ended December 31, 2018 - 2,000,000 options).

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 (in thousands)	Weighted average exercise price (\$)
Options outstanding, December 31, 2017	6,975	5.14
Options exercisable, December 31, 2017	5,625	5.79
Options issued	750	2.33
Options exercised	(2,000)	2.33
Options expired	(2,450)	10.00
Options outstanding, December 31, 2018	3,275	2.57
Options exercisable, December 31, 2018	1,875	2.70
Options outstanding, December 31, 2019	3,275	2.57
Options exercisable, December 31, 2019	2,575	2.60

Options outstanding and exercisable as at December 31, 2019 are as follows:

Exercise price (\$)	Number of outstanding options (in thousands)	Weighted average remaining contractual life (years)	Number of options exercisable (in thousands)
6.60	150	0.9	150
2.33	3,000	6.1	2,300
2.73	125	6.4	125
2.33 to 6.60	3,275	5.9	2,575

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 699,549 RSUs granted during the twelve months ended December 31, 2019 (twelve months ended December 31, 2018 - 2,396,538). The Trust purchased 1.8 million shares in the year ended December 31, 2019 (year ended December 31, 2018 - 2.4 million shares).

	Number of common shares
Common shares held by the Trust, December 31, 2017	10,365,957
Acquired	2,402,500
Released on vesting	(2,836,201)
Unvested common shares held by the Trust, December 31, 2018	9,932,256
Acquired	1,826,124
Released on vesting	(2,803,998)
Unvested common shares held by the Trust, December 31, 2019	8,954,382

The table below provides a breakdown of the share-based compensation expense and the corresponding increase to contributed surplus:

	For the years ended	
	Dec. 31, 2019	Dec. 31, 2018
Stock option plan	247	424
EPSP / EIP	6,902	11,934
	7,149	12,358

Basic and diluted earnings per share

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

	For the years ended	
	Dec. 31, 2019	Dec. 31, 2018
Numerator (in thousands \$):		
Net income (loss) - basic and diluted	13,532	31,379
Denominator (Number of shares in thousands):		
Weighted average number of common shares	253,568	251,848
Weighted average number of unvested shares purchased by the Trust	(9,691)	(11,656)
Weighted average number of common shares - basic	243,877	240,192
Weighted average number of dilutive stock options	3,125	3,125
Weighted average number of unvested shares purchased by the Trust	9,691	11,656
Weighted average number of common shares - diluted	256,693	254,973
Net income per common share		
Basic	\$ 0.06	\$ 0.13
Diluted	\$ 0.05	\$ 0.12

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, 2019 and 2018, 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, 2019	Dec. 31, 2018
<i>Current income tax expense (recovery)</i>		
Based on taxable income of the current period	3,163	393
Other	153	(137)
	3,316	256
<i>Deferred income tax expense (recovery)</i>		
Total deferred income tax expense	303	1,022
Income tax expense reported in the consolidated statements of operations	3,619	1,278

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, 2019	Dec. 31, 2018
Income before income taxes	17,151	32,657
Tax calculated at domestic tax rates applicable to profits in the respective countries	4,545	8,631
Tax effects of:		
Non-deductible stock-based compensation	139	153
Non-taxable capital (gains) and losses	(62)	(559)
Intangibles	115	(388)
Adjustments in respect of previous periods	153	(137)
Other temporary differences not benefited	(11)	(279)
Non-capital losses not benefited previously	(1,844)	(6,680)
Rate differences and other	584	537
Tax charge	3,619	1,278

The weighted average statutory tax rate was 26.5% (December 31, 2018 - 26.4%). The Company has \$7 million of capital tax losses from prior years that will begin to expire in 2020. The benefit of these capital losses has not been recognized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2019 and 2018

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, 2019

	Dec. 31, 2018	Recognized in income	Recognized in other comprehensive income	Dec. 31, 2019
Deferred income tax assets				
Stock-based compensation	4,300	998	—	5,298
Non-capital losses	5,018	(495)	(42)	4,481
Unrealized losses	386	803	—	1,189
Other	513	(190)	—	323
Total deferred income tax assets	10,217	1,116	(42)	11,291
Deferred income tax liabilities				
Fund management contracts	7,317	1,873	—	9,190
Proceeds receivable	70	(70)	—	—
Other	59	(384)	—	(325)
Total deferred income tax liabilities	7,446	1,419	—	8,865
Net deferred income tax assets	2,771	(303)	(42)	2,426

For the year ended December 31, 2018

	Dec. 31, 2017	Recognized in income	Recognized in other comprehensive income	Dec. 31, 2018
Deferred income tax assets				
Other stock-based compensation	2,588	1,712	—	4,300
Non-capital losses	820	4,185	13	5,018
Unrealized losses	481	(95)	—	386
Other	485	28	—	513
Total deferred income tax assets	4,374	5,830	13	10,217
Deferred income tax liabilities				
Fund management contracts	431	6,886	—	7,317
Proceeds receivable	279	(209)	—	70
Other	(116)	175	—	59
Total deferred income tax liabilities	594	6,852	—	7,446
Net deferred income tax assets	3,780	(1,022)	13	2,771

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, 2019 and 2018 (in thousands \$).

