

URANIUM



# Sprott Physical Uranium Trust

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July 19, 2021

V24\_07.22.2021

**Sprott**

# Sprott Physical Commodity Trusts

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- Provide a secure, convenient and exchange-traded investment alternative for investors who want to hold physical precious metals and commodities
- Sprott manages a combined \$13.6 billion in physical commodity trusts



## Sprott Physical Uranium Trust

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TSX: **U.U** (\$US); **U.UN** (\$CA)  
AUM: \$629.33 Million



## Sprott Physical Gold and Silver Trust

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NYSE Arca: **CEF** | TSX: **CEF.U** (\$US); **CEF** (\$CA)  
AUM: \$4.19 Billion



## Sprott Physical Gold Trust

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NYSE Arca: **PHYS** | TSX: **PHYS.U** (\$US); **PHYS** (\$CA)  
AUM: \$4.87 Billion



## Sprott Physical Silver Trust

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NYSE Arca: **PSLV** | TSX: **PSLV.U** (\$US); **PSLV** (\$CA)  
AUM: \$3.80 Billion



## Sprott Physical Platinum and Palladium Trust

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NYSE Arca: **SPPP** | TSX: **SPPP.U** (\$US); **SPPP** (\$CA)  
AUM: \$155.41 Million

All figures as of July 19, 2021 in \$USD.

# Sprott Physical Uranium Trust



**Sprott Physical Uranium Trust (“Trust”)** began trading on July 19, 2021 marking the successful completion of Sprott’s reorganization of the **Uranium Participation Corporation, the world’s largest physical uranium fund.**<sup>1</sup>

## Trust Investment Objective & Strategy

The Trust will invest and hold substantially all of its assets in uranium in the form of  $U_3O_8$ . The Trust seeks to provide a secure, convenient and exchange-traded investment alternative for investors interested in holding uranium.

## Trust Details (as of July 19, 2021)

Ticker Symbols:	TSX: <b>U.U</b> (\$US); TSX: <b>U.UN</b> (\$CA)
Inception Date:	July 19, 2021
Fund Type:	Closed-End Trust
CUSIP:	85210A104
ISIN:	CA85210A1049
Manager:	Sprott Asset Management LP
Technical Advisor:	WMC Energy B.V.
Trustee:	RBC Investor Services
Auditor:	KPMG
Storage Providers & Locations:	Cameco (Canada); ConverDyn (U.S.); Orano (France); Urenco (U.S.)
Total Uranium Held:	$U_3O_8$ : 18,194,658 lbs   $UF_6$ : 300,000 KgU
Market Value of Uranium Held by Trust:	\$618,938,468
Total Net Asset Value of Trust:	\$629,326,659
Fees:	Management Fee of 0.35% per annum

Dollar amounts in \$USD.

1. Based on Morningstar’s universe of listed commodity funds. Data as of 6/30/2021.

# Trust Key Benefits

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## 1. World's Largest Physical Uranium Investment Fund

- Sprott Physical Uranium Trust will be the largest and only physical uranium fund currently in the marketplace<sup>1</sup>

## 2. Experienced Commodity Fund Manager & Uranium Technical Advisor

- Sprott manages ~US\$13.6 billion in physical commodity funds
- WMC Energy B.V. has significant uranium industry expertise and serves as the Trust's technical advisor, advising on matters relating to storage and transaction of uranium

## 3. Liquid and Convenient Way to Own Physical Uranium

- Trust units are exchange-traded and easy to buy, own and sell
- At-the-Market (ATM) program plans for cost effective capital raises and potentially less disruption to the uranium market

## 4. Transparent Daily Reporting of Net Asset Value (NAV) and Holdings

- Added transparency of assets and daily posting of the Trust's net asset value is unique among physical uranium funds

## 5. Low Fees

- Annual Management Fee of 0.35% per annum

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1. Based on Morningstar's universe of listed commodity funds. Data as of 6/30/2021.

# The Trust Holds “Yellowcake” Uranium

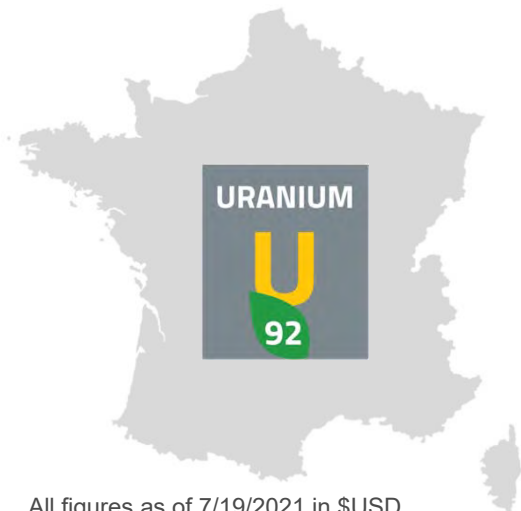
- The Sprott Physical Uranium Trust will hold primarily uranium as  $U_3O_8$  or “yellowcake”, which is created in the first stages of its lifecycle from mined ore to spent fuel



## How Much Uranium Does the Trust Hold?

- The Trust currently holds ~18 million pounds of uranium, representing ~\$600 million in AUM
- The Trust's assets represent enough uranium to power France's nuclear energy needs for ~9 months, based on calculations derived by WMC Energy

Assets	% of Trust	Total Market Value	Weight
U <sub>3</sub> O <sub>8</sub>	93.4%	\$587,687,468	18.1 million lbs
UF <sub>6</sub>	5.0%	\$31,251,000	0.3 million KgU
<b>Total Uranium</b>	<b>98.4%</b>	<b>\$618,938,468</b>	<b>~18 million lbs</b>



- France is one of the most reliant countries on nuclear energy
- ~70% of France's electricity comes from nuclear energy, requiring approximately 25 million pounds of U<sub>3</sub>O<sub>8</sub> per year according to the World Nuclear Association<sup>1</sup>

All figures as of 7/19/2021 in \$USD.

Source: WMC Energy.

<sup>1</sup> World Nuclear Association. Data as of 12/31/2020.

# The Investment Case for Uranium

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# Why Invest in Uranium Now?

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## 1. Relatively More Efficient, Reliable, Clean and Safe

- Nuclear energy is highly efficient and reliable compared to other forms of electricity generation<sup>1</sup>
- Nuclear energy is one of the cleanest energy sources based on CO<sub>2</sub> emissions
- Nuclear energy is one of the safest energy sources available<sup>2</sup>

## 2. New Uranium Bull Market May be Emerging

- Uranium's price has historically experienced long bear markets and periods of exponential growth surrounding catalysts
- Uranium equity prices have recently performed strongly, a potential indicator for higher uranium prices

## 3. Non-Utility Buyers Entering Market

- Historically, greater purchases of non-utility buyers (Investment Funds, Juniors) have pushed up uranium spot prices
- 2021 is slated to be the strongest non-utility buying year over the past decade<sup>3</sup>

## 4. Idled Supply

- Production is expected to stagnant or flat as demand rises
- Producers are not overly-incentivized to produce until uranium prices are higher

