Management's Discussion and Analysis

Three and six months ended June 30, 2020

FORWARD LOOKING STATEMENTS

Certain statements in this Management's Discussion & Analysis ("MD&A"), and in particular the "Business Highlights and Growth Initiatives" section and "Outlook" subsection, contain forward-looking information and forward-looking statements (collectively referred to herein as the "Forward-Looking Statements") within the meaning of applicable Canadian and U.S. securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify Forward-Looking Statements. In particular, but without limiting the forgoing, this MD&A contains Forward-Looking Statements pertaining to: (i) being in a powerful bull market for precious metals, and the belief that the conditions for their outperformance continue to intensify; (ii) expectation that our fee based businesses will continue to perform well in the second half of 2020; (iii) lending and direct resource investments teams have successfully originated a large number of promising deployment opportunities, which should drive AUM growth growing forward; (iv) the US portion of our brokerage segment is in the process of pivoting their clients towards fee-based accounts, which should improve the financial profile of our assets in that segment; (v) expectations regarding an increasingly constructive gold and silver pricing environment; (vi) expectations of a materially higher year-over-year increase in earnings in the Managed Equities segment; (vii) expectations regarding deployment of capital called into our lending LPs; (viii) anticipation of higher year-over-year performance in the Brokerage segment; (ix) anticipation of higher year-over-year operating costs (primarily relating to higher SG&A on increased U.S. operating activities) and lower EBITDA contribution from non-reportable segments; (x) expectation of the effects of COVID-19, and in particular, world government responses thereto via fiscal and monetary policy, will continue to be highly constructive to precious metals markets; and (xi) the declaration, payment and designation of dividends.

Although the Company believes that the Forward-Looking Statements are reasonable, they are not guarantees of future results, performance or achievements. A number of factors or assumptions have been used to develop the Forward-Looking Statements, including: (i) the impact of increasing competition in each business in which the Company operates will not be material; (ii) quality management will be available; (iii) the effects of regulation and tax laws of governmental agencies will be consistent with the current environment; and (iv) those assumptions disclosed herein under the heading "Significant Accounting Judgments, Estimates and Changes in Accounting Policies". Actual results, performance or achievements could vary materially from those expressed or implied by the Forward-Looking Statements should assumptions underlying the Forward-Looking Statements prove incorrect or should one or more risks or other factors materialize, including: (i) difficult market conditions; (ii) poor investment performance; (iii) failure to continue to retain and attract quality staff; (iv) employee errors or misconduct resulting in regulatory sanctions or reputational harm; (v) performance fee fluctuations; (vi) a business segment or another counterparty failing to pay its financial obligation; (vii) failure of the Company to meet its demand for cash or fund obligations as they come due; (viii) changes in the investment management industry; (ix) failure to implement effective information security policies, procedures and capabilities; (x) lack of investment opportunities; (xi) risks related to regulatory compliance; (xii) failure to manage risks appropriately; (xiii) failure to deal appropriately with conflicts of interest; (xiv) competitive pressures; (xv) corporate growth which may be difficult to sustain and may place significant demands on existing administrative, operational and financial resources; (xvi) failure to comply with privacy laws; (xvii) failure to successfully implement succession planning; (xviii) foreign exchange risk relating to the relative value of the U.S. dollar; (xix) litigation risk; (xx) failure to develop effective business resiliency plans; (xxi) failure to obtain or maintain sufficient insurance coverage on favourable economic terms; (xxii) historical financial information being not necessarily indicative of future performance; (xxiii) the market price of common shares of the Company may fluctuate widely and rapidly; (xxiv) risks relating to the Company’s investment products; (xxv) risks relating to the Company's proprietary investments; (xxvi) risks relating to the Company's lending business; (xxvii) risks relating to the Company’s brokerage business; (xxviii) those risks described under the heading "Risk Factors" in the Company’s annual information form dated February 27, 2020; and (xxix) those risks described under the headings "Managing Risk: Financial" and "Managing Risk: Non-Financial" in this MD&A. In addition, the payment of dividends is not guaranteed and the amount and timing of any dividends payable by the Company will be at the discretion of the Board of Directors of the Company and will be established on the basis of the Company’s earnings, the satisfaction of solvency tests imposed by applicable corporate law for the declaration and payment of dividends, and other relevant factors. The Forward-Looking Statements speak only as of the date hereof, unless otherwise specifically noted, and the Company does not assume any obligation to publicly update any Forward-Looking Statements, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This MD&A of financial condition and results of operations, dated August 6, 2020, presents an analysis of the consolidated financial condition of the Company and its subsidiaries as at June 30, 2020, compared with December 31, 2019, and the consolidated results of operations for the three and six months ended June 30, 2020, compared with the three and six months ended June 30, 2019. The Board of Directors approved this MD&A on August 6, 2020. All note references in this MD&A are to the notes to the Company's June 30, 2020 unaudited interim condensed consolidated financial statements ("interim financial statements"), unless otherwise noted. The Company was incorporated under the Business Corporations Act (Ontario) on February 13, 2008.

