

No securities regulatory authority has expressed an opinion about these securities and it is an offense to claim otherwise.



**ANNUAL INFORMATION FORM**  
for the fiscal year ended December 31, 2022

**SPROTT PHYSICAL URANIUM TRUST**  
(the "Trust")

March 17, 2023

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## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The statements contained in this annual information form that are not purely historical are forward-looking statements. The Trust's forward-looking statements include, but are not limited to, statements regarding its or its management's expectations, hopes, beliefs, intentions or strategies regarding the future. In addition, any statements that refer to projections, forecasts or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words "anticipates", "believe", "continue", "could", "estimate", "expect", "intends", "may", "might", "plan", "possible", "potential", "predicts", "project", "should", "would" and similar expressions may identify forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking.

The forward-looking statements contained in this annual information form are based on the current expectations and beliefs of the Trust and Sprott Asset Management LP (the "Manager") concerning future developments and their potential effects on the Trust. There can be no assurance that future developments affecting the Trust will be those that it or the Manager has anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond the Trust's control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading "Risk Factors". Should one or more of these risks or uncertainties materialize, or should any of the Trust's or the Manager's assumptions prove incorrect, actual results may vary in material respects from those projected in these forward looking statements. Each of the Trust and the Manager undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

## CURRENCY

Unless otherwise noted herein, all references to "\$", "US\$" or "dollars" are to the currency of the United States of America (the "United States" or the "U.S.") and all references to "CDN\$" or "Canadian dollars" are to the currency of Canada. On December 30, 2022, the daily rate of exchange as reported by the Bank of Canada for the conversion of U.S. dollars into Canadian dollars was US\$1.00 equals CDN\$ 1.3544.

## THE TRUST

### History and Development of the Trust

Sprott Physical Uranium Trust (the "Trust") was established on April 23, 2021 under the laws of the Province of Ontario, Canada. It is governed by an amended and restated trust agreement dated July 12, 2021 among Lara Misner as settlor, the Manager and RBC Investor Services Trust (the "Trustee"), as trustee (the "Trust Agreement").

On July 19, 2021, the Manager and the Trust completed a plan of arrangement under the *Business Corporations Act* (Ontario) with Uranium Participation Corporation ("UPC") to form the world's largest publicly traded investment vehicle with exposure to the price of uranium outside of a traditional mining company (the "Arrangement"). Under applicable Canadian securities laws, the Trust is considered a non-redeemable investment fund and subject to the Canadian securities regulatory regime for non-redeemable investment funds that are reporting issuers (the "Investment Fund Regime").

The Trust invests and holds substantially all of its assets in uranium oxide concentrates ("uranium") and does not, nor does it anticipate, holding any other similar or related chemical compounds. The Trust's uranium is held at various licensed uranium conversion, enrichment or fuel fabrication facilities owned

by different organizations (the “Facilities”) designated by the Manager on behalf of the Trust. The Trust’s assets other than uranium are held by the Trustee, as the Trust’s custodian.

On August 16, 2021, the Trust entered into a sales agreement, as amended September 13, 2021 (the “Sales Agreement”), with Cantor Fitzgerald Canada Corporation (“Cantor”) and Virtu ITG Canada Corp. (“Virtu”, and together with Cantor, the “Agents”) whereby the Trust may, in its sole discretion and subject to its operating and investment restrictions, offer and sell up to US\$1,300,000,000 in value of units of the Trust (each, a “Unit”, and collectively, the “Units”) through an “at the market offering” program (the “ATM Program”) in transactions pursuant to a prospectus supplement to a short form base shelf prospectus dated August 10, 2021 (the “Short Form Base Shelf Prospectus”), as amended September 9, 2021 (the “A&R Short Form Base Shelf Prospectus”), and filed with the Ontario Securities Commission (the “OSC”), as principal regulator, and with each of the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada (together with the OSC, the “Securities Commissions”). Under the Sales Agreement, the Trust will pay to the Agents in cash, upon each sale of Units, an amount equal to up to 3.0% of the aggregate gross proceeds from each sale of Units.

On August 16, 2021, pursuant to the ATM Program, the Trust offered for sale Units having an aggregate sale price of up to US\$300,000,000 by way of its prospectus supplement to the Short Form Base Shelf Prospectus.

On September 13, 2021, pursuant to the ATM Program, the Trust offered for sale Units having an aggregate sale price of up to US\$1,000,000,000 by way of its prospectus supplement to the A&R Short Form Base Shelf Prospectus.

On November 22, 2021, the Trust and the Agents entered into an amendment agreement to the Sales Agreement (the “Amended Sales Agreement”) which increased the amount of available Units to US\$3,500,000,000. The Trust also filed a second amended and restated short form base shelf and accompanying prospectus supplement (the “2<sup>nd</sup> A&R Short Form Base Shelf Prospectus”) dated November 22, 2021 to, among other things, reflect the terms and conditions of the Amended Sales Agreement.

On November 22, 2021, pursuant to the ATM Program, the Trust offered for sale Units having an aggregate sale price of up to US\$1,200,000,000 by way of its prospectus supplement to the 2<sup>nd</sup> A&R Short Form Base Shelf Prospectus.

During the period from January 1, 2022 to December 31, 2022, the Trust sold 73,894,300 Units through the ATM Program.

The Trust’s previously wholly-owned subsidiaries, UPC, Uranium Participation Bermuda Limited and Uranium Participation Bermuda 2 Limited, have been wound up (collectively, the “Wind-Up”). UPC was wound up November 19, 2021 and Uranium Participation Bermuda Limited and Uranium Participation Bermuda 2 Limited amalgamated on July 19, 2021 and the amalgamated entity was wound up effective January 4, 2022.

The Trust’s office is located at Royal Bank Plaza, South Tower, 200 Bay Street, Suite 2600, Toronto, Ontario, Canada M5J 2J1. The Manager’s office is located at Royal Bank Plaza, South Tower, Suite 2600, 200 Bay Street, Toronto, Ontario, Canada M5J 2J1 and its telephone number is (416) 943-8099 (toll free: 1-855-943-8099). The Trustee is located at 155 Wellington Street West, Street Level, Toronto, Ontario, Canada M5V 3L3. The custodian for the Trust’s assets other than uranium, RBC Investor Services, is located at 155 Wellington Street West, Street Level, Toronto, Ontario, Canada M5V 3L3.

## **Investment Objectives of the Trust**

The Trust was created to participate in the Arrangement and to subsequently invest and hold substantially all of its assets in uranium. The Trust seeks to provide a secure, convenient and exchange-traded investment alternative for investors interested in holding uranium.

## **Investment Strategies of the Trust**

The Trust will invest substantially all of its assets in physical uranium in the form of U3O8. The Trust is expressly prohibited from investing in trust units or shares of other investment funds or collective investment schemes other than money market mutual funds and then only to the extent that its interest does not exceed 10% of the total net assets of the Trust. The Trust does not anticipate making regular cash distributions to Unitholders.

The Trust will not use leverage other than for short-term borrowings to settle trades. The Trust's use of leverage is also subject to the restrictions on using leverage applicable to non-redeemable investment funds as set out in National Instrument 81-102 – *Investment Funds* ("NI 81-102").

## **Borrowing Arrangements**

The Trust has no borrowing arrangements in place and is unleveraged. The Trust has historically not used leverage and the Manager has no intention of doing so in the future (save for the short-term borrowings to settle trades). Unitholders will be notified of any changes to the Trust's use of leverage.

## **INVESTMENT RESTRICTIONS AND OPERATING RESTRICTIONS**

Non-redeemable investment funds are subject to certain restrictions and practices contained in securities legislation, including NI 81-102, that are designed in part to ensure that the investments of the investment fund are diversified and relatively liquid and to ensure the proper administration of the investment fund. Subject to the specific exceptions from NI 81-102 set out in the section entitled "*Exemptions and Approvals*" of this annual information form, the Trust is managed in accordance with these restrictions and practices.

In making investments on behalf of the Trust, the Manager is subject to certain investment and operating restrictions (the "Investment and Operating Restrictions"), which are set out in the Trust Agreement. The Investment and Operating Restrictions may not be changed without the prior approval of Unitholders in accordance with the Trust Agreement.

The Investment and Operating Restrictions are intended to be conducted in accordance with, among other things, the following investment and operating restrictions, and they provide that the Trust:

- (a) will invest in and hold, directly or indirectly, a minimum of 90% of the total net assets of the Trust in uranium and invest in and hold, directly or indirectly, no more than 10% of the total net assets of the Trust, at the discretion of the Manager, in debt obligations guaranteed by the Government of the United States or a state thereof or by the Government of Canada or a province of Canada, short-term commercial paper obligations of a corporation or other person whose short-term commercial paper is rated R-1 (or its equivalent, or higher) by Dominion Bond Rating Service Limited or its successors or assigns or F1 (or its equivalent, or higher) by Fitch Ratings or its successors or assigns or A-1 (or its equivalent, or higher) by Standard & Poor's or its successors or assigns or P-1 (or its equivalent, or higher) by Moody's Investor Service or its successors or assigns, interest-bearing accounts and short-term certificates of deposit issued or guaranteed by a Canadian chartered bank or trust company, money

market mutual funds, short-term government debt or short-term investment grade corporate debt, cash or other short-term debt obligations approved by the Manager from time to time (for the purpose of this paragraph, the term “short-term” means having a date of maturity or call for payment not more than 182 days from the date on which the investment is made), except during the 60-day period following the closing of additional offerings or prior to the distribution of the assets of the Trust;

- (b) has the ability to optimize the value of the Trust through normal nuclear fuel cycle transactions, including loans, swap/exchanges, and similar transactions, so long as these transactions provide value to the Trust and the risk associated with each transaction is minimized to the satisfaction of the Manager;
- (c) will not issue units except (i) if the net proceeds per unit to be received by the Trust are not less than 100% of the most recently calculated Class Net Asset Value (as defined below in the section titled *Calculation of Class Net Asset Value and Class Net Asset Value per Unit*) per unit prior to, or upon, the determination of the pricing of such issuance or (ii) by way of unit distribution in connection with an income distribution;
- (d) will not invest in financial instruments that represent uranium or that may be exchanged for uranium, other than through forward contracts for the sole purpose of purchasing uranium for future delivery;
- (e) will ensure that the storage of uranium is governed by agreements with the Facilities having generally customary terms for agreements of such nature;
- (f) subject to (e) above, will ensure that the uranium remains unencumbered;
- (g) will not guarantee the securities or obligations of any person other than the Manager, and then only in respect of the activities of the Trust;
- (h) will not use leverage other than for short-term borrowings to settle trades;
- (i) in connection with requirements of the Tax Act, will not invest in any security that would be a tax shelter investment within the meaning of section 143.2 of the Tax Act;
- (j) in connection with requirements of the Tax Act, will not invest in the securities of any non-resident corporation, trust or other non-resident entity (or of any partnership that holds such securities) if the Trust (or the partnership) would be required to include any significant amount in income under sections 94, 94.1 or 94.2 of the Tax Act; and
- (k) in connection with requirements of the Tax Act, will not carry on any business and make or hold any investments that would result in the Trust itself being subject to the tax for SIFT trusts as provided for in section 122 of the Tax Act.

