



Sprott Gold and Precious Minerals Fund

SEMI-ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30

2017

The interim management report of fund performance is an analysis and explanation that is designed to complement and supplement an investment fund's financial statements. This report contains financial highlights but does not contain the complete interim financial statements of the investment fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling 1-866-299-9906, by visiting our website at www.sprott.com or SEDAR at www.sedar.com or by writing to us at: Sprott Asset Management LP, Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, P.O. Box 27, Toronto, Ontario M5J 2J1. Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

The objective of the Sprott Gold and Precious Minerals Fund (the “Fund”) is to provide long-term capital growth. The Fund invests primarily in equity securities of companies that are directly or indirectly involved in the exploration, mining, production or distribution of gold and other precious metals and minerals, and in gold and silver bullion. The Fund seeks to identify securities with superior investment opportunities that have the potential for capital appreciation over the long term.

As part of its investment strategy, the Fund may:

- deviate from NI 81-102 restrictions as it has obtained exemptive relief that permits the Fund to invest more than 10% of its net asset value, taken at the market value at the time of investment, directly in gold bullion or permitted gold certificates. The Fund may also invest in silver bullion and other precious metals and minerals; and
- engage in short selling up to 20% of the Fund’s total net asset value as a result of special relief it obtained from Canadian securities regulators.

Risks

The risks of investing in the Fund are described in the Fund’s simplified prospectus. This Fund is suitable for those investors who want exposure to the capital appreciation potential of gold and precious minerals. Investors should be comfortable with high investment risks and have a long-term investment horizon. There were no significant changes to the investment objective and strategies that affected the Fund’s overall level of risk during the reporting period.

Results of Operations and Recent Developments

The Fund, Series A returned -0.4% during the first half of 2017, while its benchmark, the S&P/TSX Global Gold Total Return Index, returned 0.7%.

The U.S. Federal Reserve Board raised interest rates twice during the period. U.S. real yields, as measured by the yield of five-year Treasury Inflation-Protected Securities increased, which put pressure on the price of gold and gold equities. Nevertheless, the price of gold increased 8.3%, while the price of silver increased 4.4%. In terms of regions, Australian equities outperformed.

Significant individual contributors to the Fund’s performance included Kirkland Lake Gold Ltd. and Integra Gold Corp. Kirkland Lake, one of the Fund’s top holdings, benefited from strong exploration and production results at both its Canadian and Australian operations. Integra was acquired by Eldorado Gold Corp. at a 50% premium.

Significant individual detractors from the Fund’s performance included Asanko Gold Inc. and Goldcorp Inc. Asanko’s stock price declined in response to a short-seller report. Goldcorp continued its operational turnaround, but announced an acquisition that was not well received by the market.

During the period, the Manager reduced the Fund’s exposure to silver equities, and increased its exposure to Australia.

The Fund’s total net asset value decreased by 3.2% during the period, from \$220.3 million as at December 31, 2016 to \$213.3 million as at June 30, 2017. This change was predominantly due to net redemptions of \$6.7 million. The management expense ratio increased slightly, while the trading expense ratio decreased from the prior period.

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Related Party Transactions

MANAGEMENT FEES

The Fund pays a management fee to the Manager, at an annual rate of 2.5% for Series A units, 1.5% for Series F units and as negotiated by the unitholders of Series I. The management fee is calculated and accrued daily and is paid monthly based on the average net asset value of that series of the Fund. For the six-month period ended June 30, 2017, the Fund incurred management fees of \$2,733,110 (including taxes). The breakdown of the services received in consideration of the management fees, as a percentage of management fees, is as follows:

	Portfolio Advisory	Trailing Commissions
Sprott Gold and Precious Minerals Fund – Series A	61%	39%
Sprott Gold and Precious Minerals Fund – Series F	91%	9%
Sprott Gold and Precious Minerals Fund – Series I	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$168,328 during the six-month period ended June 30, 2017 to Sprott Private Wealth LP, an affiliate of the Manager.

INCENTIVE FEES

The Fund also pays its Portfolio Adviser, Sprott Asset Management LP, an annual incentive fee, equal to a percentage of the average net asset value of the applicable Series of the Fund. Such percentage will be equal to 10% of the difference by which the return in net asset value per unit of the applicable Series from January 1 to December 31 exceeds the percentage return of the S&P/TSX Global Gold Index for the same period. If the performance of a Series of the Fund in any year is less than the performance of the Index (the “Deficiency”), then no incentive fee will be payable until the performance of the applicable Series, on a cumulative basis, has exceeded the amount of the Deficiency. For the six-month period ended June 30, 2017, the Fund did not accrue any incentive fees.