PRESENTATION OF FINANCIAL INFORMATION

The financial statements, including the required comparative information, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Financial results, including related historical comparatives contained in this MD&A, unless otherwise specified herein, are based on the interim financial statements. While the Company’s functional currency is the Canadian dollar, its presentation currency has switched to US dollars effective January 1, 2020, with the prior period figures restated accordingly. We believe the US dollar better reflects the Company’s consolidated financial position and results of operations given the significance of our revenues denominated in US dollars that further increased in 2020 with the January 17, 2020 close of the Tocqueville Asset Management gold strategies acquisition (the "Acquisition"). Accordingly, all dollar references in this MD&A are in US dollars, unless otherwise specified. The use of the term "prior period" refers to the three and six months ended June 30, 2019.

KEY PERFORMANCE INDICATORS (NON-IFRS FINANCIAL MEASURES)

The Company measures the success of its business using a number of key performance indicators that are not measurements in accordance with IFRS and should not be considered as an alternative to net income (loss) or any other measure of performance under IFRS. Non-IFRS financial measures do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Our key performance indicators are discussed below:

Assets Under Management

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

Net Inflows

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

Net Sales

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

Capital calls and commitments

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

Net Fees

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

Net Commissions

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

Compensation

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

EBITDA, Adjusted EBITDA, Adjusted base EBITDA and Operating margin

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

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

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

	3 months ended		6 months ended	
(in thousands $)	Jun. 30, 2020	Jun. 30, 2019	Jun. 30, 2020	Jun. 30, 2019
Net income for the periods	10,492	1,581	11,554	4,428
Adjustments:				
Interest expense	350	226	586	470
Provision (recovery) for income taxes	1,645	(339)	3,510	320
Depreciation and amortization	1,049	819	2,037	1,648
EBITDA	13,536	2,287	17,687	6,866
Other adjustments:				
(Gains) losses on investments (1)	(8,142)	288	(3,790)	233
Non-cash stock-based compensation	559	756	657	2,003
Other expenses (2)	3,251	3,701	2,837	4,848
Adjusted EBITDA	9,204	7,032	17,391	13,950
Other adjustments:				
Carried interest and performance fees	—	—	—	—
Carried interest and performance fee related expenses	—	—	—	—
Adjusted base EBITDA	9,204	7,032	17,391	13,950
Operating margin (3)	49%	39%	46%	39%

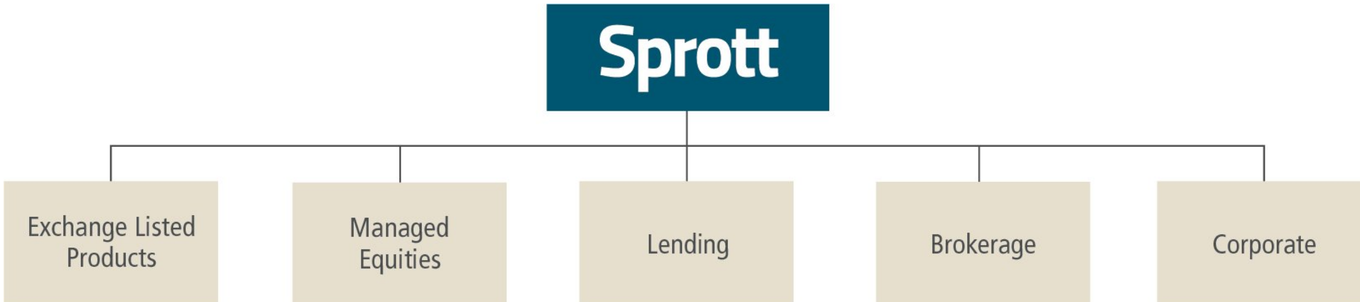
(1) This adjustment removes the income effects of certain gains or losses on short-term investments, co-investments, and digital gold strategies to ensure the reporting objectives of our EBITDA metric as described above are met.

(2) See Other expenses in Note 6 of the interim financial statements. In addition to the items outlined in Note 6, Other expenses also includes severance and new hire accruals of $0.4 million for the 3 months ended (3 months ended June 30, 2019 - $0.7 million) and $1 million for the 6 months ended (6 months ended June 30, 2019 - $0.8 million).

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

BUSINESS OVERVIEW

Our reportable operating segments are as follows:



Exchange Listed Products

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

Managed Equities

- The Company's alternative investment strategies (open-end, closed-end) managed in-house and on a sub-advised basis.

Lending

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

Brokerage

- The Company's regulated broker-dealer activities (primarily equity origination, corporate advisory, sales and trading activities), in the U.S. and Canada.

Corporate

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

All Other Segments

- Contains all non-reportable segments as per IFRS 8, *Operating Segments* ("IFRS 8"). See Note 12 of the interim financial statements for further details.

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

BUSINESS HIGHLIGHTS AND GROWTH INITIATIVES

Investment Performance

Market value appreciation was $2.5 billion during the quarter and $1.6 billion on a year-to-date basis. Strong precious metals prices and equity market valuations this quarter more than offset the unrealized losses encountered in the first quarter.

Other Matters

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

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

OUTLOOK

Exchange Listed Products

We expect this segment to continue benefiting from an increasingly constructive gold and silver pricing environment in 2020 as more than 99% of this segment's AUM is directly or indirectly impacted by gold and silver price changes, net of redemptions.

