



April 2012

# 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", "future strategy" 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 Waseca Energy Inc. and One Earth Oil & Gas Inc. to grow production; (v) the anticipated benefits of the 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 establish its cattle operation due to insufficient lands, uneconomic conditions, operational issues or a change in plans by OEF; 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.

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# 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

## **Michael Winn**

**Chairman**

President of Terrasearch Inc.

## **Eric Sprott**

**Director**

Chief Executive Officer,  
Sprott Asset Management LP

## **John Embry**

**Director**

Chief Investment Strategist,  
Sprott Asset Management LP

## **Terrence A. Lyons**

**Independent Director**

Lead Director Canaccord Financial Inc.

## **A. Murray Sinclair**

**Independent Director**

Chairman of Sprott Resource Lending Corp.

# Corporate Structure



- Sprott Resource Corp. has a management services agreement with Sprott Consulting LP, which is part of Sprott Inc.
- Annual management fee of 2% of Net Asset Value (“NAV”) to Sprott Consulting LP
- Annual profit distribution of 20% of the difference between the pre-tax profits for the year and the average NAV for the year multiplied by the average yield of the Canadian 30-year Generic Bond index for the year from Sprott Resource Partnership to its managing partner Sprott Resource Consulting LP
- Only independent directors have been awarded options

# Capital Structure

**TSX: SCP**

	March 31, 2012
<b>Market Cap:</b>	\$448 million
<b>Share Price:</b>	\$4.01
<b>Shares Outstanding:</b>	111.5 million <sup>1</sup>
<b>Insider Ownership:</b>	9.8%
<b>Warrants Outstanding:</b>	Nil
<b>Options Outstanding:</b>	420,000

Notes:

1) As at March 30, 2012

# We are Commodity Experts

## Unearthing Value

- Toronto is the resource funding capital of the world
- Sprott is known globally for its expertise in commodities
- The Sprott deal team has the ability to select and capitalize on the best opportunities
- We execute our value creation strategy by combining capital and top management teams
- We then leverage industry knowledge to develop creative strategies for growth
- By doing so, we maximize future value for SRC and co-investors

# 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

- Actively involved with management and the business
- Strategy development
- Long-term growth planning
- Mentoring and working with management
- Systems and process development

### 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



Performance based on 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)

## Investment Metrics

### Transaction metrics

Time since launch (years)	4.58
Approximate number of transactions reviewed	952
Transactions closed	11
Transactions closed as % of reviewed	1%
Dispositions	2
Partial dispositions	1

