



**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
AND
MANAGEMENT INFORMATION CIRCULAR**

**May 12, 2010 at 4:00 p.m.
Design Exchange
234 Bay Street
Toronto, Ontario**

SPROTT INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The annual general meeting of shareholders of Sprott Inc. will be held at the Design Exchange, 234 Bay Street, Toronto, Ontario, on May 12, 2010 at 4:00 p.m. (Toronto time) for the following purposes:

1. to receive the audited consolidated financial statements of the Corporation for the financial year ended December 31, 2009, and the auditor's report thereon;
2. to elect the directors for the ensuing year;
3. to reappoint the auditors and authorize the directors to fix their remuneration; and
4. to transact such other matters as may properly come before the meeting or any adjournments of that meeting.

The specific details of the matters proposed to be put before the meeting are set forth in the accompanying Management Information Circular. Holders of common shares of record at the close of business on April 12, 2010 will be entitled to vote at the meeting or any adjournments of that meeting.

Dated at Toronto, Ontario, April 12, 2010.

BY ORDER OF THE BOARD

Jack C. Lee
Chairman of the Board of Directors
Sprott Inc.

Notes:

1. A Management Information Circular, form of proxy and, if requested, the financial statements for the year ended December 31, 2009 accompany this Notice of Meeting. Your vote is important to us. If you are a registered shareholder and are unable to be present at the meeting, please specify on the accompanying form of proxy the manner in which the shares represented thereby are to be voted, and sign, date and return same in accordance with the instructions set out in the form of proxy and Management Information Circular.
2. If you are a beneficial shareholder and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions provided to you by your broker or intermediary.

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SPROTT INC.
MANAGEMENT INFORMATION CIRCULAR

Unless otherwise stated, the information in this management information circular is as of March 31, 2010.

PROXY INSTRUCTIONS

This Management Information Circular (the “Circular”) is furnished in connection with the solicitation of proxies by the management of Sprott Inc. (the “Corporation”) for use at the annual meeting of shareholders of the Corporation (the “Meeting”) to be held at the Design Exchange, 234 Bay Street, Toronto, Ontario, on May 12, 2010 at 4:00 p.m. (Toronto time) and at any adjournment or adjournments thereof, for the purposes set out in the foregoing Notice of Meeting (the “Notice”). It is expected that the solicitation of proxies will be primarily by mail. Proxies may also be solicited personally by officers and directors of the Corporation (but not for additional compensation). The costs of solicitation will be borne by the Corporation. Except as otherwise stated, the information contained herein is given as of the date hereof.

Holders of common shares (the “**Common Shares**”) may vote on all matters to come before the Meeting. The form of proxy forwarded to holders of Common Shares affords the shareholder the opportunity to specify the manner in which the proxy nominees are to vote with respect to any specific item by checking the appropriate space in order to indicate whether the Common Shares registered in the shareholder’s name shall be: (i) voted for or withheld from voting for the directors to be named in this Circular; and (ii) voted for or withheld from voting for the appointment of auditors and authorizing the directors to fix their remuneration.

The proxy must be signed by the holders of Common Shares or the shareholder’s attorney duly authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Persons signing as executors, administrators, trustees or in any other representative capacity should so indicate and give their full title as such. A partnership should sign in the partnership’s name and by an authorized person(s).

The persons named in the enclosed form of proxy are officers of the Corporation and represent management. **Each shareholder has the right to appoint a person other than the persons named in the accompanying form of proxy, who need not be a shareholder, to attend and act for him and on his behalf at the Meeting.** A shareholder wishing to appoint some other person as a representative at the Meeting may do so either by inserting such person’s name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, delivering the completed form of proxy to the Corporation’s Registrar and Transfer Agent: Equity Transfer & Trust Company, Attention: Proxy Department, 200 University Avenue, Suite 400, Toronto, Ontario, Canada, M5H 4H1 or faxing the completed form to (416) 361-0470 at least 24 hours before the Meeting time or to the Secretary of the Corporation in time for use at the Meeting.

A proxy given by a shareholder for use at the Meeting may be revoked at any time prior to its use. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the shareholder or by the shareholder’s attorney authorized in writing or, if the shareholder is a corporation, by an officer or attorney thereof duly authorized in writing, and deposited either at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of the Meeting on the day of the Meeting, or any adjournment thereof. The head office of the Corporation is located at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2700, Toronto, Ontario, Canada, M5J 2J1.

MANNER IN WHICH PROXIES WILL BE VOTED

The management representatives designated in the enclosed forms of proxy will vote or withhold from voting the shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions of the shareholder as indicated on the proxy and, if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly.

In the absence of such direction, such shares will be voted by the management representatives in favour of the passing of the matters set out in the Notice. The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice, and with respect to other matters which may properly come before the Meeting or any adjournment thereof. At the date hereof, management of the Corporation knows of no such amendments, variations or other matters. **However, if any other matters should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the proxy nominee.**

VOTING BY BENEFICIAL SHAREHOLDERS

The information in this section is of significant importance to shareholders who do not hold their shares in their own name. Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Shareholders are “non-registered” shareholders if the voting shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the voting shares.

More particularly, a person is not a registered shareholder in respect of Common Shares which are held on behalf of that person (the “**Non-Registered Holder**”) but which are registered either: (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Holder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (such as CDS Clearing and Depositary Services Inc.) of which the Intermediary is a participant.

Non-Registered Holders who have not objected to their Intermediary disclosing certain ownership information about themselves to the Corporation are referred to as non-objecting beneficial owners (“**NOBOs**”). Those Non-Registered Holders who have objected to their Intermediary disclosing ownership information about themselves to the Corporation are referred to as objecting beneficial owners (“**OBOs**”).

In accordance with the requirements of National Instrument 54-101 of the Canadian Securities Administrators, the Corporation has elected to send copies of the Notice, this Circular and the form of proxy (collectively, the “**Meeting Materials**”) directly to the NOBOs, and indirectly through clearing agencies and Intermediaries to the OBOs.

Distribution to NOBOs

These Meeting Materials are being sent to both registered and non-registered shareholders of the securities. If you are a non-registered shareholder, and the Corporation or its agent has sent these Meeting Materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. **Please return your voting instructions as specified in the request for voting instructions in the proxy form enclosed with the Meeting Materials sent to NOBOs.**

Distribution to OBOs

Intermediaries are required to forward the Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to the OBOs. Generally, OBOs who have not waived the right to receive Meeting Materials will either:

- (a) be given a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the OBO but which is otherwise not completed and must be deposited with the transfer agent. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the OBO when submitting the proxy. In this case, the OBO who wishes to submit a proxy should otherwise properly complete the form of proxy and **deliver it to Equity Transfer & Trust Company: Proxy Department, 200 University Avenue, Suite 400, Toronto, Ontario, Canada, M5H 4H1;** or
- (b) more typically, be given a voting instruction form **which is not signed by the Intermediary**, and which, when properly completed and signed by the OBO and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a “proxy authorization form”) which the Intermediary must follow.

