

Sprott Asset Management LP

March 31, 2014

This brochure provides information about the qualifications and business practices of Sprott Asset Management LP (the “Adviser”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact Kirstin McTaggart, Chief Compliance Officer, at kmctaggart@sprott.com or (416) 943-6707. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about the Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Sprott Asset Management LP
Suite 2700, South Tower
Royal Bank Plaza
200 Bay Street
Toronto, Ontario
Canada M5J 2J1
Tel: (866) 299-9906
Tel: (416) 943-6707
Fax: (416) 943-6497
Website: www.sprott.com

Item 2. Material Changes

Please note the following material change that was made to the March 20, 2013 version of this brochure.

Item 14. Client Referrals and Other Compensation: The Brochure discloses that an affiliate of the Adviser has entered into a client referral arrangement with Americas Now Resources Investment Management Corp. in respect of certain pooled investment vehicles managed by the Adviser.

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Item 4. Advisory Business

The Adviser is an investment adviser with its principal place of business in Toronto, Ontario, Canada. The Adviser commenced operations as an investment adviser on November 20, 2002. The Adviser is a wholly-owned subsidiary of Sprott Inc., a public company whose securities are listed on the Toronto Stock Exchange. The Adviser's investment advisory business in the United States consists of (i) the Trusts (as defined below); (ii) serving as the investment manager to pooled investment vehicles in which U.S. residents invest (the "Funds"); and (iii) acting as a sub-adviser to Sprott Asset Management USA Inc. ("Sprott USA") in respect of certain managed accounts advised by Sprott USA (the "Sub-Advisory Accounts"). Sprott USA is an affiliate of the Adviser and has filed its own Form ADV with the SEC.

The Adviser provides investment advisory services on a discretionary basis to the Funds which are intended for sophisticated investors and institutional investors. The Adviser also serves as sponsor and manager to Sprott Physical Gold Trust, Sprott Physical Silver Trust, and Sprott Physical Platinum and Palladium Trust (the "Trusts"). Each of the Trusts is a closed-end trust formed under the laws of Canada and traded on the NYSE Arca. The Adviser provides investment advisory services on a non-discretionary basis to Sprott USA in respect of the Sub-Advisory Accounts. The Adviser's investment advice with respect to the Trusts and Sprott USA is limited to advice regarding investments in the natural resources sector.

The Adviser provides advice to client accounts based on specific investment objectives and strategies.

As of December 31, 2013, the Adviser managed approximately \$3,274,609,978 of U.S.-based client assets, which it managed on a discretionary basis.

Item 5. Fees and Compensation

Asset-Based Compensation

The Adviser charges each client an investment management fee based on the value of the client's assets under management as follows:

Sub-Advisory Accounts

The Adviser receives from Sprott USA an amount equal to 0.20% of the net asset value of the Sub-Advisory Accounts on an annual basis. Sprott USA pays the investment management fee in arrears. Fees for will be adjusted pro-rata in the event a Sub-Advisory Account is not in existence for a full quarter, and accounts opened mid-quarter will be assessed a pro-rated investment management fee.

These fees are negotiable.

Funds

The Funds each pay a monthly management fee in arrears in a range from 1.0% to 2.0% per annum based on the value of the net assets of each Fund on the last day of the month. To the extent a Fund is invested in a related issuer, management fee will be charged to such Fund such that the management fees would not be duplicated.

These fees are negotiable.

Trusts

The Trusts each pay a monthly management fee in arrears in a range from 0.35% to 0.50% per annum based on the value of the net assets of each Trust. The management fee is calculated and accrued daily and payable monthly in arrears on the last day of each month.

These fees are not negotiable.

Performance-Based Compensation

The Adviser, or an affiliate of the Adviser, may receive performance-based compensation from each Fund in an amount equal to 20% of each Fund's net profits (including net unrealized gains) during each fiscal year. Such performance-based compensation is subject to a loss carryforward provision. Such compensation, if any, will be paid or allocated at the end of each fiscal year.