## 5. Favorable Government Policy and Decarbonization Goals

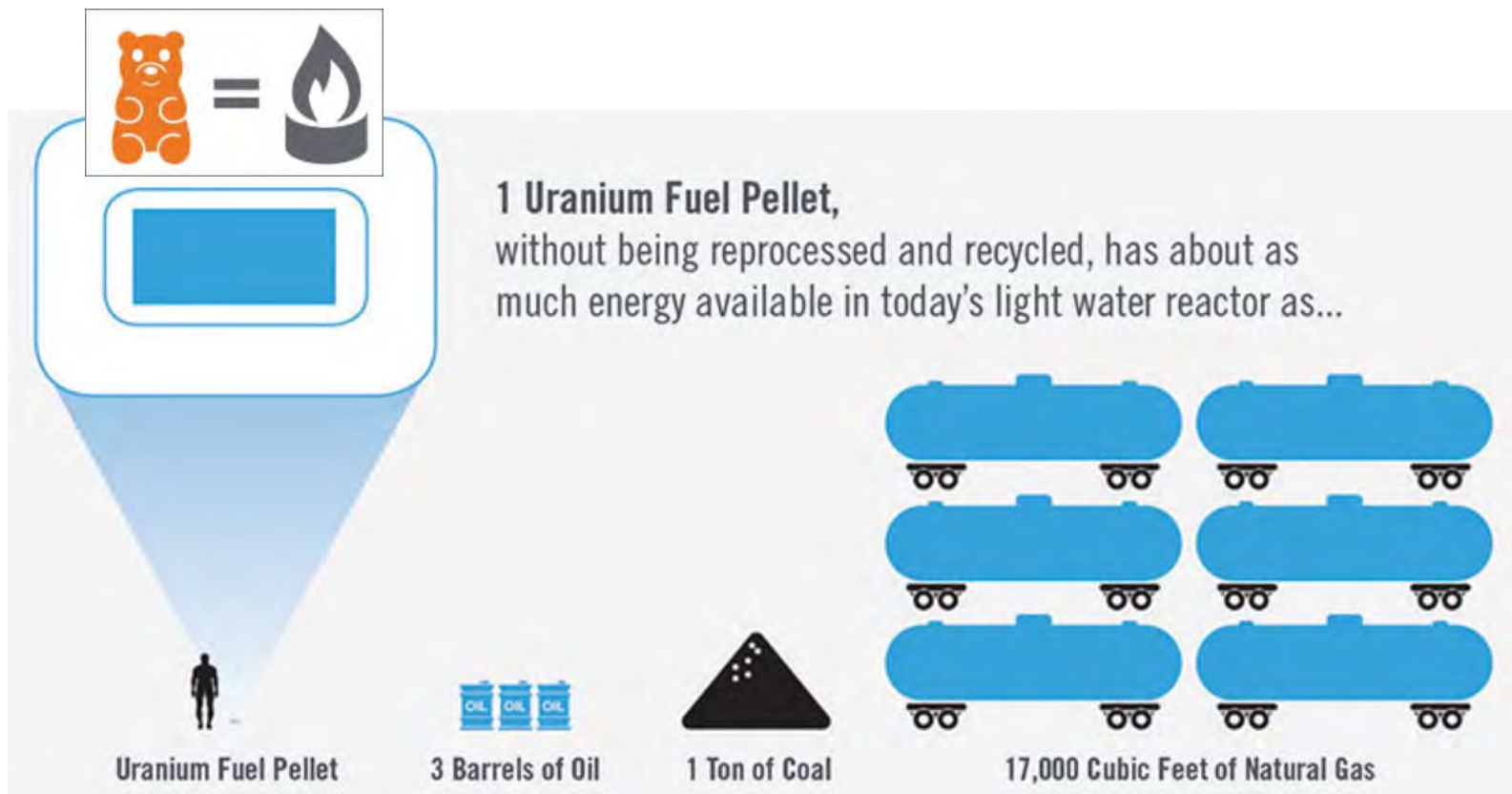
- Major policy shifts, aggressive decarbonization goals and growing energy needs should bolster greater demand for uranium
- These policies are expected to create clear energy winners and losers

Footnotes: (1) See slide 10 for more details; (2) see slide 12 for more details; (3) see slide 14 for more details. Source: American Nuclear Association.



# Nuclear Energy is Efficient...

- Uranium's high energy density reduces the impact of extraction and transport, facilitating the ability to contain waste
- One nuclear fuel pellet is roughly 10-13 millimeters long and 8-13.5 millimeters in diameter (~ the size of a gummy bear), and weighs ~10 grams<sup>1</sup>

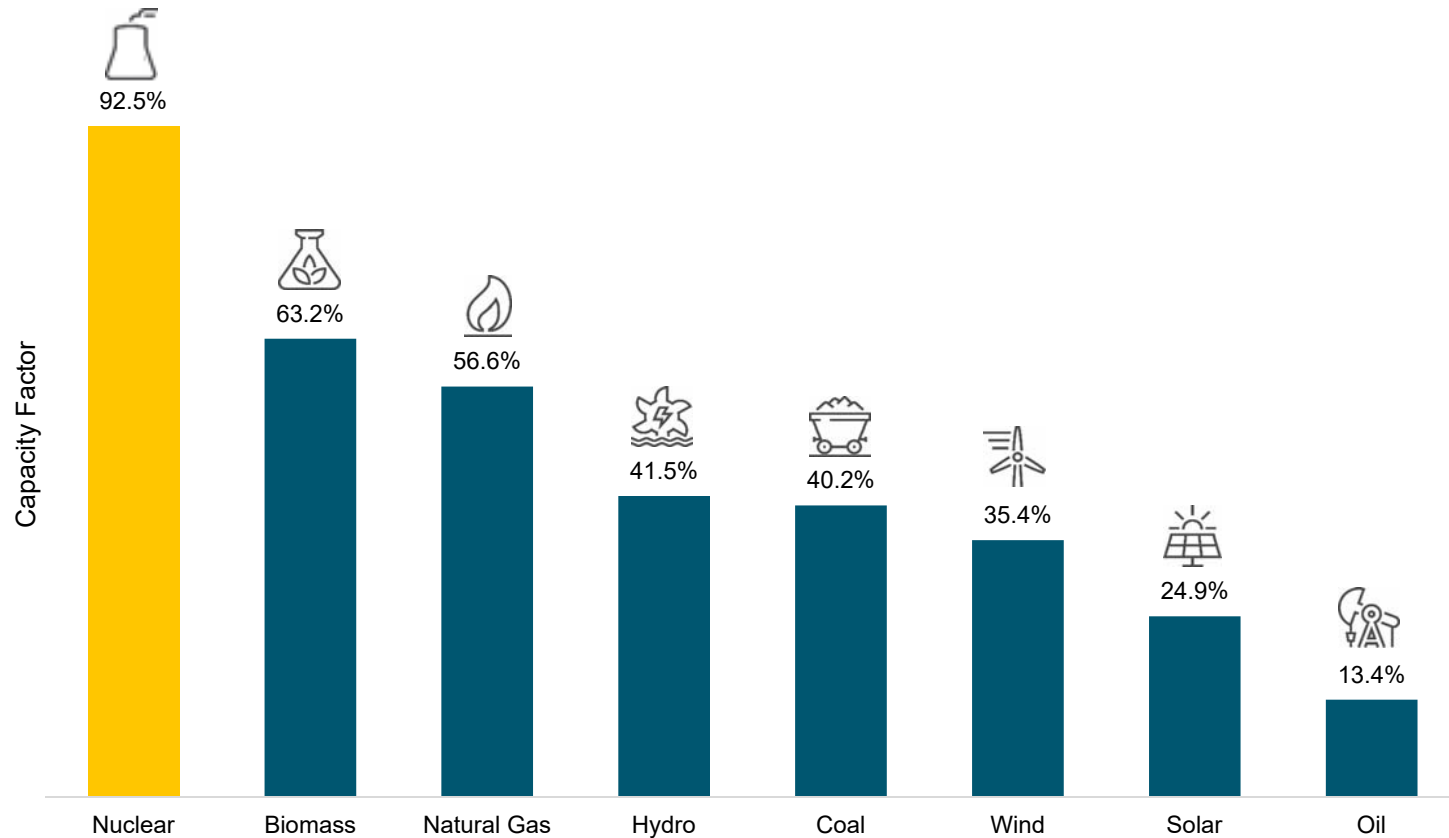


Source: American Nuclear Association.

<sup>1</sup> Cameco Corporation.

# Reliable...

- Nuclear energy has the highest capacity factor<sup>1</sup> versus both traditional and alternative energy sources, prompting renewed attention to help solve global energy needs

