

SPROTT PHYSICAL URANIUM TRUST

Upsizes ATM, Locked and Loaded for More Uranium Purchases

EVENT

Last night the Sprott Physical Uranium Trust (the “Trust”) filed an amended and restated base shelf prospectus and updated (increased) its at-the-market (ATM) equity facility.

BOTTOM LINE

Positive – The amended base shelf now allows the Trust to issue up to \$3.5 BB of units, up from \$1.3 BB, previously. The ATM has also been increased to \$2.5 BB, up from \$1.3 BB previously.

FOCUS POINTS

- **Lots of Dry Powder for Additional Spot Market Purchases** – Since inception, the Trust has issued 87 MM units via its ATM, raised ~\$987 MM, and purchased 21.5 MMlb U₃O₈ in the spot market. Spot uranium prices over this period have risen +50%, currently quoted at \$46.25/lb U₃O₈. The filings last night now provide the Trust with +\$1.5 BB of “dry powder” on its ATM (up from \$0.3 BB previously) and +\$2.5 BB of room on the amended base shelf. While certainly a positive development, the Trust must get back to a NAVPU premium before this additional “dry powder” can be deployed. Note the Trust has ~\$50 MM in cash currently available for uranium purchases in the spot market.
- **A Little Context** – Typical spot market volumes range from 40-50 MMlb U₃O₈/year excluding “churn” by traders.
- **U.S. Listing Next Year** – The next major “step-change” catalyst will be a NYSE listing, on target for Q2 or Q3/22.
- **Maintaining Buy Rating and Price Target** – Based on our near-term uranium price forecast of \$60/lb U₃O₈, we are maintaining our Buy rating and \$18.50/C\$23.00 price target on the Sprott Physical Uranium Trust.

Recommendation:

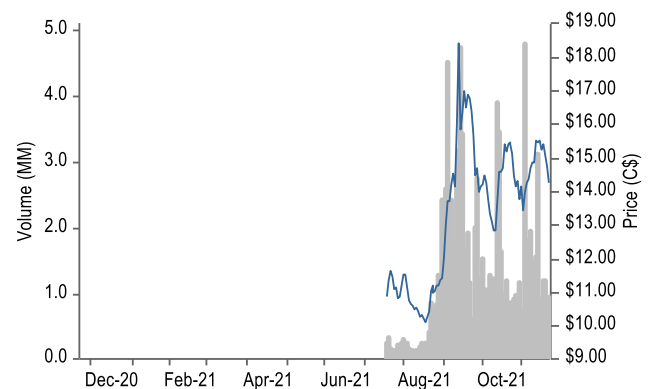
BUY

Symbol/Exchange: U.U-TSX/U.UN-TSX
Sector: Metals & Mining
All dollar values in US\$ unless otherwise noted.
Current price: \$11.29/C\$14.30
One year target: \$18.50/C\$23.00
Return to target: 63.9%

Financial Summary:

Units O/S (MM)	162.6	52-week range	C\$9.65 - C\$18.50
Market cap (MM)	C\$2,325	Avg. vol. (MM)	0.236
Market float (MM)	C\$2,325	Fiscal year-end	31-Dec
Inventory	Quantity	Mkt Price	Mkt Value
(lb, KgU)	(MM)	(\$)	(MM\$)
U3O8	39.8	\$46.25	\$1,840.6
UF6	0.3	\$98.00	\$29.4
Reported Net Working Capital			\$50.4
Reported Net Asset Value			\$1,932.1
Reported NAVPU			C\$15.10
Current Premium/Discount to Market NAV			-5.3%

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 analysts responsible for this research report *do not have*, either directly or indirectly, a long or short position in the shares or options of Sprott Physical Uranium Trust.

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.

SELL: The stock is overpriced relative to the company’s fundamentals, and we expect it to decline from the current price over the next 6 to 12 months.

TENDER: We believe the offer price by the acquirer is fair and thus recommend investors tender their shares to the offer.

UNDER REVIEW: We are temporarily placing our recommendation under review until further information is disclosed.

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