



SPROTT HEDGE FUND L.P., SPROTT HEDGE FUND L.P. II, SPROTT BULL/BEAR RSP FUND

September 2017 Commentary

The precious metals complex consolidated its gains from July and August in September. Gold bullion gave up 3.2% in Canadian dollar terms and the TSX Global Gold Total Return Index dropped 6.6% as ongoing geopolitical angst gave way to profit taking. The Sprott Hedge I and II LP dropped 8.0% and 8.3% respectively in the same time frame. In our previous commentary, we had discussed the valuation discrepancy between junior and senior gold miners, especially given the buoyant bullion prices. The market took notice of this valuation discrepancy and this helped junior precious metals miners outperform their senior counterparts for the first time in three months. It is no secret that the greatest profits in the precious metals mining space are generated by well-capitalized, high quality junior mining companies. Uncovering these gems requires a combination of skill and labour. Patience is often necessary and in periods such as the one we are currently experiencing, patience can be truly tested. On a year to date basis, juniors continue to underperform seniors by over 300 bps when one compares the GDJ versus the GDJ. With bullion prices up over 11% in U.S. Dollar terms, we continue to see a big runway for juniors to outshine their senior counterparts by a wide margin in the coming months. As this theme unfolds, our unitholders will stand to generate handsome rewards.

The top contributors to the Fund were Pretium Resources Inc., Cardinal Resources Ltd. and Westgold Resources Ltd. As we had anticipated, Pretium went from underperforming to being a top contributor – the Company provided a positive production update, reporting that grades are ramping up and the plant operating consistently at nameplate capacity. We continue to expect Pretium's shares to undergo a gradual re-rating over the coming quarters as investor confidence in the underlying free cash flow potential of Brucejack increases. Cardinal announced a significant upgrade to their Namdini gold project in Ghana, growing total resources 60% to 7.4 million ounces. Westgold reported inline fiscal 2017 (ended June 30th) year-end metrics, with the Company continuing to execute on their growth strategy. Westgold also announced granting one for five bonus options to its shareholders.

The top detractors from the Fund were Continental Gold Inc., Agnico-Eagle Mines Limited and Detour Gold Corporation. Continental sold off despite reporting high grade broad mineralized drill results from its Buritica project. The Company is accelerating the drilling program as management believes there is significant upside in the resource and potential to increase project economics by identifying broad mineralized zones. Agnico-Eagle hosted a series of well-received site tours, which highlighted the Company's key assets, but the stock corrected after rallying in August. Detour suffered disproportionately in the gold sell-off: it is a low grade and relatively high cost operation, so is highly sensitive to the gold price.

SPROTT SPROTT HEDGE FUND L.P., SPROTT HEDGE FUND L.P. II, SPROTT BULL/BEAR RSP FUND

September 2017 Commentary

COMPOUNDED RETURNS (%) AS AT SEPTEMBER 29, 2017¹

	1 MTH	YTD	3 MTH	6 MTH	1 YR	3 YR	5 YR	10 YR	ANNUALIZED INCEPTION
SPROTT BULL/BEAR RSP FUND ²	-8.5	-5.3	-3.1	-10.1	-27.5	-1.3	-21.3	-10.7	-3.2
S&P500 TRI (CAD)	2.0	6.1	0.5	1.0	12.8	14.9	19.8	9.9	7.8
SPROTT HEDGE FUND L.P. ³	-8.0	-4.0	-2.5	-9.5	-28.0	0.8	-18.9	-10.4	3.9
S&P500 TRI (CAD)	2.0	6.1	0.5	1.0	12.8	14.9	19.8	9.9	4.2
SPROTT HEDGE FUND L.P. II ⁴	-8.3	-3.6	-2.4	-9.6	-27.3	-0.3	-19.9	-10.2	-3.8
S&P500 TRI (CAD)	2.0	6.1	0.5	1.0	12.8	14.9	19.8	9.9	7.5

SPROTT SPROTT HEDGE FUND L.P., SPROTT HEDGE FUND L.P. II, SPROTT BULL/BEAR RSP FUND

September 2017 Commentary



www.ninepoint.com

¹ All returns and fund details are a) based on Series A units; b) net of fees; c) annualized if period is greater than one year; d) as at September 30, 2017. Indices are computed by Sprott Asset Management LP based on publicly available index information.

² Inception date November 12, 2002.

³ Inception date November 7, 2000; closed to new investments.

⁴ Inception date August 31, 2002.

The risks associated with investing in a Fund depend on the securities and assets in which the Fund invests, based upon the Fund's particular objectives. There is no assurance that any Fund will achieve its investment objective, and its net asset value, yield and investment return will fluctuate from time to time with market conditions. There is no guarantee that the full amount of your original investment in a Fund will be returned to you. The Funds are not insured by the Canada Deposit Insurance Corporation or any other government deposit insurer. Please read a Fund's offering memorandum before investing.

Ninepoint Partners LP Hedge Funds are offered on a private placement basis pursuant to an offering memorandum and are only available to investors who meet certain eligibility or minimum purchase amount requirements under applicable securities legislation. The offering memorandum contains important information about the Funds, including their investment objective and strategies, purchase options, applicable management fees, performance fees, other charges and expenses, and should be read carefully before investing. Performance data represents past performance of the Fund and is not indicative of future performance. Data based on performance history of less than five years may not give prospective investors enough information to base investment decisions on. Please contact your own personal advisor on your particular circumstance. This communication does not constitute an offer to sell or solicitation to purchase securities of the Fund. The information contained herein does not constitute an offer or solicitation by anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Prospective investors who are not resident in Canada should contact their financial advisor to determine whether securities of the Fund may be lawfully sold in their jurisdiction.

The opinions, estimates and projections ("information") contained within this report are solely those of Ninepoint Partners LP and are subject to change without notice. Ninepoint Partners LP makes every effort to ensure that the information has been derived from sources believed to be reliable and accurate. However, Ninepoint Partners LP assumes no responsibility for any losses or damages, whether direct or indirect, which arise out of the use of this information. Ninepoint Partners LP is not under any obligation to update or keep current the information contained herein. The information should not be regarded by recipients as a substitute for the exercise of their own judgment. Please contact your own personal advisor on your particular circumstances. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any investment funds managed by Ninepoint Partners LP. Any reference to a particular company is for illustrative purposes only and should not be considered as investment advice or a recommendation to buy or sell nor should it be considered as an indication of how the portfolio of any investment fund managed by Ninepoint Partners LP is or will be invested. Ninepoint Partners LP and/or its affiliates may collectively beneficially own/control 1% or more of any class of the equity securities of the issuers mentioned in this report. Ninepoint Partners LP and/or its affiliates may hold short position in any class of the equity securities of the issuers mentioned in this report. During the preceding 12 months, Ninepoint Partners LP and/or its affiliates may have received remuneration other than normal course investment advisory or trade execution services from the issuers mentioned in this report.