## OVERVIEW OF THE URANIUM SECTOR

### The Uranium Industry and its Participants

The uranium sector involves the exploration, mining, and production of uranium, a naturally occurring element that is primarily used as fuel for nuclear power plants (making electricity). The industry is highly regulated and subject to strict safety and environmental standards due to the hazardous nature of uranium and the potential dangers of nuclear energy.

Uranium is a naturally occurring element with an average concentration of 2.8 parts per million in the Earth's crust. Traces of it occur almost everywhere. It is more abundant than gold, silver or mercury, about the same as tin and slightly less abundant than cobalt, lead or molybdenum. Vast amounts of uranium also occur in the world's oceans, but in very low concentrations. It is extracted from the earth by way of mining, which can be done through underground or open-pit methods. Once extracted, the uranium ore is processed to extract the uranium and produce uranium concentrate, also known as yellowcake.

The demand for uranium is driven by the increasing global demand for energy and the growth of the nuclear power industry. As at January 2023, there are about 60 nuclear reactors under construction globally (notably China, India and Russia), and many countries are investing in nuclear power as a clean and reliable source of energy.

The uranium sector has faced challenges and uncertainties, primarily as a result safety concerns resulting from nuclear disasters such as Chernobyl in 1986 and most recently Fukushima in 2011. There have however been significant improvements in safety protocols and education over the years, evidenced for example by the limited impact and fallout from the Fukushima meltdown. Uranium has seen a resurgence, driven by a renewed focus on global net-zero carbon emissions goals, and the potential role of nuclear energy in a post-COVID-19 pandemic “energy transition”. In assessing the potential paths to reduce carbon emissions many nations, including the United States, have recognized the role of their existing, or future nuclear power plants, as a critical element necessary to achieve decarbonization objectives. This positive attention for the nuclear power sector builds on the well-established fundamental supply-demand analysis that has defined the uranium sector in recent years, where uranium prices are believed by many to be too low to sustain the production that will be necessary to fuel existing, let alone growing, future demand for nuclear power.

Notwithstanding the benefits of uranium, there are certain trends, events, or uncertainties that could impact investments in uranium or uranium related securities, including:

- Competition from renewable energy sources: The growth of renewable energy sources, such as solar and wind power, could reduce the demand for nuclear energy and put pressure on the uranium sector.
- Regulatory restrictions: Some countries still have restrictions on imposed uranium mining due to concerns about the environmental impact of mining and the potential dangers of nuclear energy.
- Nuclear disaster: The fallout of any new nuclear disasters such as Fukushima, could lead to increased safety concerns and a reduction in the use of nuclear energy in some countries, affecting the demand for uranium.
- Fluctuations in the demand for nuclear energy: The demand for nuclear energy could fluctuate based on factors such as changes in government policies and regulations, safety concerns, and the development of alternative energy sources.

- Geopolitical tensions: Geopolitical tensions and conflicts can affect the supply of uranium and drive up prices.

## DESCRIPTION OF UNITS

### General

The Trust is authorized to issue an unlimited number of units in one or more classes and series of a class. Currently, the Trust has issued only one class or series of units. Subject to amendment in accordance with the Trust Agreement, the Manager shall have sole discretion in determining whether the capital of the Trust is divided into one or more classes of units and into one or more series of each such class of units, the attributes that shall attach to each class or series of units and whether any class or series of units should be redesignated as a different class or series from time to time. Each unit of a class or series of a class represents an undivided ownership interest in the net assets of the Trust attributable to that class or series of a class of units. Units are transferable at the option of the Unitholder in accordance with the provisions set forth in the Trust Agreement. All units of the same class or series of a class have equal rights and privileges with respect to all matters, including voting, receipt of distributions from the Trust, liquidation and other events in connection with the Trust. Units and fractions thereof are issued only as fully paid and non-assessable. Units have no preference, conversion, exchange or pre-emptive rights. Each whole unit of a particular class or series of a class entitles the holder thereof to a vote at meetings of unitholders where all classes vote together, or to a vote at meetings of unitholders where that particular class or series of a class of unitholders votes separately as a class.

### Voting

Subject to the restrictions described above, each Unitholder shall be entitled to one vote for each whole Unit held.

### Meetings of Unitholders

Meetings of Unitholders shall be held by the Manager or the Trustee at such time and on such day as the Manager or the Trustee may from time to time determine for the purpose of considering the matters required to be placed before such meetings in accordance with the Trust Agreement or applicable laws and for the transaction of such other related matters as the Manager or the Trustee determines. Unitholders representing not less than 50% of the Net Asset Value of the Trust (as defined below in the section titled *Calculation of Net Asset Value*) may requisition a meeting of Unitholders by giving a written notice to the Manager or the Trustee setting out in detail the reason(s) for calling and holding such a meeting. The Trustee shall, upon the written request of the Manager or Unitholders representing not less than 50% of the Net Asset Value of the Trust, requisition a meeting of Unitholders, provided that in the event of a request to call a meeting of Unitholders made by such Unitholders, the Trustee shall not be obligated to call any such meeting until it has been satisfactorily indemnified by such Unitholders against all costs of calling and holding such meeting. Unless otherwise required under applicable laws or stock exchange rules, the Trust need only to hold meetings of Unitholders as described above and is not required to hold annual or other periodic meetings.

Meetings of Unitholders are to be held at the principal office of the Trust or elsewhere in the municipality in which its office is located or, if the Manager so determines, at any other place in Canada.

Subject to the Trust Agreement, notice of the time and place of each meeting of Unitholders shall be given not less than 21 days before the day on which the meeting is to be held to each Unitholder of record at 4:00 p.m. (Toronto time) on the day on which the notice is given. Notice of a meeting of

Unitholders shall state the general nature of the matters to be considered by the meeting. The Trustee, the auditors, any Technical Advisor and any Investment Manager (each as defined in the Trust Agreement) are entitled to receive all notices and other communications relating to any meeting of Unitholders that any Unitholder is entitled to receive and shall be entitled to attend at any meeting of Unitholders.

A quorum for the transaction of business at any meeting of Unitholders shall be at least two Unitholders holding not less than 5% of the outstanding Units on such date present in person or represented by proxy and entitled to vote thereat. If a quorum is not present at a meeting within 30 minutes after the time fixed for the meeting, the meeting, if convened on the requisition of Unitholders, shall be cancelled but in any other case shall be adjourned to such place and time on a date fixed by the chairman of the meeting not later than 14 days thereafter (which for greater certainty can be at a later time on the date of the originally scheduled meeting) at which adjourned meeting Unitholders present in person or represented by proxy shall be deemed to constitute a quorum.

At any meeting of Unitholders, every person shall be entitled to vote who, as at the end of the business day immediately preceding the date of the meeting, is entered in the register maintained in accordance with the Trust Agreement, unless in the notice of meeting and accompanying materials sent to Unitholders in respect of the meeting a record date is established for persons entitled to vote thereat.

For the purpose of determining Unitholders who are entitled to receive notice of and to vote at any meeting, or any adjournment thereof, or for the purpose of any action other than as provided in the Trust Agreement, the Manager may fix a date not more than 60 days nor fewer than 30 days prior to the date of any meeting of Unitholders, or other action, as a record date for the determination of Unitholders entitled to receive notice of and vote at such meeting, or any adjournment thereof, or to receive such distributions, or to be treated as Unitholders of record for purposes of such other action, and any Unitholder who was a Unitholder at the time so fixed shall be entitled to receive notice of and vote at such meeting, or any adjournment thereof, or to be treated as a Unitholder of record for purposes of such other action, even though the Unitholder has since that date disposed of their Units and no Unitholder becoming such after that date shall be entitled to receive notice of and vote at such meeting, or any adjournment thereof, or to be treated as a Unitholder of record for purposes of such other action.

At any meeting of Unitholders, any Unitholder entitled to vote thereat may vote by proxy and a proxy need not be a Unitholder, provided that no proxy shall be voted at any meeting unless it shall have been placed on file with the Manager, or with such other agent of the Trust as the Manager may direct, prior to the commencement of such meeting. If approved by the Manager, proxies may be solicited naming the Manager as proxy and the cost of such solicitation shall be paid out of the property of the Trust (the "Trust Property"). When any Unit is held jointly by several persons, any one of them may vote at any meeting in person or by proxy in respect of such Unit, but if more than one of them shall be present at such meeting in person or by proxy, and such joint owners or their proxies so present disagree as to any vote to be cast, such vote shall not be received in respect of such Unit. The instrument appointing any proxy shall be in such form and executed in such manner as the Manager may from time to time determine.

At any meeting of Unitholders every question shall, unless otherwise required by the Trust Agreement or applicable laws, be determined by an "ordinary resolution" approved, in person or by proxy, by Unitholders representing not less than 50% of the Net Asset Value of the Trust, or in the case of a separate vote by a particular class or series of a class of Units, 50% of the Class Net Asset Value, as determined in accordance with the Trust Agreement, at a duly constituted meeting of Unitholders, or at any adjournment thereof, called and held in accordance with the Trust Agreement, or a written resolution signed by Unitholders holding Units representing not less than 50% of the Net Asset Value of the Trust, or in the case of a separate vote by a particular class or series of a class of Units, 50% of the Class Net Asset Value, as determined in accordance with the Trust Agreement;

Subject to the provisions of the Trust Agreement or applicable laws, any question at a meeting of Unitholders shall be decided by a show of hands unless a poll thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a poll thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima face evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of Unitholders upon the said question.