### Shareholder returns

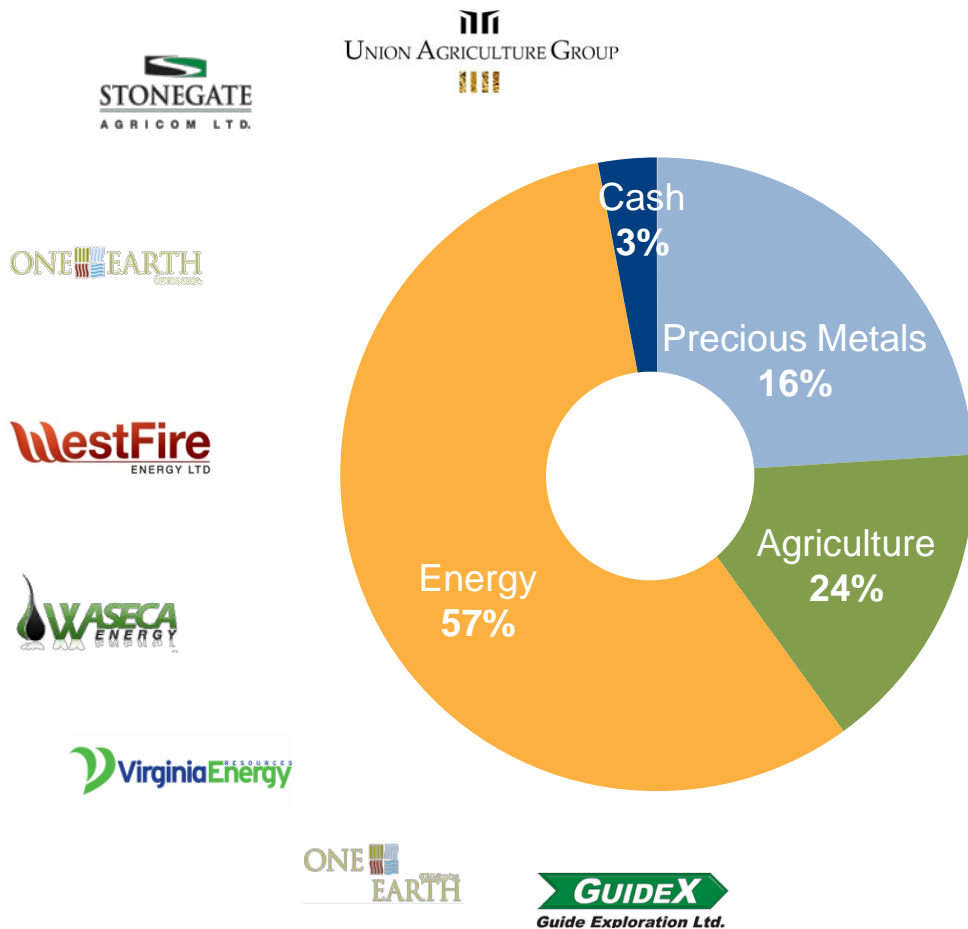
Change in common share price since Sept 2007 <sup>1</sup>	167%
IRR of 1 share purchased in Sept 2007 <sup>1</sup>	24%

### Ability to fund new deals





Approximate unconsolidated investable cash <sup>2</sup>	\$15,336,000
Gold (held in physical form) <sup>3</sup>	\$123,248,867
Unencumbered gold (held in physical form) <sup>3</sup>	\$48,250,722

Notes:  
<sup>1</sup> Based on closing price of \$4.01 per common share on 03/31/2012  
<sup>2</sup> Cash as December 31, 2011  
<sup>3</sup> Based on closing price of C\$1,666 per ounce on 03/31//2012

# Diversified Portfolio | Investment Sectors



(Based on Book Value)  
As at March 31, 2012

	Capital Invested (\$000)	Market Value <sup>1, 2, 4</sup> (\$000)
	115,778	163,110
	274,105	297,171
	75,392	123,248
	15,336 <sup>3</sup>	15,336
	<b>480,661</b>	<b>598,867</b>

<sup>1</sup> As at March 31, 2012

<sup>2</sup> The market value of a publicly listed subsidiary or liquid holding is the mark-to-market value calculated as the number of shares held multiplied by the closing price on 03/31/2012. The market value of a private company is based on the price of the most recent private placement by third party investors, if any. 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, 2011

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

# 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	28,147,200	78,459,700	74%
PBS Coals	2007	55,016,202	Private company	240,685,467	n/a	240,685,467	653%
Silver Bullion	2008	22,733,471	Traded commodity	32,873,808	n/a	32,873,080	54%
Gold Bullion <sup>3</sup>	2008	75,392,000	Traded commodity	-	123,248,867	123,248,867	18%
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	-	44,063,643	44,063,643	17%
One Earth Farms <sup>6</sup>	2009	57,500,000	Private company	-	84,000,000	84,000,000	20%
WestFire Energy <sup>7</sup>	2009	105,100,000	Public company	-	147,633,989	147,633,989	15%
One Earth Oil & Gas <sup>4</sup>	2010	17,300,000	Private company	-	17,300,000	17,300,000	n/a
Virginia Energy <sup>8</sup>	2010	11,986,304	Private company	-	4,164,969	4,164,969	-56%
Guide Exploration <sup>9</sup>	2011	45,789,056	Public Company	-	34,142,849	34,142,849	-36%
Potash Ridge <sup>4</sup>	2011	6,900,000	Private Company	-	6,900,000	6,900,000	n/a
Independence Contract Drilling <sup>4</sup>	2012	49,400,000	Private Company	-	49,400,000	49,400,000	n/a