OPERATING EXPENSES

The Fund pays its own operating expenses, which include, but are not limited to, audit, legal, custodial, trustee, filing and administrative expenses as well as unitholder reporting costs. The Manager pays certain of these expenses on behalf of the Fund and then is reimbursed by the Fund.

OTHER RELATED PARTY TRANSACTIONS

The Fund relied on the approval, positive recommendation or standing instruction from the Fund’s Independent Review Committee with respect to any related party transactions.

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Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the six-month period ended June 30, 2017 and the years shown.

The Fund's Net Assets per Unit¹

	Jun 30, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
Series A	\$	\$	\$	\$	\$	\$
Net assets, beginning of period	35.63	23.48	25.02	24.17	49.37	61.07
Increase (decrease) from operations:						
Total revenue	0.06	0.15	0.19	0.15	0.21	0.10
Total expenses	(0.80)	(1.64)	(1.07)	(1.07)	(1.12)	(1.73)
Realized gains (losses) for the period	1.16	8.70	(21.40)	(3.61)	(3.45)	(0.69)
Unrealized gains (losses) for the period	(0.47)	5.08	20.94	5.60	(22.22)	(10.02)
Total increase (decrease) from operations²	(0.05)	12.29	(1.34)	1.07	(26.58)	(12.34)
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions	-	-	-	-	-	-
Net assets, end of period	35.48	35.63	23.48	25.02	24.17	48.85
Series F	\$	\$	\$	\$	\$	\$
Net assets, beginning of period	39.30	25.62	27.02	25.83	52.25	63.93
Increase (decrease) from operations:						
Total revenue	0.07	0.16	0.20	0.17	0.19	0.11
Total expenses	(0.57)	(1.16)	(0.77)	(0.76)	(0.77)	(1.15)
Realized gains (losses) for the period	1.27	9.30	(22.95)	(3.88)	(3.68)	(0.73)
Unrealized gains (losses) for the period	(0.84)	2.85	22.31	5.31	(24.49)	(11.23)
Total increase (decrease) from operations²	(0.07)	11.15	(1.21)	0.84	(28.75)	(13.00)
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions	-	-	-	-	-	-
Net assets, end of period	39.34	39.30	25.62	27.02	25.83	51.69

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Series I	Jun 30, 2017 \$	Dec 31, 2016 \$	Dec 31, 2015 \$	Dec 31, 2014 \$	Dec 31, 2013 \$	Dec 31, 2012 \$
Net assets, beginning of period	5.81	3.70	3.86	3.63	7.23	8.70
Increase (decrease) from operations:						
Total revenue	0.01	0.02	0.03	0.02	0.02	0.02
Total expenses	(0.01)	(0.05)	(0.06)	(0.02)	(0.02)	(0.02)
Realized gains (losses) for the period	0.19	1.49	(3.14)	(0.52)	(0.46)	(0.24)
Unrealized gains (losses) for the period	(0.22)	(0.04)	2.91	0.31	(3.21)	(1.31)
Total increase (decrease) from operations²	(0.03)	1.42	(0.26)	(0.21)	(3.67)	(1.55)
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total annual distributions	-	-	-	-	-	-
Net assets, end of period	5.84	5.81	3.70	3.86	3.63	7.15

1 This information is derived from the Fund's interim and audited annual financial statements. Information related to year 2013 and all periods onwards has been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board. Information related to all periods prior to January 1, 2013 has been prepared in compliance with Canadian generally accepted accounting principles ("Canadian GAAP") as defined in Part V of the Chartered Professional Accountants of Canada Handbook – Accounting. Under Canadian GAAP, the Fund was required to use bid prices for valuing long positions and ask prices for short positions. As such, the net assets per unit presented in the financial statements may differ from the net asset value calculated for transaction purposes prior to conversion to IFRS.

2 The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. Net assets and distributions are based on the actual number of units outstanding at the relevant time. This table is not intended to be a reconciliation of beginning to ending net assets per unit.