A resolution in writing forwarded to all Unitholders entitled to vote on such resolution at a meeting of Unitholders and signed by the requisite number of Unitholders required to obtain approval of the matter addressed in such resolution is as valid as if it had been passed at a meeting of Unitholders in accordance with the Trust Agreement.

Any resolution passed in accordance with the provisions of the Trust Agreement shall be binding on all Unitholders and their respective heirs, executors, administrators, other legal representatives, successors and assigns, whether or not such Unitholder was present or represented by proxy at the meeting at which such resolution was passed and whether or not such Unitholder voted against such resolution.

### **Unitholder Liability**

The Trust Agreement provides that no Unitholder shall be held to have any personal liability as such and no resort shall be had to the Unitholder's private property for satisfaction of any obligation or claim arising out of or in connection with any contract or obligation of any of the Trust, the Manager or the Trustee or any obligation which a Unitholder would otherwise have to indemnify the Trustee for any personal liability incurred by the Trustee as such, but rather, only the Trust Property is intended to be liable and subject to levy or execution for such satisfaction. If the Trust acquires any investments subject to existing contractual obligations, the Manager, or the Trustee on the direction of the Manager, as the case may be, shall use its best efforts to have any obligations modified so as to achieve disavowal of contractual liability. Further, the Manager shall cause the operations of the Trust to be conducted, with the advice of counsel, in such a way and in such jurisdictions as to avoid, as far as possible, any material risk of liability on Unitholders of claims against the Trust and shall, to the extent it determines to be possible and reasonable, including the cost of premiums, cause the Trust to carry insurance for the benefit of Unitholders in such amounts as it considers adequate to cover any such foreseeable non-contractual or non-excluded contractual liability.

### **Unitholder Reporting**

The Manager will forward to Unitholders a copy of the audited annual financial statements of the Trust within 90 days of each fiscal year-end as well as unaudited interim financial statements of the Trust, within 60 days of the end of each interim period. Within 45 days of the end of each fiscal quarter, the Manager will make also available to Unitholders an unaudited quarterly summary of the assets of the Trust and the value of net assets of the Trust as of the end of such quarter.

### **CALCULATION OF NET ASSET VALUE**

The calculation of the Net Asset Value of the Trust shall be the responsibility of the Manager, who may consult with the valuation agent, which is RBC Investor Services (the "Valuation Agent"), any Investment Manager, any Technical Advisor, the Facilities and any custodian. The Net Asset Value of the Trust shall be determined for the purposes of subscriptions as at the time (the "Valuation Time") and the date (the "Valuation Date") as the Manager determines, in United States dollars. The Net Asset Value of the Trust

determined on the last Valuation Date of each year shall include all income, common expenses, class expenses or any other items to be accrued to December 31st of each year and since the last calculation of the Net Asset Value per Unit (as defined below) or the Class Net Asset Value (as defined below) per Unit for the purpose of the distribution of net income and net realized capital gains of the Trust to Unitholders.

The “Net Asset Value of the Trust” as at the Valuation Time on each Valuation Date shall be the amount obtained by deducting from the aggregate fair market value of the assets of the Trust as of such Valuation Date an amount equal to the fair value of the liabilities of the Trust (excluding all liabilities represented by outstanding Units) as of such Valuation Date. The “Net Asset Value per Unit” shall be determined by dividing the Net Asset Value of the Trust on a Valuation Date by the total number of Units then outstanding. The Net Asset Value of the Trust as at the Valuation Time on a Valuation Date shall be determined in accordance with the following:

- (a) The assets of the Trust shall be deemed to include the following property:
  - (i) all uranium owned by or contracted for the Trust;
  - (ii) all cash on hand or on deposit, including any interest accrued thereon adjusted for accruals deriving from trades executed but not yet settled
  - (iii) all bills, notes and accounts receivable;
  - (iv) all interest accrued on any interest-bearing securities owned by the Trust other than interest, the payment of which is in default;
  - (v) prepaid expenses; and
  - (vi) any of the foregoing property held by a subsidiary.
- (b) The market value of the assets of the Trust (whether held directly or indirectly through one or more subsidiaries) shall be determined as follows:
  - (i) the value of uranium shall be its market value based on the prices of such uranium provided by a widely recognized pricing service or an average of such services (the “Pricing Services”) as directed by the Manager or a Technical Advisor and, if such service is not available, such uranium shall be valued at prices provided by another pricing service as determined by the Manager or a Technical Advisor in consultation with the Valuation Agent;
  - (ii) the value of any cash on hand or on deposit, bills, demand notes, accounts receivable, prepaid expenses, and interest accrued and not yet received, shall be deemed to be the full amount thereof unless the Manager shall have determined that any such deposit, bill, demand note, account receivable, prepaid expense or interest is not worth the full amount thereof, in which event the value thereof shall be deemed to be such value as the Manager shall determine to be the fair value thereof;
  - (iii) short-term investments including notes and money market instruments shall be valued at cost plus accrued interest
  - (iv) the value of any security or other property for which no price quotations are available or, in the opinion of the Manager, to which the above valuation

principles cannot or should not be applied, shall be the fair value thereof determined from time to time in such manner as the Manager shall from time to time provide; and

- (v) the value of all assets and liabilities of the Trust valued in terms of a currency other than the currency used to calculate the Net Asset Value of the Trust shall be converted to the currency used to calculate the Net Asset Value of the Trust by applying the rate of exchange obtained from the best available sources to the Valuation Agent as agreed upon by the Manager including, but not limited to, the Trustee or any of its affiliates.
- (c) The liabilities of the Trust shall be calculated on a fair value basis and shall be deemed to include the following:
- (i) all bills, notes and accounts payable;
  - (ii) all fees (including Management Fees (as defined in the below section titled *Fees and Expenses Payable by the Trust*)) and administrative and operating expenses and applicable taxes payable and/or accrued by the Trust;
  - (iii) all contractual obligations for the payment of money or property, including distributions of net income and net realized capital gains, if any, declared, accrued or credited to Unitholders but not yet paid on the day before the Valuation Date as of which the Net Asset Value of the Trust is being determined;
  - (iv) all allowances authorized or approved by the Manager or the Trustee for taxes or contingencies;
  - (v) all other liabilities of the Trust of whatsoever kind and nature, except liabilities represented by outstanding Units; and
  - (vi) any of the above liabilities of a subsidiary.
- (d) For the purposes of determining the market value of any security or property pursuant to (b) above which, in the opinion of the Valuation Agent in consultation with the Manager, the above valuation principles cannot be applied (because no price or yield equivalent quotations are available as provided above, or the current pricing option is not appropriate, or for any other reason), shall be the fair value as determined in such manner by the Valuation Agent in consultation with the Manager and generally adopted by the marketplace from time to time, provided that any change to the standard pricing principles as set out above shall require prior consultation and written agreement with the Manager. For greater certainty, fair valuing an investment comprising the Trust Property may be appropriate if: (i) market quotations do not accurately reflect the fair value of an investment; (ii) an investment's value has been materially affected by events occurring after the close of the exchange or market on which the investment is principally traded; (iii) a trading halt closes an exchange or market early; or (iv) other events result in an exchange or market delaying its normal close.
- (e) For the purposes of determining the value of uranium, the Manager relies solely on the Pricing Services. The Manager, any Technical Advisor, the Trustee or the Valuation Agent shall not be required to make any investigation or inquiry as to the accuracy or validity of such Pricing Services.

- (f) Portfolio transactions (investment purchases and sales) will be reflected in the first computation of the Net Asset Value of the Trust made after the date on which the transaction becomes binding.
- (g) The Net Asset Value of the Trust and Net Asset Value per Unit on the first business day following a Valuation Date shall be deemed to be equal to the Net Asset Value of the Trust (or the Net Asset Value per Unit, as the case may be) on such Valuation Date after payment of all fees and applicable taxes, including Management Fees, and after processing of all subscriptions of Units in respect of such Valuation Date.
- (h) The Net Asset Value of the Trust and the Net Asset Value per Unit determined by the Manager in accordance with the provisions of this section shall be conclusive and binding on all Unitholders.

#### **Calculation of Class Net Asset Value and Class Net Asset Value per Unit**

- (a) The Net Asset Value for a particular class or series of a class of units (the “Class Net Asset Value”) as at the Valuation Time on a Valuation Date shall be determined for the purposes of subscriptions in accordance with the following calculation:
  - (i) the Class Net Asset Value last calculated for that class or series of a class; plus
  - (ii) the increase in the assets attributable to that class or series of a class as a result of the issue of units of that class or series of a class or the redesignation of units into that class or series of a class since the last calculation; minus
  - (iii) the decrease in the assets attributable to that class or series of a class as a result of the redesignation of units out of that class or series of a class since the last calculation; plus (in the case of an increase) or minus (in the case of a decrease)
  - (iv) the proportionate share of the net change in non-portfolio assets attributable to that class or series of a class since the last calculation; plus (in the case of an increase) or minus (in the case of a decrease)
  - (v) the proportionate share of market appreciation or depreciation of the portfolio assets attributable to that class or series of a class since the last calculation; minus
  - (vi) the proportionate share of the common expenses and applicable taxes allocated to that class or series of a class since the last calculation; minus
  - (vii) any class expenses and applicable taxes allocated to that class or series of a class since the last calculation.
- (b) A unit of a class or series of a class being issued or a unit that has been redesignated as a part of that class or series of a class shall be deemed to become outstanding as of the next calculation of the applicable Class Net Asset Value immediately following the Valuation Date at which the applicable Class Net Asset Value per unit that is the issue price or redesignation basis of such unit is determined and the issue price received or receivable for the issuance of the unit shall then be deemed to be an asset of the Trust attributable to the applicable class or series of a class.

