

Sprott Resource Corp.

Consolidated Financial Statements

Second Quarter Ended June 30, 2010

(Unaudited – *expressed in Canadian dollars*)

Sprott Resource Corp.

Consolidated Balance Sheets

As at June 30, 2010

(Unaudited – expressed in Canadian dollars)

	Jun. 30, 2010	Dec. 31, 2009
	\$000's	\$000's
Assets		
Current Assets		
Cash and cash equivalents	45,737	107,085
Gold and silver bullion (note 4)	75,392	75,392
Accounts receivable	16,659	7,500
Prepaid and other receivables	4,132	5,520
Crop and short-term livestock inventory (note 9)	5,679	1,256
Derivative financial instruments (note 18)	4,640	1,210
	<u>152,239</u>	<u>197,963</u>
Investments (note 5)	39,938	33,750
Investment in Stonegate Agricom Ltd. (note 8)	36,047	14,069
Loans and promissory notes receivable	150	150
Property, plant and equipment, net of accumulated depletion, depreciation and amortization (note 11)	178,294	148,589
Long term livestock inventory	2,607	586
Future income tax assets	11,866	13,495
	<u>421,141</u>	<u>408,602</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	17,038	21,678
Income and capital tax payable	77	252
	<u>17,115</u>	<u>21,930</u>
Bank credit facility (note 6)	21,256	2,052
Asset retirement obligation (note 12)	4,999	4,110
	<u>43,370</u>	<u>28,092</u>
Non-controlling interest (note 13)	47,779	45,948
Shareholders' Equity		
Capital stock (note 14b)	214,078	213,747
Warrants (note 14d)	44,225	44,305
Contributed surplus (note 14j)	5,339	3,357
	<u>263,642</u>	<u>261,409</u>
Retained earnings	71,290	72,896
Accumulated other comprehensive income (loss)	(4,940)	257
	<u>329,992</u>	<u>334,562</u>
	<u>421,141</u>	<u>408,602</u>
Commitments (note 17)		
Subsequent events (note 19)		
Approved by the Board of Directors		
	(signed) Michael Winn	(signed) Terrence A. Lyons
	Director	Director

The accompanying notes are an integral part of these consolidated financial statements

Sprott Resource Corp.

Consolidated Statements of Operations and Retained Earnings

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

	Three months ended		Six months ended	
	Jun. 30, 2010	Jun. 30, 2009	Jun. 30, 2010	Jun. 30, 2009
	\$000's	\$000's	\$000's	\$000's
Revenue				
Oil and gas revenue	21,616	1,079	40,104	1,464
Oil and gas royalties	(2,770)	(326)	(6,122)	(415)
Farming revenue	1,923	-	2,302	-
	<u>20,769</u>	<u>753</u>	<u>36,284</u>	<u>1,049</u>
Other income and expenses				
Oil and gas operating and exploration	13,990	574	24,551	943
Farm production costs	1,537	-	2,102	-
General and administrative expense (note 16)	10,682	2,541	17,809	4,281
Management fees (notes 15 and 17)	1,541	1,451	3,051	2,869
Interest expense	246	-	439	-
Gains on disposal of investments	(914)	(4,043)	(1,097)	(5,230)
Gain on dilution from investments (note 8 and 13)	(12,623)	(360)	(12,332)	(360)
Foreign exchange loss	20	119	42	11
Interest and other income	(29)	(164)	(46)	(792)
Realized gain on derivative instruments (note 18)	(241)	-	(61)	-
Unrealized gain on derivatives instruments (note 18)	(1,478)	-	(332)	-
Unrealized loss on investments held for trading (note 5)	337	-	418	-
	<u>13,068</u>	<u>118</u>	<u>34,544</u>	<u>1,722</u>
Earnings (loss) before income taxes	<u>7,701</u>	<u>635</u>	<u>1,740</u>	<u>(673)</u>
Provision for income taxes				
Current income tax recovery (expense)	-	(481)	-	(531)
Future income tax (expense) recovery	(2,369)	581	(2,759)	806
	<u>(2,369)</u>	<u>100</u>	<u>(2,759)</u>	<u>275</u>
Equity loss of Stonegate Agricom Ltd. (note 8)	(2,296)	(451)	(2,707)	(760)
Non-controlling interest (note 13)	1,263	206	2,279	477
Net income (loss) for the period	<u>4,299</u>	<u>490</u>	<u>(1,447)</u>	<u>(681)</u>
Retained earnings - Beginning of period	<u>67,150</u>	<u>79,452</u>	<u>72,896</u>	<u>80,623</u>
Share buyback (note 14e)	(159)	-	(159)	-
Retained earnings - End of period	<u>71,290</u>	<u>79,942</u>	<u>71,290</u>	<u>79,942</u>
Basic earnings (loss) per share	0.04	0.01	(0.02)	(0.01)
Fully diluted earnings (loss) per share	0.04	0.01	(0.01)	(0.01)
Weighted average shares outstanding during the period				
Basic	96,182,746	81,856,719	96,188,057	81,832,111
Fully diluted	96,301,404	82,428,185	96,486,682	82,158,774

The accompanying notes are an integral part of these consolidated financial statements

Sprott Resource Corp.

Consolidated Statements of Comprehensive Income and Accumulated Other Comprehensive Income For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

	Three months ended		Six months ended	
	Jun. 30, 2010	Jun. 30, 2009	Jun. 30, 2010	Jun. 30, 2009
	\$000's	\$000's	\$000's	\$000's
Net earnings (loss) for the period before other comprehensive income	4,299	490	(1,447)	(681)
Unrealized gains (losses) on available for sale investments (note 5)	(4,185)	10,420	(4,765)	12,346
Gains on disposal of investments	(914)	(4,043)	(1,097)	(5,230)
Future income taxes on available for sale investments	582	(416)	665	(416)
Comprehensive income (loss) for the period, net of tax	(218)	6,451	(6,644)	6,019
<hr/>				
Accumulated other comprehensive income (loss) – beginning of period	(423)	(3,781)	257	(4,520)
Unrealized gains (losses) on available for sale investments (note 5)	(4,185)	10,420	(4,765)	12,346
Gains on disposal of investments	(914)	(4,043)	(1,097)	(5,230)
Future income taxes on available for sale investments	582	(416)	665	(416)
Accumulated other comprehensive income – end of period, net of tax	(4,940)	2,180	(4,940)	2,180

The accompanying notes are an integral part of these financial statements

Sprott Resource Corp.