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Ratios and Supplemental Data

	Jun 30, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
Series A						
Total net asset value (000s) ¹	\$129,679	\$137,278	\$90,532	\$113,565	\$118,691	\$308,743
Number of units outstanding ¹	3,655,372	3,853,158	3,856,168	4,538,767	4,910,217	6,253,210
Management expense ratio ²	3.03%	2.96%	3.19%	3.15%	3.11%	2.97%
Trading expense ratio ³	0.97%	1.08%	0.81%	0.38%	0.27%	0.18%
Portfolio turnover rate ⁴	90.07%	174.30%	117.10%	53.49%	19.69%	35.32%
Net asset value per unit ¹	\$35.48	\$35.63	\$23.48	\$25.02	\$24.17	\$49.37
Series F						
Total net asset value (000s) ¹	\$79,214	\$82,412	\$35,721	\$41,164	\$40,375	\$107,223
Number of units outstanding ¹	2,013,475	2,097,078	1,394,141	1,523,537	1,563,374	2,052,229
Management expense ratio ²	1.95%	1.89%	2.13%	2.08%	2.03%	1.88%
Trading expense ratio ³	0.97%	1.08%	0.81%	0.38%	0.27%	0.18%
Portfolio turnover rate ⁴	90.07%	174.30%	117.10%	53.49%	19.69%	35.32%
Net asset value per unit ¹	\$39.34	\$39.30	\$25.62	\$27.02	\$25.83	\$52.25
Series I						
Total net asset value (000s) ¹	\$4,396	\$629	\$16,924	\$16,532	\$4,491	\$13,376
Number of units outstanding ¹	752,766	108,371	4,577,205	4,279,604	1,236,866	1,851,144
Management expense ratio ²	0.28%	0.58%	1.17%	0.41%	0.35%	0.18%
Management expense ratio before incentive fee ²	0.28%	0.23%	0.45%	0.41%	0.35%	0.18%
Trading expense ratio ³	0.97%	1.08%	0.81%	0.38%	0.27%	0.18%
Portfolio turnover rate ⁴	90.07%	174.30%	117.10%	53.49%	19.69%	35.32%
Net asset value per unit ¹	\$5.84	\$5.81	\$3.70	\$3.86	\$3.63	\$7.23

1 The information is provided as at June 30, 2017 and December 31 of the years shown prior to 2017.

2 Management expense ratio ("MER") is based on total expenses (including incentive fees, if any; excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of the daily average net asset value during the period.

3 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

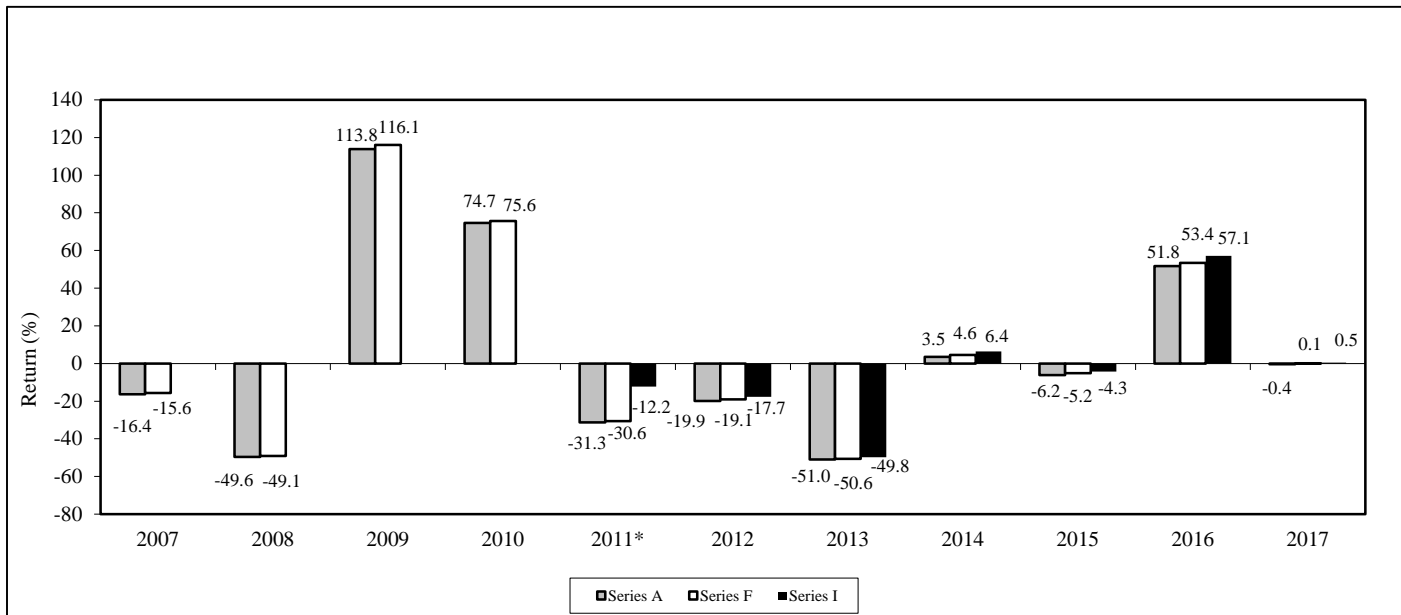
4 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser trades its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the Fund. The portfolio turnover is expressed as a non-annualized percentage.

