

Uranium's Mixed February

Authored by Jacob White – ETF Product Manager, Sprott Asset Management LP

Performance as of February 28, 2023

Asset	1 MO*	3 MO*	YTD*	1 YR	3 YR	5 YR
U308 Uranium Spot Price ¹	0.20%	2.87%	5.25%	4.96%	26.87%	18.79%
Uranium Mining Equities (Northshore Global Uranium Mining Index) ²	-7.96%	0.50%	5.63%	-9.24%	50.55%	19.33%
Uranium Junior Mining Equities (Nasdaq Sprott Junior Uranium Miners Index TR) ³	-12.87%	-7.17%	1.13%	-20.96%	59.62%	N/A
Commodities (BCOM Index) ⁴	-5.05%	-8.53%	1.13%	-7.33%	14.35%	3.79%
U.S. Equities (S&P 500 TR Index) ⁵	-2.44%	-2.28%	1.13%	-7.69%	12.14%	9.82%
U.S. Bonds (Bloomberg Barclays US Agg Total Return Value Unhedged USD Index) ⁶	-2.59%	-0.04%	1.13%	-9.72%	-3.77%	0.53%

Source: Bloomberg and Sprott Asset Management LP. Data as of February 28, 2023. **For the fund's standardized performance, please see page 5. Past performance is no guarantee of future results.**

*Performance for periods under one year are not annualized.

Spot Uranium's Relative Resilience in February

Although February saw a reversal of January's positive market performance, spot uranium posted a slight gain of 0.20%. The U308 uranium spot price rose from \$50.75 to \$50.85 per pound in February and remains up 5.25% year-to-date as of February 28. This marks a continuation of U308's longer-term positive performance, which has appreciated 136.51% for the five years ending February 28, 2023.¹ By contrast, the broader equity, bond and commodity markets generally fell in February on the reversal of expectations that the Federal Reserve would stop its interest rate hikes.

We believe that uranium market fundamentals, which are the most positive in over a decade, will continue to be the primary performance driver, as shown by February's

¹ The U308 uranium spot price is measured by a proprietary composite of U308 spot prices from UxC, S&P Platts and Numerco.

² The North Shore Global Uranium Mining Index (URNMX) was created by North Shore Indices, Inc. (the "Index Provider"). The Index Provider developed the methodology for determining the securities to be included in the Index and is responsible for the ongoing maintenance of the Index. The Index is calculated by Indxx, LLC, which is not affiliated with the North Shore Global Uranium Miners Fund ("Existing Fund"), ALPS Advisors, Inc. (the "Sub-Adviser") or Sprott Asset Management LP (the "Adviser").

³ The Nasdaq Sprott Junior Uranium Miners™ Index (NSURNJ™) was co-developed by Nasdaq® (the "Index Provider") and Sprott Asset Management LP (the "Adviser"). The Index Provider and Adviser co-developed the methodology for determining the securities to be included in the Index and the Index Provider is responsible for the ongoing maintenance of the Index. The Adviser will provide certain services in connection with the Index including contributing inputs in connection with the eligibility and process to determine the initial selection and ongoing composition of the Index constituents.

⁴ The Bloomberg Commodity Index (BCOM) is a broadly diversified commodity price index that tracks prices of futures contracts on physical commodities, and is designed to minimize concentration in any one commodity or sector. It currently has 23 commodity futures in six sectors.

⁵ The S&P 500 or Standard & Poor's 500 Index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies.

⁶ The Bloomberg US Agg Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market.

"Demand for nuclear power, supported by growth across the near, medium and long term, is driving the best fundamentals we have ever seen for the nuclear fuel market."