Managed Equities

The Acquisition that closed on January 17, 2020 was highly accretive to operating margins. We expect the result of this to be a materially higher year-over-year increase in earnings.

Lending

- This segment's revenues are generated primarily from two sources: management fees and co-investment income (included in finance income).

- Our lending strategies had $893 million in AUM at the end of the second quarter, earning a blended net management fee rate of approximately 1.01%. We expect capital calls (net of capital distributions) in 2020 to be in the range of $100 million to $200 million, based on our lending team's current view of the loan market and their expectations of possible repayments.

Brokerage

Given the stronger than anticipated operating environment in the first half of the year, and our expectation that this will continue in the second half of the year, we now anticipate higher year-over-year performance in this segment.

Corporate & Other Non-reportable Segments

We anticipate higher year-over-year operating costs (primarily relating to higher SG&A on increased U.S. operating activities) and lower EBITDA contribution from non-reportable segments (see "Elimination and all other segments" column of the segment table in Note 12 of the interim financial statements).

COVID-19

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

SUMMARY FINANCIAL INFORMATION

(In thousands $)	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
SUMMARY INCOME STATEMENT								
Management fees	15,825	15,125	10,685	10,577	9,962	10,195	9,979	10,498
Carried interest and performance fees	—	—	1,811	—	—	—	—	—
less: Trailer and sub-advisor fees	326	154	966	50	67	—	29	34
less: Carried interest and performance fee payouts	—	—	86	—	—	—	—	—
Net Fees	15,499	14,971	11,444	10,527	9,895	10,195	9,950	10,464
Commissions	6,133	5,179	6,599	6,056	3,293	3,315	4,855	3,499
less: Commission expense	2,377	1,870	2,658	2,654	1,356	1,386	2,047	1,872
Net Commissions	3,756	3,309	3,941	3,402	1,937	1,929	2,808	1,627
Finance income [1]	656	914	2,481	2,561	3,435	2,946	3,213	3,691
Gains (losses) on investments	8,142	(4,352)	(1,252)	600	(408)	5	5,238	(3,761)
Other income (loss)	285	113	623	91	93	77	173	209
Total Net Revenues	28,338	14,955	17,237	17,181	14,952	15,152	21,382	12,230
Compensation [2]	8,256	7,588	7,368	6,892	5,457	6,306	8,450	6,248
Compensation - severance and new hire accruals	358	667	157	168	650	109	29	275
Placement and referral fees	246	86	434	114	251	58	279	171
Selling, general and administrative	3,049	3,544	2,986	3,175	3,256	3,062	3,157	2,604
Interest expense	350	236	269	297	226	244	236	20
Amortization and impairment charges	1,049	988	1,254	893	819	829	453	350
Other expenses	2,893	(1,081)	2,376	(167)	3,051	1,038	(1,225)	1,024
Total Expenses	16,201	12,028	14,844	11,372	13,710	11,646	11,379	10,692
Net Income	10,492	1,062	1,445	4,336	1,581	2,847	7,442	1,511
Net Income per share [3]	0.43	0.04	0.06	0.18	0.06	0.12	0.31	0.06
Adjusted base EBITDA	9,204	8,187	7,441	7,612	7,032	6,918	7,639	7,426
Adjusted base EBITDA per share [3]	0.38	0.33	0.31	0.31	0.29	0.28	0.32	0.31
Operating margin	49%	43%	38%	36%	39%	39%	38%	36%
SUMMARY BALANCE SHEET								
Total Assets	338,931	318,318	324,943	325,442	338,530	332,504	313,895	310,055
Total Liabilities	70,818	65,945	53,313	51,774	68,008	54,009	40,386	28,185
Total AUM	13,893,039	10,734,831	9,252,515	8,548,982	8,103,723	7,909,488	7,756,582	7,776,062
Average AUM	13,216,415	11,007,781	8,932,651	8,608,001	7,898,334	7,887,089	7,599,173	7,964,464

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

[2] See 'Compensation' in the key performance indicators (non-IFRS financial measures) section of this MD&A.

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

SUMMARY MANAGEMENT FEE BREAKDOWN

Below is a detailed list of management fee rates on our fund products as at June 30, 2020 (in millions $):

FUND	AUM	BLENDED NET MANAGEMENT FEE RATE	CARRIED INTEREST & PERFORMANCE FEE CRITERIA
Exchange Listed Products			
Sprott Physical Gold Trust	4,100	0.35%	N/A [1]
Sprott Physical Gold and Silver Trust	3,562	0.40%	N/A [1]
Sprott Physical Silver Trust	1,425	0.45%	N/A [1]
Sprott Gold Miner's ETF	255	0.35%	N/A [1]
Sprott Physical Platinum & Palladium Trust	94	0.50%	N/A [1]
Sprott Jr. Gold Miner's ETF	73	0.35%	N/A [1]
Total	9,509	0.39%	
Managed Equities: Precious Metals Strategies			
Sprott Gold Equity Fund	1,203	0.75%	N/A
Institutional Accounts	342	0.55%	0-20% of all net profits in excess of the HWM
Bullion Funds [2]	201	0.28%	N/A
Fixed Term Limited Partnerships	200	1.70%	15-30% over preferred return
Corporate Class Funds [2]	165	0.71%	5% excess over applicable benchmark indices
Gold and Precious Minerals Fund [2]	120	1.00%	5% excess over applicable benchmark indices
Sprott Hathaway Special Situations Fund	48	1.50%	20% of net profits over preferred return
Total	2,279	0.79%	
Managed Equities: Other			
Sprott U.S. Value Strategies	202	1.00%	N/A
Flow-through LPs [2]	61	0.70%	10% of all net profits in excess of the HWM
Legacy Managed Accounts [3]	14	1.00%	N/A
Total	277	0.93%	
Lending			
Sprott private resource lending LPs	893	1.01%	15-70% of net profits over preferred return
Other			
Managed Companies [4]	600	0.50%	20% of net profits over preferred return
Separately Managed Accounts [5]	335	0.61%	20% of net profits over preferred return
Total	935	0.54%	
Total AUM	13,893	0.52%	