- (c) A unit of a class or series of a class that has been redesignated as no longer being a part of that class or series of a class shall be deemed to remain outstanding as part of that class or series of a class until immediately following the Valuation Date as of which the applicable Class Net Asset Value per unit that is the redesignation basis of such unit is determined; thereafter, the unit which has been redesignated will be deemed to be outstanding as a part of the class or series of a class into which it has been redesignated.
- (d) On any Valuation Date that a distribution is paid to unitholders of a class or series of a class, a second Class Net Asset Value shall be calculated for that class or series of a class, which shall be equal to the first Class Net Asset Value calculated on that Valuation Date minus the amount of the distribution. For greater certainty, the second Class Net Asset Value shall be used for determining the Class Net Asset Value per unit on such Valuation Date for purposes of determining the issue price for units on such Valuation Date, as well as the redesignation basis for units being redesignated into or out of such class or series of a class, and units redesignated out of that class or series of a class as at such Valuation Date shall participate in such distribution while units subscribed for or redesignated into such class or series of a class as at such Valuation Date shall not.
- (e) The Class Net Asset Value per unit of a particular class or series of a class of units as at any Valuation Date is the quotient obtained by dividing the applicable Class Net Asset Value as at such Valuation Date by the total number of units of that class or series of a class outstanding at such Valuation Date. This calculation shall be made without taking into account any issuance or redesignation of units of that class or series of a class to be processed by the Trust immediately after the Valuation Time of such calculation on that Valuation Date. The Class Net Asset Value per unit for each class or series of a class of units for the purpose of the issue of units shall be calculated on each Valuation Date by or under the authority of the Manager as at the Valuation Time on every Valuation Date as shall be fixed from time to time by the Manager and the Class Net Asset Value per unit so determined for each class or series of a class shall remain in effect until the Valuation Time as of which the Class Net Asset Value per unit for that class or series of a class is next determined.

### **Reporting of Net Asset Value of the Trust**

The value of the net assets of the Trust and the NAV is updated on each business day or as determined by the Manager in accordance with the Trust Agreement and is made available as soon as practicable at no cost on the Trust's website ([www.sprott.com/uranium](http://www.sprott.com/uranium)) or by calling the Manager at (416) 943-6707 or toll free at 1-866-299-9906 (9:00 a.m. to 5:00 p.m., Toronto time). Information contained in, or connected to, the Manager's website is not incorporated into, and does not form part of, this annual information form.

### **MARKET FOR THE UNITS**

The Units are traded on the Toronto Stock Exchange (the "TSX") under the symbols "U.U" (U.S. dollar denominated) and "U.UN" (Canadian dollar denominated). Purchases of Units can be made on the TSX. Purchases of Units are made through registered dealers. Please contact your dealer to find out how to place an order. Some dealers may charge you a fee for their services.

The following table sets forth, for the periods indicated, the reported high and low daily trading prices and the monthly average trading volume of the Units on the TSX (as reported by TSX) for 2022.

Calendar Period	TSX					
	High (US\$ - U.U)	Low (US\$ - U.U)	Average Volume	High (CDN\$ - U.UN)	Low (CDN\$ - U.UN)	Average Volume
Jan-22	12.04	10.25	90,002	15.15	13.00	1,309,165
Feb-22	12.61	10.70	99,519	15.99	13.53	1,962,050
Mar-22	15.05	11.95	94,007	19.17	15.25	1,682,408
Apr-22	16.05	12.27	91,947	20.19	15.74	1,457,970
May-22	13.62	10.52	91,889	17.27	13.73	1,134,083
Jun-22	13.35	9.89	45,191	16.76	12.76	874,706
Jul-22	11.94	9.40	25,251	15.30	12.22	972,211
Aug-22	12.63	10.14	22,894	16.60	13.22	691,629
Sep-22	13.16	10.50	21,297	17.15	14.36	740,646
Oct-22	13.25	11.17	15,981	17.94	15.40	509,244
Nov-22	13.18	11.05	22,653	17.78	14.88	546,156
Dec-22	11.70	10.49	10,771	15.87	14.24	472,976

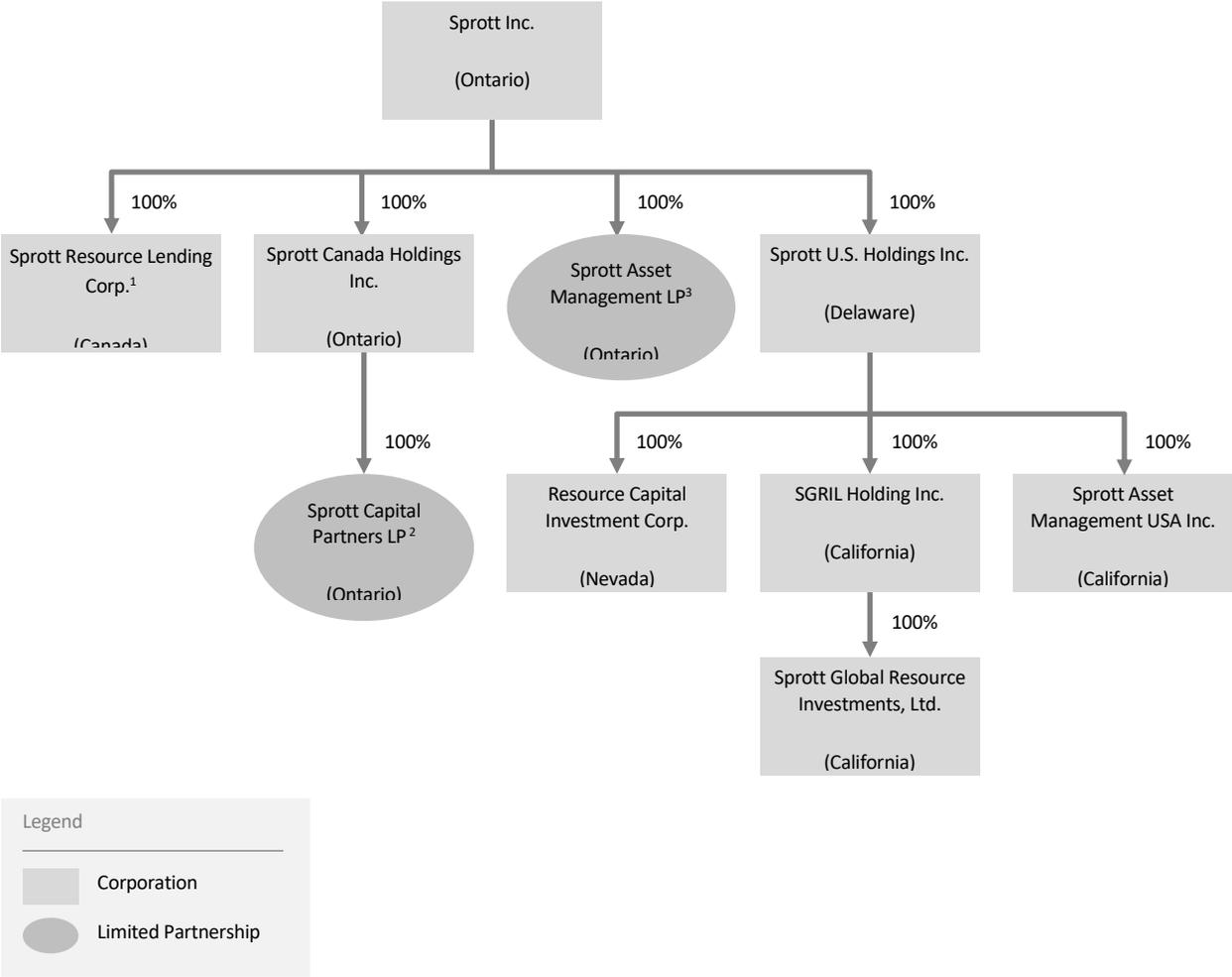
## RESPONSIBILITY FOR OPERATION OF THE TRUST

### The Manager

Pursuant to the management agreement between the Trust and Sprott Asset Management LP dated as of July 12, 2021 (the "Management Agreement"), the Manager will act as the manager of the Trust. The Manager is a limited partnership formed and organized under the laws of the Province of Ontario, Canada, pursuant to the *Limited Partnerships Act* (Ontario) by declaration dated September 17, 2008. The general partner of the Manager is Sprott Asset Management GP Inc. ("SAM GP"), which is a corporation incorporated under the laws of the Province of Ontario, Canada, on September 17, 2008. The general partner is a wholly-owned subsidiary of Sprott, which is a corporation incorporated under the laws of the Province of Ontario, Canada, on February 13, 2008. Sprott is also the sole limited partner of the Manager. Pursuant to an internal corporate reorganization of Sprott completed on June 1, 2009, the Manager acquired the assets related to Sprott Asset Management Inc.'s portfolio management business.

As of December 31, 2022, the Manager, together with its affiliates and related entities, had assets under management totalling an estimated US\$23.4 billion, and provides management and investment advisory services to many entities, including private investment funds, the Sprott mutual funds, the Sprott discretionary managed accounts, and management of certain companies. The Manager also acts as manager for the Sprott Gold Bullion Fund, a Canadian public mutual fund that invests in physical gold bullion; Sprott Physical Gold Trust, a public mutual fund that invests in physical gold bullion; Sprott Silver

Bullion Fund, a Canadian public mutual fund that invests in physical silver bullion; Sprott Physical Silver Trust, a public mutual fund that invests in physical silver bullion; Sprott Physical Gold and Silver Trust, a public mutual fund that invests in physical gold and silver bullion; and Sprott Physical Platinum and Palladium Trust, a public mutual fund that invests in physical platinum and palladium bullion. The corporate structure of Sprott and its material subsidiaries are as indicated in the following chart:



Notes:

- 1) Sprott Resource Lending is the general partner of the Lending Funds.
- 2) Sprott Capital Partners GP Inc., which is incorporated under The Business Corporations Act (Ontario) (the “OBBCA”), is the general partner of Sprott Capital Partners LP.
- 3) Sprott Asset Management GP Inc., which is incorporated under the OBBCA, is the general partner of Sprott Asset Management LP.

The registered office of the Manager is located at Suite 2700, South Tower, Royal Bank Plaza, 200 Bay Street, Toronto, Ontario, Canada M5J 2J1. Further contact information of the Manager is as follows:

Tel: (416) 943 6707  
 Fax: (416) 943 6497  
 Email: invest@sprott.com  
 Website: www.sprott.com  
 Toll free number: 1-855-943-8099

The names, places of residence and present positions held by the directors and officers of the Manager and/or of the SAM GP are listed below.