These fees are negotiable.

Expenses

Funds

In addition to paying investment management fees and, if applicable, the performance-based compensation, investors in each Fund will also be subject to other investment expenses such as legal, taxes, accounting (including back office accounting by third parties), auditing, the Fund's pro rata share of any master fund's expenses and other professional expenses, research expenses (including research-related travel) and investment expenses such as commissions, interest on margin accounts and other indebtedness, custodial fees, bank service fees and other reasonable expenses related to the purchase, sale or transmittal of Fund assets, as the Fund's general partner or investment manager determines in its sole discretion. Please refer to Item 12 of this Firm Brochure for a discussion of the Adviser's brokerage practices.

Trusts

In addition to paying investment management fees, each Trust will also be responsible for all costs and expenses incurred in connection with the on-going operation and administration of the Trust including, but not limited to: the fees and expenses payable to and incurred by the Trustee, any investment manager, the custodians, any sub-custodians, the registrar, the transfer agent and the valuation agent of the Trust; transaction and handling costs for the physical bullion including transportation costs for any physical bullion; custodian settlement fees; counterparty fees; legal, audit, accounting, bookkeeping and record-keeping fees and expenses; costs and expenses of reporting to unitholders and conducting unitholder meetings; printing and mailing costs; filing and listing fees payable to applicable securities regulatory authorities and stock exchanges; other administrative expenses and costs incurred in connection with the Trust's continuous disclosure public filing requirements and investor relations; any applicable Canadian taxes payable by the Trust or to which the Trust may be subject; interest expenses and borrowing costs, if any; brokerage expenses and commissions; costs and expenses relating to the issuance of units; costs and expenses of preparing financial and other reports; any expenses associated with the implementation and on-going operation of the independent review committee of the Trust; costs and expenses arising as a result of complying with all applicable laws; and any expenditures incurred upon the termination of the Trust. Please refer to Item 12 of this Firm Brochure for a discussion of the Adviser's brokerage practices.

Item 6. Performance-Based Fees and Side-by-Side Management

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple clients. As discussed in Item 5 above, the Adviser is entitled to receive performance-based compensation by the Funds. In addition, the Adviser's investment personnel are typically compensated on a basis that includes a performance-based component. The Adviser and its investment personnel, including investment personnel that share in performance-based compensation, manage both client accounts that are charged performance-based compensation and accounts that are not charged performance-based compensation. The Adviser and its investment personnel have a greater incentive to favor client accounts that pay the Adviser performance-based compensation.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. The Adviser reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, the Adviser's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on asset size, subject to cash inflows and outflows due to subscriptions and withdrawals or redemptions, as applicable, and other applicable investment restrictions and require that, to the extent orders are aggregated, the client orders are price-averaged. Finally, the Adviser's procedures also require the objective allocation for limited opportunities (such as initial public offerings and private placements) to ensure fair and equitable allocation among accounts. These areas are monitored by the Adviser's Chief Compliance Officer.

The Funds may invest in related issuers. To the extent the Funds invest in related issuers from which the Adviser receives a management fee, the Adviser will reduce the management Fee paid by the Funds to avoid taking duplicative fees.

Item 7. Types of Clients

As previously described in Item 4, the Adviser's clients consist of Spratt USA, the Funds and the Trusts.

With respect to the Funds, any initial and additional subscription minimums are disclosed in the offering memorandum of the applicable Fund.

There is no minimum subscription amount for the Trusts.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Sub-Advisory Accounts and the Funds

The Adviser utilizes a variety of methods and strategies to make investment decisions and/or recommendations to Spratt USA in respect of the Sub-Advisory Accounts, and to the Funds (together, the "Accounts"). The methods of analysis include fundamental research.