**Notes:**

- 1 Excludes portfolio investments
- 2 Closing price of \$0.60 / common share on 03/31/2012
- 3 Closing price of \$1,666 / ounce on 03/31/2012
- 4 All financings have been at the same valuation and there have not been any dispositions, therefore not possible to calculate IRR

**Notes:**

- 5 UAG completed a private placement price at US \$2.20 / common share on 12/10/2010
- 6 One Earth Farms completed a private placement price at \$1.40 / common share on 3/17/2011 and 5/02/11
- 7 Merged with WestFire Energy on 6/30/2011. WestFire closing price of \$5.15 / common share on 03/31/2012
- 8 Based on closing price of \$0.165 / common share of a public company proxy on 03/31/2012
- 9 Closing price of \$2.20 / common share on 03/31/2012

# Case Studies: Proven Ability to Realize Value

## PBS Coals

<b>Investment:</b>	\$55.0 million
<b>Realized proceeds :</b>	\$240.6 million
<b>Unrealized value:</b>	\$nil
<b>Timeline:</b>	11 months
<b>IRR:</b>	653%

## Value Creation

- Identified long-term value of coal
- Found and financed low-cost coal producer
- Engineered \$95MM private placement to fund growth
- 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

## Stonegate Agricom<sup>1</sup>

<b>Investment:</b>	\$23.1 million
<b>Realized proceeds:</b>	\$50.3 million
<b>Unrealized value:</b>	\$28.1 million
<b>Timeline:</b>	53 months
<b>IRR:</b>	74%

## 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 Stonegate's \$50MM IPO with a \$12MM lead order
- Exit is expected through dilution or sale of the company to a major producer

# WestFire Energy and Orion Oil & Gas: Strategic Merger

## Opportunity Identification

- In 2009, partnered with proven management team
- Acquired initial assets with cash and shares
- Assets were distressed and purchased at a deep discount

## Financing

- Co-invested with management team
- Completed \$65mm rights offering and public listing
- SRC owned 78.9% prior to merger

**\$105MM**  
investment

## Merger with WestFire

- Orion merged with WestFire to create a new liquids rich intermediary producer
- Production of 9,300 boe/d at December 31, 2011
- Over 150,000 net acres of undeveloped land on the Viking play with over 1,100 identified low risk drilling locations
- SRC owns 34% on a diluted basis

## Rationale for Merger

- Few comparable emerging oil focused intermediate producers
- Strong balance sheet and cash flow make WestFire fully self funded (therefore little or no future financing risk)
- Strong cash flow from oil and liquids with a free gas option

**\$148MM**  
mark-to market value of investment (Mar. 31, 2012)



# Waseca Energy Inc.: Economically Attractive Partnership in an Ideal Location

## Opportunity Identification

- Partnered with a top technical team with over 33 years of experience with a major producer
- Identified economical nature of production in the Lloydminster area

## Financing

- Acquired land at deep discounts
- Invested \$44.2MM in two tranches to support exploration and development
- SRC owns 81.1% (undiluted)

## Strategic Development

- Ramping up production and building reserves
- Production has increased to over 4,000 boe/d at Feb 29, 2012
- Target 2012 production of 4,600 – 5,000 boe/d
- Opportunistic buying strengthened pipeline

**45,000**

acres exploration lands

## Future Strategy

- Look to sell or merge with a major producer or a complementary public company
- 1P Cold Flow reserves pre-tax NPV10% of \$122MM
- 1P+2P Cold Flow reserves pre-tax NPV10% of \$197MM
- Probable (2P) Golden Lake thermal reserves pre-tax NPV10% of \$165MM