[1] Exchange listed products do not generate performance fees, however the management fees they generate are closely correlated to precious metals prices.

[2] Management fee rate represents the net amount received by the Company.

[3] Institutional managed accounts.

[4] Includes Sprott Korea Corp.

[5] Includes our private equity strategy in Sprott Asia and high net worth discretionary managed accounts in the U.S.

RESULTS OF OPERATIONS

AUM SUMMARY

AUM was $13.9 billion as at June 30, 2020, up $3.2 billion (29%) from March 31, 2020 and up $4.6 billion (50%) from December 31, 2019. On a three and six months ended basis, we benefited from strong market value appreciation across most of our fund products. We also benefited from strong inflows in our physical trusts that more than offset the anticipated redemption experience in our precious metals strategies post-Acquisition (the Acquisition added $1.7 billion of AUM at time of closing). We also benefited from new capital calls (net of distributions) and commitment fee earning assets being added to our lending platform. Subsequent to the quarter end, total AUM was $17 billion as at August 4, 2020 primarily due to a combination of market value appreciation across most fund products and continued strong inflows into our physical trusts.

3 months results

(In millions $)	AUM Mar. 31, 2020	Net Inflows [1]	Market Value Changes	Other [2]	AUM Jun. 30, 2020
Exchange Listed Products					
- Physical Trusts	6,798	1,187	1,196	—	9,181
- ETFs	187	28	113	—	328
	6,985	1,215	1,309	—	9,509
Managed Equities					
- Precious Metals Strategies	1,919	(562)	922	—	2,279
- Other	209	1	67	—	277
	2,128	(561)	989	—	2,556
Lending	839	86	11	(43)	893 [3]
Other	783	6	146	—	935
Total	10,735	746	2,455	(43)	13,893

[1] See 'Net Inflows' in the key performance indicators (non-IFRS financial measures) section of this MD&A.
[2] Includes new AUM from fund acquisitions and lost AUM from fund divestitures and capital distributions of our lending LPs.
[3] $1.2 billion of committed capital remains uncalled, of which $0.5 billion earns a commitment fee (AUM), and $0.7 billion does not (future AUM).

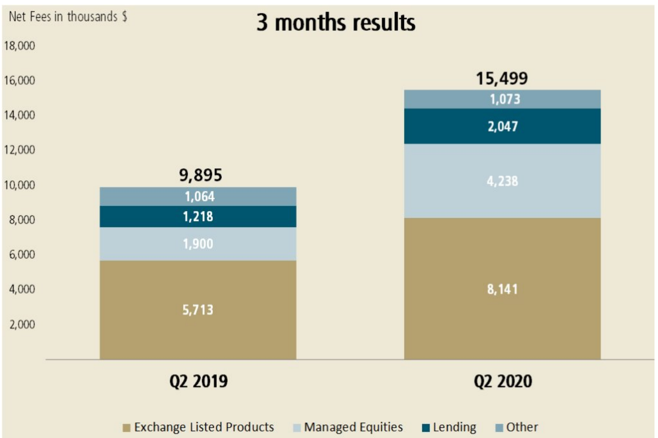
6 months results

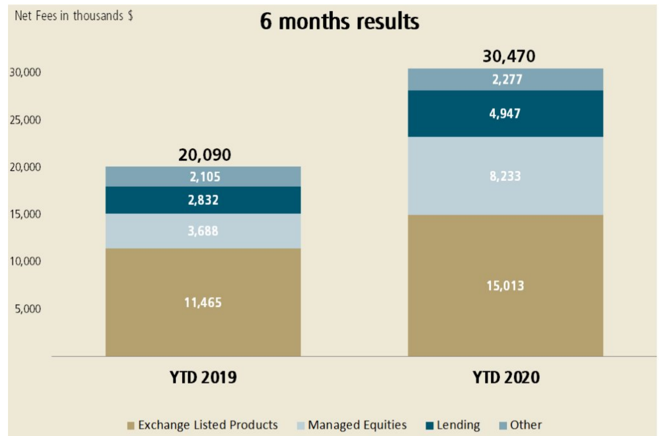
(In millions $)	AUM Dec. 31, 2019	Net Inflows [1]	Market Value Changes	Other [2]	AUM Jun. 30, 2020
Exchange Listed Products					
- Physical Trusts	6,579	1,661	941	—	9,181
- ETFs	252	19	57	—	328
	6,831	1,680	998	—	9,509
Managed Equities					
- Precious Metals Strategies	601	(592)	529	1,741	2,279
- Other	350	(3)	(70)	—	277
	951	(595)	459	1,741	2,556
Lending	783	149	5	(44)	893 [3]
Other	688	139	108	—	935
Total	9,253	1,373	1,570	1,697	13,893

[1] See 'Net Inflows' in the key performance indicators (non-IFRS financial measures) section of this MD&A.
[2] Includes new AUM from fund acquisitions and lost AUM from fund divestitures and capital distributions of our lending LPs.
[3] $1.2 billion of committed capital remains uncalled, of which $0.5 billion earns a commitment fee (AUM), and $0.7 billion does not (future AUM).

