

During June the Sprott Resource Class returned -4.35%, outperforming the benchmark which returned -5.22%. Year to date, the Sprott Resource Class has outperformed the benchmark by 5.06%. Of the 24 resource fund peers we track, the Sprott Resource Class is the top performing resource fund over the 1-year and 3-year periods ending June 30, 2017.

| | MTD | YTD | 1 YEAR | 3 YEARS | 5 YEARS | 10 YEARS |
|---|--------------|--------------|-------------|-------------|-------------|----------|
| AGF GLOBAL RESOURCES CLASS | -6.19 | -18.97 | -10.48 | -17.71 | -5.79 | -3.23 |
| LOGIQ GLOBAL RESOURCE SER A | -1.87 | -16.33 | -3.94 | — | — | — |
| BMO RESOURCE A | -2.76 | -9.92 | -5.52 | -8.16 | 3.62 | -0.41 |
| BROMPTON RESOURCE | -2.46 | -11.21 | -2.25 | -26.16 | -23.03 | -20.10 |
| CI SIGNATURE GLB RESOURCE A | -5.91 | -15.32 | -0.80 | -11.34 | -1.37 | -1.16 |
| CIBC CANADIAN RESOURCES | -4.71 | -14.66 | -7.61 | -16.21 | -8.19 | -8.36 |
| DMP RESOURCE CLASS | -4.38 | -2.68 | -5.76 | 2.86 | -9.64 | -8.94 |
| DYNAMIC RESOURCE | — | — | — | — | — | — |
| DYNAMIC STRATEGIC RESOURCE CLASS A | -4.01 | -10.82 | -4.35 | -3.70 | 5.63 | — |
| FIDELITY GLOBAL NATURAL RESOURCES SR A | -2.33 | -7.73 | -1.18 | -3.59 | 5.65 | 3.40 |
| FIRST ASSET RESOURCE FUND INC | -2.64 | -8.59 | 7.60 | -9.90 | -0.59 | -3.75 |
| LOGIQ GROWTH SERIES A | -0.38 | -25.35 | -12.64 | -24.53 | -11.51 | -7.40 |
| LOGIQ RESOURCE GRWTH AND INC CL A | -3.22 | -16.84 | -7.82 | -19.53 | -10.61 | -11.73 |
| LOGIQ SPECIAL OPPORTUNITIES CL A | 1.40 | -9.16 | 3.88 | -18.55 | -3.42 | -2.68 |
| INVESTORS CANADIAN NATURAL RESOURCE A | -4.41 | -17.20 | -4.06 | -17.00 | -13.26 | -7.26 |
| INVESTORS GLOBAL NATURAL RESOURCES CL A | -3.93 | -5.97 | 4.66 | -7.03 | -4.66 | -5.44 |
| MACKENZIE CANADIAN RESOURCE A | -0.80 | -14.42 | -4.71 | -17.77 | -7.12 | -5.04 |
| MACKENZIE GLOBAL RESOURCE CL A | -5.50 | -16.19 | -3.71 | -9.62 | 1.40 | -4.04 |
| NBI RESOURCE A | -3.13 | -8.28 | -7.40 | -5.42 | 0.12 | -1.18 |
| RBC CANADIAN SMALL & MID-CAP RES SERA | -1.64 | -15.19 | -0.25 | — | — | — |
| RBC GLOBAL RESOURCES SR A | -3.48 | -8.90 | 1.29 | -5.18 | 2.38 | -0.85 |
| RENAISSANCE GLOBAL RESOURCE | -4.32 | -12.67 | -4.01 | -15.26 | -8.81 | -7.72 |
| SCOTIA RESOURCE | -4.20 | -3.35 | -3.73 | -0.59 | 3.78 | -1.08 |
| SENTRY CANADIAN RESOURCE CLASS A | -0.60 | -14.05 | -25.31 | -13.67 | -5.01 | -7.92 |
| SPROTT RESOURCE CLASS SERIES A | -4.35 | -6.11 | 8.05 | 1.51 | 4.36 | — |
| STONE & CO RESOURCE PLUS CLASS A | -5.28 | -18.36 | -9.14 | -18.74 | -7.57 | -7.79 |
| TD RESOURCE – I | -5.02 | -16.74 | -19.57 | — | — | — |
| TRIMARK RESOURCES | -2.64 | -25.00 | -14.60 | -18.31 | -7.00 | -3.83 |
| CANADA FUND NATURAL RESOURCES EQUITY | -3.34 | -12.35 | -3.90 | -11.17 | -3.36 | -3.88 |

Source: Morningstar, Sprott Asset Management LP.

The most noteworthy portfolio development during June was Hong Kong billionaire Li Ka-Shing's 50% owned CEF Holdings Ltd. investing \$110 million into NexGen Energy Ltd. This investment was made despite the fact that uranium prices have been sliding for six years, having declined more than 70% from their 2011 highs. Although uranium has been out of favour for many years, NexGen has been a sizeable Resource Class holding because the asset is world class and is in the early stages of development. CEF's investment validates not only the asset quality but also the need for nuclear power in China. This has not gone unnoticed as NexGen's stock price has appreciated 23% year-to-date compared to Cameco's 16% decline. NexGen is an ideal example of how an active approach can add value in a sector that has been in a multi-year decline.

SPROTT RESOURCE CLASS

June 2017 Commentary

This month we want to highlight zinc. Tight inventory levels and a lack of new primary mine supply may result in a significant price surge in H2/17. Year-to-date zinc inventories have declined 35% and have been steadily declining since peaking in early 2013. Why? Major zinc mines have been depleted. Since 2013, three mines that accounted for over 10% of primary global mine supply have been shuttered as a result of depleted reserves – these properties were mined out. The supply outlook is bleak. There is a lack of development projects with critical mass. One of these projects, Dugald River, has been chronically delayed as a result of technical challenges, but is expected to finally open in 2018. Note that starting up a mine is always challenging and considering the technical difficulties experienced to date, this will be one to watch. The only other potentially bearish supply data point is if Glencore re-starts production of their zinc mines, which were put on care and maintenance in October 2015 in response to low zinc prices. Where could prices go? The last time we saw inventories at current levels, prices climbed to \$2.00/lb, which is dramatically higher than today's \$1.25/lb.

COMPOUNDED RETURNS (%) AS AT JUNE 30, 2017¹

| | 1 MTH | YTD | 3 MTH | 6 MTH | 1 YR | 3 YR | 5 YR | ANNUALIZED INCEPTION (10/17/11) |
|---------------------------------|-------|-------|-------|-------|------|------|------|---------------------------------|
| SPROTT RESOURCE CLASS, SERIES A | -4.3 | -6.1 | -10.7 | -6.1 | 8.0 | 1.5 | 4.4 | -2.8 |
| BLENDED INDEX [†] | -5.2 | -11.2 | -9.8 | -11.2 | -6.5 | -9.0 | -2.7 | -4.5 |

SPROTT RESOURCE CLASS

June 2017 Commentary



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[†] Blended Index (50/50 S&P/TSX Capped Materials Total Return Index and S&P/TSX Capped Energy Total Return Index) and is computed by Sprott Asset Management LP based on available index information.

¹ All returns and fund details are a) based on Series A shares; b) net of fees; c) annualized if period is greater than one year; d) as at June 30, 2017; e) 2011 annual returns are from 10/17/11 to 12/31/11.

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