



Sprott Resource Class

Sprott Corporate Class Inc.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31

2017

The annual 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 annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-866-299-9906, by visiting our website at www.ninepoint.com or SEDAR at www.sedar.com or by writing to us at: Ninepoint Partners 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 24.3% in 2017, while its blended benchmark index, returned -1.2%.

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.

During the past year, there was increased investor interest in legalized marijuana stocks and electric vehicle commodities. The backdrop for oil and gas was extremely poor during the period, particularly among the smaller companies.

Exposure to the materials sector, particularly in electric vehicle commodities such as lithium, contributed to the Fund’s performance, rising just over 20% for the period. Allocation to the health care sector was another contributor, rising 16.9% as a result of strong performance from medical marijuana stocks. Individual contributors to performance included holdings in Garibaldi Resources Corp. (+5.7%), Aphria Inc. (+6.0%) and Aurora Cannabis Inc. (8.0%). Shares of Garibaldi Resources rose after the company made a high-grade nickel discovery, while Aphria and Aurora, both cannabis companies, benefited from good performance of the entire marijuana industry. Holdings in HIVE Blockchain Technologies Ltd. (+5.5%), a cryptocurrency miner, also contributed to performance.

The Fund’s allocation to the energy and industrials sectors detracted from performance, particularly in the case of the energy sector, which declined 13.3% over the period. Individual detractors included PentaNova Energy Corp. (-5.2%), Birchcliff Energy Ltd. (-3.2%) and Ikkuma Resources Corp. (-3.1%). South American oil and gas company PentaNova saw its drilling program considerably delayed, which impacted its stock price. Canadian natural gas companies Birchcliff Energy and Ikkuma Resources were negatively affected by the overall weak Canadian natural gas market.

The Manager purchased new positions in Aphria and Aurora in 2017. While the Fund continues to hold a small weighting in Garibaldi Resources warrants, the Fund’s common stock holdings in the company were eliminated.

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The Fund's net asset value increased by 9.8% during the period, from \$38.2 million as at December 31, 2016 to \$42.0 million as at December 31, 2017. This change was predominantly due to net realized and unrealized investment gains of \$10.2 million, offset by \$3.4 million of expenses and net redemptions of \$3.0 million. The management expense ratio increased from the prior period due to incentive fees.

Ninepoint Partners LP is the manager and portfolio advisor of the Fund. Prior to August 1, 2017, Sprott Asset Management LP was the manager and portfolio advisor of the Fund. Ninepoint Partners LP assumed the portfolio management of the Canadian diversified asset business of Sprott Asset Management LP on August 1, 2017. The Manager has retained Sprott Asset Management LP as the subadvisor of the Fund since August 1, 2017.

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 year ended December 31, 2017, the Fund incurred management fees of \$1,100,015 (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	99%	1%

Out of the management fees that the Manager or former manager received from the Fund, the Manager or former manager paid trailer commissions of \$40,629 during the year ended December 31, 2017 to Sprott Private Wealth LP, an affiliate of the former manager.

INCENTIVE FEES

The Fund also pays the Manager 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 year ended December 31, 2017, the Fund accrued \$1,416,133 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 year ended December 31, 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 year ended December 31, 2017 and the years shown.

The Fund's Net Assets per Share¹

	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013
Series A	\$	\$	\$	\$	\$
Net assets, beginning of period	8.61	4.58	5.40	6.16	7.20
Increase (decrease) from operations:					
Total revenue	0.02	0.03	0.07	0.10	0.09
Total expenses	(0.71)	(0.46)	(0.21)	(0.32)	(0.29)
Realized gains (losses) for the period	1.18	2.27	(0.97)	0.78	(2.40)
Unrealized gains (losses) for the period	1.13	1.76	0.44	(0.77)	1.33
Total increase (decrease) from operations²	1.62	3.60	(0.67)	(0.21)	(1.27)
Distributions:					
Dividend distributions	0.03	0.03	0.07	0.07	0.09
Total annual distributions³	0.03	0.03	0.07	0.07	0.09
Net assets, end of period	10.67	8.61	4.58	5.40	6.16

	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013
Series F	\$	\$	\$	\$	\$
Net assets, beginning of period	9.07	4.79	5.59	6.31	7.29
Increase (decrease) from operations:					
Total revenue	0.03	0.04	0.07	0.09	0.10
Total expenses	(0.63)	(0.48)	(0.13)	(0.20)	(0.19)
Realized gains (losses) for the period	1.00	1.61	(1.11)	0.42	(3.41)
Unrealized gains (losses) for the period	0.05	0.16	0.28	0.45	2.65
Total increase (decrease) from operations²	0.45	1.33	(0.89)	0.76	(0.85)
Distributions:					
Dividend distributions	0.03	0.03	0.08	0.07	0.09
Total annual distributions³	0.03	0.03	0.08	0.07	0.09
Net assets, end of period	11.16	9.07	4.79	5.59	6.31

1 This information is derived from the Fund's audited annual financial statements.

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.