In either case, the purpose of this procedure is to permit Non-Registered Holders to direct the voting of the Common Shares which they beneficially own. **Should a Non-Registered Holder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Holder should strike out the names of the management proxyholders and insert the Non-Registered Holder’s name in the blank space provided. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or proxy authorization form is to be delivered.**

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share capital of the Corporation consists of an unlimited number of common shares (“**Common Shares**”) without nominal or par value, of which 150,000,000 Common Shares were issued and outstanding as at the close of business on April 12, 2010 (the “**Record Date**”).

Each Common Share carries one vote in respect of each matter to be voted upon at the Meeting. Only holders of Common Shares of record at the close of business on the Record Date are entitled to vote at the Meeting.

As of April 6, 2010, the only person or company known by the Corporation to own beneficially, directly or indirectly, or control or direct, more than 10 percent of the Common Shares is 2176423 Ontario Ltd. which owns 102,241,270 or approximately 68.16% of the Common Shares. 2176423 Ontario Ltd. is a holding company wholly-owned by Eric Sprott.

RECENT REORGANIZATION OF SPROTT ASSET MANAGEMENT INC.

Effective June 1, 2009 the Corporation completed an internal reorganization of its wholly-owned subsidiary Sprott Asset Management Inc. (“**SAMI**”). The reorganization separated SAMI's operations into three business lines: discretionary portfolio management by Sprott Asset Management LP (“**SAM LP**”), broker-dealer services by Sprott Private Wealth LP (“**SPW LP**”), and consulting services by Sprott Consulting LP (“**SCLP**”).

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Election of Directors

The Board of Directors of the Corporation (the “**Board**”) has fixed the number of directors at seven. The Corporation's current seven directors intend to stand for election to the Board. Management has put forward the names of such current directors. The term of each of the Corporation's present directors expires at the Meeting and each director elected at the Meeting will hold office until the next annual general meeting of shareholders of the Corporation or until his successor is duly elected or appointed, unless he resigns, is removed or becomes disqualified in accordance with the Corporation's bylaws or governing legislation.

The persons named in the enclosed form of proxy intend to vote for the re-election of each of the below-named nominees unless otherwise instructed on a properly executed and validly deposited proxy. Management does not contemplate that any nominees named below will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

The following table sets out the name of each person proposed to be nominated by management for election as a director at the Meeting, all offices of the Corporation now held by such person, their principal occupation, the period of time for which they have been a director of the Corporation, and the number of Common Shares of the Corporation beneficially owned, controlled or directed, directly or indirectly, by them, as at the date hereof. The information as to Common Shares owned or controlled has been provided by the person named. Biographical information for each nominee is also provided below.

Name and Municipality of Residence	Position with the Corporation	Principal Occupation	Service as Director	Common Shares beneficially owned, or controlled or directed, directly or indirectly,
Eric S. Sprott Oakville, Ontario	Chief Executive Officer and Director	Chief Executive Officer and Director of SAM LP	February 13, 2008 to present	102,241,270 ⁽⁴⁾
Jack C. Lee ⁽¹⁾⁽²⁾⁽³⁾ Calgary, Alberta	Chairman	Corporate Director	March 10, 2008 to present	140,504
Marc Faber ⁽¹⁾ Ampur Chaingmai, Thailand	Director	Managing Director, Marc Faber Ltd.	January 19, 2010 to present	--
Peter Hodson Kitchener, Ontario	Director	Chairman and Senior Portfolio Manager of SAM LP	March 10, 2008 to present	3,349,979
Allan Jacobs Toronto, Ontario	Director	Senior Portfolio Manager and Director of Small Cap Investments of SAM LP	March 10, 2008 to present	2,716,769
Mark McCain, ⁽²⁾⁽³⁾ Toronto, Ontario	Director	Private Investor, Principal of Bulawayo Holdings Inc.	March 10, 2008 to present	77,504
James T. Roddy, ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario	Director	Corporate Director	March 10, 2008 to present	77,504

- (1) Member of the Audit Committee
(2) Member of the Compensation Committee
(3) Member of the Corporate Governance and Nominating Committee
(4) Held through a wholly-owned holding company, 2176423 Ontario Ltd.

Except as noted below, each of the foregoing directors and officers has held the same principal occupation for the previous five years:

Eric Sprott, CA

Eric Sprott has over 40 years of experience in the investment industry and has managed client funds for 37 years. Mr. Sprott entered the investment industry as a research analyst at Merrill Lynch Canada, Inc. In 1981, he founded Sprott Securities Limited (a predecessor to Sprott Securities Inc., now Cormark). After establishing SAMI in December 2001 as a separate entity, Mr. Sprott divested his entire stake in Sprott Securities Inc. to its employees. Mr. Sprott's investment abilities are demonstrated by the track record of the Sprott Hedge Fund L.P., Sprott Hedge Fund L.P. II, Sprott Offshore Fund, Sprott Canadian Equity Fund, and Sprott Energy Fund.

Jack C. Lee

Mr. Lee has over 37 years experience in the oil and gas industry. He is currently Chairman of the Corporation, and also serves as Chairman of Alaris Royalty Corp., CanEra Resources Inc., and Gryphon Petroleum Corp. In addition, he is a director of Ithaca Energy Inc. and Darian Resources Ltd. He was previously Vice Chairman of Penn West Energy Trust, Chairman of Canetic Resources Trust and President and Chief Executive Officer of Acclaim Energy Inc., a predecessor of Canetic. Prior thereto, Mr. Lee was President and Chief Executive Officer of Danoil Energy Ltd, a predecessor of Acclaim. Mr. Lee has a Bachelor of Arts and a Bachelor of Commerce and is a member of the Institute of Corporate Directors.

Marc Faber

Dr. Faber is the Managing Director of Marc Faber Ltd., an investment advisory and fund management firm. He also acts as a director of Ivanhoe Mines Ltd, an international mining company with operations focused on the Asia Pacific region, and as a director and advisor to a number of private investment funds. Dr. Faber publishes a widely read monthly investment newsletter entitled “The Gloom, Boom & Doom Report” and is the author of several books including “Tomorrow’s Gold – Asia’s Age of Discovery”. He is a regular contributor to several leading financial publications around the world, including Barron’s. Dr. Faber has over 36 years experience in the finance industry, including acting as manager of an investment bank in the U.S. where he routinely performed financial analysis on a range of companies. Dr. Faber received his PhD in Economics magna cum laude from the University of Zurich. He is a member of the Institute of Corporate Directors.

Peter J. Hodson, CFA

Peter Hodson joined SAMI in January 2006 and is currently the lead Portfolio Manager for the Sprott Growth Fund. Mr. Hodson has over 23 years of experience in the investment industry. Mr. Hodson began his career as a Managing Director with Dominion Bond Rating Service, and later became Associate Director of Equities at Mutual Asset Management where he managed over \$1 billion in assets in its small cap fund. He later joined Synergy Mutual Funds in 1997 and moved to CI Investments when it acquired Synergy in 2003. Mr. Hodson worked for Waterfall Investments Inc. for a period before returning to CI in 2005. At CI, he was Vice President Portfolio Management where he was responsible for overseeing the management of various funds.

Allan Jacobs, CA (S.A.)