Consolidated Statement of Cash Flows

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

	Three months ended		Six months ended	
	Jun. 30, 2010	Jun. 30, 2009	Jun. 30, 2010	Jun. 30, 2009
	\$000's	\$000's	\$000's	\$000's
Cash flows from (used in) operating activities				
Net income (loss) for the period	4,299	490	(1,447)	(681)
Items not affecting cash				
Gain on disposal of investments	(914)	(4,043)	(1,097)	(5,230)
Unrealized loss on derivative instruments	(1,478)	-	(332)	-
Unrealized losses on investments held for trading	337	-	418	-
Gain on dilution from investments	(12,623)	(360)	(12,332)	(360)
Equity loss of Stonegate Agricom Ltd.	2,296	451	2,707	756
Depletion, depreciation and amortization	7,551	199	12,202	315
Asset retirement obligation accretion	104	2	233	3
Future income tax recovery	2,369	(310)	2,759	(535)
Income & capital tax expense	-	481	-	531
Non-controlling interest	(1,263)	(206)	(2,279)	(477)
Stock-based compensation	1,499	36	2,617	73
Write down of mining claims and deferred exploration	-	-	-	22
	<u>2,177</u>	<u>(3,260)</u>	<u>3,449</u>	<u>(5,583)</u>
Changes in non-cash operating working capital				
Change in prepaids and other receivables	1,639	(68)	1,388	(2,446)
Change in crop and livestock inventory	(1,109)	(2,385)	(4,423)	(2,385)
Change in accounts receivable and note receivable	(2,433)	93	(9,562)	72
Change in accounts payable and accrued liabilities	(1,102)	-	5,158	(3,071)
Change in derivative financial instruments	1,154	-	(3,098)	-
Change in taxes payable	(175)	(1,772)	(175)	(16,217)
	<u>151</u>	<u>(7,392)</u>	<u>(7,263)</u>	<u>(29,630)</u>

Consolidated Statement of Cash Flows continued on next page

Sprott Resource Corp.

Consolidated Statement of Cash Flows

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

	Three months ended		Six months ended	
	Jun. 30, 2010	Jun. 30, 2009	Jun. 30, 2010	Jun. 30, 2009
	\$000's	\$000's	\$000's	\$000's
Cash flows from (used in) investing activities				
Purchase of short-term investments	-	(39,466)	-	(39,466)
Deposit for purchase of long term assets	2,120	-	-	-
Deferred exploration expenditures	-	(102)	-	(203)
Purchase of investments	(5,326)	(5,456)	(13,861)	(13,293)
Investment in Stonegate Agricom Ltd.	(12,000)	-	(12,062)	-
Proceeds on sale of investments	1,858	8,937	2,489	13,055
Proceeds of matured short-term investments	-	85,381	-	85,381
Proceeds of short-term investments sold	-	-	-	13,850
Purchase of property, plant and equipment	(24,137)	(724)	(50,746)	(1,968)
Investment in long-term inventory	(1,552)	-	(2,021)	-
	<u>(39,037)</u>	<u>48,570</u>	<u>(76,201)</u>	<u>57,356</u>
Cash flows from (used in) financing activities				
Financing in Waseca Energy Inc.	-	-	2,925	-
Proceeds from bank credit facility	3,652	-	19,204	-
Proceed from issuance of capital stock	-	500	-	500
Proceeds from exercise of warrants	42	-	127	-
Proceeds from exercise of options	175	-	175	-
Repurchase of capital stock	(315)	-	(315)	-
	<u>3,554</u>	<u>500</u>	<u>22,116</u>	<u>500</u>
Change in cash and cash equivalents	<u>(35,332)</u>	<u>41,678</u>	<u>(61,348)</u>	<u>28,226</u>
Cash and cash equivalents – Beginning of period	<u>81,069</u>	<u>31,812</u>	<u>107,085</u>	<u>45,264</u>
Cash and cash equivalents – End of period	<u>45,737</u>	<u>73,490</u>	<u>45,737</u>	<u>73,490</u>
Cash and cash equivalents are comprised of:				
Cash	26,744	55,495	26,744	55,495
Short-term investments	18,993	17,995	18,993	17,995
	<u>45,737</u>	<u>73,490</u>	<u>45,737</u>	<u>73,490</u>

The accompanying notes are an integral part of these financial statements

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

1 Organization and nature of operations

Sprott Resource Corp. (the “Company” or “SRC”) was incorporated under the Canada Business Corporations Act (“CBCA”) on August 19, 1994.

The primary purpose of the Company is to invest in the natural resource sector through acquisitions, joint ventures and the creation of new companies.

As at June 30, 2010, the Company consolidates the operations of its subsidiaries including, Orion Oil & Gas Corporation (“Orion”), Waseca Energy Inc. (“Waseca”), One Earth Farms Corp. (“One Earth Farms”) and One Earth Oil & Gas Inc. (“One Earth Oil & Gas”). In addition, the Company equity accounts for Stonegate Agricom Ltd. (“Stonegate Agricom”).

The Company’s economic ownership in these entities is as follows:

	June 30, 2010 Ownership (%)	December 31, 2009 Ownership (%)
Energy		
Orion	78.9	79.3
Waseca	81.3	79.0
One Earth Oil & Gas	100	100
Agriculture		
One Earth Farms	66.7	66.7
Stonegate Agricom	54.3	72.6

2 Significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) disclosure requirements for interim financial statements.

The disclosures contained in these interim consolidated financial statements do not include all of the requirements of Canadian GAAP for annual audited consolidated financial statements. The interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2009.

The unaudited interim consolidated financial statements are based on accounting principles consistent with those used and described in the audited annual consolidated financial statements.