# Energy Investment Overview

<u>Metric</u>	<u>WestFire<sup>1</sup></u>	<u>Guide<sup>1</sup></u>	<u>Waseca<sup>2</sup></u>
1P+2P reserves (mmboe)	43.3	52.3	24.5
1P+2P reserves pre-tax NPV10% (\$MM)	\$816	\$731	\$263
Net undeveloped land (acres)	212,000	~500,000	N/A <sup>3</sup>
2011 exit rate boe/d	9,300	12,000	3,746
Percentage of production composed of oil and liquids	68%	34%	N/A <sup>3</sup>
Drill locations	AB, SK	Western Canada	Lloydminster

**Notes:**

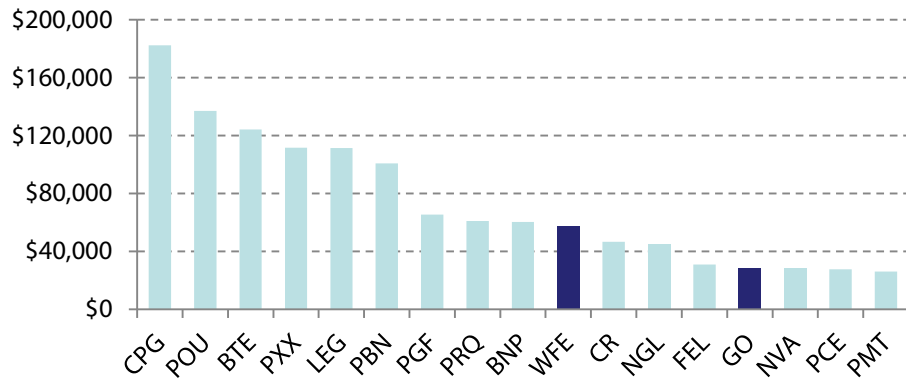
<sup>1</sup> Information included herein on WestFire Energy Ltd. and Galleon Energy Inc. is based on information contained in documents publicly filed by such companies

<sup>2</sup> Based on information provided in Spratt Resource Corp's 2011 annual report

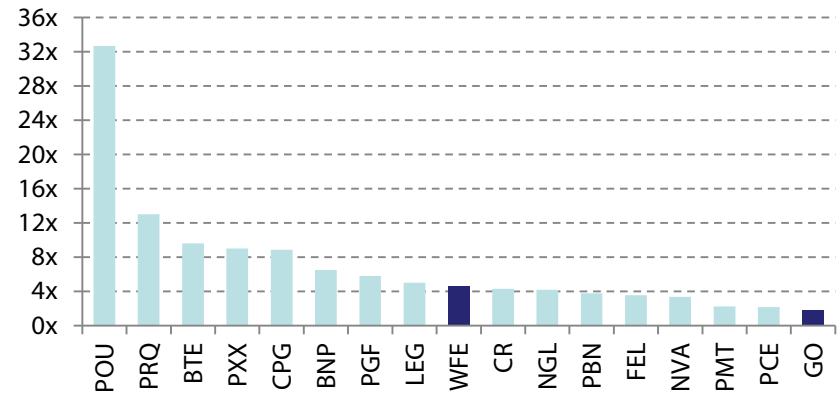
<sup>3</sup> Data not publicly available

# Guide and WestFire: Value Investment Opportunities

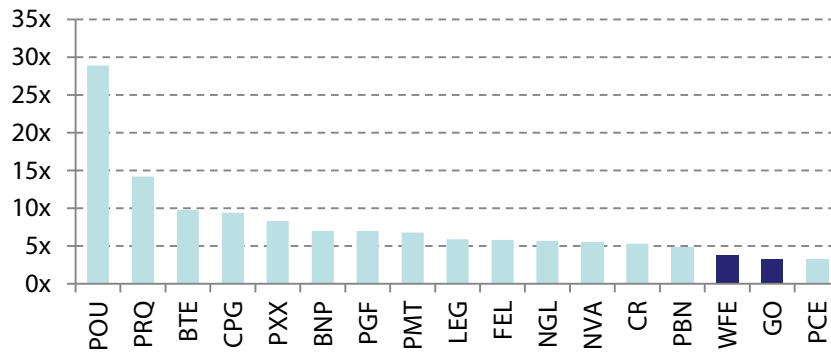
## EV/BOE/d (2012E)



