



Annual General Meeting | May 25, 2011

# Forward-Looking Statements

## Forward Looking Statements

This presentation contains forward-looking statements that constitute forward-looking information under applicable securities laws. Some of the forward-looking statements can be identified by words such as "expects", "anticipates", "should", "believes", "plans", "will" and similar expressions. The forward-looking statements contained in this document are based on certain key expectations and assumptions made by Sprott Resource Corp. ("SRC"), including: (i) target portfolio allocation; (ii) anticipated target acreage for One Earth Farms Corp. ("OEF") for next year and beyond; (iii) the establishment of a cattle operation by OEF; (iv) the ability of Orion Oil and Gas Ltd., Waseca Energy Inc. and One Earth Oil & Gas Inc. to grow production; (v) the planned merger between Orion Oil & Gas Corporation and WestFire Energy Ltd.; and (vi) planned exit strategies for each investment. Although SRC believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because SRC can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the failure to find investments in each sector that would permit the portfolio allocation target noted in this document; risks associated with the oil and gas industry in general (e.g., operational risks in development, exploration and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of estimates and projections relating to production, costs and expenses, and health, safety and environmental risks); commodity price and exchange rate fluctuations and uncertainties resulting from potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the inability of OEF to grow its acreage to its target due to insufficient lands being available or due to operational issues; the inability of OEF to start its cattle operation due to insufficient lands, uneconomic conditions, operational issues or a change in plans by OEF; the anticipated completion of the merger between Orion Oil & Gas Corporation and WestFire Energy Ltd., including any anticipated benefits of such transaction; and market volatility that would affect the ability to exit investments. The forward-looking statements contained in this document are made as of the date hereof and SRC undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

## Measurement

Where amounts are expressed on a barrel of oil equivalent ("boe") basis, natural gas volumes have been converted to oil equivalence at six thousand cubic feet per barrel. The term boe may be misleading, particularly if used in isolation. A boe conversion ratio of six thousand cubic feet per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

# Management Team and Board of Directors

## **Kevin Bambrough**

Director, President & CEO  
President of Sprott Inc.

## **Paul Dimitriadis**

Chief Operating Officer

## **Steve Yuzpe**

Chief Financial Officer

## **Arthur Einav**

General Counsel & Corporate Secretary

## **Eric Sprott**

**Chairman**

CEO of Sprott Asset Management LP

## **John Embry**

**Director**

Chief Investment Strategist,  
Sprott Asset Management LP

## **Terrence A. Lyons**

**Independent Director**

Chairman, Northgate Minerals Corporation

## **A. Murray Sinclair**

**Independent Director**

Chairman of Sprott Resource Lending Corp.

## **Michael Winn**

**Independent Director**

President of Terrasearch Inc.

# 2010 Year in Review

## Global Macro Events

- Sovereign debt crises destabilize global economies
- EU government bailouts
- U.S. government initiates QEII
- Gold prices rise for 10th consecutive year
- Extreme weather conditions affect grain supplies in Canada, Russia, Pakistan

## Sprott Resource Corp.

### Significant events:

- Stonegate Agricom IPO on TSX
- Orion Oil & Gas IPO on TSX
- SRC \$4.25 warrant expiry

### Investments:

- Waseca Energy (\$17.2 million)
- Union Agriculture (\$13.9 million)
- Virginia Energy (\$12.0 million)
- One Earth Farms (\$10.0 million)
- One Earth Oil & Gas (\$7.0 million)

# Our Approach to Creating Value

## Core Beliefs

- Enhanced returns come from patience and commitment
- Successful investing requires contrarian behavior
- An alignment of interests between management and shareholders is crucial

## Key Investment Strategies

### Private Equity

- Seek out sectors with improving fundamentals
- Develop a value creation plan
- Partner with top management teams
- Assist with systems and process development
- Actively and appropriately assist management with the business

### Cornerstone Shareholder

- Board participation and leadership mentoring
- Assist in developing strategic and financial planning
- Transaction and financing support and advice
- Development of strategic partnerships and initiatives

# Historical and Transaction Performance

## Stock performance



Sprott Resource Corp. seed financing through General Minerals Corp. \$60M private placement at \$1.50 per unit (share plus \$2.50 warrant)

**Notes:**

Prior to September 5, 2007, Sprott Resource Corp. (TSX: SCP) traded on the TSX as General Minerals Corp (TSX: GNM)