3 Future accounting and reporting changes

a) Comprehensive Revaluation of Assets and Liabilities, and Equity

The CICA has amended CICA Handbook Section 1625, Comprehensive Revaluation of Assets and Liabilities, and CICA Handbook Section 3251, Equity, to conform with the previously issued CICA Sections 1582, 1601 and 1602. The amendments to CICA Handbook Section 1625 and Section 3251 apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently evaluating the impact of the adoption of these sections.

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

b) Business combinations, consolidated financial statements and non-controlling interest

In January 2009, The CICA issued CICA Handbook Section 1582, Business Combinations, Section 1601, Consolidations, and Section 1602, Non-controlling Interests. These sections replace the former CICA Handbook Section 1581, Business Combinations and Section 1600, Consolidated Financial Statements and establish a new section for accounting for a non-controlling interest in a subsidiary. CICA Handbook Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination.

CICA Handbook Sections 1582, 1601 and 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year.

All three sections must be adopted concurrently. The Company is currently evaluating the impact of adopting the sections.

4 Gold and silver bullion

The Company holds physical gold bullion. The details are as follows:

Bullion	Ounces	As at June 30, 2010			Ounces	As at December 31, 2009		
		Average cost				Average cost		
		Cost \$000's	per ounce \$	Fair value \$000's		Cost \$000's	per ounce \$	Fair value \$000's
Gold	73,971	75,392	1,019	97,420	73,971	75,392	1,019	84,842

5 Investments

The Company has a portfolio of investments in securities of public and private companies. The Company's ownership percentage in each case is less than 20%.

	3 Months Ended June 30, 2010 \$000's	6 Months Ended June 30, 2010 \$000's
Opening balance	40,992	33,750
Acquisitions during the period	5,326	13,860
Unrealized gains (losses) on available for sale securities during the period	(4,185)	(4,765)
Unrealized loss on held for trading securities during the period	(337)	(418)
Proceeds on disposal of investments at fair market value	(1,858)	(2,489)
Closing balance at fair value – June 30, 2010	39,938	39,938

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

Available for sale public investments are measured at fair value. Available for sale private investments are measured at cost. Held for trading investments are measured at fair value.

Investments (\$000's)	As at		
	June 30, 2010 \$000's	Dec. 31, 2009 \$000's	
Public Securities – common shares	Available for sale	10,562	17,815
Public Securities – warrants	Held for trading	133	552
Private Securities – common shares	Available for sale	29,081	15,221
Private Securities – warrants	Held for trading	162	162
Total Investments		39,938	33,750

6 Bank Credit Facility

Effective July 5, 2010, Orion increased its revolving term credit facility to \$60 million from \$50 million. The first revolving period will end December 8, 2010, and if the revolving term credit facility is not renewed, it will convert to a 365 day term loan. Amounts drawn under this facility can take the form of Canadian or US prime rate based loans, bankers' acceptances, LIBOR loans or letters of credit. The facility bears interest at the prime rate, bankers' acceptance rate or at LIBOR plus a spread above the reference rate between 1.50% and 5.25% per annum based on a debt to EBITDA ratio prescribed in the loan agreement. This facility is collateralized by a first priority security interest on all present and after acquired property of Orion. Orion is compliant with all of its bank loan covenants. The effective interest for the period ended June 30, 2010 was 4.25%.

7 Investment in Waseca Energy Inc.

Waseca is a private Canadian oil and gas company whose primary focus is heavy oil production from the Lloydminster area near the border between Alberta and Saskatchewan.

As at December 31, 2009, the Company owned 45.3 million common shares of Waseca for an aggregate purchase price of 27.2 million (\$0.60 per share) representing 79.0% of Waseca's outstanding common shares. During the first quarter of 2010, Waseca completed a \$20 million financing by way of a rights offering to existing shareholders. As part of the offering, the Company purchased 28.3 million common shares of Waseca at \$0.60 per common share for a total cost of \$17 million. As a result of this rights offering, the Company's interest in Waseca has increased from 79.0% to 81.3% on an undiluted basis. Waseca currently has 90.6 million shares issued and outstanding and 106.0 million fully diluted (see note 14f "The Waseca Stock Option Plan" and note 14g "Waseca Performance Shares" for additional information on the dilutive securities). The Company has been granted 300,000 options and 600,000 performance warrants exercisable at \$0.60 per option or warrant. Waseca granted 150,000 options and 300,000 performance warrants to the Company on October 1, 2008 and the remaining 150,000 options and 300,000 performance warrants on January 8, 2010. Each outstanding option becomes exercisable as to 33 1/3% on a cumulative basis, at the end of each of the first, second and third years following the date of grant. The options and performance warrants have a five year-year term from the date of grant. The performance warrants have not vested as there has not been a liquidity event.

8 Investment in Stonegate Agricom Ltd.

Stonegate Agricom completed an initial public offering in the quarter which resulted in the Company earning a \$12.6 million dilution gain. (TSX: ST). Stonegate holds mineral claims relating to the Mantaro Phosphate Project located in Peru and the Paris Hills property in Idaho.

The Company owns 75.7 million common shares and 6.0 million common share purchase warrants representing a 54.3% interest of Stonegate Agricom. Pursuant to a Voting Agreement, the Company does not control Stonegate Agricom and has equity accounted for its investment. The Company agreed to vote its Stonegate Agricom shares in favour of each nominee to the board of directors proposed by the management of Stonegate Agricom until April 28, 2013, provided that one such nominee is a representative of the Company.