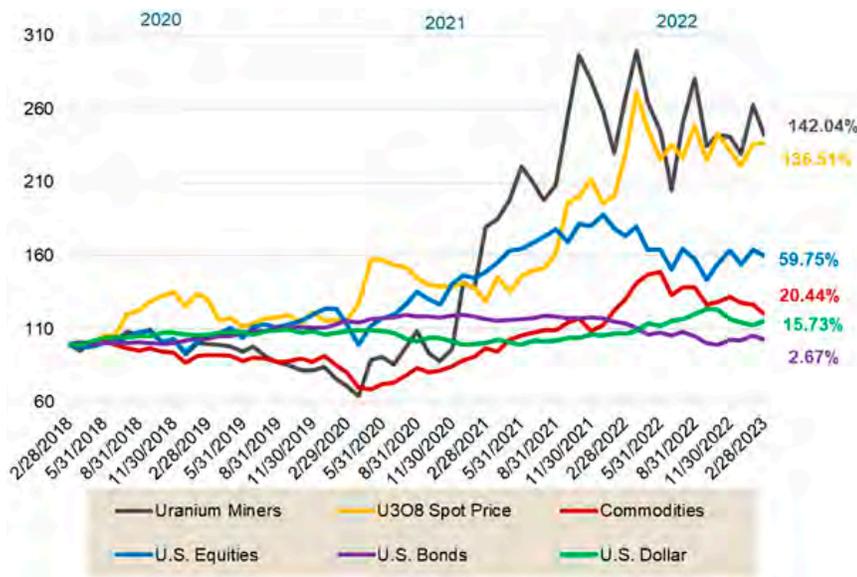
– Cameco CEO Tim Gitzel

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results. The U3O8 uranium spot price maintained its value in February while other metals and commodity prices fell; this also highlights physical uranium's low historical correlation to other major asset classes and its potential to provide diversification in portfolios (see Figure 2).

Figure 1. Uranium Outperforms Other Asset Classes in the Short Term (12/31/2019-02/28/2023)



Source: Bloomberg and Sprott Asset Management. Data as of 02/28/2023. Gold is measured by GOLDS Comdty Spot Price; S&P 500 TR is measured by the SPX; Uranium miners are measured by the Northshore Global Uranium Mining Index (URNMX index); Uranium Junior Miners measured by the Nasdaq Sprott Junior Uranium Miners Index TR (NSURNJT Index); BCOM is the Bloomberg Commodity Index; US Agg Bond Index is measured by the Bloomberg Barclays US Agg Total Return Value Unhedged USD (LBUSTRUU Index); the U.S. Dollar is measured by DXY Currency and the U3O8 uranium spot price is measured by a proprietary composite of U3O8 spot prices from TradeTech LLC. Included for illustrative purposes only. **Past performance is no guarantee of future results.**

Uranium Miners Caught in February Drawdown

Uranium mining equities, in contrast to physical uranium, fell 7.96% for the month but remain up 5.63% year-to-date. Like physical uranium, uranium mining equities have had notable performance longer-term with a 142.04% return for the five years ending February 28, 2023.²

Equity markets continued to be affected by rising interest rate expectations in February, as was the case through most of 2022. The U.S. economy showed few signs of slowing, with the U.S. labor markets and consumer spending surprisingly strong in February, defying expectations. Higher inflation concerns and expectations of additional Fed rate hikes were the primary cause of the equity drawdown in February. While broad equities fell 2.44% (S&P 500 Total Return Index), uranium miners lost 7.96%, a reminder of the inherently higher risk of uranium equities.

Uranium juniors, including Encore Energy Corp and Paladin Energy Limited, also announced signing uranium purchase contracts with utilities in recent months.

Junior Uranium Miners Make Progress

Among uranium equities, junior uranium miners were the main detractors in February. The junior miner profile of less liquidity and early stage mine development can increase volatility and lead to larger drawdowns in tough months. These qualities, however, give them the potential for greater upside in uranium bull markets, as shown in Figure 1. Despite the selling pressure

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In February, junior uranium miners continue to make progress with production restarts, uranium contracting with utilities and exploration programs. Uranium juniors, including Encore Energy Corp and Paladin Energy Limited, also announced signing uranium purchase contracts with utilities in recent months.

Figure 2. U3O8 Uranium Spot Price Correlations (02/28/2003-02/28/2023)



Source: Bloomberg and TradeTech LLC. Data for the uranium spot price is from TradeTech LLC. Other asset classes are from Bloomberg and are the SPGSCI Index, SPX Index, LBUSTRUU Index, FNRE Index, Golds Comdty, LBUTTRRUU Index and DXY Curncy. Included for illustrative purposes only. **Past performance is no guarantee of future results.**

Record Increases in Long-Term Uranium Contracting

Uranium miners have recently been grabbing headlines with significantly sized uranium contracts that reflect higher demand for long-term contracting in the uranium industry. Not only has the volume of long-term contracting increased, but the prices for the uranium that is likely to be supplied under these contracts have generally increased with higher caps and floors. For reference, per TradeTech, the average monthly price of the U3O8 uranium spot price in 2021 was \$35 and in 2022 it was \$50.