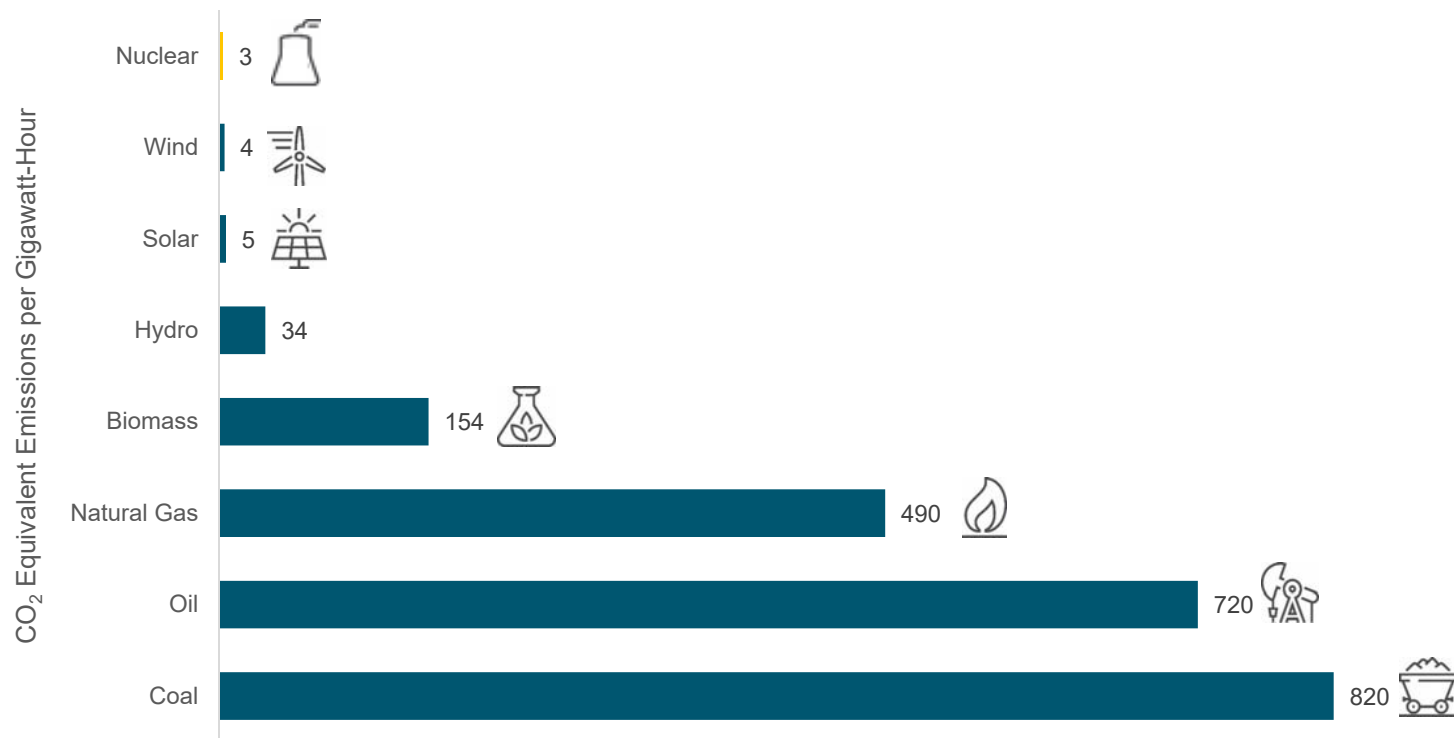


<sup>1</sup> Measures the total amount of energy produced during a period of time divided by the amount of energy the plant would have produced at full capacity. Source: U.S. Energy Information Administration. Data as of 12/31/2020.

# Clean...

- Nuclear energy produces the least CO<sub>2</sub> equivalent emissions versus other energy forms, helping solidify its place in global decarbonization goals









## Greenhouse Gas Emissions

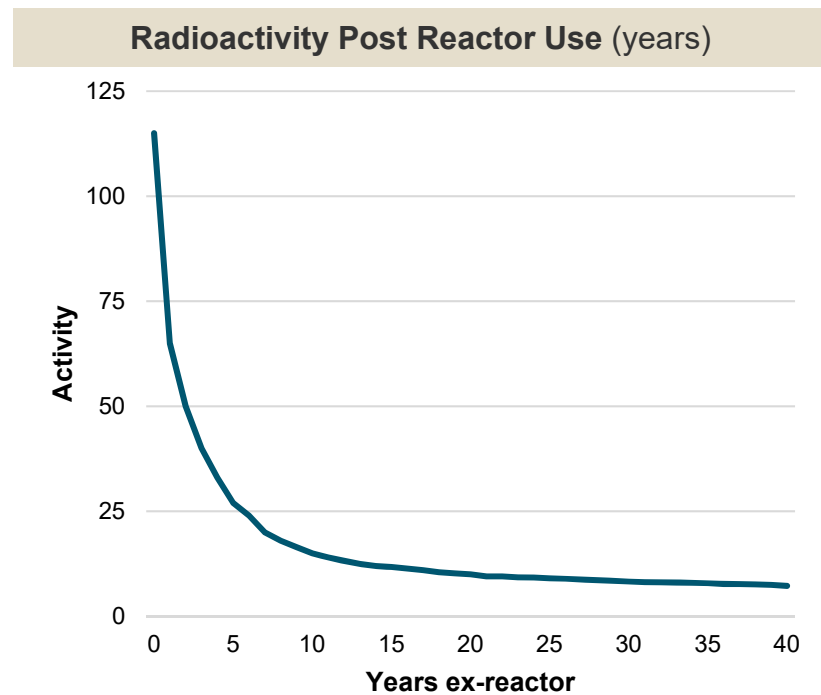


Source: Ourworldindata.org; measured in emissions of CO<sub>2</sub>-equivalent per gigawatt-hour of electricity over the lifecycle of the power plant. Data as of 12/31/2020.

# Safe

- Uranium is responsible for the lowest mortality rate per terawatt hour (TWh) of energy produced
- Post-reactor radioactivity shows significant reductions after just ten years

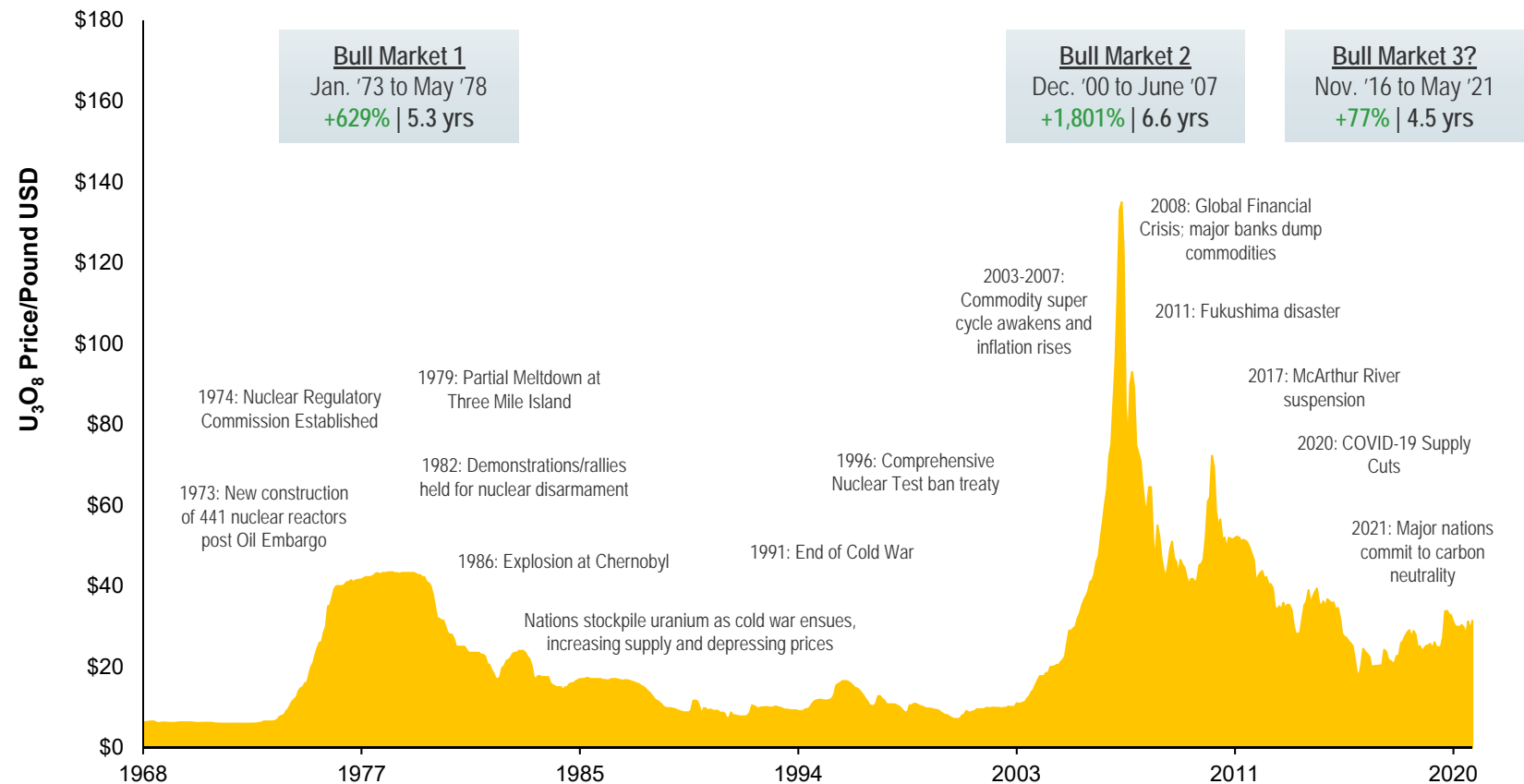
Mortality Rate per TWh of Energy Produced		
Energy Source	Mortality Rate (per TWh)	
	Nuclear	0.04
	Hydro	0.10
	Wind	0.15
	Solar	0.44
	Natural Gas	4
	Biomass	12
	Oil	36
	Coal	100



Source: European Union, The World Bank, EIA, Radioactivity.eu. Data as of 12/31/2020.