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

A summary of 100% of the assets and liabilities of Stonegate Agricom as at June 30, 2010 and the results of operations for the period ending June 30, 2010 are as follows:

	As at					
	June 30, 2010 \$000's	Dec. 31, 2009 \$000's	3-Month Period Ended June 30, 2010 \$000's	3-Month Period Ended June 30, 2009 \$000's	6-Month Period Ended June 30, 2010 \$000's	6-Month Period Ended June 30, 2009 \$000's
Assets						
Total current assets	49,761	3,432				
Total non-current assets	20,927	20,295				
	<u>70,688</u>	<u>23,727</u>				
Liabilities						
Total current liabilities	522	336				
Total non-current liabilities	4,116	4,014				
	<u>4,638</u>	<u>4,350</u>				
Shareholder's Equity						
Share capital	69,888	21,695				
Contributed surplus	3,599	324				
Deficit	(7,437)	(2,642)				
	<u>70,688</u>	<u>23,727</u>				
Revenue	-	4	-	4	-	13
Expenses	(4,420)	(698)	(5,034)	(698)	(5,034)	(1,098)
Loss before income taxes	<u>(4,420)</u>	<u>(694)</u>	<u>(5,034)</u>	<u>(694)</u>	<u>(5,034)</u>	<u>(1,085)</u>
Future income taxes	-	122	-	122	-	122
Other income (expense)	193	-	237	-	237	-
Loss for the period	<u>(4,227)</u>	<u>(572)</u>	<u>(4,794)</u>	<u>(572)</u>	<u>(4,794)</u>	<u>(963)</u>
Company's share of equity loss of Stonegate Agricom	<u>(2,296)</u>	<u>(451)</u>	<u>(2,707)</u>	<u>(451)</u>	<u>(2,707)</u>	<u>(760)</u>

The investment in Stonegate Agricom is as follows:

	3-Month Period Ended June 30, 2010 \$000's	6-Month Period Ended June 30, 2010 \$000's
Balance – beginning of period	13,720	14,069
Share of loss for the period	(2,296)	(2,707)
Acquisitions	12,000	12,062
Gain on dilution	12,623	12,623
Balance – end of period	<u>36,047</u>	<u>36,047</u>

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

9 One Earth Farms Corp.

One Earth Farms began farming operations on leased First Nations' farmland in the Province of Saskatchewan.

During 2009, the Company invested \$27.5 million in One Earth Farms through the purchase of 30 million units. Each unit entitled the Company to one common share of One Earth Farms, and one common share purchase warrant exercisable for \$1.00 for a period of five years, expiring on March 3, 2014. As at June 30, 2010, the Company's common shares represent 66.7% of One Earth Farms' outstanding common shares.

For the months ended June 30, 2010, One Earth Farms recorded \$2.3 million (2009 - \$nil) of revenue from custom farming, wheat sales and livestock sales. Production costs for the crops delivered and sold were \$1.5 million. Details are as follows:

	3 Month Period Ended June 30, 2010 \$000's	6 Month Period Ended June 30, 2010 \$000's
Grain and livestock sales	1,107	1,486
Custom farm management	816	816
Production costs ^{1,2}	(1,537)	(2,102)
Gross profit (loss) on farming operations	386	200

1. Included in grain production costs are direct farm labour, direct crop inputs (seed, fertilizer, chemicals and fuel), crop insurance and direct equipment depreciation and amortization. Excluded are all overhead costs (farm management, premises leases, operational equipment depreciation and amortization etc.) and cropland leases.
2. Included in livestock production costs are direct labour, cattle feed, veterinary and other miscellaneous costs.

One Earth Farm's schedule of crop and short term inventory movement is as follows:

	Dec. 31, 2009 Opening Balance \$000's	June 30, 2010 Closing Balance \$000's
Crop production inputs	-	678
Standing crop inventory	154	4,720
Wheat	315	-
Yearling calves	647	218
Cattle feed	140	63
	1,256	5,679

10 Investment in Orion Oil and Gas Corporation

Orion is a public company (TSX: OIP) that is primarily engaged in the exploration for, and development and operation of, oil and gas interests in Western Canada.

Orion was formed as a result of a Qualifying Transaction completed on January 8, 2010, in which Wintraysan Capital Corp. ("Wintraysan") acquired all of the outstanding shares of Orion Oil & Gas Ltd. in a share for share exchange. Upon completion of the Qualifying Transaction, Wintraysan changed its name to Orion Oil and Gas Corporation.

Upon completion of the reverse takeover, the Company owns 229.3 million common shares representing a 78.9% interest of Orion. Orion currently has 290.7 million shares issued and outstanding and 325.3 million fully diluted (see note 14h

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

“Orion Stock Option Plan” and note 14i “Orion Performance Warrants” for additional information on the dilutive securities). The Company has been granted 300,000 options exercisable at a weighted average price of \$1.11 per option. Orion granted 150,000 options to the Company on January 8, 2010 and the remaining 150,000 options on February 24, 2010. Each outstanding option becomes exercisable as to 33 1/3% on a cumulative basis, at the end of each of the first, second and third years following the date of grant. The options have a five year term from the date of grant.

11 Property, plant and equipment

	As at June 30, 2010			As at December 31, 2009		
	Cost \$000's	Accumulated Depletion and Depreciation \$000's	Net Book Value \$000's	Cost \$000's	Accumulated Depletion and Depreciation \$000's	Net Book Value \$000's
Oil and gas properties and equipment	178,587	(14,411)	164,176	149,645	(3,061)	146,584
Farm equipment	14,825	(712)	14,113	2,210	(223)	1,987
Other property, plant and equipment	33	(28)	5	38	(20)	18
	193,426	(15,132)	178,294	151,893	(3,304)	148,589

12 Asset retirement obligation

The Company is legally required to restore its properties to their original condition. Estimated future site restoration costs are based upon engineering estimates of the anticipated method and the extent of site restoration required in accordance with current legislation and industry practices in the various jurisdictions in which the Company has properties. Orion and Waseca have different resource assets, cost of capital and macroeconomic views. As a result, each company may use different assumptions in calculating the ARO related to their properties.

The assumptions used by Orion and Waseca to calculate the ARO related to oil and gas properties are as follows:

	Orion 2010	Waseca 2010
Discount rate	9%	7%
Life of wells (years)	2 - 30	7
Future undiscounted liability (\$000's)	17,000	1,103

The future undiscounted amount of the ARO is estimated at \$18.1 million. All accretion expenses related to the ARO are included within depreciation, depletion and amortization.