Cameco, Canada's leading uranium producer, announced in February that it had entered into an agreement with Energoatom, Ukraine's state-owned nuclear energy utility, for a major supply contract. Under the agreement, Cameco will provide all of Ukraine's nuclear fuel needs from 2024 to 2036,⁷ helping the country move away from its dependence on Russian supplies. Ukraine's supply needs are significant, given that it is the world's seventh-highest nuclear power generator (2021), with about half of its electricity supply reliant on nuclear.⁸ Cameco is expected to supply approximately 15.3 million KgU as UF6 (uranium oxide, U3O8, is converted into uranium hexafluoride, UF6, so that it can be enriched and then further processed into nuclear fuel). This UF6 supply is equivalent to 40.1 million pounds of U3O8.

In addition, Energoatom has historically operated the Zaporizhzhya nuclear power plant (operating six reactors) which is currently under Russian control. Should Energoatom regain control of the Zaporizhzhya plant, the new Cameco-Energoatom agreement includes an option for Cameco to supply the required roughly 10.4 million KgU as UF6 (approximately 27.2 million pounds of U3O8). Putting Cameco's 40-67 million pound Energoatom agreement in context, there were approximately 114 million pounds of total long-term contracts in 2022 per UxC. We believe this figure is understated given that Cameco alone accounted for 80 million pounds in 2022.⁹ For perspective, Cameco signed contracts for only 30 million pounds in 2021.

⁷ Source: [CCO and Energoatom Agree on Commercial Terms to Supply Ukraine's Full Natural UF6 Needs through 2035](#).

⁸ Source: [World-Nuclear.org, Nuclear Power Today](#).

⁹ Source: [Cameco Reports 2022 Fourth Quarter Results](#).

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Given Cameco's role as a bellwether uranium miner (based on its relative size and quality of assets), its strong Q4 2022 results announcement in February indicates the industry's positive fundamentals. Cameco beat Q4 earnings expectations and reported adjusted earnings per share of \$0.09, beating the consensus of \$0.06. Cameco CEO Tim Gitzel reinforced the industry's positive outlook by stating, "Demand for nuclear power, supported by growth across the near, medium and long term, is driving the best fundamentals we have ever seen for the nuclear fuel market." Cameco has also increased guidance for production at the McArthur River/Key Lake uranium mine and mill to 18 million pounds per year in 2024 (versus 15 million previously). McArthur River/Key Lake resumed production in 2022 and has an estimated 25 million pound capacity. Cameco also upped its Cigar Lake production guidance for 2024 from 13.5 million pounds to 18 million pounds.

Nuclear Energy is Crucial to the Energy Transition

The performance of uranium miners in February was dominated by systemic factors and not a reflection of the sector's increasingly bullish fundamentals. Looking beyond the short-term performance, we believe the uranium bull market still has a long way to run. We believe conversion and enrichment services price increases will likely cascade to the uranium spot price and support uranium miners. Over the long term, increased demand in the face of an uncertain uranium supply will likely support a sustained bull market.

Nuclear energy and uranium's critical role in energy security may likely be paramount going forward. Russia's invasion of Ukraine sparked a global energy crisis that forced many countries to reimagine their energy supply chains. In past years, Western countries' energy policies have predominantly favored renewable energy to reduce reliance on fossil fuels. However, renewables often suffer from intermittency and low capacity and require offsets with baseload energy sources, such as coal, natural gas or nuclear power plants. Of these, nuclear power has the highest base load capacity. We believe ongoing supply chain risks may likely cause utilities to seek out the base load reliability of nuclear power.