KEY REVENUE LINES

Management fees were $15.8 million in the quarter, up $5.9 million (59%) from the prior period and were $31 million on a year-to-date basis, up $10.8 million (54%). Net fees were $15.5 million in the quarter, up $5.6 million (57%) from the prior period and were $30.5 million on a year-to-date basis, up $10.4 million (52%). The increase in the quarter and on a year-to-date basis was due to the Acquisition in our managed equities segment and strong net inflows in our exchange listed products segment. We also benefited from higher fees in our lending segment as we continue to grow AUM in this area.



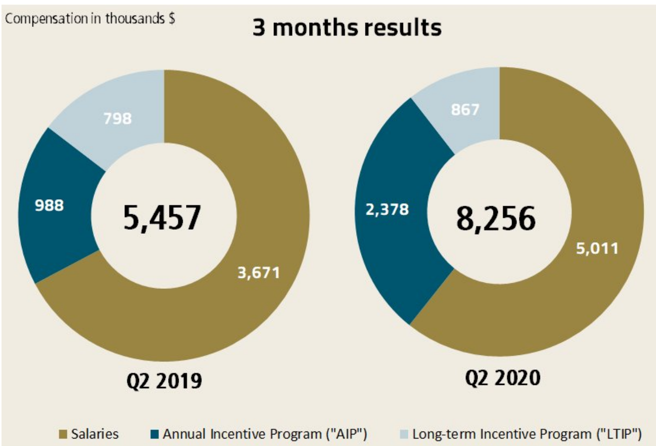


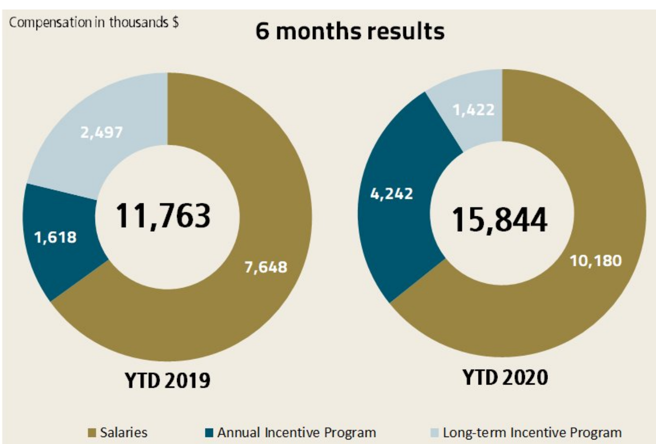
Commission revenues were $6.1 million in the quarter, up $2.8 million (86%) from the prior period and were $11.3 million on a year-to-date basis, up $4.7 million (71%). Net Commissions were $3.8 million in the quarter, up $1.8 million (94%) from the prior period and were $7.1 million on a year-to-date basis, up $3.2 million (83%). The increase in the quarter and on a year-to-date basis was due to improved equity origination, sales and trading activities in our brokerage segment.

Finance Income was $0.7 million in the quarter, down $2.8 million (81%) from the prior period and was $1.6 million on a year-to-date basis, down $4.8 million (75%). Finance income primarily includes interest income from legacy loans, interest income from our co-investments in LP units and other ancillary income earned directly or indirectly from lending activities. Lower finance income in the quarter and on a year-to-date basis was primarily due to the repayment of legacy balance sheet loans and higher capital distribution levels in our lending LPs in 2019.

KEY EXPENSE LINES

Compensation was $8.3 million in the quarter, up $2.8 million (51%) from the prior period and was $15.8 million on a year-to-date basis, up $4.1 million (35%). The increase in the quarter and on a year-to-date basis was primarily due to higher salaries from new hires related to the Acquisition and higher AIP on increased revenues and earnings across the Company. These increases were partially offset by lower LTIP amortization on a year-to-date basis.





SG&A was $3 million in the quarter, down $0.2 million (6%) from the prior period and was $6.6 million on a year-to-date basis, up $0.3 million (4%). The decrease on a three months ended basis was the result of lower marketing and sales costs relating to travel restrictions due to COVID-19. The increase on a year-to-date basis was largely from the expansion of our managed equities segment related to the Acquisition.

EARNINGS

Net income was $10.5 million in the quarter, up $8.9 million from the prior period and was $11.6 million on a year-to-date basis, up $7.1 million. Adjusted base EBITDA was $9.2 million in the quarter, up $2.2 million (31%) from the the prior period and was $17.4 million on a year-to-date basis, up $3.4 million (25%).