The Adviser employs the following investment strategies:

Equity. The Adviser's equity strategies focus on a broad range of equity investment styles, including growth, core, and value, as well as blended portfolios. Most Accounts focus on specific ranges on the capitalization scale, from micro-capitalization, through small-capitalization and large-capitalization. Other Accounts will focus on investment opportunities in more than one capitalization category or across all capitalization levels. In addition, the Adviser manages Accounts that are global, multi-national, or focused on particular geographic regions or specific countries.

Fixed Income. The Adviser engages in fixed income strategies wherein the Adviser invests in debt securities issued by governments and corporations. The debt securities may have varying maturity terms, credit worthiness, interest coupon, currency denomination, and other attributes which may affect the value of the debt securities.

Buy and Hold. The Adviser engages in buy and hold investment strategies wherein the Adviser buys securities and holds them for a relatively longer period of time, regardless of short-term factors such as fluctuations in the market or volatility of the stock price.

Fundamental Value. The Adviser engages in fundamental value investment strategies wherein the Adviser attempts to invest in asset-oriented securities the Adviser believes are undervalued by the market.

Global Macro. The Adviser engages in a global macro investing strategies wherein the Adviser attempts to anticipate global macroeconomic events using discretionary selection.

Growth. The Adviser engages in capital growth investment strategies wherein the Adviser attempts to select securities of a company whose earnings the Adviser expects to grow at an above-average rate compared to the company's specific industry or the overall market.

Derivatives. The Adviser engages in derivatives strategies. Derivatives are financial instruments whose value or payment obligation is derived from, referenced to or based on the value of the underlying interest of the derivative. The Adviser enters into derivatives transactions (i) as a form of hedging to offset potential changes in securities which are similar to the underlying interest of the derivative, and (ii) for profit.

Short Selling. The Adviser engages in short selling strategies. In a short sale transaction, the Adviser sells a security it does not own in anticipation that the market price of that security will decline. The Adviser makes short sales (i) as a form of hedging to offset potential declines in long positions in similar securities, (ii) in order to maintain flexibility and, (iii) for profit.

These methods, strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

The following are certain risks of investment:

Natural Resources and Related Industries. Investments in natural resources and related industries are affected by business, financial market or legal uncertainties. The production and marketing of natural resource assets may be affected by actions and changes in governments. In addition, natural resource assets and natural resource asset securities may be cyclical in nature. During periods of economic or financial instability, natural resource asset securities may be subject to broad price fluctuations, reflecting volatility of energy, basic materials and precious metals prices and possible instability of supply of various natural resource assets. In addition, natural resource asset companies may also be subject to the risks associated with extraction of natural resources as well as the risks of the hazards associated with natural resources, such as fire, drought, and increased regulatory and environmental costs. Natural resource asset securities may also experience greater price fluctuations than the relevant natural resource asset. There can be no assurance that the Adviser will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on underlying natural resource investments.

Lack of Diversification. Accounts may not be diversified among a wide range of types of securities, countries or industry sectors. Accordingly, the portfolios are subject to more rapid change in value than would be the case if the Adviser were required to maintain a wider diversification among types of securities and other instruments.

Emerging Markets. The risks of foreign investments typically are greater in less developed countries, sometimes referred to as emerging markets. For example, political and economic structures in these countries may be less established and may change rapidly. These countries also are more likely to experience high levels of inflation, deflation, or currency devaluation, which can harm their economies and securities markets and increase volatility. Restrictions on currency trading that may be imposed by emerging market countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

Equity Securities. The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments.

For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

Fixed-Income and Debt Securities. Generally, the value of fixed-income securities changes inversely with changes in interest rates. As interest rates rise, the market value of fixed-income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed-income securities tends to increase. This risk is greater for long-term securities than for short-term securities. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to the credit risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Investments in low-rated or unrated debt securities will also subject the investments to the risk that the securities may fluctuate more in price, and are less liquid than higher-rated securities because issuers of such lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

Non-U.S. Securities. Foreign securities, foreign currencies, and securities issued by U.S. entities with substantial foreign operations can involve additional risks relating to political, economic, or regulatory conditions in foreign countries. These risks include fluctuations in foreign currencies; withholding or other taxes; trading, settlement, custodial, and other operational risks; and the less stringent investor protection and disclosure standards of some foreign markets. All of these factors can make foreign investments, especially those in emerging markets, more volatile and potentially less liquid than U.S. investments. In addition, foreign markets can perform differently from the U.S. market.