<b>Name and Municipality of Residence</b>	<b>Position with the Manager</b>	<b>Position with SAM GP</b>	<b>Principal Occupation</b>
John Ciampaglia Toronto, Ontario, Canada	Chief Executive Officer, Director and Ultimate Designated Person	President and Director	Chief Executive Officer of the Manager and SAM GP
Kevin Hibbert Toronto, Ontario, Canada	Director	Director	Chief Financial Officer and Corporate Secretary of Sprott
Whitney George Darien, Connecticut, USA	Director	Director	President and Chief Executive Officer of Sprott Inc.
Maria Smirnova Toronto, Ontario, Canada	Chief Investment Officer	Chief Investment Officer	Chief Investment Officer of the Manager and GP
Varinder Bhathal Toronto, Ontario, Canada	Chief Financial Officer	Chief Financial Officer	Chief Controller of Sprott
Lara Misner Toronto, Ontario, Canada	Chief Compliance Officer	Chief Compliance Officer	Chief Compliance Officer of the Manager and SAM GP

Mr. Ciampaglia has served as the Chief Executive Officer of the Manager since August 1, 2017.

Mr. Hibbert served as the Vice-President, Finance of Sprott from January 2014 to December 4, 2015. Prior thereto, he served as the Director, Finance of the Royal Bank of Canada.

Mr. George has served as the Chief Investment Officer of the Manager since December 5, 2018 from April 2018 until December 2021, and as President of Sprott Inc. from January 2019 until June 2022.

Ms. Smirnova was appointed Chief Investment Officer of the Manager in December 2021. She also currently serves as Senior Portfolio Manager for a number of precious metals strategies sub-advised by the Manager and has been with the firm since 2005.

Ms. Bhathal previously served as the Vice President of Finance for Sprott.

Ms. Misner joined the Manager in June 2020 as Chief Compliance Officer. She has over 25 years of investment industry experience and prior to joining the Manager was the Chief Compliance Officer of WisdomTree Asset Management Canada and Purpose Investments.

#### *Duties and Services Provided by the Manager*

The Manager is responsible for the day-to-day business and administration of the Trust, including management of the Trust's portfolio and all clerical, administrative and operational services. The Trust maintains a public website that contains information about the Trust and the Units. The internet address of the website is [www.sprott.com](http://www.sprott.com).

The long-time experience in the commodity industries of the Manager, its predecessor, Sprott Asset Management Inc., and its affiliates has permitted them to gain an extensive knowledge base in the business of commodities, including buying, selling, valuing, pricing, securing or storing commodity-related assets.

#### *Powers and Duties of the Manager*

Pursuant to the Trust Agreement and Management Agreement, the Manager reserves and retains full authority and exclusive power to manage and direct the business and affairs of the Trust including, without limitation, to provide the Trust with all necessary investment management services to the Trust Property and all clerical, administrative and operational services to the Trust as set forth in the Trust Agreement or in the Management Agreement, including the power to further delegate certain investment management, clerical, administrative and operational services of the Trust (including without limitation to a Technical Advisor and/or Investment Manager), where in the sole discretion of the Manager, it would be in the best interests of the Trust.

The Manager shall have the following duties with respect to the Trust and shall, subject to the provisions of the Trust Agreement, be able to delegate such duties to one or more Technical Advisors, at the Manager's sole discretion:

- (i) to determine the investment objectives and strategies, including any restrictions on investments, which it deems advisable to implement the Investment Policy (as defined in the Trust Agreement), as may be amended from time to time;
- (ii) to ensure that the Trust complies with applicable laws including those relating to the investment of the Trust Property, the distribution of the Units and applicable stock exchange listing requirements;
- (iii) to comply with applicable laws in connection with its duties and actions as manager of the Trust, including applicable anti-bribery and anti-corruption laws;
- (iv) to oversee the direct and indirect administration of any subsidiaries;
- (v) to monitor the performance of the uranium and other Trust Property;
- (vi) to provide investor relations, sales and marketing support for the Trust, as well as client service support;
- (vii) to arrange for, and complete, through industry-standard tenders or through direct negotiations in off-market transactions, the purchase and sale of uranium at the best prices available over a prudent period of time, and to enter into any contracts or commitments related thereto;

- (viii) obtain brokerage and other services (including without limitation from a Technical Advisor) with respect to the purchase and sale of uranium, as well as other services aimed at optimizing the value of the Trust's portfolio;
- (ix) to provide services in respect of the Trust's daily operations, including the processing of and determination of procedures applicable to subscriptions of Units (including the acceptance and rejection of subscriptions) and to submit such subscriptions to the registrar and transfer agent for processing, and any other services not otherwise specifically contemplated by the Trust Agreement;
- (x) to offer Units for sale to prospective purchasers including the power and authority to enter into arrangements regarding the distribution and sale of Units and other arrangements relating to the right to charge fees of any nature or kind (including, without limitation, sales commissions, distribution fees and transfer fees) in connection with the distribution or sale of Units. Any such fees may be deducted from the amount of a subscription or a distribution if not paid separately by a Unitholder;
- (xi) to determine from time to time the form of unit certificates;
- (xii) to conduct or cause to be conducted the day-to-day correspondence and administration of the Trust;
- (xiii) to provide to the Trust, adequate for carrying on the undertaking and business of the Trust, all requisite office accommodation, office facilities and personnel, telephone and telecommunication services, stationery, office supplies, statistical and research services, record-keeping services, bookkeeping and internal accounting and audit services in respect of the operations of the Trust and other usual and ordinary office services that may be required to properly and efficiently carry out its duties set forth in the Trust Agreement and the Management Agreement;
- (xiv) to provide for the Trust all other administrative and other services and facilities required by the Trust in relation to Unitholders and be responsible for all aspects of the Trust's relationship with Unitholders, including the preparation for and holding of meetings of Unitholders, and other services for the provision of information to Unitholders;
- (xv) to establish general matters of policy and governance of the Trust subject, where specifically provided in the Trust Agreement, to the approval of the Trustee;
- (xvi) to establish the Trust's operating expense budgets and to authorize the payment of actual operating expenses incurred;
- (xvii) to appoint the auditors and to change the auditors (with the prior consent of the Trustee and the Independent Review Committee (as defined below in the section titled *Independent Review Committee*), and after providing notice to Unitholders);
- (xviii) to maintain the accounting records for the Trust and to cause the financial statements of the Trust to be audited for each fiscal year;

- (xix) to appoint an advisor, Technical Advisor, consultant, or other service provider to provide certain services to the Trust, pursuant to an advisory, consultant or other agreement in respect of matters relating to the Trust's holding, purchases and sales of uranium;
- (xx) to appoint the bankers of the Trust and to establish banking procedures to be implemented by the Trustee;
- (xxi) to appoint a Facility or Facilities and obtain commercial services with respect to the movement and safe storage of uranium and appoint the custodian to hold the Trust Property other than uranium, all of which appointments shall be subject to the approval of any applicable securities authorities having jurisdiction over the Trust, and for greater certainty, the appointment of the custodian shall also be subject to the approval of the Trustee;
- (xxii) provide for the Trust delivery and payment particulars in respect of each purchase and sale of uranium and arrange with the Facilities for the storage of uranium held by or for the account of the Trust, including arrangements regarding indemnities or insurance for the loss of such uranium in accordance with industry practices;
- (xxiii) monitor relationships with the Facilities (and any other service providers) that have been appointed to hold and store the uranium that is owned by the Trust;
- (xxiv) to calculate the Net Asset Value of the Trust, the Net Asset Value per Unit, the Class Net Asset Value and the Class Net Asset Value per Unit in accordance with the Trust Agreement, as applicable, to appoint the Valuation Agent and to review the valuation of the Trust Property as calculated by such Valuation Agent on each Valuation Date and, from time to time, consider the appropriateness of the valuation policies adopted by the Trust;
- (xxv) to appoint a registrar and transfer agent and distribution agent (which may be the registrar and transfer agent or an affiliate thereof) to make distributions of net income and net realized capital gains and other distributions;
- (xxvi) to authorize, negotiate, enter into and execute all agreements, instruments or other documents relating to the affairs of the Trust including, without limitation, any loan agreement, granting of a security interest and supporting documentation, or to perform any act or deed which the Manager deems necessary or advisable in the best interests of the Trust;
- (xxvii) to execute and file with the appropriate securities authorities or stock exchanges any other documents that are required or appropriate under relevant securities legislation or stock exchange rules and regulations in respect of the Trust;
- (xxviii) to prepare, execute and file with the appropriate securities authorities the disclosure documents, annual information forms, management reports of fund performance or such other continuous disclosure documents relating to the Trust, and any amendments thereto, as may be required under applicable securities legislation;
- (xxix) to prepare, certify, execute and distribute to Unitholders and file with the securities authorities and applicable tax authorities all such documents as may

be necessary or desirable in connection with the issue, sale and distribution of Units, including such interim financial statements, audited annual financial statements, reports to Unitholders and other disclosure as may be required under applicable securities legislation, and to make all designations, elections, determinations, allocations and applications under the Tax Act as the Manager considers to be reasonable in the circumstances;

- (xxx) to determine and compute for distribution purposes the net income and net realized capital gains of the Trust and determine when, to what extent, and in what manner distributions shall be made payable to Unitholders, as well as determine whether distributions are payable out of the income, dividends received from taxable Canadian corporations, capital gains, capital or otherwise of the Trust;
- (xxxi) to authorize the issuance of additional Units and the consolidation of the Units outstanding after such a distribution;
- (xxxii) to direct the registrar and transfer agent regarding the allotment and issue of Units;
- (xxxiii) on or before March 31 in each year, other than a leap year in which case on or before March 30 in such year, to prepare and deliver to Unitholders the information pertaining to the Trust, including all distributions and allocations which is required by the Tax Act or which is necessary to permit Unitholders to complete their individual tax returns for the preceding year;
- (xxxiv) on or before March 31 in each year, other than a leap year in which case on or before March 30 in such year, and such other date(s) in each year, to prepare and deliver to the appropriate taxation authorities in Canada and the United States, all relevant tax filings and/or returns for the Trust that are required by applicable laws;
- (xxxv) within 45 days from the end of each taxable year of the Trust, to provide Unitholders with all information necessary to enable Unitholders or beneficial owners of Units, as applicable to elect to treat the Trust as a QEF for U.S. federal income tax purposes, including a completed "PFIC Annual Information Statement";
- (xxxvi) to keep proper records relating to the performance of its duties as Manager hereunder, which records shall be accessible for inspection by the Trustee, its agents, or the Manager's agents, including the Investment Manager, the Technical Advisor and the auditors, at any time, upon reasonable notice, during ordinary business hours;
- (xxxvii) on or before 90 days following December 31 in each year, to provide the Trustee with a certificate of compliance and a copy of the audited annual financial statements of the Trust, together with the report of the auditors thereon;
- (xxxviii) on or before 90 days following June 30 in each year, to provide the Trustee with an interim certificate of compliance; and
- (xxxix) to do all such other acts and things as are incidental to the foregoing, and to exercise all powers which are necessary or useful to carry on the business of

the Trust, to promote any of the purposes for which the Trust is formed and to carry out the provisions of this Trust Agreement and the Management Agreement.