Governments Continue to Embrace Nuclear Power

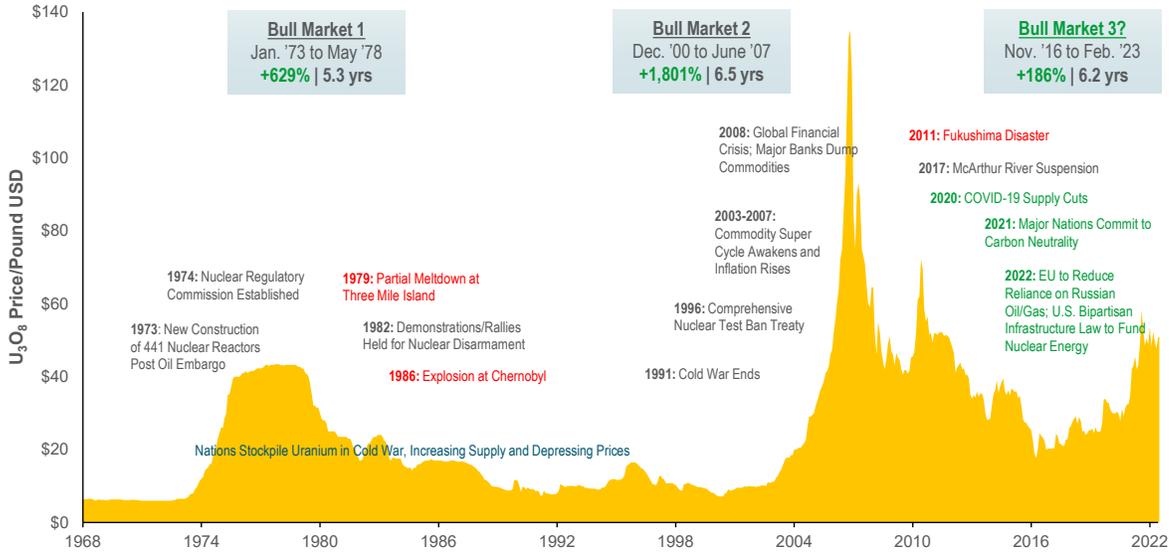
The energy transition movement is structural and we believe nuclear energy is a crucial solution for decarbonizing the global energy supply. Growing global recognition by governments, catalyzed by the need for greater energy security, is likely to continue to be a dominant theme. In February, Japan continued this trend by adopting a plan to make maximum use of nuclear power.¹⁰ The plan will allow companies to operate reactors beyond the 60-year limit and to build next-generation nuclear reactors to replace decommissioned plants. France also announced that it aims to create a pro-nuclear alliance with 12 other European Union (EU) countries to advocate for nuclear energy in EU politics,¹¹ which may help combat Europe's unlevel playing field for renewables.

We believe the uranium bull market remains intact despite the uncertain macroeconomic environment. There has been an unprecedented number of announcements for nuclear power plant restarts, life extensions and new builds that are likely to create incremental demand for uranium. However, the current uranium price still remains below incentive levels to restart tier 2 production, let alone greenfield development.

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Figure 3. Uranium Bull Market Continues (1968-2023)



Source: TradeTech Data as of 02/28/2023. Note: A "bull market" refers to a condition of financial markets where prices are generally rising. A "bear market" refers to a condition in financial markets where prices are generally falling. Included for illustrative purposes only. **Past performance is no guarantee of future results.**



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Sprott Uranium Miners ETF (NYSE Arca: URNM)

Sprott Uranium Miners ETF (NYSE Arca: URNM) is the only[^] ETF to provide pure-play^{^^} exposure to uranium miners and physical uranium essential to nuclear power. URNM seeks to invest at least 80% of its total assets in securities of the North Shore Global Uranium Mining Index (URNMX). The Index is designed to track the performance of companies that devote at least 50% of their assets to the uranium mining industry, which may include mining, exploration, development and production of uranium, or holding physical uranium, owning uranium royalties or engaging in other non-mining activities that support the uranium mining industry.

[^] Based on Morningstar's universe of Natural Resources Sector Equity ETFs as of 2/28/2023.

^{^^} The term "pure-play" relates directly to the exposure that the Fund has to the total universe of investable, publicly listed securities in the investment strategy.

Key Points:

- 1. Pure-Play Uranium ETF** – A U.S.-listed uranium ETF focused on uranium miners and physical uranium
- 2. Uranium Bull Market** – A new uranium bull market is likely underway, incentivizing miners and providing opportunities to investors
- 3. Critical Mineral in Clean Energy Transition** – Uranium and nuclear energy are critical to the clean energy transition
- 4. Supporting Energy Security** – Uranium and nuclear energy may help countries achieve a reliable and affordable source of electricity

Performance: Average Annual Total Returns* (%)