## Material Investment Metrics

### Transaction metrics

Time since launch (years)	3.65
Approximate number of transactions reviewed	760
Transactions closed	8
Transactions closed as % of reviewed	1%
Dispositions	1
Partial dispositions	1

### Shareholder returns

Change in common share price since Sept 2007 <sup>1</sup>	229%
IRR of 1 share purchased in Sept 2007	38%

### Ability to fund new deals

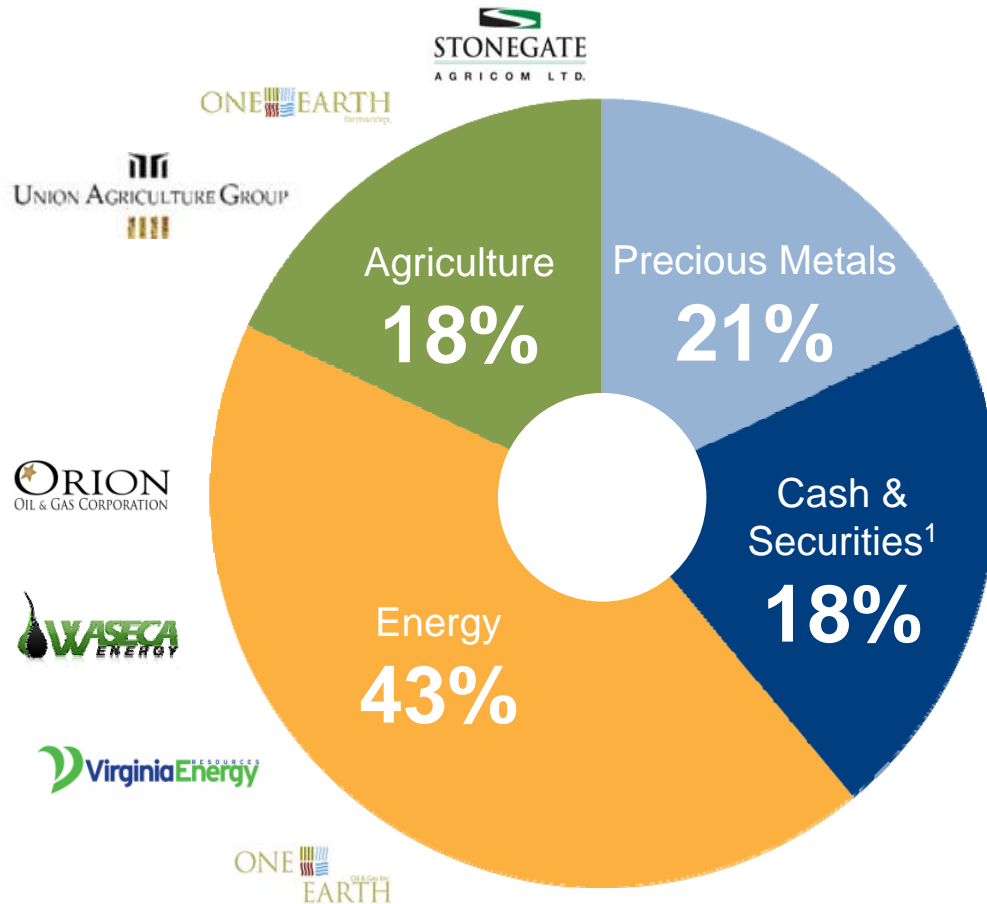
Approximate unconsolidated investable cash <sup>2</sup>	\$89,812,500
Gold (held in physical form)	\$110,623,631

**Notes:**

<sup>1</sup> Based on closing price of \$4.91 per common share on 4/29/2011

<sup>2</sup> Cash as at Dec. 31, 2010 plus subsequent proceeds of disposition (StonegateAgricom) less investments (One Earth Farms)

# Diversified Portfolio | Investment Sectors



Capital Invested	Realized + Unrealized Value <sup>1, 2, 4</sup>
108,878,184	196,553,725
172,286,304	308,686,304
75,392,000	110,623,631
<sup>3</sup> 89,812,500	89,812,500
<b>446,368,988</b>	<b>705,676,160</b>

<sup>1</sup> As at April 29, 2011

<sup>2</sup> Unrealized value is the mark-to-market value of a publicly listed subsidiary or liquid holding. The mark-to-market value is calculated as the number of shares held multiplied by the closing price on 4/29/2011. Private company values are based on the price of the most recent private placement by independent investors. There can be no assurance that any liquidity event for such private companies will be at similar prices.