Short Selling Risk. The Adviser's investment program includes short selling. Short selling transactions expose the Adviser to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by the Adviser in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, a "short squeeze" can occur, wherein the Adviser might be compelled, at the most disadvantageous time, to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

Derivatives Risk. Derivatives, including those entered into for hedging purposes, may reduce returns or increase volatility for the Accounts. Derivatives that are traded bilaterally with another party, i.e. over-the-counter derivative transactions, are subject to the risk of default by the counterparty, in addition to risks of changes in the value of the underlying interest. Additionally, derivatives are subject to the risk that changes in the value of a derivative may not correlate with the underlying interest. Some derivatives also can be illiquid and highly sensitive to changes in the underlying interest. As such, a small investment in certain derivatives could have a potentially large impact on performance.

Trusts

The Trusts hold substantially all of their assets in physical bullion.

These methods, strategies and investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.

The following are certain risks of investment:

Physical Bullion Assets. The value of physical bullion may be affected at any time by many international, economic, monetary and political factors, many of which are unpredictable. These factors include, without

limitation: global supply and demand; investors' expectations for future inflation rates; exchange rate volatility of the U.S. dollar, the principal currency in which the price of physical bullion are generally quoted; interest rate volatility; and unexpected global, or regional, political or economic incidents. Changing tax, royalty, land and mineral rights ownership and leasing regulations in countries in which physical bullion are produced may have an impact on market functions and expectations for future physical bullion supply. This can affect both share prices of physical bullion mining companies and the relative prices of other commodities, which are both factors that may affect investor decisions in respect of investing in physical bullion.

Item 9. Disciplinary Information

This Item is not applicable.

Item 10. Other Financial Industry Activities and Affiliations

The sole limited partner of the Adviser is Sprott Inc., a Canadian public company and independent asset manager. The general partner of the Adviser is a wholly-owned subsidiary of Sprott Inc.

Sprott U.S. Holdings, Inc. is a subsidiary of Sprott Inc. Sprott U.S. Holdings, Inc. owns (i) Sprott USA, an investment advisory firm which provides investment supervisory services on a discretionary basis to its clients, which include individuals and institutions with separately managed accounts; and (ii) Resource Capital Investment Corporation ("RCIC"), an investment advisory firm which serves as general partner to various investment partnerships intended for sophisticated and accredited investors. In addition, Sprott U.S. Holdings, Inc. owns Rule Investments Inc., which in turn owns Sprott Global Resource Investments, Ltd. ("GRIL"), a broker-dealer registered with the SEC and a member firm of the U.S. Financial Industry Regulatory Authority, Inc. As disclosed in Items 4 and 5 above, the Adviser acts as a sub-advisor to Sprott USA in respect of the Sub-Advisory Accounts which are advised by Sprott USA and Sprott USA pays an investment management fee to the Adviser for those services. For additional details regarding Sprott USA and RCIC, please see the respective Form ADV for Sprott USA and RCIC.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Adviser has adopted a Code of Ethics (the "Code") that obligates the Adviser and its related persons to put the interests of the Adviser's clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. All of the Adviser's personnel are also required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Kirstin McTaggart, Chief Compliance Officer by email at kmctaggart@sprott.com, or by telephone at (416) 943-6707. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by related persons.

Participation or Interest in Client Transactions

All principal and employee trades will be reviewed by the Chief Compliance Officer or an employee designated by the Chief Compliance Officer. The Adviser's principals and employees may not purchase or sell the same securities for their personal accounts and accounts of their families on the same day that those securities are being purchased or sold by a Fund. Trades for portfolio manager(s) and employee personal accounts may not be aggregated with trades for other clients.