# New Uranium Bull Market May be Emerging

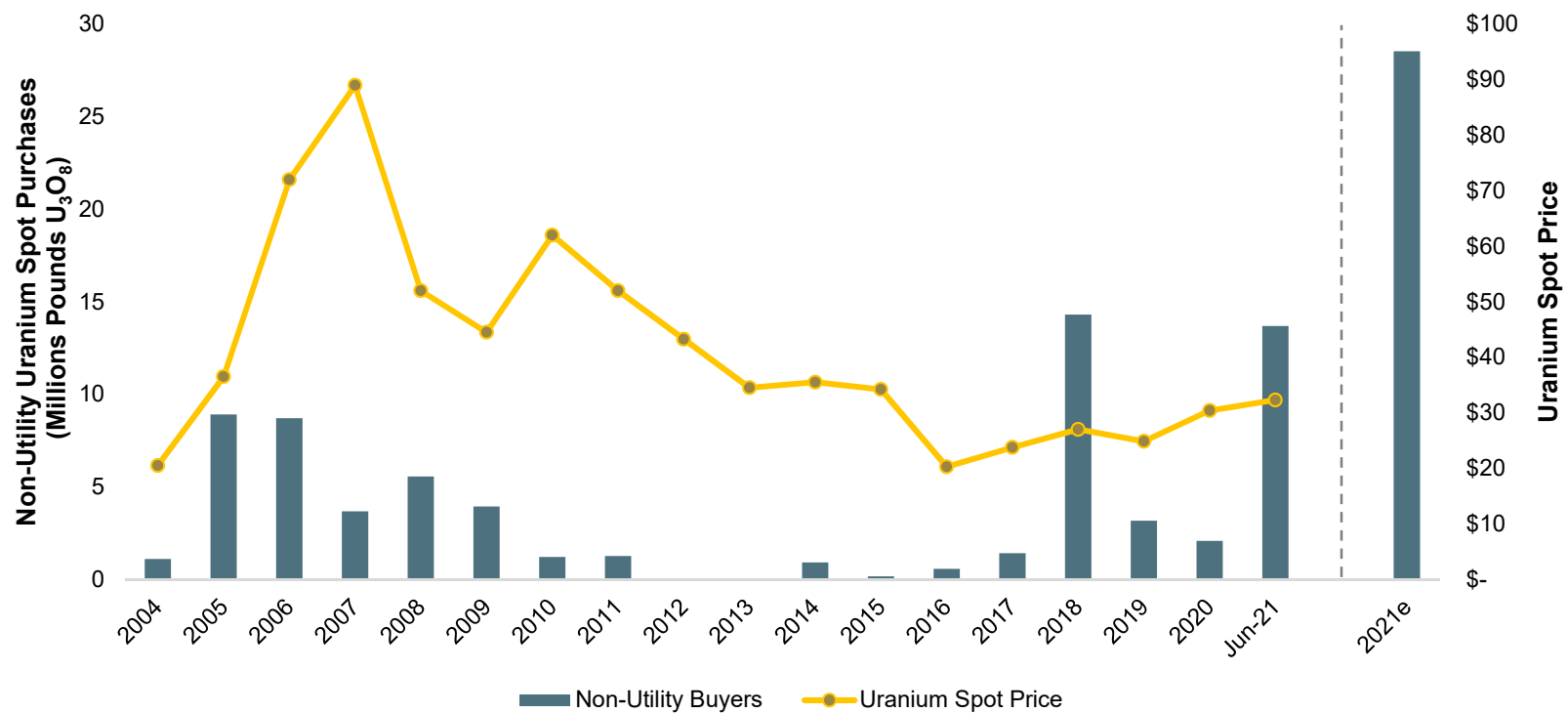
- Uranium is emerging out of a protracted bear market
- Growing production/demand imbalance and future utility contracting provide primary price support



Source: TradeTech LLC. Data as of 5/31/2021.

# Uranium Buying is Accelerating

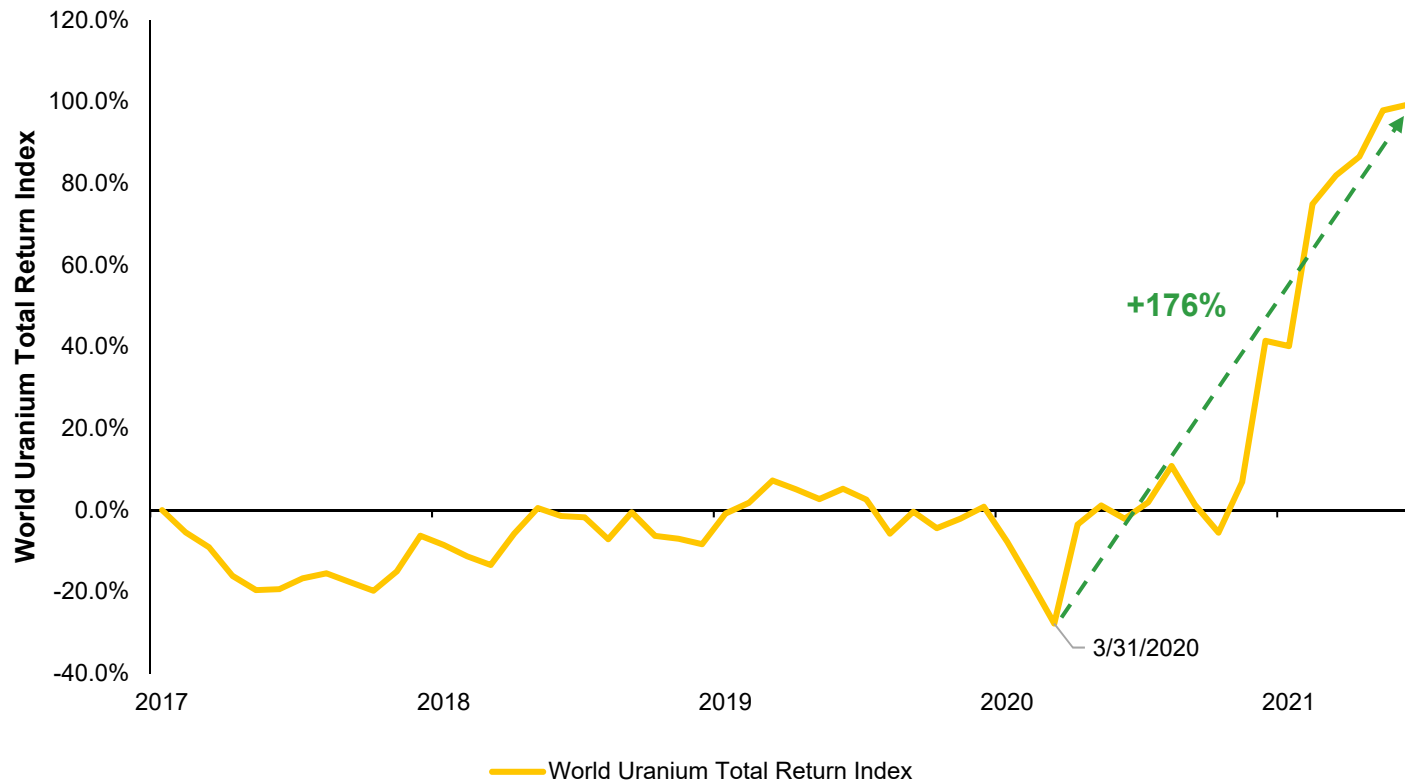
- Non-utility buying of spot uranium has historically pre-empted rising prices
- Financial investors and junior speculators are slated to have record-high spot uranium purchases in 2021 and beyond



Note: Represents known purchases from Hedge Funds, Investment Funds and Junior Speculators. Data may not be wholly inclusive of all purchases due to lack of transparency. 2021 reflects annualized estimated figure based on data from UxC LLC.  
 Source: UxC LLC. Data as of 6/24/2021. Uranium Spot price as of 6/30/2021.