<sup>3</sup> Cash as at Dec. 31, 2010 plus subsequent proceeds of disposition (StonegateAgricom) less investments (One Earth Farms)

<sup>4</sup> All amounts are pre-taxes and performance fees

(Based on Book Value)

As at Dec 31, 2010, adjusted to reflect subsequent publicly disclosed events

<sup>1</sup> Securities include investments in public and private companies in energy, agriculture and the precious metals sectors

# Performance of Material Investments<sup>1</sup>

Company	Year	Capital Invested	Structure	Realized Proceeds	Unrealized Value	Realized + Unrealized Value	IRR
Stonegate Agricom <sup>2</sup>	2007	23,118,591	Public company	50,312,500	68,022,400	118,334,900	118%
PBS Coals	2007	55,016,202	Private company	240,685,467	n/a	240,685,467	653%
Gold Bullion <sup>3</sup>	2008	75,392,000	Traded commodity	-	110,623,631	110,623,631	20%
Waseca Energy <sup>4</sup>	2008	44,200,000	Private company	-	44,200,000	44,200,000	n/a
Union Agriculture <sup>5</sup>	2008	28,259,593	Private company	-	44,531,325	44,531,325	36%
One Earth Farms <sup>6</sup>	2009	57,500,000	Private company	-	84,000,000	84,000,000	35%
Orion Oil & Gas <sup>7</sup>	2009	105,100,000	Public company	-	241,500,000	241,500,000	70%
One Earth Oil & Gas <sup>4</sup>	2010	11,000,000	Private company	-	11,000,000	11,000,000	n/a
Virginia Energy <sup>4</sup>	2010	11,986,304	Private company	-	11,986,304	11,986,304	n/a

**Notes:**

<sup>1</sup> Excludes portfolio investments

<sup>2</sup> Closing price of \$1.33 / common share on 4/29/2011

<sup>3</sup> Closing price of \$1,485 / ounce on 4/29/2011

<sup>4</sup> All financings have been at the same valuation and there have not been any dispositions, therefore not possible to calculate IRR

<sup>5</sup> UAG completed a private placement price at \$2.20 / common share on 12/10/2010

<sup>6</sup> One Earth Farms completed a private placement price at \$1.40 / common share on 3/17/2011

<sup>7</sup> Closing price of \$1.03 / common share on 4/29/2011

# Case Study: Proven Ability to Realize Value

## PBS Coals

Investment:	\$55.0 million
Realized gains:	\$240.6 million
Unrealized value:	\$nil
Timeline:	11 months
IRR:	653%

## Stonegate Agricom

Investment:	\$23.1 million
Realized gains:	\$50.3 million
Unrealized value:	\$68.0 million
Timeline:	42 months
IRR:	118%

## Value Creation

- Identified long-term value of coal
- Found and financed low-cost coal producer
- Engineered \$95MM private placement
- As expected, coal prices rose dramatically
- Facilitated RTO and sold shares in secondary offering for \$99.8MM
- Sold to OAO Severstal for proceeds of \$140.8MM

## Value Creation

- Anticipated price increase in phosphate
- Acquired \$53 thousand option for the Mantaro property, one of the world's 5 largest undeveloped phosphate deposits
- Combined with proven mine development management team with ~\$10MM, who issued 80% of their private company for Mantaro
- Supported purchase of the Paris Hills deposit
- Supported Stonegate's \$50MM IPO with a \$12MM lead order



# Portfolio Investments

# Orion: Merger with WestFire Energy to Create a High Growth Intermediate Producer

## 2010 Review

- Increased proved reserves by 32% to 16.3 million boe and proved and probable (2P) reserves by 34% to 24.8 million boe
- Exit production rate increased year over year by 140% to approximately 6,000 boe/d
- Net present value (NPV) of 2P reserves (discounted at 10% before tax) increased 32% to \$439 million
- Increased NPV despite significantly lower natural gas forecast pricing year over year

## 2011 Outlook

- Announced a merger between Orion and WestFire Energy Ltd. (TSX:WFE) (“WestFire”)
- SRC will own approximately 34% of the outstanding shares of WestFire on a fully-diluted basis (19.9% of the voting common shares and all of the non-voting convertible preferred shares)
- Merger creates a growth oriented intermediate oil and gas producer of approximately 9,000 boe/d (60% oil and liquids)
- Merger will enable WestFire to accelerate the development of its extensive Viking oil inventory of drilling locations



