



Sprott Resource Class

Sprott Corporate Class Inc.

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 Resource Class (the “Fund”) is to seek to achieve long-term capital growth. The Fund invests primarily in equity and equity-related securities of companies in Canada and around the world that are involved directly or indirectly in the natural resource sector. To achieve the Fund’s investment objective, the Portfolio Advisor uses macro-economic research to identify the most attractive resource sub-sectors to invest in. The Fund’s portfolio advisor employs an opportunistic investment approach by being able to invest across the global resource universe (oil & gas, coal, uranium, renewable energy, base metals, precious metals, agriculture, forestry, water, commodity infrastructure and service companies).

As part of its investment strategy, the Fund may:

- 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;
- invest in and overweight cash and fixed income securities based on the market outlook for the resource sector;
- engage in securities lending, repurchase and reverse repurchase transactions and use derivative instruments; and
- deviate from the standard investment restrictions as the Fund has obtained exemptive relief to invest up to 10% of its net asset value in gold, permitted gold certificates, silver, permitted silver certificates and/or specified derivatives of which the underlying interest is silver or gold.

Risks

The risks of investing in the Fund are described in the Fund’s simplified prospectus. This Fund is suitable only for investors seeking long-term capital growth with a high tolerance for risk and volatility. 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 -6.1% during the first half of 2017, while its blended benchmark index, returned -11.2%.

On January 24, 2017, the Fund acquired all the assets of Sprott 2015 Flow-Through LP as part of a tax-deferred transfer of assets, in exchange for shares issued by the Fund. The assets acquired totaled \$20,184,313.

On January 24, 2017, the Fund acquired all the assets of Sprott 2016 Short Duration Flow-Through LP as part of a tax-deferred transfer of assets, in exchange for shares issued by the Fund. The assets acquired totaled \$17,729,301.

The oil price decline was the most significant macroeconomic factor negatively affecting energy equities over the period.

Asset allocation and security selection were the primary factors driving the Fund’s performance.

Significant individual contributors to performance included Yangarra Resources Ltd. and Osisko Mining Inc. A new drilling and completions approach significantly improved the economics associated with Yangarra’s main asset. Osisko, a large weighting in the Fund, reported positive exploration results, indicating the potential of a major discovery.

Significant individual detractors from performance included Ikkuma Resources Corp. and Birchcliff Energy Ltd., both large weightings in the Fund whose share prices declined along with the energy sector. Ikkuma’s share price was particularly affected because it is a small-capitalization equity with low trading liquidity.

In response to the decline in the price of oil, the Fund’s allocation to the energy sector was reduced.

The Fund’s net asset value increased by 4.8% during the period, from \$38.2 million as at December 31, 2016 to \$40.1 million as at June 30, 2017. This change was predominantly due to net realized investment gains of \$2.2 million and net subscriptions of \$5.1 million, offset by \$4.0 million of unrealized losses on investments. The management expense ratio increased from the prior period due to incentive fees.

Related Party Transactions

MANAGEMENT FEES

The Fund pays a management fee to the Manager, at an annual rate of 2.50% for Series A shares, 1.50% for Series F shares and as negotiated by the shareholders of Series I. The management fee is calculated and accrued daily based on daily net asset value of that series of the Fund, and is paid monthly. For the six-month period ended June 30, 2017, the Fund incurred management fees of \$631,747 (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 Resource Class – Series A	60%	40%
Sprott Resource Class – Series F	100%	–

Out of the management fees that the Manager received from the Fund, the Manager paid trailer commissions of \$20,483 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 Advisor, 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 share of the applicable Series from January 1 to December 31 exceeds the percentage return of the blended benchmark consisting of 50% of the daily return of the S&P/TSX Capped Materials Total Return Index and 50% of the daily return of the S&P/TSX Capped Energy Total Return Index for the same period. If the performance of a Series of the Fund in any year is less than the performance of the blended 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 accrued \$331,707 of incentive fees.

OPERATING EXPENSES

The Fund pays its own operating expenses, which include, but are not limited to, audit, legal, custodial, filing and administrative expenses as well as shareholder reporting costs. The Manager pays certain of these expenses on behalf of the Fund and then is reimbursed by the Fund. At its sole discretion, the Manager may waive or absorb a portion of the operating expenses of the Fund. Amounts waived or absorbed by the Manager are reported in the Statements of Comprehensive Income. Waivers or absorptions can be terminated at any time without notice. The Manager did not absorb any expenses during the six-month period ended June 30, 2017.

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.