# Investor Sentiment is Turning Positive

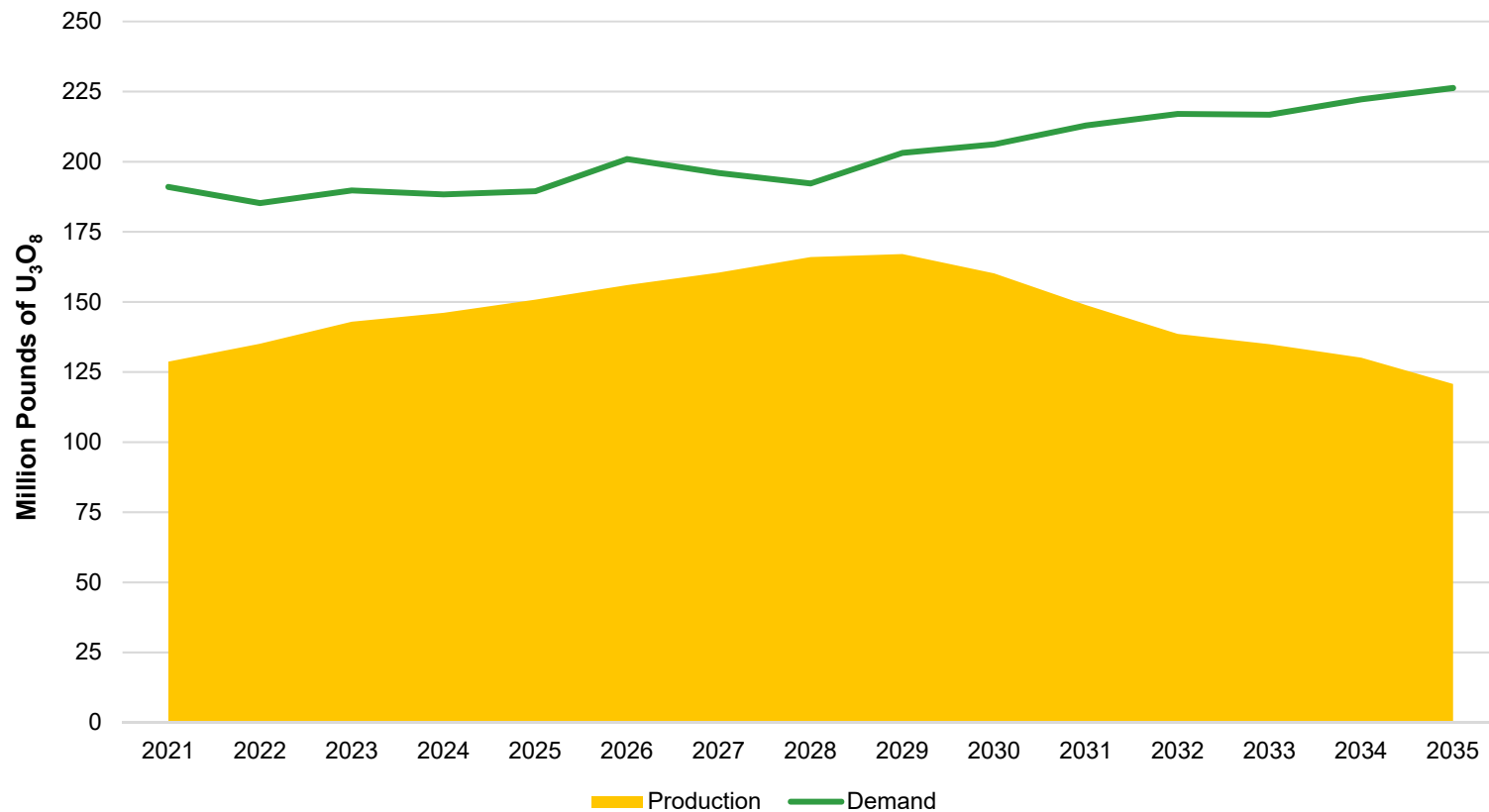
- Gains in uranium equities have recently been strong reflecting investor expectations for higher uranium prices



Source: Bloomberg. Data as of 6/30/2021.

## Uranium Production & Demand Imbalance Likely to Grow

- Uranium demand is projected to grow and outstrip waning production
- New production unlikely to come online without higher prices
- Production/Demand gap is currently filled with a finite secondary supply

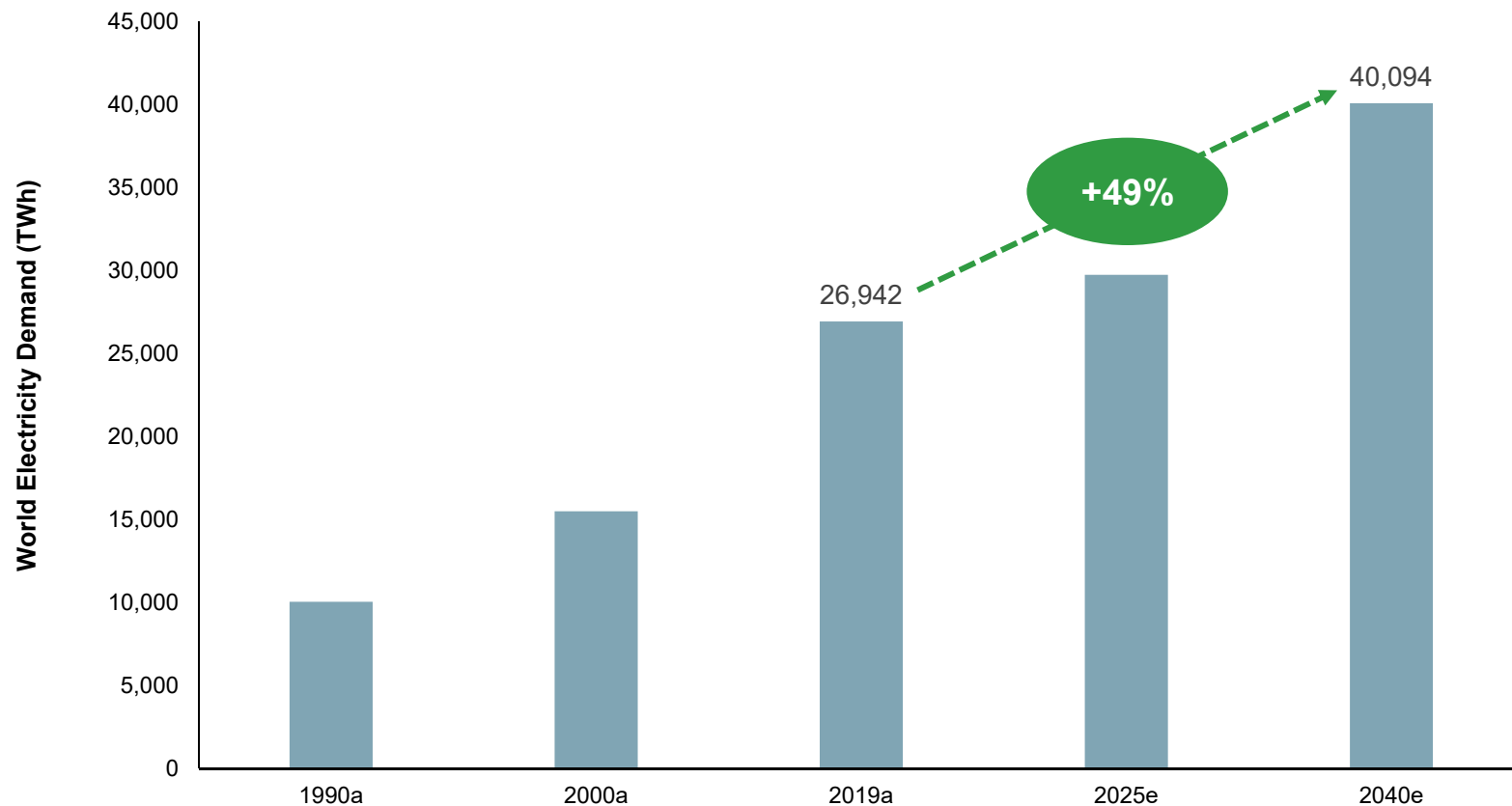


Source: UxC LLC. Data as of Q2 2021. Methodology for estimates is outlined in the International Atomic Energy Agency report "Analysis of Uranium Supply to 2050," available at [https://www-pub.iaea.org/MTCD/Publications/PDF/Pub1104\\_scr.pdf](https://www-pub.iaea.org/MTCD/Publications/PDF/Pub1104_scr.pdf).



# Global Demand for Energy Will Increase

- By 2040, global electricity demand is expected to increase by 49% from 2019 levels



Source: IEA World Energy Outlook 2020 Stated Policies. Methodology for estimates is outlined in the International Atomic Energy Agency report "Analysis of Uranium Supply to 2050," available at [https://www-pub.iaea.org/MTCD/Publications/PDF/Pub1104\\_scr.pdf](https://www-pub.iaea.org/MTCD/Publications/PDF/Pub1104_scr.pdf).

