



Spratt PHYSICAL GOLD Trust

*A convenient and
tax-efficient investment
in physical gold.*

TRUST HIGHLIGHTS

→ STORAGE BY A SECURE LBMA-APPROVED THIRD PARTY

The Trust's gold bars are physically stored by a secure LBMA-approved third party storage location in Ottawa, Canada. The Trust's gold bullion is subject to periodic inspections and annual audits. In addition, the Bullion Custodian is the Trust's counterparty – there is no financial institution standing between the unitholder and the gold.

→ PHYSICAL REDEMPTION FEATURE

Unitholders that own the equivalent dollar value of approximately one LGD gold bar (~400oz), or more, have the ability to redeem their units for physical gold bullion on a monthly basis. The Bullion Custodian can deliver the bars almost anywhere in the world via an Armored Transportation Service Carrier. Physical redemptions will never dilute remaining unit holders.

→ TAX ADVANTAGES

For U.S. non-corporate investors who hold units for one year or more and timely file a QEF form, PHYS units are currently taxed at a capital gains rate of 15%, versus 28% applied against most gold ETF's and physical gold coins*.

→ STRUCTURE FOR INVESTING IN PHYSICAL GOLD

The PHYS provides unitholders with a direct investment in unencumbered, fully allocated physical gold. The PHYS does not invest in gold certificates or other instruments that represent or may be exchanged for gold. Approximately 99% of the Trust's current net assets are directly invested in physical LGD gold bars.

*Please consult your tax accountant regarding your particular tax situation.

www.sprattphysicalgoldtrust.com

ABOUT THE TRUST

The Spratt Physical Gold Trust (PHYS) is a closed-end trust that invests in unencumbered and fully-allocated London Good Delivery ("LGD") gold bars.

The Trust was created to invest and hold substantially all of its assets in physical gold bullion. Its purpose is to provide a secure, convenient and exchange-traded investment alternative for investors seeking to hold physical gold bullion without the inconvenience that is typical of a direct investment in physical gold. The Trust invests in long-term holdings of unencumbered, fully allocated physical gold bullion and does not speculate with regard to short-term changes in gold prices.

Issuer:	Spratt Physical Gold Trust
Fund Type:	Closed-End Trust
Ticker:	"PHYS" on NYSE Arca "PHY.U" on TSX
Management Fee:	35 bps of NAV per annum payable monthly
Units Outstanding:	168,920,197 (as of April 30, 2012)
Recent Price:	\$14.22 USD (as of April 30, 2012)
Total Ounces Held:	1,403,988 (as of April 30, 2012)

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BENEFITS OF INVESTING IN GOLD

Gold may assist in protecting a portfolio from inflation and currency devaluation. Gold has a negative or low correlation with most other asset classes, making it an effective portfolio diversifier. Gold prices have generally increased during times of U.S. dollar decline and may provide a hedge against purchasing power erosion. Most importantly, physical gold is reestablishing its historical role as a currency within the global economic system. Its attributes and relative scarcity make it an ideal store of monetary value – one that benefits greatly by the fact that it is no one's liability.

→ INCREASING INSTABILITY IN THE U.S. DOLLAR

The U.S. dollar is generally viewed as the world's reserve currency and thus anchors the world's monetary system. If you consider the U.S. federal government debt of nearly \$16 trillion and a growing budget deficit, it would appear that this currency, along with other nations' currencies, may not be as stable as once believed. In addition, the implementation of zero interest rate policies and quantitative easing (i.e. unfettered money printing) has been adding to instability concerns.

→ PAPER GOLD PRODUCTS MAY NOT HAVE THEIR PURPORTED GOLD BACKING

A number of experts have openly acknowledged that transactions on the London Bullion Market Association are minimally backed by available physical gold. Some investors also have strong reservations about gold ETFs, gold pooled accounts and gold certificates where the gold is unallocated and thus not specifically accounted for.

→ SKEPTICISM ABOUT U.S. GOLD RESERVES

The U.S. has long been the world's largest gold holder. However, the absence of any outside audit of the reserves since 1950 has led to suspicions by some that the U.S. does not have nearly as much gold as it claims.



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→ FLAT MINE SUPPLY

Despite significantly higher gold prices and exploration expenditures, total gold mine production has only increased from 2,603 tonnes in 1999 to 2,812 tonnes in 2011. This could be a strong indication that gold supply is perpetually constrained.

→ CENTRAL BANKS NET PURCHASES

After decades of gold sales, western central banks have now become net buyers of gold, purchasing an estimated 77 tonnes in 2010 and 440 tonnes in 2011.

→ ASIAN CENTRAL BANKS LIKELY TO INCREASE GOLD BUYING

The enormous concentration of U.S. dollars in the reserves of a number of Asian central banks in conjunction with low gold exposure may result in them becoming more aggressive purchasers of gold in the future.

→ INCREASING DEMAND FOR PHYSICAL GOLD

We believe that investors are increasingly seeking an alternative store of value in the form of gold coins and bullion. As more conventional institutions and mainstream investors discover the benefits of gold as an investment asset, we expect demand to increase further.

→ GOLD HAS ENDURED

Gold is indestructible, possesses a high value-to-weight ratio (which makes it easy to store and transport), is not anyone's liability, can be easily hidden (which has been a considerable attribute in the past) and, most importantly, has provided protection against the destruction of wealth for centuries.

Sprott Asset Management LP is the investment manager to the Sprott Physical Gold Trust (the "Trust"). Important information about the Trust, including the investment objectives and strategies, applicable management fees, and expenses, is contained in the prospectus. Please read the document carefully before investing. Commissions, management fees, or other charges and expenses all may be associated with investing in the Trust. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. This communication does not constitute an offer to sell or solicitation to purchase securities of the Trust. The information contained herein does not constitute an offer or solicitation to anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any investment funds managed by Sprott Asset Management LP. These views are not to be considered as investment advice nor should they be considered a recommendation to buy or sell.