Allan Jacobs joined SAMI in August 2007 as Director of Small Cap Investments with focus on the Sprott Small Cap Funds. He is also a co-lead portfolio manager for the Sprott 2010 Flow-Through Limited Partnership that was launched in February, 2010. Mr. Jacobs has over 25 years of experience in the investment industry. Prior to joining SAMI, Mr. Jacobs was head of Canadian Small Cap equities at Sceptre Investment Counsel Limited, where he was employed for the previous 14 years. He was also the Portfolio Manager of the Sceptre Equity Growth Fund, as well as Portfolio Manager of the Sceptre Canadian Equity Small Cap Pooled Fund and the Canadian small cap component of all other institutional portfolios. He managed the Sceptre Small Cap Opportunities Fund (a hedge fund), which was launched on January 31, 2007 (now called the Sprott Small Cap Hedge Fund). He was an integral part of the Canadian Equity team at Sceptre since 1993 and was appointed a Managing Director of Sceptre in 1996.

Mark McCain

Mr. McCain has been a private investor through Bulawayo Holdings Inc. since September 2006. Prior to that Mr. McCain was a Business Analyst with McCain Foods Ltd. since March 1998. Mr. McCain has been a director of McCain Foods Ltd. for the past eight years and a director of the McCain Foods Group Inc. for over ten years.

James T. Roddy

Mr. Roddy has held a number of senior positions and directorships with companies in various industries. He served as President and Chief Executive Officer and Director of Ontario Bus Industries Inc. in 1994 and from 1989 to 1993 was President and Chief Operating Officer and Director of Slater Industries Inc. From 1985 to 1989 he held various positions with Campeau Corporation, including President, Chief Financial Officer and Chief Operating Officer and Director, and served in the roles of Chief Financial Officer, Executive Vice President and Chief Operating Officer and Director of Peoples Jewellers Limited between 1967 and 1984. Mr. Roddy has also held directorships with numerous public and not-for-profit corporations. He received his Chartered Accountant designation in 1967.

Corporate Cease Trade Orders or Bankruptcies

No director, officer or other member of management of the Corporation is, or within the ten years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company that was the subject of a cease trade order or similar order or an order that denied the company access to any statutory exemptions for a period of more than thirty consecutive days issued while that person was acting in such capacity or issued thereafter but resulted from an event that occurred while that person was acting in such capacity. No director, officer or other member of management of the Corporation is now, or within the ten years prior to the date hereof, has been a director or executive officer of any company while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than Jack C. Lee who is a director of an Alberta-based private company that has sought protection under the Companies' Creditors Arrangement Act.

Penalties or Sanctions and Personal Bankruptcies

No director, officer, or other member of management of the Corporation has, during the ten years prior to the date hereof, been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion, formation or management of a publicly traded company, or involving fraud or theft.

No director, officer or other member of management of the Corporation has, during the ten years prior to the date hereof, been bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

2. Appointment and Remuneration of Auditors

Management proposes the re-appointment of Ernst & Young LLP, 222 Bay Street, Toronto, Ontario, M5K 1J7, as auditors of the Corporation and to authorize the directors to fix the auditors' remuneration. **In the absence of a contrary specification made in the form of proxy, the persons named in the enclosed form of proxy intend to vote for the appointment of Ernst & Young LLP, as auditors of the Corporation and to authorize the Board to fix their remuneration.** Ernst & Young LLP was first appointed as auditors of the Corporation on February 13, 2008.

CORPORATE GOVERNANCE

Board of Directors

The Board is comprised of seven directors, a majority of whom are independent directors. The following are our independent directors: Messrs. Lee, McCain, Roddy and Faber. The following are not independent: Mr. Sprott (who is Chief Executive Officer of the Corporation (“CEO”)); Mr. Hodson (who is Chairman and a Senior Portfolio Manager of SAM LP); and Mr. Jacobs (who is a Senior Portfolio Manager and Director of Small Cap Investments of SAM LP). Mr. Lee, an independent director, has been appointed as Chairman.

During 2009, the Board held five Board meetings at which all directors were present in person or by telephone and, in accordance with the Board mandate, for a portion of each such meeting, non-independent directors and management were not in attendance.

The Chairman, Mr. Lee, an independent director, chairs Board meetings and is responsible for overseeing the performance by the Board of its duties, for communicating periodically with committee chairs regarding the activities of their respective committees and for ensuring the Board works as a cohesive team and providing the leadership essential to achieve this.

The Board discharges its responsibility for overseeing the management of the Corporation's business by delegating to the Corporation's senior officers the responsibility for day-to-day management of the Corporation. The Board discharges its responsibilities both directly and through its committees, the Audit Committee, the Corporate Governance and Nominating Committee and the Compensation Committee, all of which were established on April 3, 2008. In addition to these regular committees, the Board may appoint *ad hoc* committees periodically to address certain issues of a more short-term nature. Certain of the directors are also directors of other reporting issuers as set forth below:

Name	Reporting Issuer
Eric S. Sprott	Sprott Resource Corp.
Jack C. Lee	Alaris Royalty Corp. Ithaca Energy Inc.
Marc Faber	Ivanhoe Mines Ltd.

Board Mandate

The Board has adopted a written mandate that acknowledges its responsibility for the stewardship of the business and affairs of the Corporation. The Board reviews and assesses the adequacy of

the Board mandate at least annually or otherwise, as it deems appropriate, and makes any necessary changes. A copy of this mandate is attached to this circular as Appendix A.

Position Descriptions

The Board is responsible for: (a) developing position descriptions for the Chairman of the Board, the chair of each Board committee and, together with the CEO, the CEO (which will include delineating management's responsibilities); (b) developing and approving the corporate goals and objectives that the CEO is responsible for meeting; and (c) developing a description of the expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials. Written descriptions for the positions of Chairman and the chair of each Board committee are set forth in the respective mandates for the Board and each committee. A written description of expectations and responsibilities is circulated on an annual basis to each member of the Board who is required to sign an acknowledgment that he has read and understands the contents of such description.

Orientation and Continuing Education

The Board is responsible for ensuring that all new directors fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including the commitment of time and resources that the Corporation expects from its directors) and that they understand the nature and operation of the Corporation's business. Each member of the Board is provided with copies all of the mandates of the Board (and its committees) as well as all governance-related policies of the Corporation. In order to provide members of the Board with a more comprehensive understanding of the operations of the group, each senior portfolio manager and other senior executives are provided with an opportunity to present to the Board at a regularly scheduled meeting. Board members are also encouraged to contact the CEO, the Chief Financial Officer or the Chief Compliance Officer of the Corporation should they have any specific questions or concerns.

Ethical Business Conduct

The Board has approved policies and procedures designed to ensure that the Corporation operates with the highest ethical and moral standards "best practices". SAM LP and SPW LP have written policies and procedures that establish strict rules for professional conduct and management of conflicts of interest. The directors and officers of the Corporation are aware of their fiduciary obligation to the Corporation to act in its best interest, to avoid abusing their positions to gain personal benefit, and to disclose any potential conflicts of interest to the Corporation. The Board has also adopted a whistleblower policy to ensure that the Corporation, its subsidiaries, directors, officers and employees comply with all applicable legal and regulatory requirements relating to corporate reporting and disclosure, accounting and auditing controls and procedures, securities compliance and other matters pertaining to fraud against the Corporation and its shareholders. The Board has also adopted an insider trading policy to ensure that the Corporation, its subsidiaries, directors, officers and employees comply with, or do not violate, insider trading obligations or restrictions under applicable securities laws.

