

Sprott 2012 Flow-Through Limited Partnership



Investment Objective

The Partnership's investment objective is to provide for a tax-assisted investment in a diversified portfolio of flow-through shares and other securities, if any, of Resource Issuers with a view to achieving capital appreciation and significant tax benefits for Limited Partners.

The Partnership's investment strategy will be to invest in flow-through shares and other securities, if any, of lower risk Resource Issuers whose principal business will be: (i) mining exploration, development, and/or production, and (ii) oil and gas exploration, development, and/or production and certain energy production that may incur CRCE.

Investment Highlights

Portfolio Management Team



Allan Jacobs, Senior Portfolio Manager, Director of Small Cap Investments

- Small/mid-cap specialist
- Multiple Lipper Fund awards and former Canadian "Fund Manager of the Year"



Jamie Horvat, LIFA, Senior Portfolio Manager

- Precious metals specialist
- Strong long-term track record investing in precious metals, resources and small-cap stocks



Eric Nuttall, CIM, Portfolio Manager

- Energy specialist
- Globally recognized expertise in new drilling technologies and unconventional resources

Fund Details

Offering Size	Maximum: \$100,000,000 (4,000,000 Units) Minimum: \$10,000,000 (400,000 Units)
Issue Price	\$25.00 per Unit
Minimum Subscription	\$5,000 (200 Units)
Management Fee	2.0%
Performance Bonus	20% of amount that Net Asset Value per unit exceeds \$28.00
Timing	Filing: January 2012 Initial Closing: Mid-February 2012 Second Closing: Mid-March 2012

Jacobs, Horvat and Nuttall will draw on the expertise and insights of Sprott's entire team of industry leading investment professionals, including Eric Sprott, Charles Oliver, Rick Rule and Paul Wong.

The Sprott Flow-Through Advantage

Sprott believes that it has several competitive advantages in terms of its ability to generate attractive returns investing in flow-through shares:

- ✓ Ability to leverage Sprott's existing relationships with hundreds of Canadian resource companies;
- ✓ Sprott's long history of investing in common shares of Canadian Resource Issuers;
- ✓ Significant experience in investing in the small and mid-cap sectors;
- ✓ Breadth of management team with significant experience investing in the natural resource sector; and
- ✓ Issuing only one flow-through limited partnership a year enables the Manager to take advantage of attractive flow-through issues throughout the calendar year with fewer conflicts.

Significant Tax Benefits

- Investment is expected to be at least 100% tax-deductible against 2012 taxable income
- Tax deferred rollover to a Sprott corporate class mutual fund expected in 2014
- Investment converts otherwise fully taxable income into future, tax-advantaged capital gains

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What are Flow-Through shares?

The Income Tax Act (Canada) contains provisions that allow investors to access expenses incurred by a company, in an effort to assist in financing of resource exploration projects in Canada. Resource Issuers¹ can renounce certain exploration expenses² to investors, who are then able to deduct these expenses against their own income.

What is a Flow-Through Limited Partnership?

Investors can buy flow-through shares directly from Resource Issuers, but in many cases such companies represent high-risk investments. A flow-through limited partnership is an investment vehicle that offers professional management and, most importantly, diversification. The use of a limited partnership permits income tax deductions to be allocated to, and utilized by, limited partners while at the same time providing for limited liability, subject to certain qualifications.

Tax Planning for Individuals

The following table set forth certain financial aspects, based on the estimates and assumptions in the notes to the tables below, for a Limited Partner who is an individual (other than a trust), who has invested \$1,000, assuming the investor is an Ontario resident in top marginal tax rate of 46.41%, BC resident in top marginal tax rate of 43.70% and Alberta resident in top marginal tax rate of 39.00% (for further details, please refer to illustrative tables in the Prospectus Summary).

BREAKEVEN CALCULATIONS

Highest Marginal Tax Rates

Assuming the Maximum Offering (\$100 Million)

	ONTARIO (\$)	BC (\$)	ALBERTA (\$)
Investment	1,000	1,000	1,000
Less: Tax Savings from Deductions	518	488	435
Tax on Capital Gains	27	25	23
Money at Risk	509	538	587
Breakeven Proceeds of Disposition	663	688	730

This offering is only made by prospectus. The prospectus contains important detailed information about the securities being offered. Copies of the prospectus may be obtained from RBC Capital Markets at 416.842.7705. Investors should read the prospectus before making an investment decision.

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¹ "Resource Issuer" means (i) a corporation that is a "principal-business corporation" as defined in subsection 66(15) of the Tax Act, or (ii) a partnership or other entity that, (a) operates in the oil and gas exploration, development, and/or production, mining exploration, development, and/or production industries, or in certain energy production that may incur CRCE, or (b) invests in equity securities of any such entity. "CRCE" means Canadian renewable and conservation expense as defined in subsection 66.1(6) of the Tax Act.

² Known as "Canadian exploration expenses" or "CEE" and defined in subsection 66.1(6) of the Tax Act.