

Sprott Physical Uranium Trust

Specialty Minerals and Metals

22 November 2021

Rating
BUY

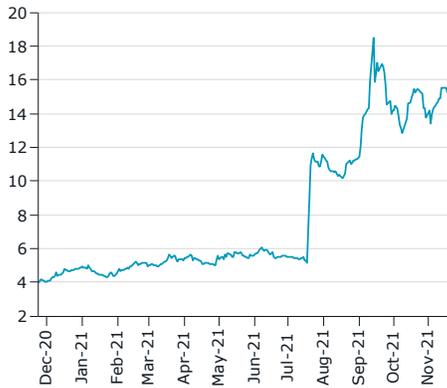
Price Target
C\$21.00

U.UN-TSX

Price
C\$14.30

Market Data

52-Week Range (C\$) :	9.65 - 18.50
Avg Daily Vol (000s) :	1,547.71
Shares Out. (M) :	116.7
Market Cap (C\$M) :	1,669.5
Dividend /Shr (C\$) :	0.00
Dividend Yield (%) :	0.0



U.UN.CA
Source: FactSet

Priced as of close of business 22 November 2021

The Sprott Physical Uranium Trust is focused solely on investing in physical uranium. The company's primary objective is to achieve appreciation in the value of its uranium holdings through increases in the uranium price.

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SPUT reloads – upsize to US\$3.5 billion

What's new? After market, the Sprott Physical Uranium Trust filed an amendment to its base shelf prospectus, increasing the size of its ATM to US\$3.5 billion.

Details of amendment to prospectus:

- Increased size to US\$3.5 billion, from US\$1.3 billion previously (+US\$2.2 billion)
- We remind investors that this is the second amendment since SPUT launched its ATM on August 17, 2021
- The original prospectus was for US\$300 million (~11x larger now!)

Current holdings and implications for future uranium purchases:

- Since its launch, the Sprott Physical Uranium Trust has purchased 21.6 mlbs of U3O8
- The Trust now holds 39.8mlbs U3O8 and 300,000kgU as UF6, equating to ~40.7mlbs of U3O8 equivalent (~23% of annual demand)
- A total of ~US\$987 million of capital has been raised to date, representing ~76% of the previous ATM limit (\$1.3 billion). As a result of the announced upsize, SPUT now has ~US\$2.5 billion of potential future buying power
- If we were to assume an average purchase price of US\$46.25/lb (the current spot price), SPUT could purchase an additional 54mlbs U3O8. If the average price were to increase to US\$60/lb, SPUT could purchase 42mlbs U3O8, more than doubling its current holdings
 - While oversimplified, the above calculations illustrate the potential scale of future physical purchases. We expect these purchases to be supportive of higher uranium prices

Increased confidence in US listing: We believe the size of today's upsize reflects management's confidence in its ability to successfully list the Trust on the NYSE sometime in 2022. Management plans to file for its listing in January 2022; after which the process is expected to take 6-9 months to complete. We continue to view the NYSE listing as a key catalyst, as it is expected to drive additional demand and liquidity.

Maintain BUY rating; C\$21.00/sh target price: Our estimates remain unchanged at this time; we maintain our BUY rating and C\$21.00/sh target price. Given recent pressure on uranium equities, SPUT currently trades at a 5% discount to NAV. We remind investors that SPUT can only issue units and raise capital to subsequently purchase uranium when its shares trade at a premium to their net asset value. In Q3, SPUT traded at a premium 46/51 days.

Uranium expert panel tomorrow: Canaccord Genuity will be hosting a uranium expert panel tomorrow, Tuesday, November 23, at 3pm ET to discuss current supply/demand dynamics, term contracting activity, and SPUT's impact on the market.

Appendix: Important Disclosures

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Investment Recommendation

Date and time of first dissemination: November 22, 2021, 21:29 ET

Date and time of production: November 22, 2021, 21:29 ET

Target Price / Valuation Methodology:

Sprott Physical Uranium Trust - U.UN

Our target price is based on 1.0x our 12-month forward NAVPS estimate.

Risks to achieving Target Price / Valuation:

Sprott Physical Uranium Trust - U.UN

Key risks to our investment thesis include: weaker-than-expected uranium prices, volatility in the CAD:USD exchange rate, and further dilution via capital market transactions.

Uranium price and market risk

Our estimates and valuation are extremely sensitive to the price of uranium, and we can make no assurances that the future price trajectory of the metal will be in line with our estimates. A weaker-than-expected uranium price could materially impact our valuation for U.UN.

Foreign exchange risk

Given that uranium pricing and contracts are routinely denominated in US\$, the relative exchange rate will have an impact on U.UN's financial performance and net asset value per share.

Financing risk

As a holding company, U.UN does not generate operating cash flow and is therefore reliant upon the capital markets to fund operating expenditures and future uranium purchases. We note that the majority of U.UN's growth to date has been funded via capital market transactions, and there is no guarantee that U.UN will be able to access capital markets on a going-forward basis as a result of potential changes in market sentiment and/or pricing.

Distribution of Ratings:

Global Stock Ratings (as of 11/22/21)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	643	68.55%	44.95%
Hold	139	14.82%	25.90%
Sell	9	0.96%	33.33%
Speculative Buy	142	15.14%	61.27%
	938*	100.0%	

*Total includes stocks that are Under Review

Canaccord Genuity Ratings System

BUY: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.

HOLD: The stock is expected to generate risk-adjusted returns of 0-10% during the next 12 months.

SELL: The stock is expected to generate negative risk-adjusted returns during the next 12 months.

NOT RATED: Canaccord Genuity does not provide research coverage of the relevant issuer.

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SPECULATIVE: Stocks bear significantly higher risk that typically cannot be valued by normal fundamental criteria. Investments in the stock may result in material loss.

12-Month Recommendation History (as of date same as the **Global Stock Ratings** table)

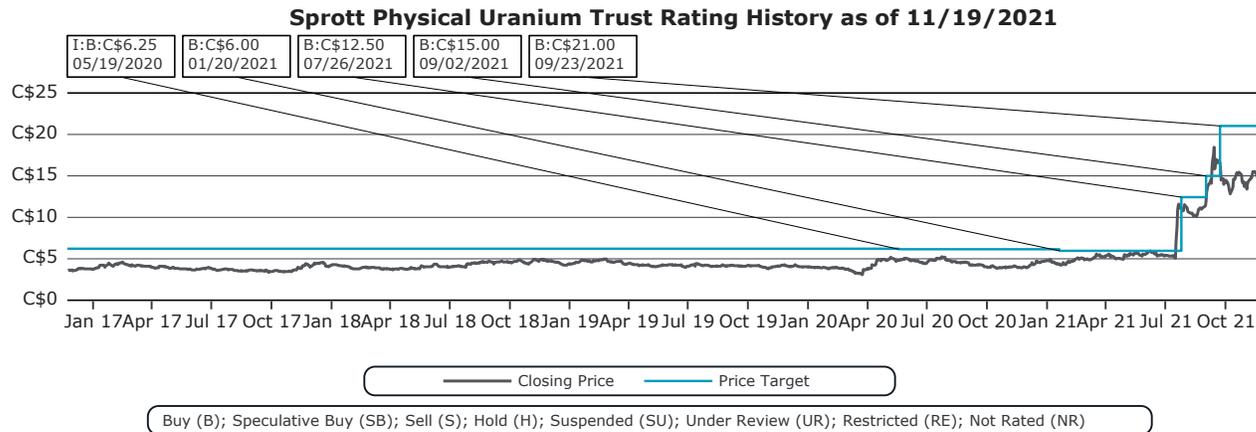
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