

Uranium Market Update

SPUT Increases Base Shelf; Expect Equities to Gain Momentum
Thematic
 November 23, 2021

Sprott Physical Uranium Trust (SPUT) (TSX:U.UN; TSX:U.U, Not Rated) Announces Filing of Second Amended and Restated Base Shelf Prospectus and Updated "At-The-Market" Equity Program

Impact – Very Positive for the entire uranium sector

SPUT announces filing of Restated Base Shelf Prospectus. SPUT may now issue up to US\$3.5B of units in Canada during a 25-month period starting 10-Aug-21. It had already approached its previous ceiling of US\$1.3B.

At-The-Market (ATM) program also updated. This will provide another US\$1.2B worth of units available for distribution by its Agents. Since launching the ATM, SPUT has issued 87M units for proceeds of ~US\$987M. The new ATM update does not appear to cover the entire base shelf; thus, we might anticipate a US\$1B equity raise (prior to Sep 2023) assuming the ATM is not updated, and management wants to raise the entire US\$3.5B.

40M lb holding worth US\$1.85B. After acquiring Uranium Participation and purchasing 21.5M lb U3O8 at spot, SPUT holds ~40M lb U3O8 worth an estimated US\$1.85B at the current UxC spot price of US\$46.25/lb.

We view the potential for SPUT to raise further funds as very good news. We still await an increase in long-term contracting to support uranium prices on a sustainable basis. We would still love uranium demand to be driven by end user buying – i.e. nuclear utilities that use 177M lb of uranium annually but have not made purchases or signed contracts of this magnitude in recent times. Perhaps the recent Chinese purchase of uranium from KazAtomProm (KAS:KZAP, Not Rated) may be a sign of things to come. However, ongoing uranium purchases by SPUT would be expected should further funds be raised. This should limit available supply and increase uranium spot prices as a result. Investors should also feel assured that any SPUT purchased uranium is not at risk of coming back out any time soon given the nature of the trust.

One cannot ignore the impact physical buying has had on uranium prices in 2021. SPUT's initial US\$300M equity raise drove prices from US\$30 to US\$40/lb in just one month starting in mid-August. This followed with a ~US\$1B raise via ATM, and spot prices increased to the US\$46-47/lb range since. We now anticipate its next US\$2.2B raise, and should that happen, it would fund additional physical uranium purchases. This may help propel prices above US\$50/lb and perhaps close to incentive prices needed by uranium project developers. **We anticipate uranium equities to react very positively to this news.**

Figure 1: RCS Coverage and Watchlists – Uranium

Company	Ticker	MC (C\$M)	Price (C\$/sh)	Rating	Target (\$C)	Lift (%)
NexGen Energy Ltd.	TSX:NXE	2,870	6.02	Not Rated	na	na
Energy Fuels Inc.	TSX:EFR	1,774	11.40	BUY	\$11.85	4%
Global Atomic Corporation	TSX:GLO	639	3.85	RESTRICTED	RESTRICTED	na
enCore Energy Corp.	TSXV:EU	353	1.76	BUY	\$2.75	56%
Lotus Resources Limited	ASX:LOT	347	0.29	BUY	A\$0.40	38%
GoviEx Uranium Inc.	TSXV:GXU	216	0.39	BUY	\$0.60	54%
UEX Corporation	TSX:UEX	212	0.40	BUY	\$0.60	52%
Forsys Metals Corp.	TSX:FSY	173	0.89	Not Rated	na	na
Consolidated Uranium Inc.	TSXV:CUR	166	2.77	BUY	\$4.50	62%
Laramide Resources Ltd.	TSX:LAM	158	0.84	BUY	\$0.80	-5%
Baselode Energy Corp.	TSXV:FIND	80	1.08	RESTRICTED	RESTRICTED	na
ValOre Metals Corp.	TSXV:VO	80	0.57	Not Rated	na	na
Skyharbour Resources Ltd.	TSXV:SYH	72	0.55	BUY (S)	\$0.85	55%
Fission 3.0 Corp.	TSXV:FUU	58	0.24	Not Rated	na	na
CanAlaska Uranium Ltd.	TSXV:CVV	55	0.55	BUY (S)	na	na
Azincourt Energy Corp.	TSXV:AAZ	39	0.08	BUY (S)	na	na
Labrador Uranium Inc.	Private	36	0.70	Not Rated	na	na
Purepoint Uranium Group Inc.	TSXV:PTU	35	0.11	BUY (S)	\$0.25	138%
Anfield Energy Inc.	TSXV:AEC	32	0.11	BUY	\$0.15	43%
Standard Uranium Ltd.	TSXV:STND	28	0.27	BUY (S)	na	na
ALX Resources Corp.	TSXV:AL	20	0.10	Not Rated	na	na
Basin Uranium Corp.	CNSX:NCLR	19	0.80	RESTRICTED	RESTRICTED	na

Source: S&P Capital IQ, RCS Estimates

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Anfield Energy Inc.	TSXV:AEC	3,4,7	GoviEx Uranium Inc.	TSXV:GXU	3,4
Azincourt Energy Corp.	TSXV:AAZ	3,4	Labrador Uranium Inc.	Private	3,4
Baselode Energy Corp.	TSXV:FIND	3,4	Laramide Resources Ltd.	TSX:LAM	1,2,3,4
Basin Uranium Corp.	CNSX:NCLR	3,4	Lotus Resources Limited	ASX:LOT	1,2
CanAlaska Uranium Ltd.	TSXV:CVV	3,4	NexGen Energy Ltd.	TSX:NXE	1,2
Consolidated Uranium Inc.	TSXV:CUR	1,2,3,4	Purepoint Uranium Group Inc.	TSXV:PTU	3,4
enCore Energy Corp.	TSXV:CDB	1,2,3,4	Skyharbour Resources Ltd.	TSXV:SYH	3,4
Energy Fuels Inc.	TSX:EFR	1,2	Standard Uranium Ltd.	TSXV:STND	3,4
Fission 3.0 Corp.	TSXV:FUU	1,2,3,4	UEX Corporation	TSX:UEX	1,2,3,4
Forsys Metals Corp.	TSX:FSY	1,2,3,4	ValOre Metals Corp.	TSXV:VO	3,4

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