To prevent conflicts of interest, all employees must comply with the Adviser's Code of Ethics, which imposes certain restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.

All employees will be required to pre-clear their personal securities transactions (except for transactions in registered open-end investment company securities and/or other exempt transactions) which will be reviewed by the Chief Compliance Officer. The Adviser also maintains monthly reports on all personal

securities transactions, except transactions in shares of open-end investment company (mutual funds) and/or other exempt transactions. Further, the Adviser's Code of Ethics imposes certain policies and procedures to prohibit unlawful use of material non-public information and is designed to prevent insider trading by any officer, partner, or associated person of the Adviser.

Notwithstanding the above, the Adviser and/or its respective officers, directors or employees may purchase or sell for themselves the same or different securities from those that are recommended to Sprott USA in respect of the Sub-Advisory Accounts and to the Funds. In addition, the Adviser's recommendations to Sprott USA in respect of the Sub-Advisory Accounts and to the Funds may differ according to the Sub-Advisory Accounts' and the Funds' cash availability, investment guidelines, investment objectives, current asset allocations, and/or restrictions. Employees are prohibited from trading securities on the same day that the Funds trade such securities.

Independent Review Committee

The Adviser has established an independent review committee responsible for reviewing and approving all conflicts of interest. The independent review committee conducts regular assessments and provides reports to the Trusts and the Funds.

Item 12. Brokerage Practices

The Adviser is authorized to determine the broker(s) or dealer(s) that its advisory clients will use for each securities transaction for the advisory clients. In selecting brokers or dealers to execute transactions, the Adviser is not required to solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the Adviser's practice to negotiate "execution only" commission rates, thus the advisory clients may be deemed to be paying for research and other services provided by the broker that are included in the commission rate. Research and related services furnished by brokers may include, but are not limited to, written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts, as well as discussions with research personnel; financial and industry publications; statistical and pricing services along with hardware, software, databases and other technical, technological and telecommunication services, lines and equipment utilized in the investment management process (including updates, improvements, modifications, maintenance, repairs and replacements). The Adviser may use research services obtained by the use of commissions arising from an advisory client's portfolio transactions in its other investment activities.

In selecting brokers and negotiating commission rates, the Adviser will take into account the financial stability and reputation of brokerage firms, the brokerage and research and related execution services provided by such brokers (consistent with best execution), although the advisory clients for which the transaction was effected, may not, in any particular instance, be the direct or indirect beneficiary of the research or related services provided.

The Adviser may aggregate orders of its accounts for trade execution and thereafter allocate the securities on an average price basis to such accounts. Brokerage commission rates are not reduced as a result of such aggregation. In some instances, average pricing may result in higher or lower execution prices than otherwise obtainable by a single client.

Aggregated Trades

Except as set forth above, the Adviser typically aggregates client trades in an effort to treat all clients fairly. Funds participating in a bunched order receive the same average price and incur trading costs that are the same as would be paid if they were trading individually.

Item 13. Review of Accounts

Each client account is reviewed by a portfolio manager of the Adviser, on a daily basis to determine whether securities positions should be maintained in view of current market conditions. Matters reviewed include specific securities held, adherence to investment guidelines and the performance of each client account. Investors in the Funds receive reports from the Funds pursuant to the terms of each Fund's offering memoranda or as otherwise described in the offering document of each Fund. Investors in the Trusts receive reports from the Trusts pursuant to the terms of each Trust's prospectus.

Item 14. Client Referrals and Other Compensation

Sprott Inc. has entered into an arrangement with Americas Now Resources Investment Management Corp. ("ANRIM") pursuant to which ANRIM has agreed to introduce to prospective clients and investors who are eligible for and may have an interest to certain Funds managed by the Adviser. ANRIM will receive a fee based on the portion of management fee and performance fee earned by the Adviser in respect of such investors' investments in the Funds and will be paid by Sprott Inc. pursuant to the terms of a written agreement between ANRIM and Sprott Inc. All client and investor solicitation activities will be undertaken in accordance with the requirements of the various federal securities laws and disclosure specific to the solicitation will be provided to each prospective client and investor at the time of solicitation.