The Manager may act as the Investment Manager to the Trust with responsibility for implementing the Investment Policy, including providing investment advisory and portfolio management services to the Trust, or arrange for the implementation of such Investment Policy or portfolio management services by appointing, on behalf of the Trust, one or more Investment Managers, and delegating any of its investment advisory responsibilities to such Investment Managers. The Manager, on behalf of the Trust, shall enter, in its sole discretion, into an investment management agreement with any such Investment Manager to act for all or part of the portfolio investments of the Trust and shall advise the Trustee of such appointment. The appointment of any such Investment Manager shall be deemed to be effective upon the later of the date of receipt by the Trustee of a direction notifying the Trustee of such appointment or the effective date specified therein and such appointment shall continue in force until receipt by the Trustee of a direction containing notice to the contrary. Any instructions from an Investment Manager shall be deemed to be instructions of the Manager pursuant to the provisions of the Trust Agreement. The Trustee shall also be entitled to rely conclusively on and shall be fully protected in acting in accordance with the direction of the Investment Manager in the exercise of powers conferred by the Trust Agreement. The Manager shall ensure that any Investment Manager appointed hereunder shall act in accordance with the Investment Policy and applicable laws.

Any Investment Manager shall have the right to resign as Investment Manager of the Trust by giving notice in writing to the Manager and the Trustee not less than 60 days prior to the date on which such resignation is to take effect. The Manager may at any time terminate the appointment of any Investment Manager of the Trust by giving notice in writing to the Trustee and the Investment Manager not less than 60 days prior to the date on which such resignation is to take effect. The Manager, in its sole discretion, may appoint a successor investment manager of the Trust. If prior to the effective date of the Investment Manager's resignation, a successor investment manager is not appointed, the Manager shall assume the duties and responsibilities of such investment manager until such time as a successor shall be appointed and/or approved, as the case may be.

The Manager may from time to time employ or retain any other person or entity where the Manager has determined, in its sole discretion, that it would be in the best interests of the Trust to do so (including without limitation any Technical Advisor or Investment Manager), to perform any of the duties of the Manager set out in the Trust Agreement (including without limitation any Technical Advisor or Investment Manager).

#### *Standard of Care and Indemnification of the Manager*

The Manager shall exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of the Trust and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent professional manager would exercise in comparable circumstances.

The Manager may employ or engage, and rely and act on information or advice received from any Technical Advisor, any Investment Manager, auditors, other distributors, brokers, depositories, a Facility, the custodian, electronic data processors, advisers, counsel and others and shall not be responsible or liable for the acts or omissions of such persons or for any other matter, including any loss or depreciation in the Net Asset Value of the Trust or any particular asset of the Trust, provided that the Manager acted in good faith in accordance with its standard of care in relying on such information or advice.

The Manager shall be entitled to assume that any information received from the Trustee, any Technical Advisor, a Facility, any custodian or any sub-custodian, or their respective authorized representatives associated with the day-to-day operation of the Trust is accurate and complete and no liability shall be incurred by the Manager as a result of any error in such information or any failure to receive any notices

required to be delivered pursuant to this Trust Agreement, except to the extent that any such information provided to, or failure to receive any notices by, the Manager arises or results from the Manager's failure to comply with the terms of this Trust Agreement or the Management Agreement in providing any required directions or information related thereto.

In the event that the Manager, its partners, employees, associates and affiliates or any of them now or hereafter carry on activities competitive with those of the Trust or buy, sell or trade in assets and portfolio securities of the Trust or of other investment funds, none of them shall be under any liability to the Trust or to Unitholders for so acting. The Manager shall not be required to devote its efforts exclusively to or for the benefit of the Trust and may engage in other business interests and may engage in other activities similar or in addition to those relating to the activities to be performed for the Trust.

The Manager, its affiliates and agents, and their respective directors, partners, officers and employees shall at all times be indemnified and held harmless by the Trust from and against all legal fees, judgments and amounts paid in settlement, actually and reasonably incurred by them in connection with the Manager's services provided to the Trust pursuant to the Trust Agreement and the Management Agreement, provided that the Trust has reasonable grounds to believe that the action or inaction that caused the payment of the legal fees, judgments and amounts paid in settlement was in the best interests of the Trust and provided that such person(s) shall not be indemnified by the Trust where:

- (a) there has been negligence, wilful misconduct, wilful neglect, default, bad faith or dishonesty on the part of the Manager or such other person;
- (b) a claim is made as a result of a misrepresentation contained in any current disclosure documents or continuous disclosure documents of the Trust distributed or filed in connection with the issuance of Units or under applicable securities legislation; or
- (c) the Manager has failed to fulfill its standard of care or its other obligations in accordance with applicable laws or the provisions set forth in the Trust Agreement and the Management Agreement,
- (d) unless in an action brought against the Manager or such persons they have achieved complete or substantial success as a defendant.

In order for the Trust, acting through the Trustee, to satisfy itself as to whether the indemnification provided for in the Trust Agreement is in the best interests of the Trust, before paying out any such indemnity, the Trust, acting through the Trustee, may obtain a satisfactory legal opinion that the Trust has reasonable grounds to believe that the indemnification is in the best interests of the Trust, and instead of or in addition to the obtainment of such a legal opinion, the Trustee in its sole discretion and at the expense of the Trust, may call a meeting of Unitholders pursuant to the Trust Agreement to direct the Trustee as to any such payments out of the Trust.

#### *Conflicts of Interest of the Manager*

The Manager is responsible for the management, administration and investment management of the portfolio held by the Trust. The Manager provides, and may in the future provide, management and/or investment advisory services to other corporations, limited partnerships or other investment funds or managed accounts in addition to the Trust. In the event that the Manager elects to undertake such activities and other business activities in the future, the Manager and its principals may be subject to conflicting demands in respect of allocating management time, services and other functions. The Manager and its principals and affiliates endeavor to treat each client, investment pool and managed account fairly and not to favor one client, investment pool or managed account over another.

To avoid any conflict of interest, or the appearance of a conflict of interest, the Manager has adopted a policy pursuant to which any entity or account that is: (a) managed; or (b) for whom investment decisions are made, directly or indirectly, by a person that is involved in the decision-making process of, or has non-public information about, follow-on offerings of the Trust is prohibited from investing in the Trust, and no such decision-making person is permitted to invest in the Trust for that decision-making person's benefit, directly or indirectly. In addition, the policy requires that any sales of Units owned by such persons must be precleared by the Independent Review Committee.

In executing its duties on behalf of the Trust, the Manager is subject to the provisions of the Trust Agreement, the Management Agreement and the Manager's Code of Ethics (a copy of which is available for review upon request at the offices of the Manager), which provide that the Manager will execute its duties in good faith and with a view to the best interests of the Trust and Unitholders.

#### *Regulation of the Manager*

The Manager is registered with the OSC as an investment fund manager, a portfolio manager, an exempt market dealer and a commodity trading manager. It is also registered as an investment fund manager, portfolio manager and/or exempt market dealer in certain other provinces. The Manager's operations are subject to the rules, regulations and policies of the Canadian Securities Administrators. The distribution of the securities of the various investment funds managed by the Manager is also subject to regulation under the securities legislation of those jurisdictions where such funds are sold.

The Manager is subject to regulations that cover all aspects of the securities business, including sales methods, trading practices, use and safekeeping of funds and securities, capital structure, record keeping, conflicts of interest and the conduct of directors, officers and employees. The OSC, as the Manager's principal regulator, has jurisdiction over the Manager and its activities and is empowered to conduct administrative proceedings that can result in censure, fine, the issuance of cease-and-desist orders or the suspension of registration of the Manager or its directors, officers or employees. The Manager is also subject to rules respecting the maintenance of minimum regulatory working capital and insurance. The Manager regularly reviews its policies, practices and procedures to ensure that they comply with current regulatory requirements and employees are routinely updated on all relevant legal requirements.

The Manager is also subject to Canadian federal and provincial privacy laws regarding the collection, use, disclosure and protection of client information. The *Personal Information Protection and Electronic Documents Act* (Canada) ("PIPEDA"), which is the Canadian federal privacy legislation governing the private sector, requires that organizations only use personal information for purposes that a reasonable person would consider appropriate in the circumstances and for the purposes for which it is collected. The Trust complies with the applicable requirements of PIPEDA and all applicable provincial personal information laws. The Manager, on behalf of the Trust, collects personal information directly from the investors or through their financial advisor and/or dealer in order to provide such investor with services in connection with their investment, to meet legal and regulatory requirements and for any other purposes to which such investor may consent.

The Manager does not sell, lease, barter or otherwise deal with personal information collected by it with third parties. The Manager carefully safeguards all personal information collected and retained by it and, to that end, restricts access to personal information to those employees and other persons who need to know the information to enable the Manager to provide its services. Employees are responsible for ensuring the confidentiality of all personal information they may access. Annually, each of the Manager's employees is required to sign a code of conduct, which contains policies on the protection of personal information.

## The Trustee

The Trustee has authority to delegate the performance of custody functions to sub-custodians who are members of its international custody network or, with the consent of the Manager, to other persons.