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 Share¹

	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	8.61	4.58	5.40	6.16	7.20	9.42
Increase (decrease) from operations:						
Total revenue	0.02	0.03	0.07	0.10	0.09	0.07
Total expenses	(0.28)	(0.46)	(0.21)	(0.32)	(0.29)	(0.26)
Realized gains (losses) for the period	0.40	2.27	(0.97)	0.78	(2.40)	(1.32)
Unrealized gains (losses) for the period	(0.73)	1.76	0.44	(0.77)	1.33	(2.51)
Total increase (decrease) from operations²	(0.59)	3.60	(0.67)	(0.21)	(1.27)	(4.02)
Distributions:						
Dividend distributions	–	0.03	0.07	0.07	0.09	0.04
Total annual distributions³	–	0.03	0.07	0.07	0.09	0.04
Net assets, end of period	8.08	8.61	4.58	5.40	6.16	7.12

	Jun 30, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012
Series F	\$	\$	\$	\$	\$	\$
Net assets, beginning of period	9.07	4.79	5.59	6.31	7.29	9.44
Increase (decrease) from operations:						
Total revenue	0.02	0.04	0.07	0.09	0.10	0.08
Total expenses	(0.23)	(0.48)	(0.13)	(0.20)	(0.19)	(0.16)
Realized gains (losses) for the period	0.36	1.61	(1.11)	0.42	(3.41)	(1.40)
Unrealized gains (losses) for the period	(0.62)	0.16	0.28	0.45	2.65	(0.60)
Total increase (decrease) from operations²	(0.47)	1.33	(0.89)	0.76	(0.85)	(2.08)
Distributions:						
Dividend distributions	–	0.03	0.08	0.07	0.09	0.04
Total annual distributions³	–	0.03	0.08	0.07	0.09	0.04
Net assets, end of period	8.55	9.07	4.79	5.59	6.31	7.21

1 This information is derived from the Fund's interim and audited annual financial statements. Information related to the 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 shares outstanding over the financial period. Net assets and distributions are based on the actual number of shares outstanding at the relevant time. This table is not intended to be a reconciliation of beginning to ending net assets per share.

3 Distributions were made in cash.

Sprott Resource Class

June 30, 2017

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	\$31,471	\$27,528	\$9,210	\$12,705	\$15,469	\$10,177
Number of shares outstanding ¹	3,894,325	3,198,234	2,010,016	2,351,325	2,510,361	1,413,543
Management expense ratio ²	4.45%	3.21%	2.86%	2.75%	2.76%	2.82%
Management expense ratio before waivers or absorptions ⁵	4.45%	3.65%	4.04%	3.81%	3.71%	3.90%
Trading expense ratio ³	1.86%	3.10%	1.13%	1.84%	1.87%	0.36%
Portfolio turnover rate ⁴	162.71%	497.41%	171.68%	302.56%	474.27%	66.24%
Net asset value per share ¹	\$8.08	\$8.61	\$4.58	\$5.40	\$6.16	\$7.20
Series F						
Total net asset value (000s) ¹	\$8,590	\$10,700	\$221	\$381	\$1,401	\$1,598
Number of shares outstanding ¹	1,004,562	1,179,779	46,069	68,159	222,155	219,156
Management expense ratio ²	3.45%	2.85%	1.74%	1.71%	1.69%	1.70%
Management expense ratio before waivers or absorptions ⁵	3.45%	3.16%	2.94%	2.73%	2.61%	3.19%
Trading expense ratio ³	1.86%	3.10%	1.13%	1.84%	1.87%	0.36%
Portfolio turnover rate ⁴	162.71%	497.41%	171.68%	302.56%	474.27%	66.24%
Net asset value per share ¹	\$8.55	\$9.07	\$4.79	\$5.59	\$6.31	\$7.29

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 daily average net asset value during the period. The MER before incentive fees was 3.16% for Series A and 2.03% for Series F.

3 The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period. The TER includes dividend expense and securities borrowing expense paid by the Fund in connection with securities sold short.

4 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor 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.

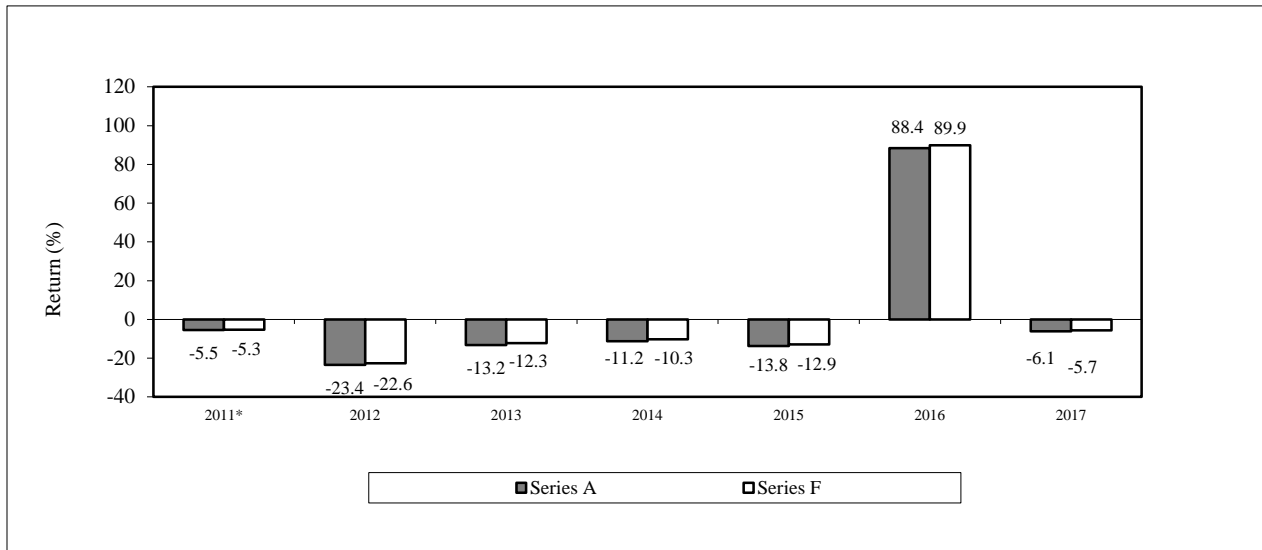
5 The Manager may waive or absorb a portion of the operating expenses of the Fund. Waivers and absorption can be terminated at any time.