Nomination of Directors

In connection with the nomination or appointment of individuals as directors, the Board is responsible for: (a) considering what competencies and skills the Board, as a whole, should possess; (b) assessing what competencies and skills each existing director possesses; and (c) considering the appropriate size of the Board, with a view to facilitating effective decision

making. The Board will consider the recommendation of the Corporate Governance and Nominating Committee (as defined below).

Board Evaluation

The Board is responsible for ensuring that the Board, its committees and each individual director are regularly assessed regarding his, her or its effectiveness and contribution. These assessments consider, in the case of the Board or a committee thereof, its mandate or charter and in the case of an individual director, any applicable position description, as well as the competencies and skills each individual director is expected to bring to the Board.

Audit Committee

The Board has established an audit committee (the “**Audit Committee**”) comprised of Messrs. Roddy (Chair), Lee and Faber. All members of the Audit Committee are independent and non-executive directors of the Corporation. All members of the Audit Committee meet the independence and financial literacy requirements of National Instrument 52-110 *Audit Committees*. See the biographical descriptions under “Election of Directors” for a biographical description of each member of the Audit Committee.

The Board has adopted a written mandate for the Audit Committee, which sets out the Audit Committee’s responsibility in overseeing the accounting and financial reporting processes of the Corporation, audits of the financial statements of the Corporation, and the appointment, compensation, and oversight of the work of any registered external auditor employed by the Corporation for the purpose of preparing or issuing an audit report or related work. This mandate is reviewed and assessed at least annually or otherwise, as deemed appropriate, by the Board with the assistance of the Corporate Governance and Nominating Committee (as hereinafter defined) and the Audit Committee. A copy of this mandate is attached to the Corporation’s Annual Information Form as Appendix A.

Corporate Governance and Nominating Committee

The Board has established a corporate governance and nominating committee (the “**Corporate Governance and Nominating Committee**”) comprised of Messrs. Roddy (Chair), Lee and McCain. The overall purpose of the Committee is to assist the Board in maintaining high standards of corporate governance by developing, recommending and monitoring effective guidelines and procedures applicable to the Corporation, and by establishing the process for identifying, recruiting, appointing and/or providing ongoing development for directors and senior management of the Corporation. Responsibilities include: reviewing the mandate of the Board and its committees; periodically reviewing and evaluating the performance of all directors, committees and the Board as a whole; recommending new candidates for Board memberships, making recommendations to the Board and ensuring that appropriate orientation and education programs are available for new Board members; and reviewing annually the membership and chairs of all committees of the Board. All members of the Corporate Governance and Nominating Committee meet the independence requirements of the TSX and applicable regulatory authorities.

Compensation Committee

The Board has established a Compensation Committee comprised of Messrs. Lee (Chair), McCain and Roddy. The overall purpose of the Compensation Committee is to assist the Board in relation to compensation by developing, monitoring and assessing the Corporation’s approach to the compensation of its directors, senior management and employees. This includes: the review and recommendation to the Board, for approval, of the remuneration of the Corporation’s CEO

and senior executive officers, determination (or delegation of the authority to determine) and recommendation to the Board for approval of awards to Corporation employees of stock options under the Corporation's incentive stock option plan. All members of the Compensation Committee meet the independence requirements of the TSX and applicable regulatory authorities. See also "Executive Compensation – Compensation Discussion and Analysis".

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

General

Our compensation program is designed to attract, retain and motivate the best professionals in the marketplace. Our strategy has been to selectively hire "best in class" portfolio managers and analysts supported by sales, trading, operations, finance and compliance personnel. We seek to align the interests of our key personnel with those of the investors in the investment funds and discretionary managed accounts that we manage and, in turn, shareholders of the Corporation.

We aim to pay competitive salaries but emphasize variable compensation as a means to align executive compensation with the financial performance of the Corporation and its operating subsidiaries.

Our Compensation Program

The key elements of the compensation arrangements of our executive officers, investment professionals and other key employees are:

Base Salary and Benefits

The Corporation's (and its predecessor companies) compensation structure has historically followed the tradition of a modest base salary and greater participation in the profits of the Corporation as a whole through cash bonuses. There have been a few exceptions to that model for our executives and investment professionals, whereby for certain relatively recent hires, in order to attract them to the Corporation, compensation levels were guaranteed for a specified period (usually two years). Those compensation structures are reviewed at the end of the specified periods. However, this approach has created a divergence in compensation practices between newer hires and existing employees. As we mature as a diversified investment management organization, and as we grow, we will continue to be review our approach to ensure that our compensation practices provide a competitive base salary for all employees, including Named Executive Officers ("NEOs").

We also provide all employees with a benefits program that includes medical, dental, life insurance and other benefits. We believe that providing this type of program is a necessary part of our overall compensation structure to attract and retain employees in the competitive environment for professional talent. We do not provide any other perquisites to our NEOs, nor do we have any pension or other post-retirement plans.

Cash Bonus

In connection with our initial public offering (the "IPO") in 2008, we implemented a bonus compensation program (the "**Employee Bonus Pool**") providing that an aggregate amount equal to 25% of our Net Operating Income would be allocated to the Employee Bonus Pool, with a further amount of up to 25% of performance fees earned to be allocated to the Employee Bonus

Pool. “**Net Operating Income**” is the measure that we use to determine the discretionary base bonus amount to be allocated to the Employee Bonus Pool and is equal to the difference between (i) management fees and (ii) operating expenses (including trailer fees, salaries and benefits (other than discretionary bonuses), occupancy, general and administrative and business development expenses).

Based on the above, senior management advises the Chair of the Compensation Committee of the aggregate amount of the Employee Bonus Pool on a quarterly basis.

Individual bonus payments are paid at management’s discretion and are based on an overall assessment by senior management of the individual’s performance and absolute and/or relative contribution, but without reference to specified criteria or metrics. The 2009 aggregate bonus amount available to employees was less than the 2008 aggregate bonus amount available. Therefore, most eligible employees, including NEOs received lower bonuses for 2009 than for 2008. In all cases, each employee is considered separately, taking into account personal performance, relative ranking among peers and salary base. The Business Management Group, comprised of five senior executives from the Corporation’s operating subsidiaries and chaired by the Corporation’s President, recommend the compensation levels for all senior management, including the NEOs, and these proposals are submitted for review by and discussion with the Compensation Committee and based on the Compensation Committee’s recommendation, ultimately approved by the Board of Directors.

Management and the Compensation Committee will review these bonus compensation arrangements at the end of calendar year 2010 to determine whether any adjustments to these arrangements would be appropriate.

Equity Incentive

From the inception of SAMI, we have always believed in a philosophy of employee participation and ownership. As part of the compensation program at SAMI, employees were entitled to participate in a share purchase program. The number of shares to which an employee was entitled to purchase from time to time was determined by Mr. Sprott. At the time of the IPO virtually all SAMI employees owned SAMI shares which were converted into shares of Sprott Inc. on the IPO. After the IPO, a number of the senior executives and investment professionals, including Mr. Sprott, re-invested a portion of their after-tax proceeds from the IPO into various Sprott Funds thus further aligning their interests with those of our fund investors. While we do not impose any mandatory levels of share ownership, the vast majority of our employees who received common shares of Sprott Inc. in exchange for their SAMI shares have chosen to continue to be shareholders of Sprott Inc.