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

A summary of the Company's ARO is as follows:

	As at June 30, 2010		As at Dec. 31, 2009	
	Orion \$000's	Waseca \$000's	Total \$000's	Total \$000's
Liability – beginning of period	3,776	334	4,110	75
Increase through acquisitions, net of dispositions	-	-	-	3,631
Incurred during the period	264	305	569	340
Adjustment due to changed assumptions	31	57	88	-
Accretion	210	22	232	64
Liability – end of period	4,281	718	4,999	4,110

13 Non-controlling interest

A summary of the Company's non-controlling interests are as follows:

	Orion	Waseca	One Earth	Total
	\$000's	\$000's	Farms \$000's	\$000's
Balance – December 31, 2009	27,466	5,485	12,997	45,948
Current period operations	(33)	(286)	(1,960)	(2,279)
Financing in subsidiaries	62	3,226	-	3,288
Contributed surplus of non-controlling interests	525	6	-	531
(Gain) Loss on dilution	291	-	-	291
Balance – June 30, 2010	28,311	8,431	11,037	47,779

14 Shareholders' equity

a) Authorized

Unlimited common shares with no par value.

The holders of the common shares are entitled to one vote per share and are entitled to dividends, when and if declared by the directors of the Company, and to the distribution of the residual assets of the Company in the event of the liquidation, dissolution or winding-up of the Company. No dividends have ever been declared or paid as at June 30, 2010.

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

b) Issued and outstanding

	Number of common shares	Amount \$000's
Balance - December 31, 2008	81,807,224	163,217
Exercise of warrants	3,332,800	8,332
Fair value of warrants exercised	-	631
Exercise of stock options	90,000	117
Fair value of stock options exercised	-	88
Capital stock issued in Orion transaction (note 10)	13,852,803	47,824
Normal course issuer bid – repurchase of capital stock (note 14(e))	(2,891,400)	(6,462)
	<hr/>	
Balance - December 31, 2009	96,191,427	213,747
Exercise of warrants	30,000	128
Fair value of warrants exercised	-	80
Exercise of stock options	100,000	175
Fair value of stock options exercised	-	104
Normal course issuer bid – repurchase of capital stock (note 14(e))	(70,000)	(156)
Balance – June 30, 2010	<hr/> 96,251,427	<hr/> 214,078

c) Stock options

The maximum number of shares available under the Company's stock option plan is limited to 5% of the issued common shares at the time of granting of options. Subject to any employment contracts, each option becomes exercisable as to 33 1/3% on a cumulative basis, at the end of each of the first, second and third years following the date of grant. The maximum option term can not exceed ten years, subject to extension in the event that the expiry date falls within a "blackout" period.

	For the quarter ended June 30, 2010		For the year ended December 31, 2009	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance – beginning of period	250,000	2.59	265,000	2.04
Granted	-	-	75,000	2.98
Exercised	(100,000)	1.75	(90,000)	1.30
Balance – end of period	<hr/> 150,000	<hr/> 3.15	<hr/> 250,000	<hr/> 2.59

The fair value of stock options granted was estimated as at the grant date using the Black-Scholes option pricing model. The assumptions used are noted below:

	2009
Risk-free interest rate	2.69%
Expected life	5 years
Expected volatility	75%
Fair value per option	\$ 1.86

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

The following table summarizes information about the Company's stock options outstanding and exercisable at June 30, 2010 and December 31, 2009.

Exercise price (\$)	As at June 30, 2010			As at December 31, 2009		
	Number of options	Weighted average remaining contractual life (years)	Number of options exercisable	Number of options	Weighted average remaining contractual life (years)	Number of options exercisable
1.75	-	-	-	100,000	0.44	100,000
3.32	75,000	3.15	25,000	75,000	3.65	25,000
2.98	75,000	4.17	-	75,000	4.67	-
3.15	150,000	3.67	25,000	250,000	2.67	125,000

Compensation expense for the three month period ending June 30, 2010 was \$32 thousand (2009 – \$20 thousand), all of which has been recorded in general and administrative expense.

d) Share warrants

The schedule of warrant activity during the period is as follows:

	For the quarter ended June 30, 2010			For the year ended December 31, 2009		
	Number of Warrants	Weighted average exercise price \$	Fair value amount \$000's	Number of Warrants	Weighted average exercise price \$	Fair value amount \$000's
Balance – beginning of period	16,594,284	4.25	44,305	20,449,714	3.92	45,036
Warrants exercised	(30,000)	4.25	(80)	(3,332,800)	2.50	(632)
Warrants expired	-	-	-	(522,630)	2.50	(99)
Balance – end of period	16,564,284	4.25	44,225	16,594,284	4.25	44,305

The outstanding warrants to acquire common shares expire on December 31, 2010.

e) Normal Course Issuer Bid

On August 21, 2009, the Company announced a normal course issuer bid ("NCIB") to repurchase for cancellation a maximum of 6.25 million of its issued and outstanding common shares within one year. During the quarter ended June 30, 2010, 70 thousand common shares with an aggregate cost of \$315 thousand (average cost of \$4.49 per common share including trading commissions) were repurchased under the NCIB. This resulted in \$156 thousand being recorded as a reduction to share capital and \$159 thousand as a reduction in retained earnings. These shares were cancelled and returned to treasury prior to June 30, 2010.

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

f) The Waseca Stock Option Plan

The maximum number of shares available under the Waseca Stock Option Plan (the “Waseca Plan”) is limited to 10% of the issued common shares of Waseca at the time of granting of options. Subject to any employment contracts, each outstanding option becomes exercisable as to 33 1/3% on a cumulative basis, at the end of each of the first, second and third years following the date of grant. The maximum option term can not exceed five years.

	As at June 30, 2010		As at December 31, 2009	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance – beginning of period	2,524,400	0.60	2,250,000	0.60
Granted	2,650,400	0.60	274,400	0.60
Canceled or expired	(58,667)	0.60	-	-
Balance – end of period	5,116,133	0.60	2,524,400	0.60

The fair value of the stock options granted during the period under the Waseca Plan is estimated at the grant date using the Black-Scholes option pricing model. The assumptions used in the calculation are noted below:

Risk-free interest rate	2.69% to 3.11%
Expected life	5 years
Expected volatility	Nil%
Fair value per option	\$0.08

The following table summarizes information about Waseca’s stock options outstanding under the Waseca Plan at June 30, 2010:

Exercise price (\$)	Number of options	As at June 30, 2010		As at December 31, 2009	
		Weighted average remaining contractual life (years)	Number of options exercisable	Number of options	Weighted average remaining contractual life (years)
0.60	5,116,133	3.9	847,794	2,524,400	3.75
					750,000

Compensation expense under the Waseca Plan for the three month period ended June 30, 2010 was \$34 thousand (2009 - \$33 thousand), all of which has been recorded in general and administrative expense.