During the quarter and on a year-to-date basis, Adjusted base EBITDA benefited from increased fees due to strong inflows and precious metals price appreciation in our exchange listed products segment and from the Acquisition in our managed equities segment. We also benefited from increased commission revenues in our brokerage segment. These increases were partially offset by lower finance income in our lending segment. Net income was higher than Adjusted base EBITDA as it was positively impacted by unrealized gains across our investments.

ADDITIONAL REVENUES AND EXPENSES

Investments gains were mainly due to unrealized market value appreciation of certain equity holdings and co-investments.

Other income was nominal for the quarter and on a year-to-date basis. Interest expense, placement and referral fees were largely flat year-over-year.

Amortization of intangibles was flat for the quarter and on a year-to-date basis. Amortization of property and equipment was higher in the quarter and on a year-to-date basis mainly due to increased depreciation expense related to a new lease attributable to the Acquisition.

Other expenses were lower primarily due to lower transaction costs and FX translation fluctuations.

BALANCE SHEET

Total Assets were $338.9 million, up $14 million (4%) from December 31, 2019. The increase was primarily due to the increase in intangible assets related to the Acquisition.

Total Liabilities were $70.8 million, up $17.5 million (33%) from December 31, 2019. The increase was primarily due to the accrual of earn-out contingent consideration related to the Acquisition.

Total Shareholder's Equity was $268.1 million, down $3.5 million (1%) from December 31, 2019.

REPORTABLE OPERATING SEGMENTS

Exchange Listed Products

	3 months ended		6 months ended	
(In thousands $)	Jun. 30, 2020	Jun. 30, 2019	Jun. 30, 2020	Jun. 30, 2019
SUMMARY INCOME STATEMENT				
Management fees	8,141	5,713	15,013	11,465
Other income (loss)	3	—	8	—
Total Revenues	**8,144**	**5,713**	**15,021**	**11,465**
Compensation	1,229	871	2,233	1,661
Selling, general and administrative	606	771	1,213	1,448
Interest expense	82	163	198	369
Amortization and impairment charges	228	236	461	475
Other expenses	370	242	(656)	510
Total Expenses	**2,515**	**2,283**	**3,449**	**4,463**
Income before income taxes	**5,629**	**3,430**	**11,572**	**7,002**
Adjusted base EBITDA	6,388	4,134	11,670	8,419
Operating margin	77%	71%	76%	73%
Total AUM	9,508,553	5,990,341	9,508,553	5,990,341
Average AUM	8,882,678	5,833,042	7,976,054	5,865,260

3 and 6 months ended

Income before income taxes was $5.6 million in the quarter, up $2.2 million (64%) from the prior period and was $11.6 million on a year-to-date basis, up $4.6 million (65%). Adjusted base EBITDA was $6.4 million in the quarter, up $2.3 million (55%) from the prior period and was $11.7 million on a year-to-date basis, up $3.3 million (39%). Our three and six months ended results benefited from higher average AUM given strong inflows and market value appreciation which more than offset higher compensation.

Managed Equities

	3 months ended		6 months ended	
(In thousands $)	Jun. 30, 2020	Jun. 30, 2019	Jun. 30, 2020	Jun. 30, 2019
SUMMARY INCOME STATEMENT				
Management fees	**4,598**	**1,999**	**8,779**	**3,818**
less: Trailer and sub-advisor fees	360	99	546	130
Net Fees	4,238	1,900	8,233	3,688
Gains (losses) on investments	6,544	1,026	3,844	1,480
Other income (loss)	285	69	356	176
Total Net Revenues	11,067	2,995	12,433	5,344
Compensation	2,115	939	3,579	2,581
Selling, general and administrative	382	318	1,029	746
Interest expense	232	—	314	—
Amortization and impairment charges	51	54	101	109
Other expenses	372	202	(775)	150
Total Expenses	**3,152**	**1,513**	**4,248**	**3,586**
Income before income taxes	**7,915**	**1,482**	**8,185**	**1,758**
Adjusted base EBITDA	2,280	789	4,333	1,477
Operating margin	49%	37%	49%	35%
Total AUM	2,555,648	820,228	2,555,648	820,228
Average AUM	2,587,497	808,914	2,494,446	817,680

3 and 6 months ended

Income before income taxes was $7.9 million in the quarter, up $6.4 million from the prior period and was $8.2 million on a year-to-date basis, up $6.4 million. Adjusted base EBITDA was $2.3 million in the quarter, up $1.5 million from the prior period and was $4.3 million on a year-to-date basis, up $2.9 million. On a three and six months ended basis, Adjusted base EBITDA benefited from increased management fees from the Acquisition, partially offset by higher compensation and SG&A. Additionally, income before taxes also benefited from market value appreciation of our co-investments.