# Global Policy Initiatives Support Nuclear Energy

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- The U.S., Europe, China and Japan are recognizing nuclear's vital role as a carbon-free energy source

## United States

- Biden's proposed FY2022 budget includes:
  - ✓ Production tax credit to support at-risk power plants (\$9.7B through 2031)
  - ✓ Funding to procure advanced nuclear power (\$3.5B through 2026)

## European Union (EU)

- EU indicated that nuclear energy does not cause significant harm
- Inclusion may help support continued and new investment in nuclear capacity in Europe, stemming early reactor closures

## China

- Planning to produce 20% of electricity from non-fossil sources by 2030
- Expect nuclear power use to rise as much as 10% over the next decade, up from 5% in 2019

## Japan

- 8 years after Fukushima disaster, gave initial approval to restart Onagawa reactor
- Plans to generate 20% of its energy from reactors by 2030

Source: World Nuclear News. "US FY2022 budget request includes record for nuclear energy" June 2, 2021. NUCNET. "European Taxonomy/ Commission Announces Plans to Include Nuclear Energy" April 21, 2021. IAEA "China highlights nuclear innovation to meet climate goals at IAEA conference" October 9, 2019. World Economic Forum "This is what nuclear power looks like 8 years after Fukushima" December 11, 2019.

# New Policies Likely to Result in Clear Winners & Losers

- Burning fossil fuels emits more radiation than nuclear power generation and the radiation is combined with CO<sub>2</sub> and directly released into the atmosphere while nuclear radiation is physically contained

## WINNERS

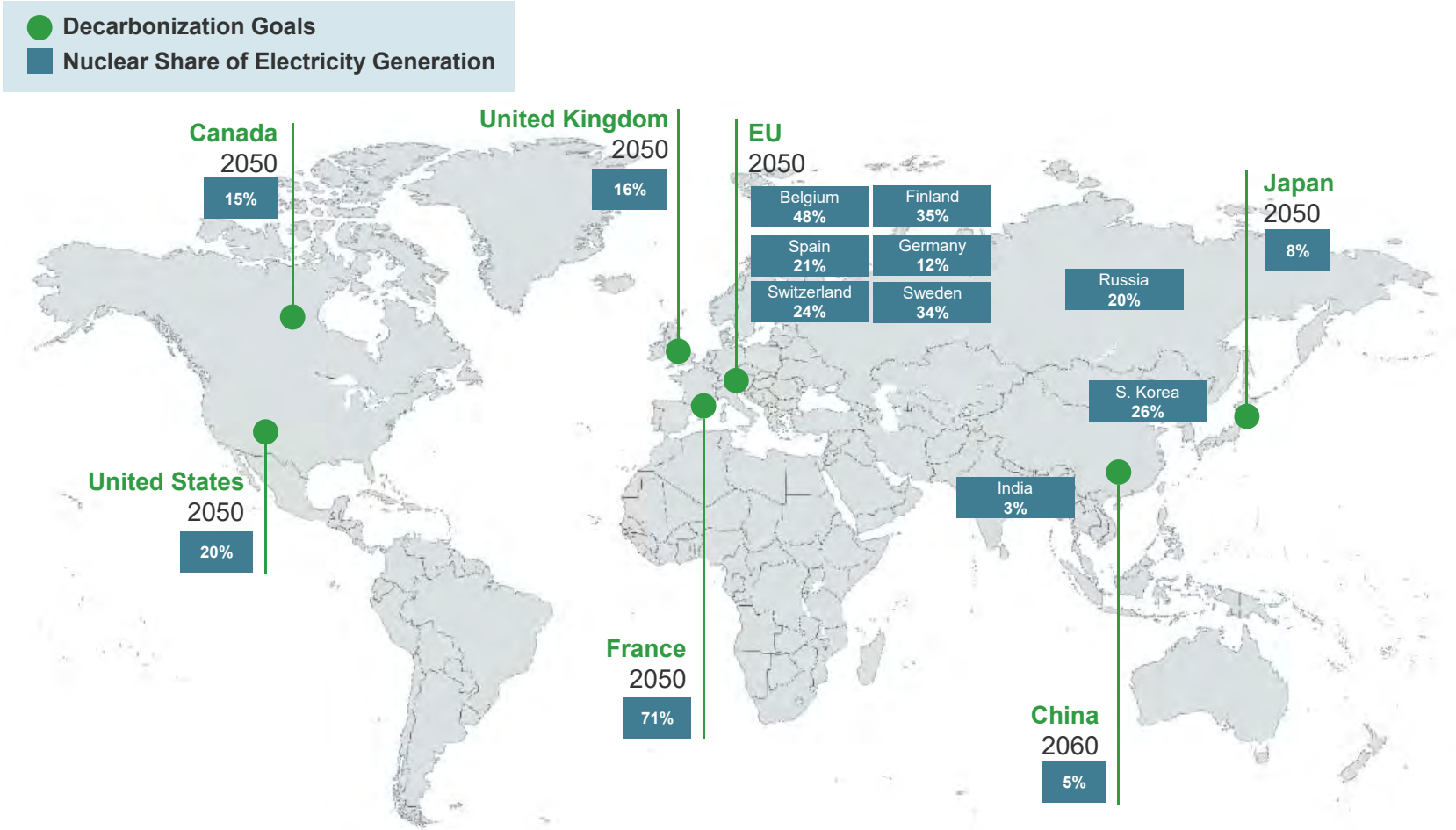


## LOSERS

Source: U<sub>3</sub>O<sub>8</sub> Corporation.

# Decarbonization Goals Align with Nuclear Growth

- Major nations have set aggressive decarbonization targets

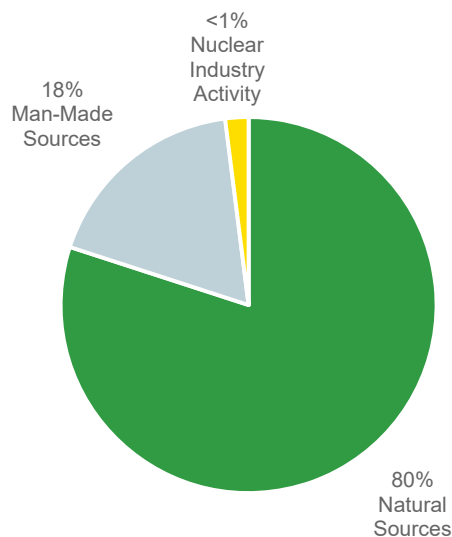


Source: Carbon Neutrality by 2050: the World’s Most Urgent Mission. Technical assessment of nuclear energy with respect to the ‘do no significant harm’ criteria of Regulation (EU) 2020/852 (‘Taxonomy Regulation’). World Nuclear as of 12/31/2019.

# Nuclear Radiation into Perspective

## Understanding Nuclear Radiation

- Nuclear radiation exposure is minimal compared to the many sources of radiation we could come across in our daily lives
- ~80% of an average person's annual radiation exposure comes from natural sources, such as sunlight, soil and water
- ~18% comes from man-made sources such as computers, cell phones and x-rays
- Less than just 1% comes from the nuclear industry, including uranium exploration and mining



## Measuring Nuclear Radiation

- Radiation stemming from nuclear energy is far less when compared to activities not commonly associated with nuclear activities, such as flying on an airplane or interacting with more traditional energy sources