Proprietary Investments

Dec. 31, 2019	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	9,843	3,895	—	13,738
Fixed income securities	—	4,511	1,000	5,511
Private holdings	—	—	2,434	2,434
Total net recurring fair value measurements	9,843	8,406	3,434	21,683

Dec. 31, 2018	Level 1	Level 2	Level 3	Total
Public equities and share purchase warrants	13,680	5,386	—	19,066
Fixed income securities	—	1,796	1,000	2,796
Private holdings	—	—	2,830	2,830
Obligations related to securities sold short	(255)	—	—	(255)
Total net recurring fair value measurements	13,425	7,182	3,830	24,437

Long-term investments

Dec. 31, 2019	Level 1	Level 2	Level 3	Total
Co-investments in funds	—	66,686	5,916	72,602
Private holdings	—	—	24,698	24,698
Total net recurring fair value measurements	—	66,686	30,614	97,300

Dec. 31, 2018	Level 1	Level 2	Level 3	Total
Co-investments in funds	—	72,739	4,876	77,615
Private holdings	—	—	24,945	24,945
Total net recurring fair value measurements	—	72,739	29,821	102,560

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

Proprietary Investments

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	2,830	45	(57)	(384)	2,434
Fixed income securities	1,000	—	—	—	1,000
	3,830	45	(57)	(384)	3,434

Changes in the fair value of Level 3 measurements - Dec. 31, 2018					
	Dec. 31, 2017	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Dec. 31, 2018
Private holdings	4,269	2,135	(3,680)	106	2,830
Fixed income securities	—	1,000	—	—	1,000
	4,269	3,135	(3,680)	106	3,830

Long-term investments

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	24,945	3,424	—	(3,671)	24,698
Co-investments in funds	4,876	1,587	—	(547)	5,916
	29,821	5,011	—	(4,218)	30,614

Changes in the fair value of Level 3 measurements - Dec. 31, 2018					
	Dec. 31, 2017	Purchases and reclassifications	Settlements	Net unrealized gains (losses) included in net income	Dec. 31, 2018
Private holdings	8,884	11,678	—	4,383	24,945
Co-investments in funds	3,268	1,467	—	141	4,876
	12,152	13,145	—	4,524	29,821

During the year ended December 31, 2019, the Company transferred public equities of \$3.6 million (December 31, 2018 - \$0.7 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, 2019, the Company purchased level 3 investments of \$5.1 million (December 31, 2018 - \$16.3 million). For the year ended December 31, 2019, the Company transferred \$0.1 million (December 31, 2018 - \$Nil) from Level 3 to Level 1 within the fair value hierarchy.

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.
Co-investments in 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	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, co-investment in 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 \$1.2 million (December 31, 2018 - \$1.2 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 due to their short term maturity.

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 \$):

	<i>For the years ended</i>	
	Dec. 31, 2019	Dec. 31, 2018
Fixed salaries and benefits	2,845	3,186
Variable incentive-based compensation	4,494	4,976
Share-based compensation	2,215	4,344
	9,554	12,506

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 123,497 DSUs issued during the year (December 31, 2018 - 123,660).

12 DIVIDENDS

The following dividends were declared by the Company during the year ended December 31, 2019:

Record date	Payment Date	Cash dividend per share (\$)	Total dividend amount (in thousands \$)
March 08, 2019 - Regular Dividend Q4 - 2018	March 25, 2019	0.03	7,602
May 21, 2019 - Regular Dividend Q1 - 2019	June 5, 2019	0.03	7,605
August 19, 2019 - Regular Dividend Q2 - 2019	September 3, 2019	0.03	7,614
November 18, 2019 - Regular Dividend Q3 - 2019	December 3, 2019	0.03	7,614
Dividends ⁽¹⁾			30,435

⁽¹⁾ Subsequent to year-end, on February 27, 2020, a regular dividend of \$0.03 per common share was declared for the quarter ended December 31, 2019. This dividend is payable on March 24, 2020 to shareholders of record at the close of business on March 9, 2020.

13 RISK MANAGEMENT ACTIVITIES

The Company's exposure to market, credit, liquidity and concentration risk is 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 proprietary investments and long-term investments will result in changes in carrying value. If the market values of proprietary investments and long-term 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 \$5.9 million for the year (December 31, 2018 - \$6.4 million). For more details about the Company's proprietary investments and long-term investments, refer to Note 3.