Lending

(In thousands $)	3 months ended Jun. 30, 2020	3 months ended Jun. 30, 2019	6 months ended Jun. 30, 2020	6 months ended Jun. 30, 2019
SUMMARY INCOME STATEMENT				
Management fees	2,047	1,218	4,947	2,832
Finance income [(1)]	652	3,007	1,452	5,496
Gains (losses) on investments	(1,011)	(463)	426	(1,539)
Other income (loss)	37	6	75	14
Total Revenues	**1,725**	**3,768**	**6,900**	**6,803**
Compensation	1,461	1,320	3,031	2,342
Placement and referral fees	20	15	28	21
Selling, general and administrative	181	287	375	376
Interest expense	3	26	6	26
Amortization and impairment charges	26	26	52	53
Other expenses	1,054	617	(1,270)	1,107
Total Expenses	**2,745**	**2,291**	**2,222**	**3,925**
Income (loss) before income taxes	**(1,020)**	**1,477**	**4,678**	**2,878**
Adjusted base EBITDA	1,289	2,865	3,327	5,907
Operating margin	50%	55%	56%	59%
Total AUM [(2)]	893,463	482,534	893,463	482,534
Average AUM	867,645	527,833	835,358	476,062

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

[(2)] $1.2 billion of committed capital remains uncalled, of which $0.5 billion earns a commitment fee (AUM), and $0.7 billion does not (future AUM).

3 months ended

Income (loss) before income taxes was ($1 million) in the quarter, down $2.5 million from the prior period. Adjusted base EBITDA was $1.3 million in the quarter, down $1.6 million (55%) from the prior period. Adjusted base EBITDA was primarily impacted by lower finance income on higher capital distribution levels in 2019 and the full repayment of legacy loans in the third quarter of 2019. Lower finance income more than offset increased management fees in the period. Additionally, income (loss) before income taxes was further impacted by unrealized market value depreciation of co-investments and FX translation losses in the current period.

6 months ended

Income before income taxes was $4.7 million on a year-to-date basis, up $1.8 million (63%) from the prior period. Adjusted base EBITDA was $3.3 million on a year-to-date basis, down $2.6 million (44%) from the prior period. Adjusted base EBITDA was primarily impacted by lower finance income which more than offset increased management fees in the period. However, income before income taxes benefited from unrealized market value appreciation of co-investments and FX translation gains on a year-to-date basis.

Brokerage

	3 months ended		6 months ended	
(In thousands $)	Jun. 30, 2020	Jun. 30, 2019	Jun. 30, 2020	Jun. 30, 2019
SUMMARY INCOME STATEMENT				
Commissions	**5,854**	**3,261**	**10,625**	**6,499**
less: Commission expense	2,377	1,346	4,247	2,747
Net Commissions	3,477	1,915	6,378	3,752
Management fees	325	315	725	595
Finance income	4	428	118	885
Gains (losses) on investments	1,369	(160)	1,152	63
Other income	47	22	75	38
Total Net Revenues	5,222	2,520	8,448	5,333
Compensation [1]	1,333	1,640	3,034	3,450
Placement and referral fees	161	188	161	232
Selling, general and administrative	977	1,197	2,163	2,316
Interest expense	11	15	23	31
Amortization and impairment charges	128	78	258	218
Other expenses	71	(12)	108	(45)
Total Expenses	**2,681**	**3,106**	**5,747**	**6,202**
Income (loss) before income taxes	**2,541**	**(586)**	**2,701**	**(869)**
Adjusted base EBITDA	1,547	174	2,500	176
Operating margin	47%	4%	34%	(1)%

[1] Compensation is presented excluding commission expense, which is reported net of commission revenue.

3 and 6 months ended

Income before income taxes was $2.5 million in the quarter, up $3.1 million from the prior period and was $2.7 million on a year-to-date basis, up $3.6 million. Adjusted base EBITDA was $1.5 million in the quarter, up $1.4 million from the prior period and was $2.5 million on a year-to-date basis, up $2.3 million. On a three and six months ended basis, Adjusted base EBITDA benefited from improved equity origination, sales and trading activities. Additionally, income before income taxes also benefited from market value appreciation of our equity kickers.

Corporate

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

	3 months ended		6 months ended	
(In thousands $)	Jun. 30, 2020	Jun. 30, 2019	Jun. 30, 2020	Jun. 30, 2019
SUMMARY INCOME STATEMENT				
Gains (losses) on investments	1,341	(413)	(873)	(616)
Other income (loss)	29	9	41	22
Total Revenues	**1,370**	**(404)**	**(832)**	**(594)**
Compensation	2,289	1,586	4,441	2,253
Selling, general and administrative	529	623	1,104	1,227
Interest expense	22	22	45	44
Amortization and impairment charges	609	416	1,152	779
Other expenses	412	(84)	900	91
Total Expenses	**3,861**	**2,563**	**7,642**	**4,394**
Income (loss) before income taxes	**(2,491)**	**(2,967)**	**(8,474)**	**(4,988)**
Adjusted base EBITDA	(2,612)	(2,229)	(5,167)	(3,501)

3 and 6 months ended

- Net investments gains and losses were due to market value fluctuations of certain equity holdings.
- Compensation increased primarily due to the Acquisition and higher AIP accruals on increased revenue and earnings generation.
- SG&A decreased in the quarter due to our ongoing multi-year cost containment program.
- Higher amortization was due to increased depreciation expense due to a new lease.
- Other expenses was primarily due to FX translation movements (CAD-to-USD).