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Ratios and Supplemental Data

	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015	Dec 31, 2014	Dec 31, 2013
Series A					
Total net asset value (000s) ¹	\$36,138	\$27,528	\$9,210	\$12,705	\$15,469
Number of shares outstanding ¹	3,386,200	3,198,234	2,010,016	2,351,325	2,510,361
Management expense ratio ²	6.54%	3.21%	2.86%	2.75%	2.76%
Management expense ratio before waivers or absorptions ⁵	6.54%	3.65%	4.04%	3.81%	3.71%
Trading expense ratio ³	1.60%	3.10%	1.13%	1.84%	1.87%
Portfolio turnover rate ⁴	255.20%	497.41%	171.68%	302.56%	474.27%
Net asset value per share ¹	\$10.67	\$8.61	\$4.58	\$5.40	\$6.16
Series F					
Total net asset value (000s) ¹	\$5,838	\$10,700	\$221	\$381	\$1,401
Number of shares outstanding ¹	522,951	1,179,779	46,069	68,159	222,155
Management expense ratio ²	5.45%	2.85%	1.74%	1.71%	1.69%
Management expense ratio before waivers or absorptions ⁵	5.45%	3.16%	2.94%	2.73%	2.61%
Trading expense ratio ³	1.60%	3.10%	1.13%	1.84%	1.87%
Portfolio turnover rate ⁴	255.20%	497.41%	171.68%	302.56%	474.27%
Net asset value per share ¹	\$11.16	\$9.07	\$4.79	\$5.59	\$6.31

1 The information is provided as at December 31 of the years shown.

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 3.24% for Series A and 2.07% for Series F as at December 31, 2017.

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.

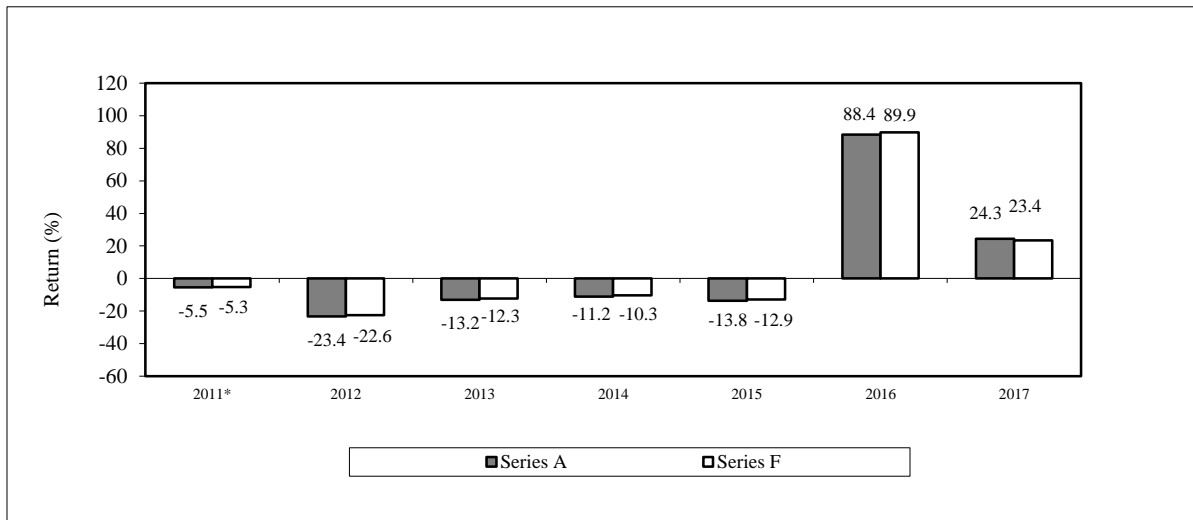
5 The Manager may waive or absorb a portion of the operating expenses of the Fund. Waivers and absorption can be terminated at any time.