In general, the Trustee, subject only to the specific limitations contained in the Trust Agreement, has the full, absolute, and exclusive power, control and authority over the Trust's property to do all such acts and things as it, in its sole judgment and discretion deems necessary or incidental to, or desirable for, the carrying out of any of the purposes of the Trust or conducting the business of the Trust, including varying the investments of the Trust in accordance with the investment objectives, strategies or restrictions of the Trust.

Subject to the specific limitations contained in the Trust Agreement, including the Investment Policy, and without any action or consent by Unitholders, the Trustee shall have and may exercise, at any time and from time to time, the following powers and authorities which may or may not be exercised by it in its sole judgment and discretion, and in such manner and upon such terms and conditions as it may from time to time deem proper:

- (a) to hold the Trust Property other than uranium that it may acquire hereunder exercising the same degree of care which it gives to its own property of a similar kind under its own custody;
- (b) to deliver any cash at any time held by it as directed by the Manager or any Technical Advisor to purchase, or otherwise acquire, on behalf of the Trust, uranium and to retain the same in trust hereunder in its capacity as Trustee; provided, however, that the Trustee shall have no responsibility for the custody, authenticity or validity of title of any Trust Property consisting of such uranium held at the Facilities;
- (c) subject to certain other provisions of the Trust Agreement, with any cash at any time held by it to purchase, or otherwise acquire, and to sell, on behalf of the Trust, any securities, currencies, assets or other such Trust Property (other than uranium) of a kind permitted pursuant to the Investment Policy and to hold and retain the same in trust hereunder in its capacity as Trustee;
- (d) to enter into and settle foreign exchange transactions on behalf of the Trust for purposes of facilitating settlement of trades of such Trust Property held by it at any time and any such transactions may be entered into with such counterparties as the Trustee may choose, in its sole discretion, including its affiliates;
- (e) to sell, convey, exchange for other securities or other property, convert, transfer, assign, pledge, encumber or otherwise dispose of any such Trust Property held by it at any time, by any means considered reasonable by the Trustee and to receive the consideration and grant discharges therefor;
- (f) to commence, defend, adjust or settle suits or legal proceedings in connection with the Trust and to represent the Trust in any such suits or legal proceedings and to keep the Manager informed; provided, however, that the Trustee shall not be obliged or required to do so unless it has been indemnified to its satisfaction against all expenses and liabilities sustained or anticipated by the Trustee by reason thereof;
- (g) subject to applicable securities legislation, to lend money whether secured or unsecured;

- (h) to exercise any corporate action in connection with any such Trust Property at any time held by the Trustee, and to make any payments incidental thereto; to consent to, or otherwise participate in or dissent from, the reorganization, consolidation, amalgamation or merger of any corporation, company or association, or to the sale, mortgage, pledge or lease of the property of any corporation, company or association, or of any of the securities of which may at any time be held by it, and to do any act with reference thereto, including the delegation of discretionary powers, the exercise of options, the making of agreements or subscriptions and the payment of expenses, assessments or subscriptions which it may deem necessary or advisable in connection therewith; to hold any such Trust Property which it may so acquire and generally to exercise any of the powers of any owner with respect to such Trust Property, provided that where direction from the Manager is not provided within the time frame specified by the Trustee in any notice provided in accordance with the Trust Agreement, the Trustee shall take no action;
- (i) to vote personally, or by general or by limited proxy, any such Trust Property which may be held by it at any time, and similarly to exercise personally or by general or by limited power of attorney any right appurtenant to any Trust Property held by it at any time, provided that where direction is not provided by the Manager within the time frame as set out in the voting materials forwarded to it in accordance with the Trust Agreement, the Trustee shall take no action;
- (j) to incur and pay out of such Trust Property held by it at any time any charges or expenses and disburse any assets of the Trust, which charges, expenses or disbursements are, in the opinion of the Trustee, the Manager or any Technical Advisor, as the case may be, necessary or incidental to or desirable for the carrying out of any of the purposes of the Trust or conducting the business of the Trust including, without limitation, the Management Fee, fees payable to the Facilities, the custodian, the Valuation Agent and the registrar and transfer agent, custodian settlement fees, any expenses related to the implementation and on-going operation of the Independent Review Committee, brokerage fees and commissions, federal and provincial income taxes, goods and services taxes and withholding taxes, or other governmental levies, charges and assessments of whatever kind or nature, imposed upon or against the Trustee in connection with the Trust or such Trust Property or upon or against such Trust Property or any part thereof and for any of the purposes in the Trust Agreement;
- (k) to renew or extend or participate in the renewal or extension of any such Trust Property held by it at any time, upon such terms as it may deem advisable, and to agree to a reduction in the rate of interest on any such Trust Property or of any guarantee pertaining thereto, in any manner and to any extent that it may deem advisable; to waive any default whether in the performance of any covenant or condition of any such Trust Property, or in the performance of any guarantee, or to enforce rights in respect of any such default in such manner and to such extent as it may deem advisable; to exercise and enforce any and all rights of foreclosure, to bid on property on sale or foreclosure with or without paying a consideration therefore and in connection therewith to release the obligation on the covenant secured by such security and to exercise and enforce in any action, suit or proceeding at law or in equity any rights or remedies in respect of any such security or guarantee pertaining thereto;
- (l) to make, execute, acknowledge and deliver any and all deeds, leases, mortgages, conveyances, contracts, waivers, releases of other documents of transfer and any and all other instruments in writing that may be necessary or proper for the accomplishment

of any of the powers herein granted, whether for a term extending beyond the office of the Trustee or beyond the possible termination of the Trust or for a lesser term;

- (m) in its sole discretion, to advance monies to the Trust for the purposes of settlement of transactions and overdrafts against such Trust Property held by it at any time, on such terms and conditions as the Trustee may, in its sole discretion, determine, provided that, in order to secure the obligations of the Trust to repay such borrowings, the principal of and interest charged on such borrowing shall be paid out of the Trust Property and shall constitute a charge against the Trust Property until paid;
- (n) to purchase, hold, sell or exercise call or put options on securities, indices of shares or other securities, financial and stock index futures contracts, securities or currency futures or forward contracts or other financial or derivative instruments, all whether or not any such options, indices, contracts or instruments are traded on a regular exchange and in connection therewith to deposit such Trust Property held by it at any time with the counterparty as margin and to grant security interest therein;
- (o) to deposit any such Trust Property, including securities and documents of title held by it under the Trust Agreement, with the custodian, including the Trustee, any of its affiliates, a sub-custodian appointed by the Trustee or a depository;
- (p) to employ in respect of the Trust such counsel, auditors, advisors, agents or other person as the Trustee may deem necessary from time to time for the purpose of discharging its duties hereunder and to pay out of the Trust their reasonable expenses and compensation;
- (q) to issue Units for consideration as set forth in the Trust Agreement;
- (r) to dispose of any Trust Property for the purpose of paying obligations of the Trust or for repaying any loan authorized hereby and the Trustee shall give prompt notice to the Manager and any Technical Advisor of any such disposition;
- (s) to hold such portion of the such Trust Property held by it at any time that is uninvested in cash and, from time to time, to retain such cash balances on deposit with the Trustee or any of its affiliates or with a chartered bank or other depository, in such account as the Trustee, in its sole discretion determines, whether or not such deposits will earn interest;
- (t) to delegate any of the powers and duties of the Trustee to any one or more agents, representatives, officers, employees, independent contractors or other persons without liability to the Trustee except as specifically provided in this Trust Agreement; and
- (u) to do all such acts, to take all such proceedings and to exercise all such rights and privileges, although not specifically mentioned herein, as the Trustee may deem necessary to administer the Trust, and to carry out the purposes of the Trust established under the Trust Agreement.

The exercise of any one or more of the foregoing powers or any combination thereof from time to time shall not be deemed to exhaust the rights of the Trustee to exercise such power or powers or combination of them thereafter from time to time.

The following enumerated powers shall only be exercised by the Trustee on the direction of the Manager or any Investment Manager: subsections (c), (e), (f), (g), (h), (i), (j) as applicable, (k), (l), (n) and (q), and

with respect to subsection (n), to the extent that the Trustee is required to execute any documents relating to such investments which the Trustee did not negotiate or in respect to which the Trustee is not responsible hereunder, upon an indemnity being provided from the Manager acceptable to the Trustee in the circumstances.

The Trustee may, and is expressly authorized from time to time, in its sole discretion, to appoint, employ, invest in, contract or deal with any individual, firm, partnership, association, trust or body corporate with which it may be directly or indirectly affiliated or in which it may be directly or indirectly interested, whether on its own account or for the account of another (in a fiduciary capacity or otherwise) and, without limiting the generality of the foregoing, the Trustee may:

- (a) purchase, hold, sell, invest in or otherwise deal with securities or other property of the same class and nature as may be held by the Trust, whether on the Trustee's own account or for the account of another (in a fiduciary capacity or otherwise);
- (b) use in other capacities, knowledge gained in its capacity as Trustee hereunder; provided that such use does not adversely affect the interests of the Trust and provided further that the Trustee may not make use of any specific confidential information for its own benefit or advantage that, if generally known, might be expected to affect materially the value of the Trust Property or Units;
- (c) retain cash balances from time to time on hand in the Trust and pay interest to the Trust on such balances and the Trustee may, in its sole discretion:
  - (i) hold the same on a pooled basis and pay interest thereon at the rate from time to time established by the Trustee and paid with respect to cash balances so held for similar accounts; or
  - (ii) hold such cash balances on deposit with a Canadian chartered bank or such other deposit-taking institution in any jurisdiction, including itself or its affiliates, in such interest bearing account as the Trustee, in its sole discretion, may determine; and
- (d) provide financial, investment or brokerage services related to any securities which form part of the Trust Property or to the issuer of any securities forming part of the Trust Property, invest in the securities or other property of any body corporate with which the Trustee may be directly or indirectly associated, affiliated or interested, or earn profits from any of the activities listed herein,

all without being liable to account therefor and without being in breach of the trust established hereunder.

#### *Standard of Care and Indemnification of the Trustee*

The Trustee shall exercise the powers and discharge the duties of its office honestly and in good faith and in connection therewith shall exercise the degree of care, diligence and skill that a reasonably prudent Canadian trust company would exercise in comparable circumstances.