MONTH END AS OF 2/28/2023	1 MO	3 MO	YTD	1 YR	3 YR	S.I. ¹
Sprott Uranium Miners ETF (Net Asset Value)	-8.12	-0.33	5.45	-9.95	49.42	39.34
Sprott Uranium Miners ETF (Market Price) ²	-8.45	-1.47	5.45	-12.28	49.01	39.31
North Shore Global Uranium Mining Index (Benchmark) ³	-7.96	0.50	5.63	-9.24	50.55	40.61
QUARTER END AS OF 12/31/2022	1 MO	3 MO	YTD	1 YR	3 YR	S.I. ¹
Sprott Uranium Miners ETF (Net Asset Value)	-5.48	-2.46	-12.03	-12.03	38.64	39.36
Sprott Uranium Miners ETF (Market Price) ²	-6.56	-2.59	-11.88	-11.88	38.40	39.34
North Shore Global Uranium Mining Index (Benchmark) ³	-4.87	-2.44	-11.42	-11.42	39.85	40.62

Fees and Expenses (%) as of the most recent prospectus⁴

Management Fee	0.85
Other Expenses	0.00
Total Annual Fund Operating Expenses	0.85

Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be higher or lower than actual data quoted. Call 1.888.622.1813 or visit www.sprottets.com for current month end performance. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

* Returns less than one year are not annualized.

¹ Inception Date: 12/3/2019. URNM was reorganized from the North Shore Global Uranium Mining ETF into the Sprott Uranium Miners ETF on 4/22/2022. URNM is a continuation of the prior ETF and, therefore, the performance information shown includes the prior ETF's performance.

² Market Price is based on the midpoint of the bid/ask spread at 4 p.m. ET and does not represent the returns an investor would receive if shares were traded at other times.

³ The North Shore Global Uranium Mining Index (URNMX) was created by North Shore Indices, Inc. (the "Index Provider"). The Index Provider developed the methodology for determining the securities to be included in the Index and is responsible for ongoing maintenance of the Index. The Index is calculated by Indxx, LLC, which is not affiliated with the North Shore Global Uranium Miners Fund ("Existing Fund"), ALPS Advisors, Inc. (the "Sub-Adviser") or Sprott Asset Management LP (the "Adviser").

⁴ Reflects Total Annual Operating Expenses as outlined in the prospectus dated December 29, 2022. For the services the Adviser (Sprott Asset Management LP) provides to the Fund, the Adviser is entitled to receive an annual advisory fee from the Fund calculated daily and paid monthly at an annual rate of 0.85% on up to \$500 million in assets, 0.80% on the next \$500 million in assets, and 0.70% on assets greater than \$1 billion.



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Sprott Junior Uranium Miners ETF (Nasdaq: URNJ)

Sprott Junior Uranium Miners ETF (Nasdaq: URNJ) is the only[^] ETF to provide pure-play^{^^} exposure to small, exploration- and development-stage uranium miners with the potential for revenue and asset growth. URNJ seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of the Nasdaq Sprott Junior Uranium Miners™ Index (NSURNJ™), which is designed to track the performance of mid-, small- and micro-cap companies in uranium mining-related businesses.

[^] Based on Morningstar's universe of Natural Resources Sector Equity ETFs as of 2/28/2023.

^{^^} The term "pure-play" relates directly to the exposure that the Fund has to the total universe of investable, publicly listed securities in the investment strategy.

Key Points:

- 1. Pure-Play Junior Uranium ETF** – The only pure-play ETF focused on small uranium miners, selected for their potential for significant revenue and asset growth
- 2. Uranium Bull Market** – A new uranium bull market is likely underway, incentivizing miners to explore and develop new uranium mines
- 3. Critical Mineral in Clean Energy Transition** – Uranium and nuclear energy are critical to the clean-energy transition
- 4. Supporting Energy Security** – Uranium and nuclear energy provide reliable, affordable electricity that may help countries achieve energy security

Performance: Average Annual Total Returns* (%)

MONTH END AS OF 2/28/2023

	1 MO	S.I. ¹
Sprott Junior Uranium Miners ETF (Net Asset Value)	–	-14.26
Sprott Junior Uranium Miners ETF (Market Price) ²	–	-14.31
Nasdaq Sprott Junior Uranium Miners™ Index (Benchmark) ³	–	-13.85

QUARTER END – DATA NOT YET AVAILABLE

	1 MO	S.I. ¹
Sprott Junior Uranium Miners ETF (Net Asset Value)	–	–
Sprott Junior Uranium Miners ETF (Market Price) ²	–	–
Nasdaq Sprott Junior Uranium Miners™ Index (Benchmark) ³	–	–

Fees and Expenses (%) as of the most recent prospectus⁴

Management Fee	0.80
Other Expenses	0.00
Total Annual Fund Operating Expenses	0.80

Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be higher or lower than actual data quoted. Call 1.888.622.1813 or visit www.sprottets.com for current month end performance. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

* Returns less than one year are not annualized.