### (Millirems of Radiation)

Annual U.S. regulatory radiation limit for an adult **5000**

**500** One transcontinental round trip flight

**360** Average person's annual exposure from all sources

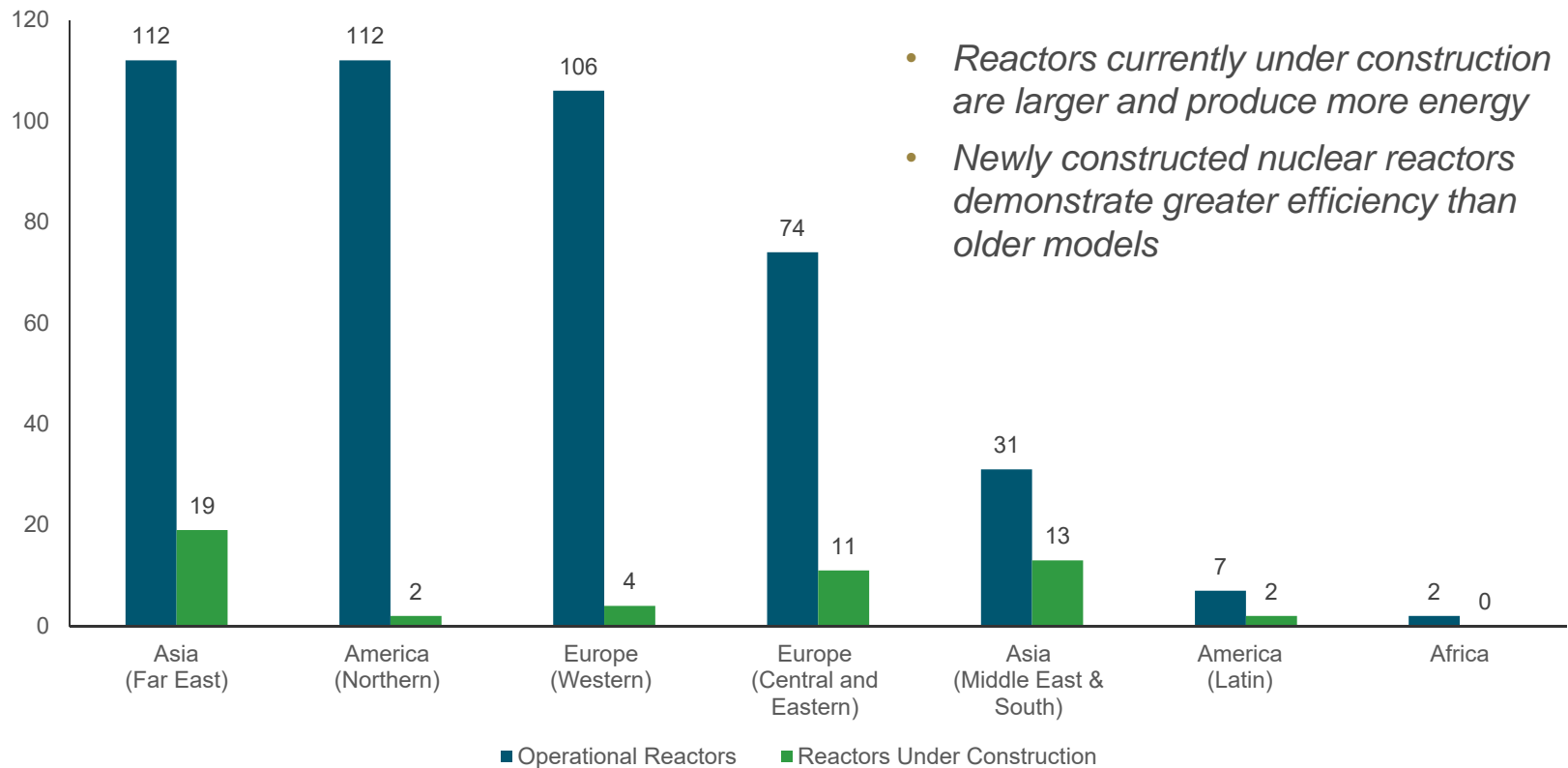
**20** Living one year outside a coal plant

**2** Living one year outside a nuclear power plant

Source: U<sub>3</sub>O<sub>8</sub> Corporation. May not add up to 100% due to rounding.

# Nuclear Reactors: Operational and Under-Construction

- There are a total of 444 operational nuclear reactors globally with 51 currently under construction



Source: IAEA & PRIS, WMC Energy. Data as of 12/31/2020.

# A Global Leader in Precious Metals and Real Assets Investments



US\$17.1B in AUM<sup>1</sup>

Spratt (SII) is publicly listed on the NYSE and TSX

Exchange Listed Products	Managed Equities	Lending	Brokerage
~\$12.2B AUM	~\$2.5B AUM	~\$1.0B AUM	
<ul style="list-style-type: none"> <li>Physical Bullion Trusts (NYSE Arca Listed)</li> <li>Physical Commodity Trusts (TSX Listed)</li> <li>Gold Mining Equity ETFs (NYSE Arca Listed)</li> </ul>	<ul style="list-style-type: none"> <li>Flagship U.S. gold equity mutual fund</li> <li>Closed-End Value Strategy (NASDAQ Listed)</li> </ul>	<ul style="list-style-type: none"> <li>Bespoke credit investments to mining and resource companies</li> <li>Cohesive team of credit and financing experts</li> <li>Long dated streams and royalties</li> </ul>	<ul style="list-style-type: none"> <li>Capital raising and advisory services to natural resource companies</li> <li>Wealth management services for individual investors in the U.S. and Canada</li> </ul>

<sup>1</sup> Spratt AUM as of March 31, 2021.

# Contact Sprott

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## **Financial Advisors and Individual Investors**

Please contact the Sprott Team at 888.622.1813 for more information, or answers to your questions. You can also email us at [uranium@sprott.com](mailto:uranium@sprott.com)

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# Important Disclosure

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**Sprott Physical Commodity Trusts are generally exposed to multiple risks that have been both identified and described in the Management Information Circular. Please refer to the Management Information Circular for a description of these risks.**

**Past performance is not an indication of future results.** The information provided is general in nature and is provided with the understanding that it may not be relied upon as, nor considered to be, tax, legal, accounting or professional advice. Readers should consult with their own accountants and/or lawyers for advice on the specific circumstances before taking any action. Sprott Asset Management LP is the investment manager to Sprott Physical Commodity Trusts (the “Trust”). Important information about the Trust, including the investment objectives and strategies, applicable management fees, and expenses, is contained in the Management Information Circular. Please read the document carefully before investing. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. 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.

# Appendices

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# The WMC Energy B.V. Technical Advisor Team

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**Mandeep Ludu**

**Head of Nuclear and Renewables**

Mandeep joined WMC Energy in 2019 with a comprehensive background in marketing, business development and finance, predominantly in the nuclear fuel industry. Prior to joining WMC Energy, Mandeep spent over 15 years working at Cameco Corporation and its subsidiaries. At Cameco, Mandeep primarily focused on uranium related sales and trading at both Cameco Inc. and NUKEM Inc. and held positions in corporate development and investor relations. Early in his professional career, Mandeep was engaged in international trade and investment while working in the Canadian public sector at both the federal and provincial levels.

At WMC Energy, Mandeep's focus is on uranium investment opportunities, structured transactions in the North American and Asian markets, and short-term trading opportunities. Mandeep oversees WMC's office in the U.S. and is based in Connecticut. Mandeep graduated with a Bachelor of Commerce (Marketing) degree from the University of Saskatchewan in Canada.



**Per Jander**

**Nuclear, Renewables and Battery Materials**

Per joined WMC Energy with a broad background in the energy sector spanning 20 years. Most recently, Per spent over a decade in uranium sales and trading in various roles at the marketing division of Cameco Corporation. Prior to his employment with Cameco, Per worked with nuclear power plant fleet management, investment planning and new build programs at utilities in Sweden and Switzerland.

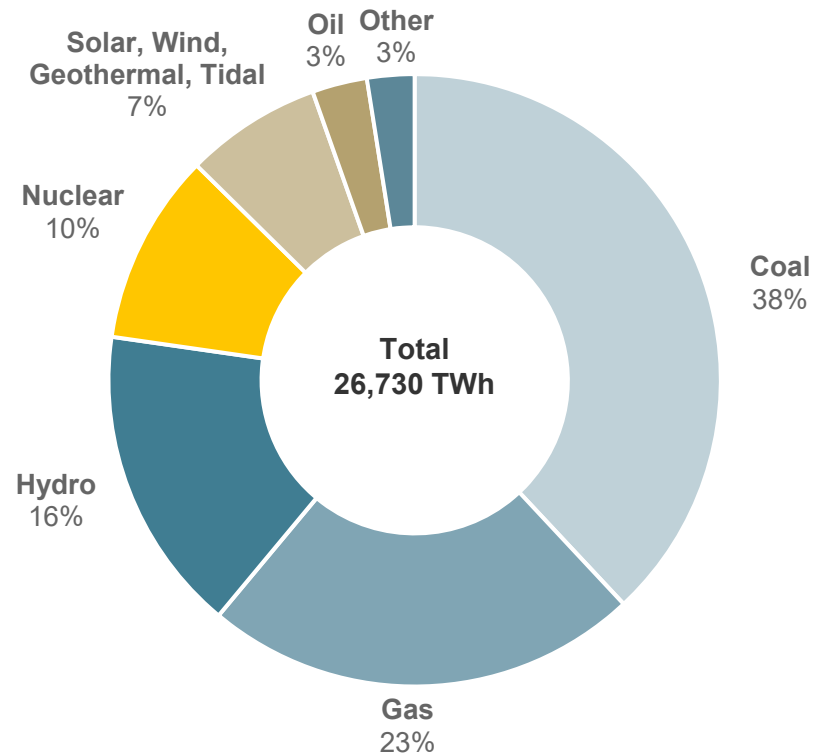
During an employment with the World Nuclear Association in London, Per worked on international trade and policy negotiations. Earlier in his career, Per spent several years in energy trading in various European markets, as well as worked on projects in biomass, combined heat and power, and district heating.

