

SPROTT PHYSICAL URANIUM TRUST

Well, that was Quick... Uranium Prices to Continue Moving Higher

EVENT

As we reported on August 23 in our note entitled “At-the-Market Equity Program in Place, Uranium Prices to Move Higher” ([here](#)), since putting the ATM in place, the Sprott Physical Uranium Trust has purchased 3.5 MMlb U₃O₈ in the spot market and prices have lifted 23% to \$37.00/lb U₃O₈.

BOTTOM LINE

Positive – In the three short weeks since the \$300 MM ATM went live, U.U has raised approximately \$135 MM that it has used to purchase physical uranium in the spot market. With another \$165 MM of room on the ATM (that can presumably be increased), there is much more buying to come.

FOCUS POINTS

- **WNA on Deck** – The premier annual event for the global nuclear industry, the World Nuclear Association Symposium (WNA), takes place next week. Every significant nuclear fuel buyer, producer, trader, and utility will be in attendance. The spot price action over the last three weeks will undoubtedly be the primary talking point. Coming out of the WNA, we would not be surprised to see utilities re-enter the long-term contracting market in a big way.
- **Impact to the Uranium Equities** – With the ATM in place, U.U is a highly active size buyer of physical uranium, and the single largest player in the spot market. Purchases by the Trust will continue pressuring U₃O₈ prices higher, along with the related uranium equities.
- **Maintaining Buy, Raising Price Target** – With \$165 MM of “dry powder” remaining on U.U’s ATM, we are hiking our near-term spot uranium price forecast to \$50/lb U₃O₈, from \$40/lb U₃O₈. Based on 1.0x NAVPU, we are maintaining our Buy rating and raising our target price on U.U from \$10.50/C\$13.00/unit to \$13.00/C\$16.00/unit.

Recommendation:

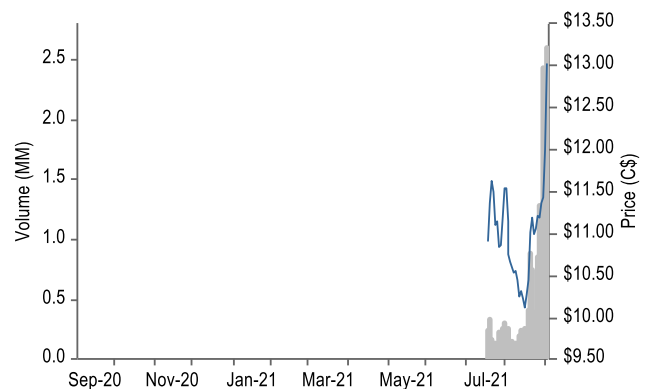
BUY

Symbol/Exchange: U.U-TSX/U.UN-TSX
Sector: Metals & Mining
All dollar values in US\$ unless otherwise noted.
Current price: C\$13.04
One year target: \$13.00/C\$16.00↑
Return to target: 22.7%

Financial Summary:

Units O/S (MM)	90.5	52-week range	C\$9.65 - C\$13.75
Market cap (MM)	C\$1,180	Avg. vol. (MM)	0.241
Market float (MM)	C\$1,180	Fiscal year-end	31-Dec
Inventory	Quantity	Mkt Price	Mkt Value
(lb, KgU)	(MM)	(\$)	(MM\$)
U3O8	21.8	\$37.00	\$806.4
UF6	0.3	\$98.00	\$29.4
Reported Net Working Capital			\$23.8
Reported Net Asset Value			\$858.9
NAVPU			C\$11.91
Current Premium/Discount to Market NAV			9.5%

Source: Company Reports and Cantor Fitzgerald Canada Estimates



Company profile: Sprott Physical Uranium Trust is a closed-end trust that acquires and stores physical stock of U₃O₈ and UF₆ for investment purposes.

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See disclosure and a description of our recommendation structure at the end of this report.

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The analyst responsible for this report *has* visited the material operations of Sprott Physical Uranium Trust, including the Toronto head office. No payment or reimbursement was received for the related travel costs.

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BUY: The stock is attractively priced relative to the company’s fundamentals and we expect it to appreciate significantly from the current price over the next 6 to 12 months.

BUY (Speculative): The stock is attractively priced relative to the company’s fundamentals, however investment in the security carries a higher degree of risk.

HOLD: The stock is fairly valued, lacks a near term catalyst, or its execution risk is such that we expect it to trade within a narrow range of the current price in the next 6 to 12 months. The longer term fundamental value of the company may be materially higher, but certain milestones/catalysts have yet to be fully realized.

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