Dividends

The following dividends were declared by the Company during the six months ended June 30, 2020:

Record date	Payment Date	Cash dividend per share (CAD $) [1]	Total dividend amount (in thousands $)
March 9, 2020 - Regular Dividend Q4 2019	March 24, 2020	0.30	5,387
May 19, 2020 - Regular Dividend Q1 2020	June 3, 2020	0.30	5,560
Dividends [2]			10,947

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

[2] Subsequent to quarter-end, on August 6, 2020, a regular dividend of US$0.23 per common share was declared for the quarter ended June 30, 2020. This dividend is payable on September 1, 2020 to shareholders of record at the close of business on August 17, 2020.

Capital Stock

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

Including the 1 million unvested common shares currently held in the EPSP Trust (December 31, 2019 - 0.9 million), total capital stock issued and outstanding was 25.5 million (December 31, 2019 - 25.3 million).

Earnings per share for the current and prior periods have been calculated using the weighted average number of shares outstanding during the respective periods. Basic earnings per share was $0.43 for the quarter and $0.47 on a year-to-date basis compared to $0.06 and $0.18 in the prior periods respectively. Diluted earnings per share was $0.41 in the quarter and $0.45 on a year-to-date basis compared to $0.06 and $0.17 in the prior periods respectively. Diluted earnings per share reflects the dilutive effect of in-the-money stock options, unvested shares held in the EPSP Trust and outstanding restricted stock units.

A total of 177,500 stock options are outstanding pursuant to our stock option plan, all of which are exercisable.

Liquidity and Capital Resources

As at June 30, 2020, the Company had $17.9 million (December 31, 2019 - $15.3 million) outstanding on its credit facility, $3.7 million of which is due within 12 months and $14.2 million is due after 12 months (December 31, 2019 - $3.8 million and $11.5 million respectively).

The Company has a 5 year, CAD$90 million credit facility with a major Canadian schedule I chartered bank. The facility consists of a CAD$25 million term loan and a CAD$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 2019, the Company drew CAD$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 June 30, 2020, the Company was in compliance with all covenants, terms and conditions under the credit facility. Key terms under the credit facility are noted below:

Structure

- 5-year, CAD$65 million revolver with "bullet maturity" December 31, 2022
- 5-year, CAD$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: CAD$8.2 billion
- Debt to EBITDA less than 2.5:1
- EBITDA to interest expense more than 2.5:1

Commitments

Besides the Company's long-term lease agreements, there are commitments to make co-investments in lending LPs arising from our lending segment or commitments to make investments in the net investments portfolio of the Company. As at June 30, 2020, the Company had $4.2 million in co-investment commitments from the lending segment (December 31, 2019 - $6.6 million).

Significant Accounting Judgments, Estimates and Changes in Accounting Policies

The interim financial statements have been prepared in accordance with IFRS standards in effect as at June 30, 2020, specifically, IAS 34 *Interim Financial Reporting*.

Compliance with IFRS requires the Company to exercise judgment, make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary. Except as otherwise noted, significant accounting judgments and estimates are described in Note 2 of the December 31, 2019 annual audited financial statements and have been applied consistently to the interim financial statements as at and for the three and six months ended June 30, 2020.

Change in presentation currency

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

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

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

Contingent consideration

The Acquisition necessitated the recognition of contingent consideration for the amounts payable in cash and shares under the terms of the purchase agreement. The cash settled portion of the contingent consideration has been measured at the closing date fair value, based on management's estimate of the level of future revenue obtained from the contracts over the contingent consideration measurement period. The equity settled portion of the contingent consideration has been measured at its grant date fair value in accordance with the requirements of IFRS 2 *Share-based Payment.* The key judgments utilized in the estimation of the contingent consideration were fund flow assumptions. As at June 30, 2020, there was no change to the estimate of the contingent consideration.

Managing Risk: Financial

COVID-19 risk

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

Market risk

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

Price risk

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

Interest rate risk

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

Foreign currency risk

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

Credit risk

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

Investments

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

Other

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

Liquidity risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company's exposure to liquidity risk is minimal as it maintains sufficient levels of liquid assets to meet its obligations as they come due. Additionally, the Company has access to a CAD$90 million committed line of credit with a major Canadian schedule I chartered bank. As part of its cash management program, the Company primarily invests in short-term debt securities issued by the Government of Canada with maturities of less than three months.

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

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

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

Concentration risk

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

Disclosure Controls and Procedures ("DC&P") and Internal Control over Financial Reporting ("ICFR")

Management is responsible for the design and operational effectiveness of DC&P and ICFR in order to provide reasonable assurance regarding the disclosure of material information relating to the Company. This includes information required to be disclosed in the Company's annual filings, interim filings and other reports filed under securities legislation, as well as the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Consistent with *National Instrument 52-109*, the Company's CEO and CFO evaluate quarterly the DC&P and ICFR. As at June 30, 2020, the Company's CEO and CFO concluded that the Company's DC&P and ICFR were properly designed and were operating effectively. In addition, there were no material changes to ICFR during the quarter, and the implementation of our business continuity plan as a result of COVID-19 has not prevented the normal function of our internal controls.

Managing Risk: Non-financial

For details around other risks managed by the Company (e.g. confidentiality of information, conflicts of interest, etc.) refer to the Company's annual report as well as the Annual Information Form available on SEDAR at www.sedar.com.