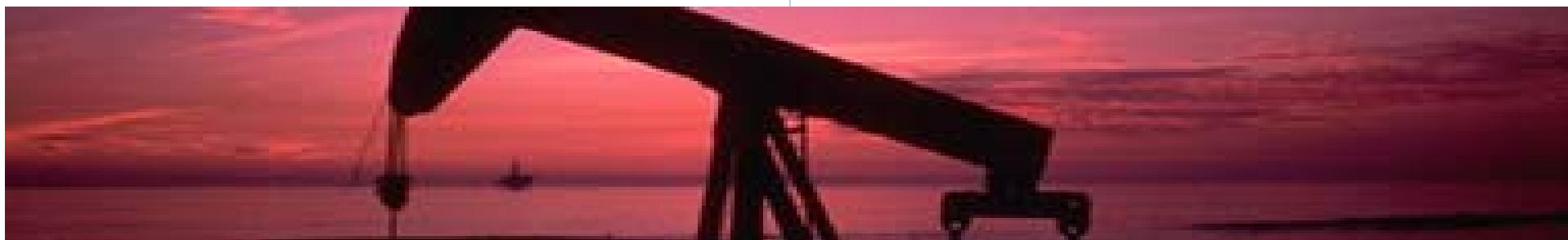
# Waseca: Poised for Continued Growth Through Drilling

## 2010 Review

- Increased proved reserves by 207% to 2.34 million boe and 2P reserves by 316% to 4.67 million boe
- Exit production rate increased year over year by 110% to approximately 1,050 bbl/d
- NPV of 2P reserves (discounted at 10% before tax) increased 295% to \$109 million

## 2011 Outlook

- Waseca has commenced a \$28 million capital program
- Will drill at least 62 vertical heavy oil wells in the Lloydminster area
- Production has increased to 1,500 boe/d as at March 31, 2011
- Goal is to grow production to between 2,800 – 3,300 boe/d by year-end



# Stonegate Agricom: Building Towards Feasibility

## 2010 Review

- Successfully completed Initial Public Offering (“IPO”) raising \$51.75 million for the development of the Mantaro deposit in Peru and the Paris Hills phosphate deposit in Idaho
- Commenced drilling on Paris Hills deposit
- Initial grade results from Paris Hills lower zone look positive
- Including the IPO, SRC’s total capital contributed was \$23 million

## 2011 Outlook

- SRC sold 28.75 million shares of Stonegate Agricom in 2011 (secondary offering) for gross proceeds of \$50.3 million
- Stonegate Agricom intends to continue drilling at Paris Hills and commence drilling at Mantaro
- Goal is to complete pre-feasibility studies on both projects by the end of 2011
- Stonegate Agricom believes it is fully-financed through full-feasibility on both projects



# One Earth Oil and Gas: Building on Our Long-Term Partnership with First Nations

## 2010 Review

- Signed deals with First Nations and private companies to tie up approximately 300,000 acres of exploration land
- Drilled 3 wells in Central Alberta and 2 wells in Northern Montana
- Established proved reserves of 250 thousand boe and 2P reserves of 781 thousand boe

## 2011 Outlook

- On April 1, a gas well drilled 2010 was brought on stream, gross production of 2.1 million cubic feet / day
- Targeting to drill at least 4 vertical wells in the Bakken and Duperow (below the Bakken) zones in Northern Montana and 5 - 8 wells in Central Alberta
- Working on very large aboriginal land opportunities in Alberta and Saskatchewan
- Developing capital plan for drilling based on the success of 2010 and early 2011 drilling



# One Earth Farms: Seeding Growth

## 2010 Review

- Grew revenue by 198% to \$8.1 million
- Increased crop land under management by 428% to 68.3 thousand acres (acres planted grew by 227% due to excess moisture in 2010)
- 23.7 thousand pasture acres under management to support the cattle program
- Successfully launched cattle program focused on the 'natural' market

## 2011 Outlook

- Increased crop land under management to approximately 122 thousand acres
- Seeding operations well underway with expected completion by mid-June (weather permitting)
- Increased pasture acres under management to approximately 75 thousand acres
- Targeting 7,500 cows (i.e. 15,000 cows, calves and bulls) by yearend



# 2011 Outlook

## SRC Outlook

- Market perception of a withdrawal of central bank and government stimulus resulting in economic weakness
- Continued escalation of the sovereign debt crisis
- Increased volatility in equity, bond and commodity markets

## SRC Approach

- Continue to grow the value of our existing subsidiaries and, if appropriate, look to monetize certain holdings
- Continue to be patient and look for great investments
- Focus on the long-term objective of building shareholder value
- Continue to build relationships and companies with proven, successful management



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