The Corporation has established a stock option plan, which is intended to aid in attracting, retaining and motivating our officers, employees and directors. Grants of options pursuant to the stock option plan are approved by the Board upon the recommendation of the Compensation Committee. See “Option Based Awards” and “Securities Authorized for Issuance under Equity Compensation Plans – Stock Option Plan”.

We intend to continue to structure our compensation programs to attract, retain and motivate executives and investment professionals of the highest level of quality and effectiveness. We are focused on rewarding the types of performance that increase long-term shareholder value, including growing our AUM, retaining investors in the Sprott Funds, developing new investor relationships, improving operational efficiency and managing risks. Our Compensation Committee, together with our senior management, will regularly re-evaluate our compensation program to ensure adherence to these objectives.

Comparator Group

The competition to attract and retain high performing executives and professionals in the financial services industry is intense and, consequently, the amount of total compensation paid to our executives must be considered in light of competitive compensation levels. When hiring new employees, particularly investment professionals, compensation packages are structured so as to attract and retain such personnel. Compensation is tailored to the particular circumstances and is not referenced to any external or “benchmark” data. There are no directly comparable publicly listed companies in Canada. The Compensation Committee is provided with publicly available executive compensation disclosure for other mid-size public investment management companies in Canada including Gluskin, Sheff & Associates, Sceptre Investment Counsel Limited and Guardian Capital Group Limited. However, none of these companies manages a mix of hedge funds, mutual funds and other assets similar to SAM LP and SCLP and, as such, the Compensation Committee may not place any particular emphasis on the comparator group information. More importantly, a large part of our overall compensation program relates directly to the size of the Employee Bonus Pool discussed above. Thus, total compensation can vary significantly from year-to-year based on overall profitability rather than by any reference to comparator organizations.

Compensation Process

Our Compensation Committee periodically reviews and approves our compensation policies and practices in general. In making compensation recommendations for our other senior executive officers and investment professionals, in addition to the objective criteria referenced herein, the Compensation Committee relies on the CEO and the Business Management Group to make recommendations based on their judgment of the performance and contribution of the relevant individual. The Compensation Committee reviews and discusses such recommendations with the CEO and the Business Management Group and, if determined to be appropriate, recommends approval by the Board. The Compensation Committee performs an annual reassessment of the programs each year in connection with year-end compensation decisions. See “Corporate Governance – Compensation Committee”.

Option Based Awards

Option based awards (“**Options**”) are issued pursuant to our stock option plan (the “**Option Plan**”). The Option Plan is intended to aid in attracting, retaining and motivating our key officers, employees and directors. The Board, through the recommendation of the Compensation Committee, administers the Option Plan and determines, among other things, optionees, vesting periods, exercise price and other attributes of the options, in each case pursuant to the Option Plan, applicable securities legislation and the rules of The Toronto Stock Exchange (“**TSX**”). The Chair of the Compensation Committee also has the authority to award routine option grants in reasonable amounts to new employees, such grants not to exceed an aggregate of 2% of the number of options available under the Option Plan from time to time and subject to confirmation by the Board. Previous grants of Options will not be taken into account when considering new grants of Options. See “Securities Authorized for Issuance under Equity Compensation Plans – Stock Option Plan”.

In connection with the IPO, most of our officers, portfolio managers and strategists converted their options or stock in SAMI into stock of the Corporation. As a result those officers, portfolio managers and strategists have, individually and collectively, a substantial holding of the Corporation’s stock and their interests are clearly aligned with those of other shareholders. Given

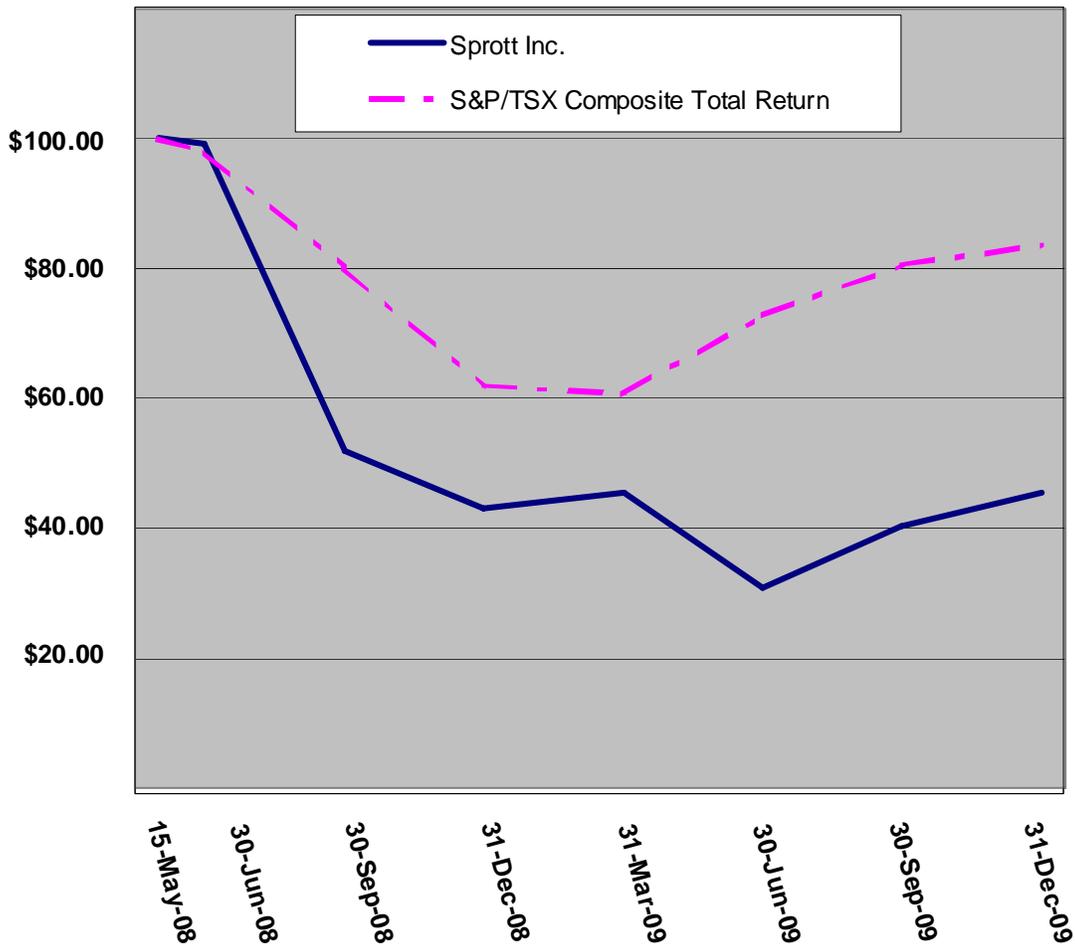
the Corporation stock acquired in the IPO in 2008, no new option-based awards have been granted to any of the NEOs since that time.