Past Performance

The indicated rates of return are the historical total returns including changes in share values and assume reinvestment of all distributions in additional shares 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 shareholder 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

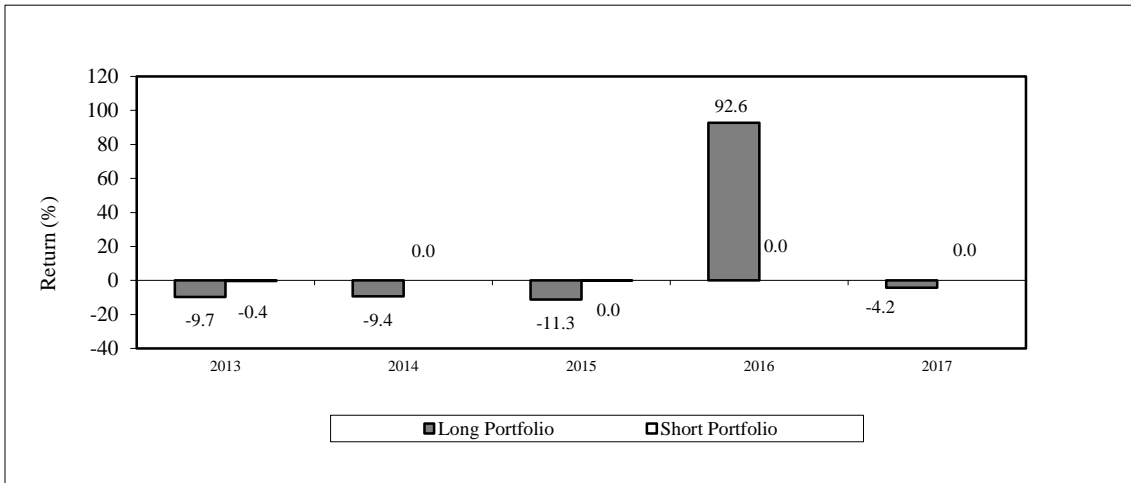
The following chart indicates the performance of each Series of the Fund for the six-month period ended June 30, 2017 and each of the previous twelve-month periods ended December 31 shown, unless otherwise noted. The chart shows, in percentage terms, how much an investment made on the first day of each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



* Return from October 17, 2011 to December 31, 2011 (not annualized).

Long and Short Portfolio Returns

The following table illustrates the contribution to the return of the Fund by the long portfolio and the short portfolio of the Fund (before the impact of Fund expenses) 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.



Summary of Investment Portfolio

As at June 30, 2017

Portfolio Allocation

	% of Net Asset Value
Long Positions	
Materials	58.5
Energy	38.2
Total Long Positions	96.7
Cash	4.2
Other Net Liabilities	(0.9)
Total Net Asset Value	100.0

Top 25 Long Positions

Issuer	% of Net Asset Value
Pentanova Energy Corp.	6.7
Continental Gold Inc.	5.2
Ikkuma Resources Corp.	5.1
Roxgold Inc.	5.1
NexGen Energy Ltd.	5.0
Kirkland Lake Gold Ltd.	4.9
Yangarra Resources Ltd.	4.9
Birchcliff Energy Ltd.	4.6
Neo Lithium Corp.	4.5
Golden Predator Mining Corp.	4.3
Cash	4.2
Cardinal Resources Ltd.	4.2
Leucrotta Exploration Inc.	4.2
Osisko Mining Inc.	4.0
Superior Gold Inc.	3.5
Trevali Mining Corp.	3.2
Parex Resources Inc.	2.8
Blackbird Energy Inc.	2.7
Sabina Gold & Silver Corp.	2.3
K92 Mining Inc.	2.2
White Gold Corp.	2.1
Suncor Energy Inc.	1.7
B2Gold Corp.	1.6
Potash Corp. of Saskatchewan Inc.	1.6
SEMAFO Inc.	1.5
Total 25 long positions as a percentage of net asset value	92.1

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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