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

g) Waseca Performance Shares

The following table summarizes the activity during the period for Waseca's Performance Shares, which are only releasable upon a liquidity event:

	As at June 30, 2010		As at December 31, 2009	
	Number of shares	Weighted average conversion price \$	Number of shares	Weighted average conversion price \$
Balance – beginning of period	4,923,800	0.60	4,450,000	0.60
Granted	5,425,800	0.60	473,800	0.60
Forfeiture	(132,000)	0.60	-	-
Balance – end of period	10,217,600	0.60	4,923,800	0.60

Transaction value ¹ (\$)	As at June 30, 2010			As at December 31, 2009		
	Number of Performance Shares outstanding	Weighted average remaining contractual life (years)	Number of Performance Shares convertible	Number of Performance Shares outstanding	Weighted average remaining contractual life (years)	Number of Performance Shares convertible
0.69	2,554,400	3.9	-	1,230,950	3.75	-
0.90	2,554,400	3.9	-	1,230,950	3.75	-
1.20	2,554,400	3.9	-	1,230,950	3.75	-
1.50	2,554,400	3.9	-	1,230,950	3.75	-
	10,217,600	3.9	-	4,923,800	3.75	-

1. Above table denotes transaction value required to trigger option to convert to common shares at \$0.60 per Performance Share. A transaction event occurs when Waseca's share price exceeds the prices noted in the above table resulting from liquidation or a public transaction.

As of June 30, 2010, neither a liquidity event nor a public transaction had occurred and therefore the fair value of the Performance Shares have not been recognized in these financial statements.

h) Orion Stock Option Plan

Orion has a stock option plan (the "Orion Option Plan") available to directors, officers, employees, consultants and other service providers. Under the Orion Option Plan, the number of common shares to be reserved and authorized for issuance pursuant to options granted under the Orion Option Plan cannot exceed ten percent of the total number of issued and outstanding shares. The term and the vesting period of any options granted are determined at the discretion of the board of directors. The maximum term for options granted is five years. The exercise price of the options cannot be less than the five-day volume weighted average trading price of the common shares immediately preceding the day the option is granted.

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

The continuity of the Orion Option Plan issued and outstanding is as follows:

	As at June 30, 2010		As at December 31, 2009	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance – beginning of period	-	-	-	-
Granted	15,477,000	1.08	-	-
Forfeiture	(1,145,000)	1.00	-	-
Balance – end of period	14,332,000	1.08	-	-

The fair value of the stock options granted during the period under the Orion Option Plan is estimated at the grant date using the Black-Scholes option pricing model. A 4% forfeiture rate was used to estimate Orion's stock-based compensation expense for the three months ended June 30, 2010 (three months ended March 31, 2010 – 0%). The assumptions used in the Black-Scholes option pricing model calculation are noted below:

Risk-free interest rate	3.00%
Expected life	5 years
Expected volatility	90%
Expected dividend rate	0%

The following table summarizes information about Orion's stock options outstanding under the Orion Option Plan at June 30, 2010:

Exercise price (\$)	Number of options	As at June 30, 2010		As at December 31, 2009		
		Weighted average remaining contractual life (years)	Number of options exercisable	Number of options	Weighted average remaining contractual life (years)	Number of options exercisable
1.00 – 1.46	14,332,000	4.78	-	-	-	-

Compensation expense under the Orion Option Plan for the quarter ended June 30, 2010 was \$1.4 million (2009 - \$nil), all of which has been recorded as a non-cash stock-based compensation expense classified as a general and administrative expense.

i) Orion Performance Warrants

Orion has awarded 20.3 million performance warrants to certain employees, of which 11.6 million warrants vested immediately while the remaining warrants vest based on certain public market conditions and current price market conditions.

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

The continuity of performance warrants issued and outstanding is as follows:

	As at June 30, 2010		As at December 31, 2009	
	Number of warrants	Weighted average exercise price \$	Number of warrants	Weighted average exercise price \$
Balance – beginning of period	20,245,873	0.50	-	-
Granted	-	-	20,245,873	0.50
Balance – end of period	20,245,873	0.50	20,245,873	0.50

The fair value of the performance warrants granted during the period ended December 31, 2009 was estimated at \$0.303 per option using the Black-Scholes option pricing model. The assumptions used in the calculation are noted below:

Risk-free interest rate	3.00%
Expected life	5 years
Expected volatility	90%
Expected dividend rate	0%

The following table summarizes information about Orion's performance warrants outstanding at June 30, 2010:

Exercise price (\$)	As at June 30, 2010			As at December 31, 2009		
	Number of options	Weighted average remaining contractual life (years)	Number of options exercisable	Number of options	Weighted average remaining contractual life (years)	Number of options exercisable
0.50	20,245,873	4.25	11,569,068	20,245,873	4.75	11,569,068

Compensation expense for the quarter ended June 30, 2010 was \$nil (2009 - \$3.5 million).

j) Contributed surplus

	Amount \$000's
Balance – December 31, 2009	3,357
Stock-based compensation	2,617
Stock options exercised	(104)
Non-controlling interest (note 13)	(531)
Balance – June 30, 2010	<u>5,339</u>

Included in the stock based compensation amount is \$63 thousand (2009 - \$40 thousand) attributable to the Company, \$2.5 million (2009 - \$nil) attributable to the Orion Option Plan and \$67 thousand (2009 - \$34 thousand) is attributable to the Waseca Plan.