¹ Inception Date: 2/1/2023.

² Market Price is based on the midpoint of the bid/ask spread at 4 p.m. ET and does not represent the returns an investor would receive if shares were traded at other times.

³ The Nasdaq Sprott Junior Uranium Miners™ Index (NSURNJ™) was co-developed by Nasdaq® (the "Index Provider") and Sprott Asset Management LP (the "Adviser"). The Index Provider and Adviser co-developed the methodology for determining the securities to be included in the Index and the Index Provider is responsible for the ongoing maintenance of the Index. The Adviser will provide certain services in connection with the Index including contributing inputs in connection with the eligibility and process to determine the initial selection and ongoing composition of the Index constituents.

⁴ Reflects Total Annual Operating Expenses as outlined in the prospectus dated January 31, 2023. For the services the Adviser (Sprott Asset Management LP) provides to the Fund, the Adviser is entitled to receive an annual advisory fee from the Fund calculated daily and paid monthly at an annual rate of 0.80% on assets.

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About Sprott – Sprott is a global leader in precious metal and energy transition investments. We are specialists. Our in-depth knowledge, experience and relationships separate us from the generalists. Our investment strategies include Exchange Listed Products, Managed Equities and Private Strategies. Sprott has offices in Toronto, New York and London, and the company's common shares are listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbol "SII". For more information, please visit www.sprott.com.

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IMPORTANT DISCLOSURES & DEFINITIONS

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a Sprott Uranium Miners ETF Statutory Prospectus, which contains this and other information, visit <https://sprottetfs.com/urnm/prospectus>, or a Sprott Junior Uranium Miners ETF Statutory Prospectus, visit <https://sprottetfs.com/urnj/prospectus>, contact your financial professional or call 1.888.622.1813. Read the Prospectus carefully before investing.

The Funds are not suitable for all investors. There are risks involved with investing in ETFs including the loss of money. The Funds are considered non-diversified and can invest a greater portion of assets in securities of individual issuers than a diversified fund. As a result, changes in the market value of a single investment could cause greater fluctuations in share price than would occur in a diversified fund.

The Fund's investments will be concentrated in the uranium industry. As a result, the Funds will be sensitive to changes in, and its performance will depend to a greater extent on, the overall condition of the uranium industry. Also, uranium companies may be significantly subject to the effects of competitive pressures in the uranium business and the price of uranium. The price of uranium may be affected by changes in inflation rates, interest rates, monetary policy, economic conditions and political stability. The price of uranium may fluctuate substantially over short periods of time, therefore the Fund's share price may be more volatile than other types of investments. In addition, they may also be significantly affected by import controls, worldwide competition, liability for environmental damage, depletion of resources, mandated expenditures for safety and pollution control devices, political and economic conditions in uranium producing and consuming countries, and uranium production levels and costs of production. Demand for nuclear energy may face considerable risk as a result of, among other risks, incidents and accidents, breaches of security, ill-intentioned acts of terrorism, air crashes, natural disasters, equipment malfunctions or mishandling in storage, handling, transportation, treatment or conditioning of substances and nuclear materials.

Shares are not individually redeemable. Investors buy and sell shares of the Sprott Uranium Miners ETF or Sprott Junior Uranium Miners ETF on a secondary market. Only market makers or "authorized participants" may trade directly with the Fund, typically in blocks of 10,000 shares.

Funds that emphasize investments in small/mid-capitalization companies will generally experience greater price volatility. Funds investing in foreign and emerging markets will also generally experience greater price volatility. Diversification does not eliminate the risk of experiencing investment losses. ETFs are considered to have continuous liquidity because they allow for an individual to trade throughout the day.

A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses, affect the Fund's performance.

Sprott Asset Management LP is the investment advisor to the Sprott Uranium Miners ETF and Sprott Junior Uranium Miners ETF. ALPS Distributors, Inc. is the Distributor for the Sprott Uranium Miners ETF and Sprott Junior Uranium Miners ETF, and is a registered broker-dealer and FINRA Member.

ALPS Distributors, Inc. is not affiliated with Sprott Asset Management LP.

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