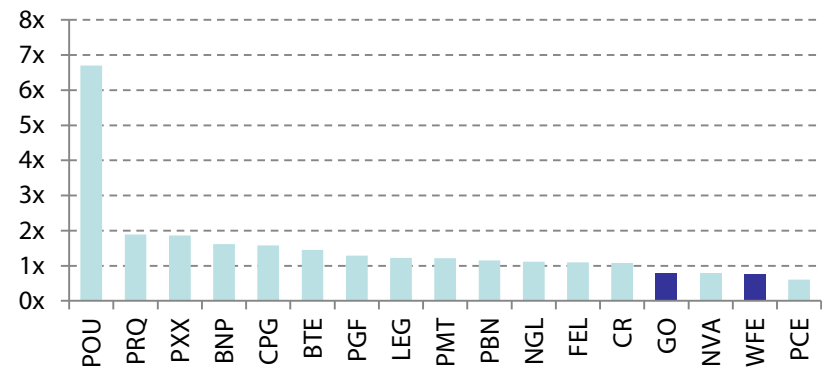
## P/CFPS (2012E)



## EV/DACF (2012E)



## P/NAV



Notes:  
Data provided by Cormark Securities as of March 22, 2012; WestFire data as of December 16, 2011

# One Earth Farms: Seeding Growth

## Opportunity Identification

- Identified opportunity to fundamentally alter primary agriculture in Canada, buying at wholesale prices, selling at retail
- Created a unique business where no investment opportunity existed
- Farming in partnership with First Nations

## Financing

- SRC has invested \$57.5MM
- Attracted strategic co-investors, political support and additional funding of \$55MM
- SRC now owns 58%

## Unique vision

## Strategic Development

- Support from First Nations
- Strategic partnerships with Viterro and Case IH
- Development of branded crop and beef products

## Largest farm in Canada

## Future Strategy

- Target is to be one of the biggest farms in the world with a significant naturally-raised cattle operation
- Possibility of IPO or buy-out from sovereign wealth or private equity fund in the future

## Target: World leader



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

## Opportunity Identification

- Identified opportunity to work with First Nations to develop their abundant oil and gas fields
- Massive potential based on surrounding exploration

## Financing

- Seeded initial potential exploration
- Recently injected a second round of financing
- SRC owns 91%

## Strategic Development

- Expanding negotiations with multiple First Nations
- Proving up oil & gas plays through a farm-in structure
- Low-risk / high potential gain and great optionality

**300,000**  
acres potential  
exploration lands

## Future Strategy

- Continue to prove up strategic partnerships, building production in both Canada and the United States
- Sell or merge with a major producer or a complementary public company



# Conclusion: Unique Opportunity

- Proven management team for sourcing deals and executing accretive transactions
- Unique exposure to private equity deals in the natural resource sector
- Liquidity and transparency of a publicly-traded entity
- Proven track record and a unparalleled macro vision
- Strong resource investment brand

## Analyst Coverage

### **Cormark Securities Inc.**

Marc Robinson  
(416) 943-4224

### **GMP Securities L.P.**

Anoop Prihar  
(416) 943-6127

Please note that any opinions, estimates or forecasts regarding Sprott Resource Corp.'s performance made by analysts covering Sprott Resource Corp. are theirs alone and do not represent the opinions, forecasts, or predictions of Sprott Resource Corp. or its management. Sprott Resource Corp. does not by its reference above imply any endorsement of or concurrence with such information, conclusions or recommendations.

# Appendix: Consolidated Balance Sheets

## (as at Dec 31, 2011)

(\$000s)	Dec. 31, 2011	Dec. 31, 2010
Cash and Cash Equivalents	\$25,488	\$59,512
Gold Bullion	\$117,582	\$105,597
Portfolio Investments	\$278,789	\$66,057
Total Assets	\$597,372	\$570,558
Current Liabilities	\$18,340	\$40,839
Total Liabilities	\$41,059	\$89,956
Shareholders' Equity	\$556,313	\$480,602