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

15 Related party transactions

Related party transactions not disclosed elsewhere in these consolidated financial statements are as follows:

- (a) During the second quarter of 2010, management fees of \$1.5 million (2009 - \$1.5 million) were incurred, which are payable to SCLP, an entity with directors and officers in common.
- (b) Included in accounts payable and accrued liabilities as at June 30, 2010 was \$31 thousand (2009 - \$1.5 million) payable to SCLP for management fees and \$31 thousand (2009 - \$nil) related to directors' fee. These amounts are non-interest bearing and have no specific terms of repayment.
- (c) The Company purchased shares in Tournigan Energy Ltd (“Tournigan”) from an investment fund managed by the Chairman of the Company. As at June 30, 2010 the shares in Tournigan had a fair market value of \$1.5 million. The price paid for such shares was \$3.0 million or \$0.22 per share.
- (d) An officer of One Earth Farms is also a director of Viterra Inc. (“Viterra”) and the Company expects to continue to conduct business with Viterra from time to time. During the period, \$3.3 million (2009 - \$32 thousand) of crop inputs and storage bins were purchased from Viterra.
- (e) One Earth Farms transferred \$2 million to Ag Growth International, a shareholder, on account for future purchases of equipment and supplies by One Earth Farms. The terms and conditions of such futures purchases are agreed to at the time of a purchase order. During the period, One Earth Farms applied \$231 thousand of purchases to reduce the prepaid balance.

Transactions with related parties are recorded at the exchange amount, being the price agreed between the parties. Transactions in the normal course of business were measured at the monetary exchange amount which is the amount of consideration established, agreed to and paid by the related parties based on standard commercial terms.

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

16 Segment information

The Company operates within three industry segments, energy, agriculture and corporate and other.

A summary of the consolidated balance sheets, by industry segment, is as follows:

	As at June 30, 2010			
	Energy \$000's	Agriculture \$000's	Corporate and other \$000's	Total \$000's
Assets				
Total current assets	48,172	19,133	84,934	152,239
Total non-current assets	172,807	16,719	79,376	268,902
	<u>220,979</u>	<u>35,852</u>	<u>164,310</u>	<u>421,141</u>
Liabilities				
Total current liabilities	14,209	2,807	99	17,115
Total non-current liabilities	26,255	-	-	26,255
	<u>40,464</u>	<u>2,807</u>	<u>99</u>	<u>43,370</u>
Non-controlling interest	-	-	47,779	47,779
Shareholder's equity	180,515	33,045	116,432	329,992
	<u>220,979</u>	<u>35,852</u>	<u>164,310</u>	<u>421,141</u>

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

A summary of the consolidated statement of operations, by industry segment, is as follows:

	6 months ended Jun. 30, 2010			6 months ended	6 months ended
	Energy	Agriculture	Corporate and other	Jun. 30, 2010	Jun. 30, 2009
Revenue	33,982	2,302	-	36,284	1,464
Costs of production	(24,551)	(2,102)	-	(26,653)	(570)
	9,431	200	-	9,631	894
Other					
Interest and financing charges	(439)	-	-	(439)	-
Interest income	-	-	23	23	787
Gain on dilution from investments	-	-	12,332	12,332	360
General and administrative expense	(9,825)	(5,936)	(2,048)	(17,809)	(4,281)
Management and incentive fees	-	-	(3,059)	(3,059)	(2,869)
Gains on disposal of investments	-	-	1,097	1,097	5,230
Other income and expenses	(1,463)	(337)	(1,423)	(3,223)	(802)
Net income (loss) for the period	(2,296)	(6,073)	6,922	(1,447)	(681)

A breakdown of general and administration expenses is as follows:

	6 months ended Jun. 30, 2010			6 months ended	6 months ended
	Energy	Agriculture	Corporate and other	Jun. 30, 2010	Jun. 30, 2009
Capital tax expense	-	-	-	-	548
Office & administration	2,820	1,425	1,568	5,813	881
Professional fees	3,514	691	339	4,544	2,536
Salaries and wages	938	1,171	77	2,186	243
Stock based compensation	2,553	-	64	2,617	73
Other farm expense	-	2,649	-	2,649	-
	9,825	5,936	2,048	17,809	4,281

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

17 Commitments

Contractual Obligations (\$000's)	Payments Due by Period					2014 and beyond
	Total	2010	2011	2012	2013	
Farm leases (a)	12,773	2,047	3,175	3,175	1,071	3,305
Operating lease (b)	757	77	154	154	154	218
Equipment lease	295		165	65	65	0
Operating expenditures	150	150	-	-	-	-
Total Contractual Obligations	13,975	2,274	3,494	3,394	1,290	3,523

- a) Farm leases encompass contractual agreements with First Nations regarding the rental of cultivated land for growing crops and the farming of haylands. The remaining term of the lease agreements ranges between 3.50 years to 8.50 years.

In the first year of each farm lease, the rents have been contractually established at a current fair value determination rate per cultivated acre. In subsequent years, One Earth Farms will pay rent based on the fair value determination rate of the land. The fair value determination rate of the land will be determined through a defined process that will include, in part, a review by an independent professional land valuator. For the purposes of calculating the commitment in future years, management has assumed that the rent is equal to the contracted rent in the first year of the agreement.

For the hayland leases, One Earth Farms will pay the equivalent of one-half of the proceeds of the baled hay to the landowner as rent. One Earth Farms is responsible for the costs related to the production and harvesting of the hay. It is currently not possible for management to determine the proceeds of harvesting the haylands and no amount has been included in the above commitments table.

- b) Waseca's operating lease relates to leased office space in Calgary, Alberta for a three-year term commencing December 1, 2008. The estimated annual rent obligations are \$319 thousand in 2010 and \$292 thousand for 2011.

Orion has entered into two operating leases that both expire in 2010. The first lease expires on October 31, 2010 with an estimated rental obligation of \$108 thousand for the 10-month period. The second lease expires on November 31, 2010 and has estimated rental obligation of \$238 thousand for the 11-month period.

One Earth Farms has entered into operating leases to lease office space in Saskatoon, Saskatchewan and in Calgary, Alberta. During the quarter, One Earth Farms signed a new premises lease in Saskatoon to accommodate its projected growth over the next five years. The new lease expires on June 1, 2015. The estimated aggregate annual rent obligations are \$90 thousand in 2010, \$154 thousand in 2011 through to 2014 and \$64 thousand in 2014.