Item 15. Custody

This item is not applicable.

Item 16. Investment Discretion

The Adviser provides investment advisory services on a discretionary basis.

Prior to assuming full discretion in managing the assets of a client account, the Adviser enters into an investment management agreement or other agreement that sets forth the scope of the Adviser's investment discretion, as applicable.

Unless otherwise instructed or directed by a discretionary client, the Adviser has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. The Adviser's portfolio managers submit an allocation statement to the Adviser's trading desk describing the allocation of securities to (or from) client accounts for each trade/order submitted. The portfolio managers may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is the Adviser's policy to allocate investment opportunities to eligible client accounts on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead the Adviser to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a *pari passu* basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular investment.

The Adviser may effect cross transactions between discretionary client accounts, except as otherwise noted below. Cross transactions enable the Adviser to effect a trade between two clients for the same

security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving commission costs for both accounts. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. The Adviser has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. Cross transactions between client accounts are not permitted if they would constitute principal trades or trades for which the Adviser or its affiliates are compensated as a broker unless client consent has been obtained based upon written disclosure to the client of the capacity in which the Adviser or its affiliates will act. In addition, cross transactions are not permitted for benefit plan or other similar accounts that are subject to ERISA. Cross transactions involving a registered investment company for which the Adviser serves as adviser are permitted only in accordance with the company's rule 17a-7 procedures.

If it appears that a trade error has occurred, the Adviser will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, the Adviser's error correction procedure is to ensure that clients are treated fairly and, following error correction, are in the same position they would have been if the error had not occurred. The Adviser has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a client account incurs a trade error as a result of the Adviser's gross negligence, willful misconduct, or fraud, trade errors will be corrected by the Adviser as soon as practicable, in a manner such that the client incurs no loss. Trade errors that result other than by breach of the standard of care above are borne by the client account.

Item 17. Voting Client Securities

To the extent the Adviser has been delegated proxy voting authority on behalf of its clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. In voting proxies, the Adviser generally votes in favor of the following proposals: election of directors (where no corporate governance issues are implicated), selection of auditors, ratifying director actions, approving private placements exceeding a 25% threshold, changing a registered address, authorizing directors to fix remuneration of auditors, approving private placements to insiders exceeding a 10% threshold, and approving special resolutions to change the authorized share capital of the company to an unlimited number of common shares without par value. The Adviser will generally vote against proposals relating to stock options plans that (i) exceed 5% of the common shares issued and outstanding at the time of grant (on a non-diluted basis), (ii) provide that the maximum number of common shares issuable pursuant to such plan be a "rolling" maximum that exceeds 5% of the outstanding common shares at the date of the grant of applicable options, and (iii) reprices the stock option. For all other proposals, the Adviser will determine whether a proposal is in the best interests of its clients and will make a determination based on the procedures set forth in its Proxy Voting Policies and Procedures (the "Procedures").

If a material conflict of interest exists, the Adviser will determine whether voting in accordance with the guidelines set forth in the Procedures would be in the best interests of the client. In certain cases, proxy votes may not be cast when the portfolio manager determines that it is not in the best interests of investors of the client to vote such proxies. In the event a proxy raises a material conflict of interest between the interests of a client and the portfolio manager, the conflict will be resolved by the portfolio manager in favor of the particular client. The portfolio manager retains the discretion to depart from these policies on any particular proxy vote.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a client's proxies by contacting Kirstin McTaggart, Chief Compliance Officer, by email at kmctaggart@sprott.com or by telephone at (416) 943-6707.

Item 18. Financial Information

This Item is not applicable.