At WMC Energy, Per's focus is on business development, commercial engagement with the investment community, and key customers in Europe and the Middle East. Per has a Master of Science degree in Industrial Engineering and Management from Linkoping Institute of Technology in Sweden. Per holds exchange scholarships at ETH in Zurich and HEC in Lausanne, Switzerland, and at RMIT in Melbourne, Australia.

# Nuclear Power in the World Today

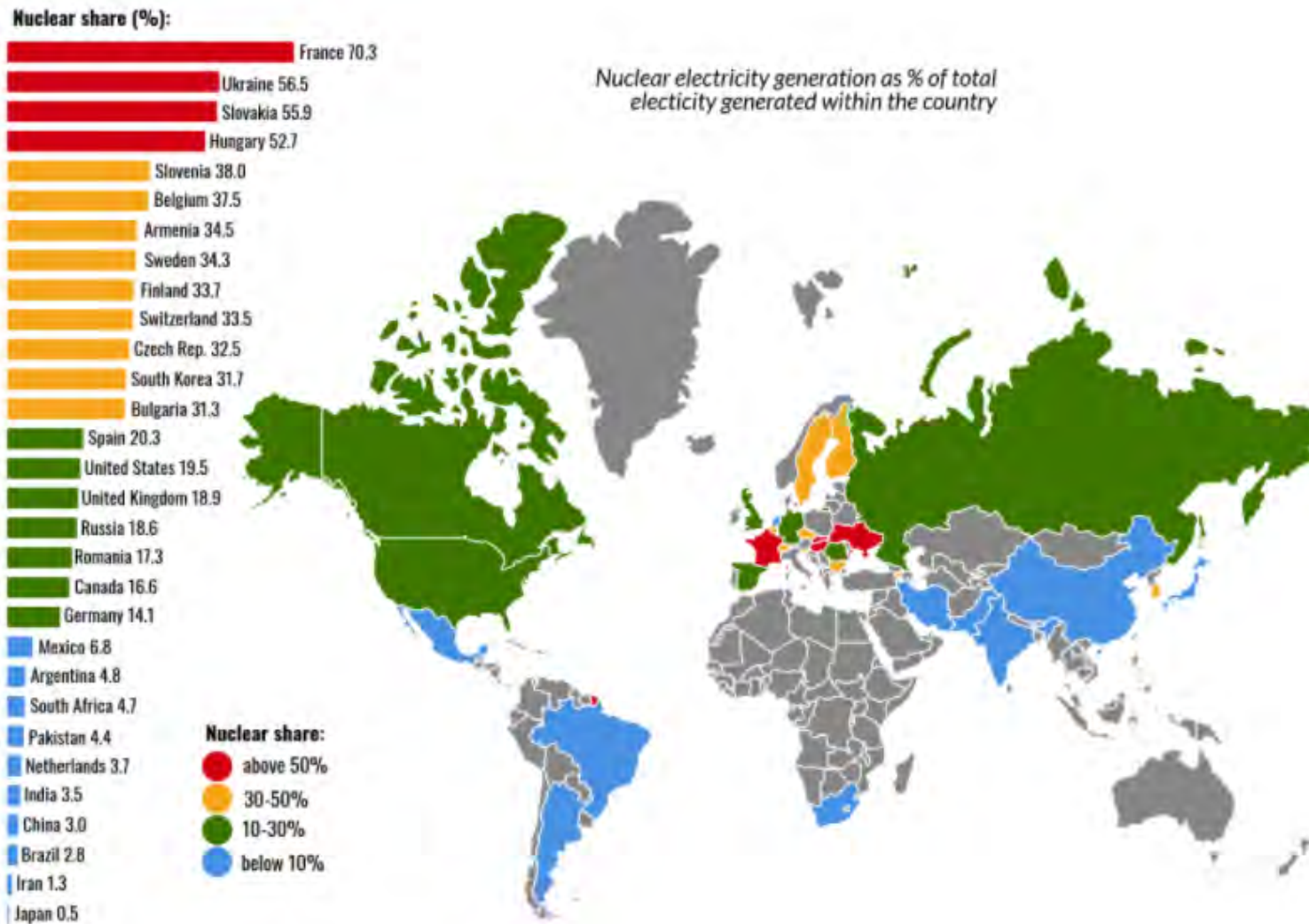
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- The first commercial nuclear power stations started operation in the 1950s
- Nuclear energy now provides about 10% of the world's electricity from about 445 power reactors; 50 more reactors are under construction, equivalent to ~15% of existing capacity



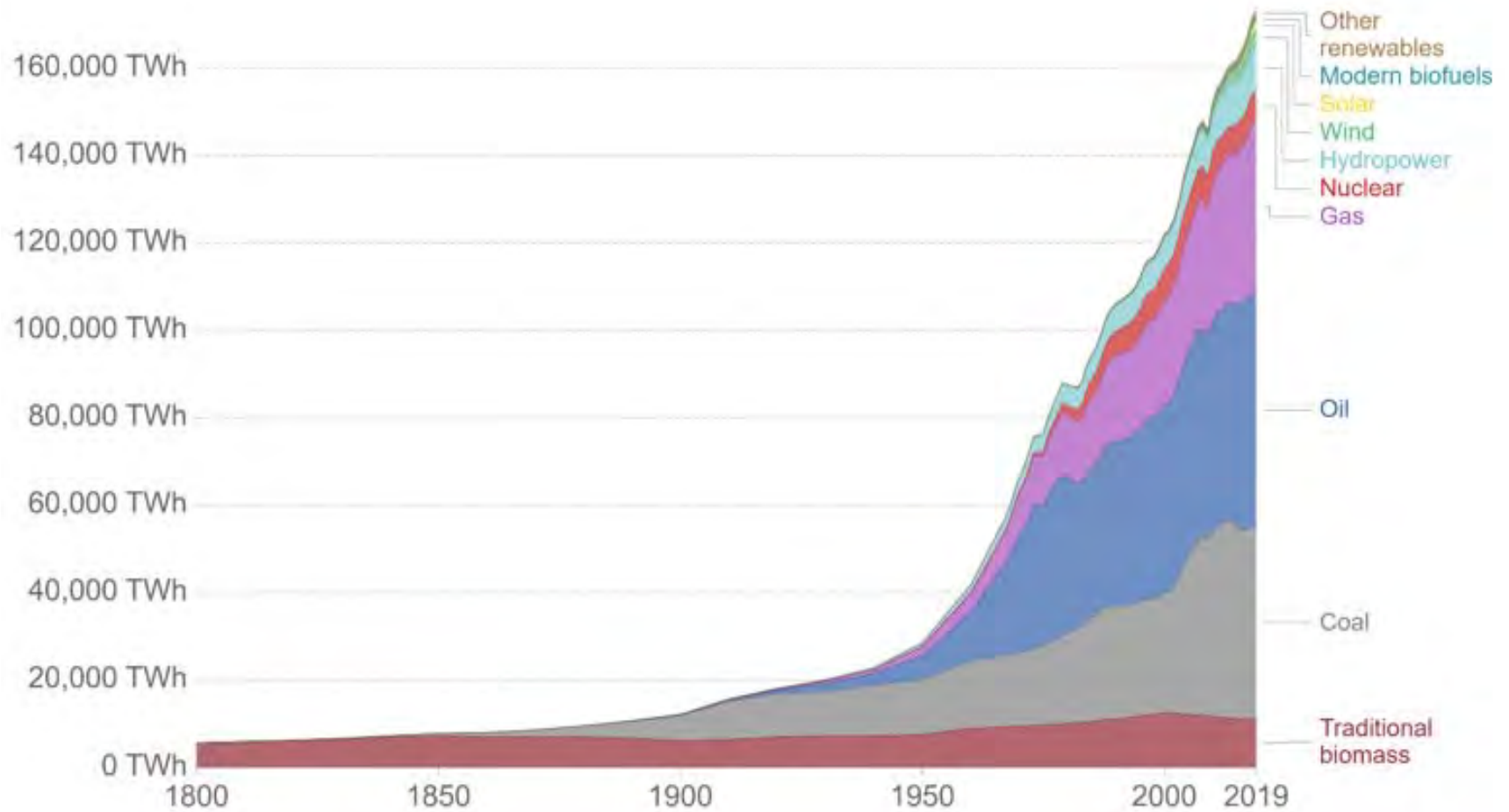
Source: International Atomic Energy Agency (IAEA).

# The 30 Most Reliant Countries on Nuclear Energy



Source: International Atomic Energy Agency (IAEA).

# Global Primary Electricity Consumption by Source



Source: Vaclav Smil and BP Statistical Review of World Energy. Our World in Data. Direct primary energy consumption does not take account of inefficiencies in fossil fuel production.