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

- c) On September 5, 2007, the Company entered into the Management Services Agreement (“MSA”) with Sprott Consulting Limited (“SCL”), a then wholly-owned subsidiary of Sprott Asset Management Inc. (“SAM”) with an initial term of three years. The MSA was approved by shareholders of the Company at a special meeting of shareholders held on August 31, 2007. Pursuant to the terms of the MSA, SCL was appointed by the Company to manage, or engage others to manage, the undertaking and affairs of the Company. In consideration for providing these services, the Company agreed to pay SCL an annual services fee equal to 2% of the net asset value (as defined in the MSA) of the Company calculated and payable at the end of each calendar quarter based on the average quarter-end net asset value of the Company and an annual incentive fee equal to 20% of: (a) the pre-tax profits of the Company for the year minus (b) the average month-end net asset value of the Company for the year multiplied by the percentage return of the Canadian 30-Year Generic Bond Index. On December 1, 2007, SCL assigned the MSA to SCLP, the successor to SCL, as part of an internal reorganization involving SAM and its subsidiaries. No amount has been included in the above commitments schedule for fees payable under this agreement.
- d) On December 22, 2009, One Earth Farms entered into the Management Services Agreement (“OEF MSA”) with SCLP, an entity with directors and officers in common. Pursuant to the terms of the OEF MSA, SCLP was appointed by the Company to manage, or engage others to manage, the undertaking and affairs of One Earth Farms. In consideration for providing these services, One Earth Farms agreed to pay SCLP a services fee equal to 0.5% of the net asset value (as defined in the OEF MSA) of One Earth Farms calculated and payable at the end of each calendar quarter based on the average quarter-end net asset value of One Earth Farms. One Earth Farms may also pay a performance fee and termination fee for realizing a liquidity event (as defined in the OEF MSA) within five years of the date of the agreement. No amount has been included in the above commitments schedule for fees payable under this agreement.

18 Financial instruments and derivative financial instruments

Fair value of financial instruments

The Company’s financial instruments consist of cash and cash equivalents, accounts receivable, derivative financial instruments, other receivables, investments, accounts payable and accrued liabilities, and a bank credit facility. Cash equivalents consist of highly liquid investments held in the form of Government of Canada treasury bills, the investment terms of which are less than three months at the time of acquisition, and are all held in Canadian dollars. The Company has no asset backed commercial paper. Portfolio investments in securities of publicly traded companies are reported at fair value. The fair values of the other instruments approximate their book value due to their short-term nature.

The following table presents the classification, fair value and the levels per the fair value hierarchy where fair value is recognized in the balance sheet.

	Classification	Financial assets at fair value as at June 30, 2010			Total \$000’s
		Level 1 \$000’s	Level 2 \$000’s	Level 3 \$000’s	
Cash and cash equivalents	Held for trading	26,744	18,993	-	45,737
Derivative financial instruments	Held for trading	-	4,640	-	4,640
Portfolio investments - public	Available for sale	10,562	-	-	10,562
Portfolio investments - warrants	Held for trading	-	133	162	295
		37,306	23,766	162	61,234

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

Commodity price risk

Several of the Company's subsidiaries are exposed to commodity price risk since their revenues are dependent on the market price of petroleum, natural gas or agricultural crops. The price of these commodities is volatile and subject to fluctuations that may have a significant effect on the ability of the companies to meet their obligations, capital spending targets or commitments and expected operational results.

One Earth Farms has not entered into any derivative financial contracts to manage the fluctuations of crop prices however the following contracts were in place at June 30, 2010:

Crop	Delivery Period	Volume (tonnes)	Net Price (\$/tonne)	Total Value
Canola	September	1,200	381.00	457,200
Canola	October	2,000	373.99	747,980
Canola	September	1,000	375.99	375,990
Soft White Wheat	Sept - April	2,041	150.65	307,477
Soft White Wheat	Sept - Nov	272	156.16	42,476
Soft White Wheat	Dec - Feb	272	156.16	42,476
Barley	Aug - Sept	320	146.00	46,720

Orion has entered into a number of derivative financial contracts to manage the fluctuations in petroleum and natural gas commodity prices. The following contracts are outstanding at June 30, 2010:

Commodity - Index	Type	Remaining Term	Contract Price	Notional Quantity
Crude Oil – WTI (USD)	Put options	Jul-Dec 2010	\$81.85	1,000 bbls/d
		Jul-Dec 2010	\$82.30	400 bbls/d
		Jul-Dec 2010	\$82.45	200 bbls/d
		Sep-Dec 2010	\$83.35	400 bbls/d
		Oct-Dec 2010	\$83.55	250 bbls/d

Commodity - Index	Type	Remaining Term	Contract Price	Notional Quantity
Crude Oil – WTI (USD)	Collar	Jul-Dec 2010	\$75.00 / \$94.30	11,000 bbls/mo
Natural Gas – AECO 7A (CAD)	Collar	Jul-Dec 2010	\$6.00 / \$8.70	1,000 GJ/d
		Jul-Dec 2010	\$6.50 / \$8.14	50,000 GJ/mo

The estimated fair value of unrealized commodity contracts \$4,460 thousand (2009 - \$1,210 thousand) is reported on the Consolidated Balance Sheet, with any change in the unrealized positions recorded to income. During the period there was a realized gain of \$61 thousand (2009 - \$nil) and an unrealized gain of \$332 thousand (2009 - \$nil).

Sprott Resource Corp.

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2010

(Unaudited – expressed in Canadian dollars)

19 Subsequent events

The Company entered into the following transactions subsequent to June 30, 2010:

- a) Public securities dispositions for proceeds of \$273 thousand.
- b) Effective July 5, 2010 Orion increased its revolving term credit facility with its incumbent lender, a Canadian chartered bank, to \$60 million from \$50 million as at June 30, 2010.
- c) Orion signed a premises lease to replace the two expiring leases. The new premises lease commences August 1, 2010 for five years and has an estimated annual cost of \$845 thousand.
- d) On July 23, 2010, One Earth Farms entered into a forward based cash contract to deliver 1,250 tonnes of peas. The delivery is scheduled to take place in September 2010 and will realize \$250,325 in revenue.
- e) Orion has hedged approximately 50% of its expected crude oil and condensate production for 2011, and approximately 20% of its total expected 2011 production on a barrels of oil equivalent ("BOE") basis. Orion will receive \$87.35 Canadian dollars per barrel and will pay the benchmark West Texas Intermediate ("WTI") index denominated in Canadian dollars on a notional amount of 1,500 barrels of oil per day. The swap will settle monthly on a financial basis.