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, 2019, the Company had \$5.5 million of fixed income securities (December 31, 2018 - \$2.8 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 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, 2019, approximately \$96.3 million (December 31, 2018 - \$103.3 million) of total Canadian assets were invested in proprietary investments priced in USD. A total of \$38.8 million (December 31, 2018 - \$17.3 million) of cash, \$7.4 million (December 31, 2018 - \$1.3 million) of accounts receivable, \$Nil (December 31, 2018 - \$34.5 million) of loans receivable and \$4.8 million (December 31, 2018 - \$2.6 million) of other assets were denominated in USD. As at December 31, 2019, 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 \$7.4 million for the year (December 31, 2018 - \$7.9 million) and there would be \$Nil impact to other comprehensive income (December 31, 2018 - \$Nil).

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, 2019 had no exposure to credit risk via on-balance sheet loans of SRLC (December 31, 2018 - \$36 million). 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, 2019 and 2018, the Company's most significant proprietary investments counterparty was National Bank Correspondent Network Inc. ("NBCN"), the carrying broker of SCP, which also acts as a custodian for most of the Company's proprietary investments. NBCN 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, 2019 and 2018, 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 \$90 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, 2019, the Company had \$71.5 million or 17% (December 31, 2018 - \$47.3 or 11%) of its total assets in cash and cash equivalents. In addition, approximately \$13.7 million or 14% (December 31, 2018 - \$19.1 million or 19%) 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, 2019, the Company had \$8.6 million in co-investment commitments from the Lending segment (December 31, 2018 - \$38.7 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 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.

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;
- **Lending** (reportable), which provides lending activities through limited partnership vehicles as well as through direct lending activities using the Company's balance sheet;
- **Managed Equities** (reportable), which provides asset management and sub-advisory services to the Company's branded funds, fixed-term LPs and managed accounts;
- **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, 2019

	Exchange Listed Products	Lending	Managed Equities	Brokerage	Corporate	Elimination and all other segments	Consolidated
Total revenue	31,666	18,110	18,707	28,123	(2,736)	2,331	96,201
Total expenses	11,433	9,465	10,869	27,124	13,848	6,311	79,050
Pre-tax Income (loss)	20,233	8,645	7,838	999	(16,584)	(3,980)	17,151
Adjusted base EBITDA	23,863	14,236	4,201	4,413	(9,674)	1,427	38,466

For the year ended December 31, 2018

	Exchange Listed Products	Lending	Managed Equities ⁽¹⁾	Brokerage ⁽¹⁾	Corporate	Elimination and all other segments ⁽¹⁾	Consolidated
Total revenue	33,479	27,702	12,598	32,182	2,472	836	109,269
Total expenses	9,057	7,316	10,142	29,630	14,528	5,939	76,612
Pre-tax Income (loss)	24,422	20,386	2,456	2,552	(12,056)	(5,103)	32,657
Adjusted base EBITDA	24,924	15,437	4,571	4,033	(8,982)	529	40,512

⁽¹⁾ Prior year figures have been restated to reflect the changes in operating segments.

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, 2019	Dec. 31, 2018
Canada	82,708	94,719
United States	13,493	14,550
	96,201	109,269

15 LOAN FACILITY

As at December 31, 2019, the Company had \$20 million (December 31, 2018 - \$Nil) outstanding on its credit facility, \$5 million of which is due within 12 months and \$15 million is due after 12 months (December 31, 2018 - \$Nil and \$Nil respectively).

The Company has a 5 year, \$90 million credit facility with a major Canadian schedule I chartered bank. The facility consists of a \$25 million term loan and a \$65 million revolving line of credit. Amounts may be borrowed under the facility through prime rate loans or bankers' acceptances. Amounts may also be borrowed in U.S. dollars through base rate loans. In the first quarter, the Company drew \$25 million on the term loan portion of the credit facility to avoid its expiry and to partially fund anticipated growth in the business over the next 12-18 months. As at December 31, 2019, 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, \$65 million revolver with "bullet maturity" December 31, 2022
- 5-year, \$25 million term loan with 5% of principal amortizing quarterly with the remaining balance maturing on December 31, 2022

Interest Rate

- Prime rate + 0 bps or;
- Banker Acceptance Rate + 170 bps

Covenant Terms

- Minimum AUM: \$8.2 billion
- Debt to EBITDA less than 2.5:1
- EBITDA to interest expense more than 2.5:1

16 COMMITMENTS AND PROVISIONS

Besides the Company's long-term lease agreement, there may be commitments to make investments in the net investments portfolio of the Company. As at December 31, 2019, the Company had \$8.6 million in co-investment commitments from the lending segment (December 31, 2018 - \$38.7 million).

17. EVENTS AFTER THE REPORTING PERIOD

On January 17, 2020, the Company successfully closed on the acquisition of the Tocqueville Asset Management's gold strategies for proceeds of US\$15 million. Contingent consideration valued up to an additional US\$35 million is payable subject to the achievement of certain financial performance conditions over two years following the closing of the transaction.