PERFORMANCE GRAPH

The following graph compares the cumulative shareholder return per \$100 invested in the Corporation's common shares to the cumulative total return of the S&P/TSX Composite Index from the time of the Corporation's initial public offering on May 15, 2008 to December 31, 2009. The calculations include reinvested dividends and exclude brokerage fees and taxes.

Cumulative Shareholder Return per \$100

(From May 15, 2008 to December 31, 2009)



There are many factors that may influence the Corporation's stock price such as future income expectations, views on specific sectors, personnel changes, etc all of which are not directly related to historical financial performance. Compensation for our NEOs is largely dictated by the size of the Employee Bonus Pool and the relative allocations therefrom. There will be some relationship between corporate performance and the size of the Employee Bonus Pool but not necessarily between compensation and shareholder returns over any given period of time.

SUMMARY COMPENSATION TABLE

The following table provides a summary of compensation information for the 12-month periods ended December 31, 2009 and 2008 for the CEO, Chief Financial Officer and the three other NEOs. The amounts are stated in Canadian dollars.

Name and principal position	Year (\$)	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)		All other compensation (\$)	Total compensation (\$)
					Annual incentive plans	Long term incentive plans		
Eric S. Sprott, CEO	2009	200,000	--	--	5,355,000	--	--	5,555,000
	2008	200,000	--	--	6,160,000	--	--	6,360,000
Kevin Bambrough, President, CEO Sprott Consulting LP	2009	231,250	--	--	2,270,000	--	--	2,501,250
	2008	200,000	--	--	7,215,373	--	--	7,415,373
Scott Dexter Head of Trading, SAM LP	2009	200,000	--	--	655,000	--	--	855,000
	2008	200,000	--	--	785,000	--	--	985,000
James Fox, President & Head of Sales and Marketing, SAM LP	2009	200,000	--	--	649,000	--	--	849,000
	2008	200,000	--	--	759,000	--	--	959,000
Steven Rostowsky ⁽¹⁾ , CFO	2009	600,000	--	--	--	--	--	600,000
	2008	500,000	--	Nil ⁽²⁾	--	--	100,000	600,000

⁽¹⁾ Mr. Rostowsky commenced employment on March 3, 2008. His annual salary is \$600,000. Pursuant to the terms of his employment agreement, Mr. Rostowsky received a one-time transition payment of \$100,000.

⁽²⁾ Mr. Rostowsky was granted 5,004 options exercisable for common shares of SAMI on March 17, 2008. All such options vested automatically upon the completion of the IPO of the Corporation. Fair value of the SAMI options at the time of grant was determined to be nil.

All NEOs with the exception of Mr. Rostowsky and Mr. Bambrough received lower incentive compensation for 2009 than for 2008 due to a smaller aggregate bonus pool being available for allocation. Mr. Rostowsky did not receive a bonus in 2008 or 2009 as his base salary is higher than those of the other NEOs but his base salary will be reviewed in the future and he may participate in the bonus pool thereafter. Mr. Bambrough received a lower bonus for 2009 than for 2008, reflecting the fact the majority of the performance fee portion of the Employee Bonus Pool for 2008 was directly attributable to the incentive fee earned by SCLP. SCLP did not earn any performance fees in 2009. See “Compensation Discussion and Analysis – Cash Bonus”.

INCENTIVE PLAN AWARDS

Outstanding share-based awards and option-based awards

None of the NEOs have any outstanding share-based awards or option-based awards.

Incentive plan awards - value vested or earned during the year

Name	Option-based awards - Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation - Value earned during the year (\$)
Eric Sprott	--	--	5,355,000
Kevin Bambrough	--	--	2,270,000
Scott Dexter	--	--	655,000
James Fox	--	--	649,000
Steven Rostowsky	--	--	--

The Employee Bonus Pool is an important part of the Corporation's compensation philosophy as it aims to attract, retain and motivate the best professionals in the marketplace. See "Compensation Discussion and Analysis – Cash Bonus".

TERMINATION AND CHANGE OF CONTROL BENEFITS

Eric Sprott

Mr. Sprott has a written employment agreement pursuant to which he is entitled to receive an annual salary of \$200,000 as compensation for his services as CEO and Senior Portfolio Manager. Additionally he is entitled to participate in the Employee Bonus Pool. In the event that Mr. Sprott's employment is terminated without cause, he will be entitled to receive two years' salary and compensation. Mr. Sprott's employment agreement also provides for, among other things, non-compete and non-solicit covenants in favour of the Corporation during the term of his employment and during the two-year period following the later of (i) the date he ceases to be a holder of greater than 10% of the then outstanding Common Shares, and (ii) the date his employment is terminated. If Mr. Sprott's employment had been terminated without cause on December 31, 2009, the estimated termination payment would be approximately \$12,000,000.

Steven Rostowsky

Mr. Rostowsky has a written employment letter agreement pursuant to which he receives an annual salary of \$600,000 for two years and is entitled to participate in the Employee Bonus Pool. In the event Mr. Rostowsky is terminated by the Corporation without cause, he is entitled to receive six-months written notice or base salary plus one month of written notice or base salary for each full year of employment with the Corporation, provided that the total notice period or base salary payable shall not exceed 12 months. If Mr. Rostowsky's employment had been terminated without cause on December 31, 2009, the estimated termination payment would be approximately \$350,000.

DIRECTOR COMPENSATION

Director Compensation Table

The following table shows all compensation (before taxes and other statutory withholdings) provided to the directors for the year ended December 31, 2009.

Name	Fees Earned (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	All other compensation (\$)	Total (\$)
Peter Hodson ⁽¹⁾	--	--	--	--	744,000	744,000
Allan Jacobs ⁽¹⁾	--	--	--	--	1,687,500	1,687,500
Jack C. Lee	104,500	--	--	--	--	104,500
Mark McCain	63,500	--	--	--	--	63,500
James T. Roddy	94,500	--	--	--	--	94,500
Ian W. Telfer ⁽²⁾	63,500	--	--	--	--	63,500

⁽¹⁾ Mr. Hodson received \$200,000 in base salary and a bonus of \$544,000 in his capacity as a senior portfolio manager of SAM LP. Mr. Jacobs received \$1,687,500 in salary in his capacity as a senior portfolio manager and Director of Small Cap Investments of SAM LP.

⁽²⁾ Mr. Telfer resigned as a director on January 19, 2010.

Each independent member of the Board is paid such remuneration for their services as the Board may, from time to time, determine. Until otherwise determined, such compensation will be \$50,000 per year for each independent director plus \$1,500 per attended meeting of the Board and committees of the Board. The Corporation will also reimburse all members of the Board for out-of-pocket expenses for attending such meetings. In addition, the Chair of the Audit Committee is entitled to an annual retainer fee of \$20,000 and the Chair of each of the Compensation Committee and the Corporate Governance and Nominating Committee are entitled to an annual retainer fee of \$5,000. The Chairman of the Board is entitled to an annual retainer fee of \$30,000.

No share-based or option-based awards were granted to any of the directors for the year ended December 31, 2009.

Directors' & Officers' Liability Insurance

The Corporation has purchased directors' & officers' liability insurance coverage ("**D&O Insurance**") for directors and officers of the Corporation. No amount of the premium paid for D&O Insurance for the year ended December 31, 2009 was paid by the directors or officers of the Corporation. The D&O Insurance coverage has an annual aggregate limit of \$20,000,000. There is a \$250,000 deductible for any claim made, but no deductible will be assessed against any director or officer. D&O Insurance is designed to protect Board members and officers for their legal liabilities including, but not limited to, securities claims, claims for statutory liabilities and employment claims.