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

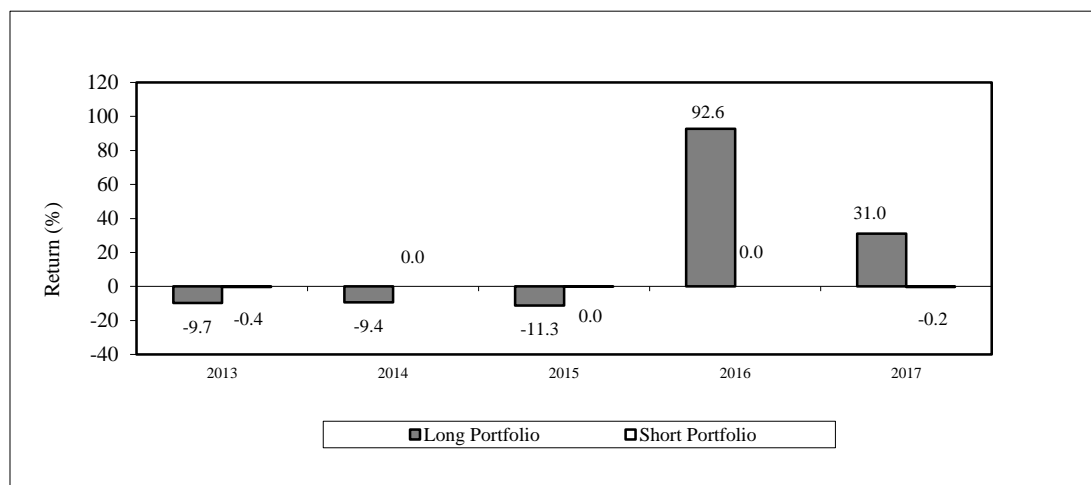
The following chart indicates the performance of each Series of the Fund for the previous twelve-month periods ended December 31 shown, unless otherwise noted. The chart shows, in percentage terms, how much an investment made on the first day of each period would have grown or decreased by the last day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



Annual Compound Returns

The following table illustrates the annual compound total return for each Series A and F shares of the Fund for the periods shown. As a basis of performance comparison, the annual compound return of the Fund is compared to that of the blended index of 50% S&P/TSX Capped Materials Total Return Index and the 50% S&P/TSX Capped Energy Total Return Index (the “Blended Benchmark Index”). The S&P/TSX Capped Materials Total Return Index is comprised of securities of Canadian materials sector issuers listed on the TSX. The S&P/TSX Capped Energy Total Return Index is comprised of securities of Canadian energy sector issuers listed on the TSX. Since the Fund does not necessarily invest in the same securities or in the same proportion as these indices, the performance of the Fund is not expected to equal their performance.

	1-Year	3-Year	5-Year	Since Inception*
Sprott Resource Class – Series A	24.3%	26.4%	9.3%	1.9%
Sprott Resource Class – Series F	23.4%	26.9%	10.0%	2.7%
Blended Benchmark Index	-1.2%	3.5%	-1.8%	-2.5%
Long Portfolio	31.0%	30.8%	12.9%	
Short Portfolio	-0.2%	-0.1%	-0.1%	

* Since launch date of October 17, 2011.

Summary of Investment Portfolio

As at December 31, 2017

Portfolio Allocation		Top 25 Long Positions	
	% of Net Asset Value	Issuer	% of Net Asset Value
Long Positions		Cash	7.0
Materials	46.0	Aphria Inc.	5.8
Energy	27.4	Yangarra Resources Ltd.	5.4
Health Care	18.4	Liberty Health Sciences Inc.	5.3
Information Technology	4.3	Pretium Resources Inc.	4.6
Utilities	1.8	Aurora Cannabis Inc.	4.4
Long Positions	97.9	Garibaldi Resources Corp.	4.2
Cash	7.0	Kirkland Lake Gold Ltd.	4.1
Other Net Liabilities	(4.9)	Leucrotta Exploration Inc.	4.1
Total Net Asset Value	100.0	Continental Gold Inc.	4.1
		Parex Resources Inc.	3.9
		Roxgold Inc.	3.7
		NexGen Energy Ltd.	3.3
		Ikkuma Resources Corp.	3.0
		OrganiGram Holdings Inc.	2.9
		Millennial Lithium Corp.	2.9
		Sabina Gold & Silver Corp.	2.9
		Cardinal Resources Ltd.	2.7
		Birchcliff Energy Ltd.	2.6
		Hive Blockchain Technologies Ltd.	2.5
		Neo Lithium Corp.	2.5
		Argonaut Gold Inc.	2.2
		Blackbird Energy Inc.	2.1
		Bonterra Resources Inc.	2.1
		Suncor Energy Inc.	2.0
		Top 25 long positions as a percentage of net asset value	90.3

The Fund held no short positions as at December 31, 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.ninepoint.com.

Corporate Information

Corporate Address

Ninepoint Partners LP
Royal Bank Plaza, South Tower
200 Bay Street, Suite 2700, P.O. Box 27
Toronto, Ontario M5J 2J1
T 416.943.6707
TOLL-FREE 866.299.9906
F 416.943.6497
E invest@ninepoint.com
For additional information visit our website:
www.ninepoint.com
Call our mutual fund information line for daily closing prices:
416.943.6707 or 866.299.9906

Auditors

KPMG LLP
Bay Adelaide Centre
333 Bay Street
Suite 4600
Toronto, Ontario M5H 2S5

Legal Counsel

Borden Ladner Gervais LLP
Scotia Plaza
40 King Street West
Toronto, Ontario M5H 3Y4