Past Performance

The indicated rates of return are the historical total returns including changes in unit values and assume reinvestment of all distributions in additional units of the relevant Series of the Fund. These returns do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that may reduce returns. Please note that past performance is not indicative of future performance. All rates of returns are calculated based on the Net Asset Value of the particular Series of the Fund.

Year-by-Year Returns

The following chart indicates the performance of each Series of the Fund for the six-month period ended June 30, 2017 and each of the previous twelve-month periods ended December 31 shown, unless otherwise noted. The chart shows, in percentage terms, how much an investment made on the first day of each period would have grown or decreased by the last day of each period.



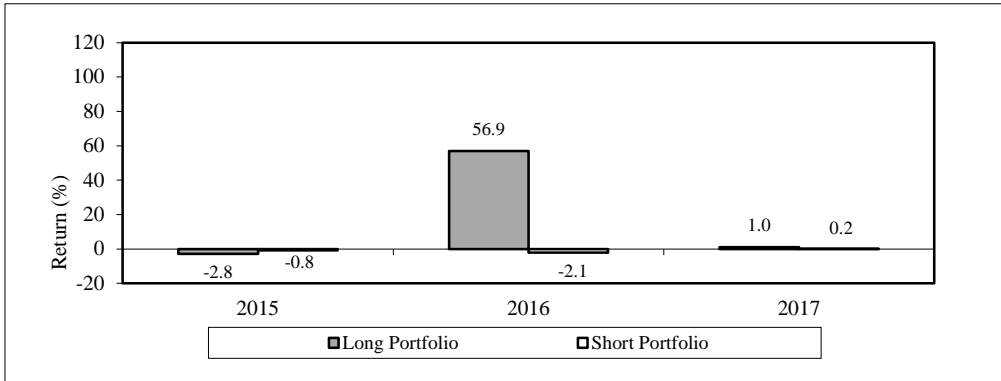
* Return from October 19, 2011 to December 31, 2011 for Series I (not annualized).

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Long and Short Portfolio Returns

The following table illustrates the contribution to the return of the Fund (before the impact of Fund expenses) by the long portfolio and the short portfolio of the Fund for the six-month period ended June 30, 2017 and the previous twelve-month periods ended December 31 shown, unless otherwise noted. For the purposes of this disclosure, certain derivatives may be considered to be part of the short portfolio.



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Summary of Investment Portfolio

As at June 30, 2017

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Precious Metals	89.4
Bonds and Convertible Debentures	2.4
Base Metals	0.1
Total Long Positions	91.9
Cash	5.3
Other Net Assets	2.8
Total Net Asset Value	100.0

Top 25 Positions

Issuer	% of Net Asset Value
Kirkland Lake Gold Ltd.	5.8
Cash	5.3
B2Gold Corp.	5.1
Continental Gold Inc.	4.6
Osisko Mining Inc.	4.4
Endeavour Mining Corp.	4.1
Evolution Mining Ltd.	4.0
Northern Star Resources Ltd.	3.9
Agnico Eagle Mines Ltd.	3.8
Saracen Mineral Holdings Ltd.	3.1
Torex Gold Resources Inc.	3.0
Newmont Mining Corp.	2.9
Pretium Resources Inc.	2.8
Roxgold Inc.	2.7
Westgold Resources Ltd.	2.7
Richmont Mines Inc.	2.7
SEMAFO Inc.	2.4
Dacian Gold Ltd.	2.4
Detour Gold Corp.	2.2
MAG Silver Corp.	2.1
Asanko Gold Inc.	2.1
Leagold Mining Corp.	2.0
Barrick Gold Corp.	1.9
West African Resources Ltd.	1.9
OceanaGold Corp.	1.8
Top 25 positions as a percentage of net asset value	79.7

The Fund held no short positions as at June 30, 2017

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund. Quarterly updates of the Fund's investment portfolio are available on the Internet at www.sprott.com.

Corporate Information

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