**SECURITIES AUTHORIZED FOR ISSUANCE
UNDER EQUITY COMPENSATION PLANS**

Equity Compensation Plan Information as at December 31, 2009

	Number of Securities to be issued upon the exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Plan Category			
<i>Equity compensation plans approved by security holders</i>	2,550,000	\$9.96	12,450,000
<i>Equity compensation plans not approved by security holders</i>	--	--	--
Total	2,550,000	\$9.96	12,450,000

Stock Option Plan

The Option Plan is intended to aid in attracting, retaining and motivating our officers, employees, directors and consultants. There are no other equity compensation plans. See “Compensation Discussion and Analysis - Option Based Awards”.

The exercise price for any option issued under the Plan may not be less than the market price (as defined in the Option Plan) of the Common Shares at the time of issue. Options issued under the Option Plan may be exercised during a period determined under the Option Plan, which may not exceed ten years. Unless otherwise determined by the Board, options will vest at a rate of one-third per annum commencing 12 months after the date of grant.

The aggregate number of Common Shares which may be issued from treasury under the Option Plan or reserved for issuance upon the exercise of options under the Option Plan may not exceed 10% of the issued and outstanding Common Shares from time to time. The number of Common Shares which may be reserved for issuance pursuant to options granted pursuant to the Option Plan to any one person may not exceed 5% of the then aggregate issued and outstanding Common Shares. Insiders of the Corporation entitled to receive a benefit under the Option Plan are not eligible to vote their Common Shares in respect of matters relating to the Option Plan unless the aggregate number of the Corporation’s Common Shares (i) issued to insiders of the Corporation, within any one year period, and (ii) issuable to insiders of the Corporation, at any time, under the Option Plan, or when combined with all of the Corporation’s other security-based compensation plans, could not exceed 10% of the Corporation’s total issued and outstanding Common Shares.

Options may be transferred to certain permitted assigns which include a spouse, a trustee acting on behalf of the optionholder or spouse, or a holding entity. If the optionholder resigns, is terminated for cause or fails to be re-elected as a director, the options terminate immediately. If the optionholder dies or ceases to be eligible under the Option Plan for any other reason, options that are entitled to be exercised may generally be exercised until the earlier of (i) one year or three

months, respectively, of the applicable date, or (ii) the expiry date of the option. The Option Plan also provides for the cashless exercise of options which allows for the optionholder to receive, without cash payment (other than taxes), a number of Common Shares based on a specified formula tied to the market price of the Common Shares as at the last trading day immediately prior to the cashless exercise.

The Board may make the following amendments to the Option Plan, without obtaining shareholder approval: (i) amendments to the terms and conditions of the Option Plan necessary to ensure that the Option Plan complies with the applicable regulatory requirements, including the rules of the TSX, in place from time to time; (ii) amendments to the provisions of the Option Plan respecting administration of the Option Plan and eligibility for participation under the Option Plan; (iii) amendments to the provisions of the Option Plan respecting the terms and conditions on which options may be granted pursuant to the Option Plan, including the provisions relating to the exercise price, the term of the option and the vesting schedule; and (iv) amendments to the Option Plan that are of a “housekeeping” nature.

However, the Board may not, without the approval of the Corporation’s shareholders, make amendments with respect to the following: (i) an increase to the Option Plan maximum or the number of securities reserved for issuance under the Option Plan; (ii) amendment provisions granting additional powers to the Board to amend the Option Plan or entitlements without shareholder approval; (iii) reduction in the exercise price of options or other entitlements held by insiders; (iv) extension to the term of options held by insiders; and (v) changes to the insider participation limits which result in shareholder approval to be required on a disinterested basis.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the best knowledge of the directors, no director, officer or insider of the Corporation, or any associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction or in any proposed transaction since January 1, 2009 that has affected or would materially affect the Corporation.

ADDITIONAL INFORMATION

Financial information about the Corporation is provided in its financial statements for the 12-month period ended December 31, 2009 and related management’s discussion and analysis. You may also obtain a copy of the annual report for fiscal 2008, containing the Corporation’s financial statements and management’s discussion and analysis for fiscal 2009, as well as a copy of the Corporation’s most recent financial statements and its annual information form, by contacting the Sprott Investor Relations at (416) 203-2310 or toll-free at 1 (877) 403-2310 or ir@sprott.com.

All of these above mentioned documents as well as additional information relating to the Corporation are all available by visiting the Corporation’s website at www.sprottinc.com or on SEDAR’s website at www.sedar.com.

DIRECTORS' APPROVAL

The contents and the distribution of this Circular have been approved by the Board.

Dated at Toronto, Ontario, April 12, 2010

**BY ORDER OF THE BOARD OF DIRECTORS OF
SPROTT INC.**

“Jack C. Lee”

Jack C. Lee
Chairman of the Board of Directors

APPENDIX A

SPROTT INC. MANDATE OF THE BOARD OF DIRECTORS

Introduction

The term “**Corporation**” herein shall refer to Sprott Inc. and the term “**Board**” shall refer to the board of directors of the Corporation. The Board is elected by the shareholders and is responsible for the stewardship of the business and affairs of the Corporation. The Board seeks to discharge such responsibility by reviewing, discussing and approving the Corporation’s strategic planning and organizational structure and supervising management to ensure that the foregoing enhance and preserve the underlying value of the Corporation.

Although directors may be elected by the shareholders to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Corporation as a whole must be paramount at all times.

Chairman and Composition and Quorum

1. The Board will be comprised of a minimum of one member and a maximum of ten members, the majority of which shall be, in the determination of the Board, “independent” for the purposes of National Instrument 58-101 *Disclosure of Corporate Governance Practices*. Each Board member shall satisfy the independence and experience requirements, if any, imposed by applicable securities laws, rules or guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules.
2. The chairman of the Board will be elected by vote of a majority of the full Board membership, on the recommendation of the Corporate Governance and Nominating Committee. The chairman of the Board with the assistance of the lead director (who shall be an independent director), if any, will chair Board meetings and shall be responsible for overseeing the performance by the Board of its duties, for setting the agenda of each Board meeting (in consultation with the Chief Executive Officer (the “**CEO**”)), for communicating periodically with committee chairs regarding the activities of their respective committees, for assessing the effectiveness of the Board as a whole as well as individual Board members and for ensuring the Board works as a cohesive team and providing the leadership essential to achieve this.

Meetings

3. Meetings will be scheduled to facilitate the Board carrying out its responsibilities. Additional meetings will be held as deemed necessary by the Chairman of the Board. The independent directors of the Board shall hold regularly scheduled meetings at which non-independent directors and management are not in attendance. Any director of the Corporation may request the Chairman of the Board to call a meeting of the Board.
4. Meetings of the Board shall be validly constituted if a majority of the members of the Board is present in person or by telephone conference. A resolution in writing signed by all the members of the Board entitled to vote on that resolution at a meeting of the Board is as valid as if it had been passed at a meeting of the Board.

Board Charter and Performance

5. The Board shall have a written charter that sets out its mandate and responsibilities and the Board shall review and assess the adequacy of such charter and the effectiveness of the Board at least annually or otherwise, as it deems appropriate, and make any necessary changes. Unless and until replaced or amended, this mandate constitutes that charter. The Board will ensure that this mandate or a summary that has been approved by the Board is disclosed in accordance with all applicable securities laws or regulatory requirements in the Corporation's annual management information circular or such other annual filing as may be permitted or required by applicable securities regulatory authorities.

Duties of Directors

6. The Board discharges its responsibility for overseeing the management of the Corporation's business by delegating to the Corporation's senior officers the responsibility for day-to-day management of the Corporation. The Board discharges its responsibilities both directly and through its committees, the Audit Committee, the Corporate Governance and Nominating Committee and the Compensation Committee. In addition to these regular committees, the Board may appoint ad hoc committees periodically to address certain issues of a more short-term nature. In addition to the Board's primary roles of overseeing corporate performance and providing quality, depth and continuity of management to meet the Corporation's strategic objectives, principal duties include the following:

Appointment of Management

- (i) The Board has the responsibility for approving the appointment of the CEO and all other senior management, and approving their compensation, following a review of the recommendations of the Compensation Committee. To the extent feasible, the Board shall satisfy itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the Corporation.
- (ii) The Board from time to time delegates to senior management the authority to enter into certain types of transactions, including financial transactions, subject to specified limits. Investments and other expenditures above the specified limits and material transactions outside the ordinary course of business are reviewed by and subject to the prior approval of the Board.
- (iii) The Board oversees that succession planning programs are in place, including programs to appoint, train, develop and monitor management.

Board Organization

- (iv) The Board will respond to recommendations received from the Corporate Governance and Nominating Committee and the Compensation Committee, but retains the responsibility for managing its own affairs by giving its approval for its composition and size, the selection of the Chair of the Board, candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation.

- (v) The Board may delegate to Board committees matters it is responsible for, including the approval of compensation of the Board and management, the conduct of performance evaluations and oversight of internal controls systems, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

Strategic Planning

- (vi) The Board has oversight responsibility to participate directly, and through its committees, in reviewing, questioning and approving the mission of the business and its objectives and goals.
- (vii) The Board is responsible for adopting a strategic planning process and approving and reviewing, on at least an annual basis, the business, financial and strategic plans by which it is proposed that the Corporation may reach those goals, and such strategic plans will take into account, among other things, the opportunities and risk of the business.
- (viii) The Board has the responsibility to provide input to management on emerging trends and issues and on strategic plans, objectives and goals that management develops.

Monitoring of Financial Performance and Other Financial Reporting Matters

- (ix) The Board is responsible for enhancing congruence between shareholder expectations, corporate plans and management performance.
- (x) The Board is responsible for:
 - a) adopting processes for monitoring the Corporation's progress toward its strategic and operational goals, and to revise and alter its direction to management in light of changing circumstances affecting the Corporation; and
 - b) taking action when Corporation performance falls short of its goals or other special circumstances warrant.
- (xi) The Board shall be responsible for approving the audited financial statements, interim financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements.
- (xii) The Board is responsible for reviewing and approving material transactions outside the ordinary course of business and those matters which the Board is required to approve under the Corporation's governing statute, including the payment of dividends, issuance, purchase and redemptions of securities, acquisitions and dispositions of material capital assets and material capital expenditures.

Risk Management

- (xiii) The Board has responsibility for the identification of the principal risks of the Corporation's business and ensuring the implementation of appropriate systems to effectively monitor and manage such risks with a view to the long-term viability of the

Corporation and achieving a proper balance between the risks incurred and the potential return to the Corporation's shareholders.

- (xiv) The Board is responsible for the Corporation's internal control and management information systems.

Policies and Procedures

- (xv) The Board is responsible for:
 - a) developing the Corporation's approach to corporate governance, including developing a set of corporate governance principles and guidelines for the Corporation and approving and monitoring compliance with all significant policies and procedures related to corporate governance; and
 - b) approving policies and procedures designed to ensure that the Corporation operates at all times within applicable laws and regulations and to the highest ethical and moral standards and, in particular, adopting a written code of business conduct and ethics which is applicable to directors, officers and employees of the Corporation and which constitutes written standards that are reasonably designed to promote integrity and to deter wrongdoing.
- (xvi) The Board enforces its policy respecting confidential treatment of the Corporation's proprietary information and Board deliberations.
- (xvii) The Board is responsible for adopting and monitoring compliance with the Corporation's code of business conduct and ethics.

Communications and Reporting

- (xviii) The Board is responsible for approving and revising from time to time as circumstances warrant a Disclosure Policy to address communications with shareholders, employees, financial analysts, the media and such other outside parties as may be appropriate.
- (xix) The Board is responsible for:
 - a) overseeing the accurate reporting of the financial performance of the Corporation to shareholders, other security holders and regulators on a timely and regular basis;
 - b) overseeing that the financial results are reported fairly and in accordance with generally accepted accounting standards and related legal disclosure requirements;
 - c) taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on the Corporation;
 - d) reporting annually to shareholders on its stewardship for the preceding year; and

- e) overseeing the Corporation's implementation of systems which accommodate feedback from stakeholders.

Position Descriptions

- (xx) The Board is responsible for:
 - a) developing position descriptions for the Chair of the Board, the lead director, if applicable, the chair of each Board committee and, together with the CEO, the CEO (which will include delineating management's responsibilities);
 - b) developing and approving the corporate goals and objectives that the CEO is responsible for meeting; and
 - c) developing a description of the expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials.

Orientation and Continuing Education

- (xxi) The Board is responsible for:
 - a) ensuring that all new directors receive a comprehensive orientation, that they fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including the commitment of time and resources that the Corporation expects from its directors) and that they understand the nature and operation of the Corporation's business; and
 - b) providing continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure that their knowledge and understanding of the Corporation's business remains current.

Nomination of Directors

- (xxii) In connection with the nomination or appointment of individuals as directors, the Board is responsible for:
 - a) considering what competencies and skills the Board, as a whole, should possess;
 - b) assessing what competencies and skills each existing director possesses; and
 - c) considering the appropriate size of the Board, with a view to facilitating effective decision making.

In carrying out each of these responsibilities, the Board will consider the advice and input of the Corporate Governance and Nominating Committee.

- (xxiii) Director nominees shall be selected by a majority of the independent directors.

Board Evaluation

(xxiv) The Board is responsible for ensuring that the Board, its committees and each individual director are regularly assessed regarding his, her or its effectiveness and contribution. An assessment will consider, in the case of the Board or a Board committee, its mandate or charter and in the case of an individual director, any applicable position description, as well as the competencies and skills each individual director is expected to bring to the Board.

Authority to engage outside advisors

7. The Board has the authority to engage outside advisors as it determines necessary to carry out its duties, including, but not limited to identifying and reviewing candidates to serve as directors or officers.
8. The Corporation shall provide appropriate funding, as determined by the Board, for payment (a) of compensation to any advisors engaged by the Board, and (b) of ordinary administrative expenses of the Board that are necessary or appropriate in carrying out its duties.

April 3, 2008