The Trust Agreement provides that the Trustee shall:

- (i) be fully protected in acting upon any instrument, certificate or other writing believed by it to be genuine and to be signed or presented by the proper person or persons;

- (ii) be under no duty to make any investigation or inquiry as to any statement contained in any such writing but may accept the same as conclusive evidence of the truth and accuracy of the statements therein contained;
- (iii) not be responsible for or liable except as provided in accordance with the Trust Agreement for:
  - (A) the proper application by any Unitholder of any part of its interests in the Trust if payments are made in accordance with written directions of such Unitholder as herein provided;
  - (B) the adequacy of the Trust to meet and discharge any and all payments and liabilities in respect of a Unitholder;
  - (C) the compliance by any Unitholder with the rules under the Tax Act or any applicable laws including limits on investments in non-Canadian securities;
  - (D) the validity of title to any Trust Property which the Trustee did not arrange itself to have registered;
  - (E) any act or omission (other than an act or omission related solely to the Trustee) required or demanded by any governmental, taxing regulatory or other competent authority in any country in which all or part of the Trust Property is held or which has jurisdiction over the Trustee, the Manager or the Trust;
  - (F) any loss or damage of any nature whatsoever resulting from official action, war or threat of war, insurrection or civil disturbance, interruption in postal, telephone, telegraph, telex or other electromechanical communication systems or power supply, or any other factor beyond the Trustee's control which obstructs, affects, prohibits or delays the Trustee, its directors, officers, employees or agents in carrying out the responsibilities provided for herein, in whole or in part;
  - (G) any ongoing monitoring of the Investment Policy of the Trust as set out in the Trust Agreement or any risk factor whatsoever related thereto;
  - (H) any Trust Property which it does not hold or which is not directly controlled by it, its affiliates or its appointed agents (including any sub-custodians), including any assets pledged or loaned to a third party or uranium held by a Facility; or
  - (I) any compliance, reporting or filings in accordance with applicable securities legislation or United States tax laws, regulations, rules or policies that apply to the Trust, including for greater certainty the additional trustee duties.

The Trustee may rely and act upon any statement, report or opinion prepared by or any advice received from the auditors, counsel or other professional advisors of the Trust and shall not be responsible nor held liable for any loss or damage resulting from so relying or acting if the advice was within the area of professional competence of the person from whom it was received, the Trustee acted in good faith in

relying thereon and the professional advisor was aware that the Trustee was receiving the advice in its capacity as trustee of the Trust and the Trustee acted in good faith in relying thereon.

The Trustee shall in no way be responsible for, nor incur any liability based on, the action or failure to act or for acting pursuant to or in reliance on instructions of the Manager, any Investment Manager, any Technical Advisor, a Facility, the custodian (if not the Trustee), the Valuation Agent (if not the Trustee), the registrar and transfer agent (if not the Trustee), or any person or organization to whom its responsibilities are delegated pursuant to the Trust Agreement.

The Trustee shall not be liable to the Trust or to any Unitholder for any loss or damage relating to any matter regarding the Trust, including any loss or diminution in the Net Asset Value of the Trust or to any particular asset of the Trust, except to the extent that the Trustee does not meet its standard of care set out in the Trust Agreement. In no event shall the Trustee be liable for indirect, consequential or special damages including, but not limited to, loss of reputation, good will or business.

Except to the extent that any such claim has been directly caused by the negligence, willful misconduct or dishonesty on the part of the Trustee, its affiliates, nominees or agents or any of their respective directors, officers and employees or the Trustee's failure to meet its standard of care set forth above, the Trustee, its affiliates, nominees and agents and each of their respective directors, officers and employees shall at all times be indemnified and held harmless by the Trust and to the extent that the Trust Property is insufficient for such purpose, by the Manager, from and against:

- (a) all claims whatsoever (including costs, losses, damages, penalties, actions, suits, judgments, charges and expenses, including legal fees in connection therewith) brought, commenced or prosecuted against any of them for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of the Trustee's duties as Trustee, and
- (b) all other liabilities, costs, charges and expenses which any of them sustains or incurs in or about or in relation to the affairs of the Trust.

The commencement of formal legal proceedings will not be a precondition for indemnification under the Trust Agreement.

With respect to any references in the Trust Agreement to (i) distributions being at the discretion of the Trustee acting on the direction of the Manager or (ii) the Trustee having the power to vary the investments of the Trust in accordance with the Investment Policy together with any duties, obligations or responsibilities related thereto, the Manager shall agree that:

- (a) the Trustee shall not have any liability with respect to such additional trustee duties; and
- (b) in addition to the indemnity provided to the Trustee in the Trust Agreement, the Manager has shall agree to indemnify the Trustee and its directors, officers, employees and agents for:
  - (i) all claims whatsoever (including costs, losses, damages, penalties, actions, suits, judgments, charges and expenses, including legal fees in connection therewith) brought, commenced or prosecuted against any of them for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the additional trustee duties; and
  - (ii) all other liabilities, costs, charges and expenses which any of them sustains or incurs in or about or in relation to such additional trustee duties,

that arise or result from any conflict between such additional trustee duties and the Trustee's defined duties, obligations and responsibilities as set out in this Trust Agreement (excluding such additional trustee duties) and agreed upon by the Manager.

#### *Resignation or Removal of the Trustee and Successor Trustees*

The Trustee or any successor trustee may resign as Trustee of the Trust created by the Trust Agreement by giving notice to Unitholders and to the Manager not less than 90 days prior to the date when such resignation shall take effect. Such resignation shall take effect on the date specified in such notice unless at or prior to such date a successor trustee is appointed by the Manager in which case such resignation shall take effect immediately upon the appointment of such successor trustee.

The Trustee may be removed by the Manager at any time by notice to the Trustee and Unitholders not less than 90 days prior to the date that such removal is to take effect; provided a successor trustee is appointed or the Trust is terminated and dissolved in accordance with the Trust Agreement.

In the event that the Trustee resigns or is removed or becomes incapable of acting or if for any cause a vacancy shall occur in the office of the Trustee, a successor trustee shall forthwith be appointed by the Manager to fill such vacancy. Forthwith following such appointment of a successor trustee, the Trustee shall execute and deliver such documents as the Manager may reasonably require for the conveyance of any Trust Property (other than uranium) held in the Trustee's name to the successor trustee and, shall account to the Manager for all of the Trust Property which the Trustee retains as trustee and shall thereupon be discharged as trustee.

In the event that the Manager shall fail to appoint a successor to the Trustee, the Trust shall be terminated and dissolved upon the effective date of the resignation or removal of the Trustee (which shall be considered to be the effective date on which the Trust is to be terminated for the purposes of the Trust Agreement), and, after providing for all liabilities of the Trust, the Trust Property shall be distributed to Unitholders in accordance with the termination provisions set out in the Trust Agreement and the Trustee shall continue to act as trustee of the Trust until such Trust Property has been so distributed. Fees and expenses of the Trustee shall be a charge, to the extent permitted by applicable law, on the Trust Property or the interests of Unitholders to secure payment thereof.

In the event that the Trustee resigns or is removed or becomes incapable of acting or if for any cause a vacancy shall occur in the office of the Trustee, a successor trustee shall forthwith be appointed by the Manager to fill such vacancy. Forthwith following such appointment of a successor trustee, the Trustee shall execute and deliver such documents as the Manager may reasonably require for the conveyance of any Trust Property (other than uranium) held in the Trustee's name to the successor trustee and, shall account to the Manager for all of the Trust Property which the Trustee retains as trustee and shall thereupon be discharged as trustee.

#### *Amendments to the Trust Agreement*

Any provision of the Trust Agreement may be amended, deleted, expanded or varied by the Manager, with the approval of the Trustee, upon notice to Unitholders, if the amendment, in the opinion of counsel for either the Trustee or the Manager, does not constitute a material change and does not relate to any of the matters that require Unitholder approval, but no amendment shall be made which adversely affects the pecuniary value of the interest of any Unitholder or restricts any protection provided to the Trustee or increases the responsibilities of the Trustee under the Trust Agreement.

The Trust Agreement may also be amended by the Manager without the approval of, or notice to, Unitholders for the following purposes:

- (a) to remove any conflicts or other inconsistencies which may exist between any terms of the Trust Agreement and any provisions of any applicable law affecting the Trust;
- (b) to make any change or correction in the Trust Agreement which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
- (c) to bring the Trust Agreement into conformity with applicable laws, rules and policies of securities authorities, stock exchanges on which the Units are listed or with current practice within the securities industry, provided that any such amendment does not adversely affect the rights, privileges or interests of any Unitholder;
- (d) to add a redemption feature for any class of units that is necessary or advisable in connection with the Trust undertaking to list such class of units on a U.S. stock exchange, or so that the Trust may qualify as a "unit trust" for purposes of the Tax Act, in either case as determined by the Manager in its discretion; or
- (e) to provide added protection or benefit to Unitholders.

#### *Unitholder Approval*

Subject to the provisions of the Trust Agreement, certain matters relating to the Trust and the Trust Agreement require approval by Unitholders. Such approval must be given at a meeting duly called for that purpose or by written resolution. Any provision of the Trust Agreement may be amended, deleted, expanded or varied with the approval of Unitholders for the following purposes by resolution passed by an ordinary resolution, other than (a) and (b) below which require approval of Unitholders by an extraordinary resolution:

- (a) a change in the investment objective of the Trust or the investment strategy;
- (b) a change in the Investment and Operating Restrictions of the Trust, unless such change or changes are necessary to ensure compliance with applicable laws or other requirements imposed from time to time by securities authorities or stock exchanges on which the Units are listed;
- (c) any change in the basis of calculating a fee or expense that is charged to the Trust or directly to Unitholders by the Trust or the Manager in connection with the holding of Units which could result in an increase in charges to the Trust or to Unitholders;
- (d) the introduction of a fee or expense to be charged to the Trust or directly to Unitholders by the Trust or the Manager in connection with the holding of Units which could result in an increase in charges to the Trust or to Unitholders;
- (e) a reduction in the frequency of calculating the Net Asset Value of the Trust, the Net Asset Value per Unit, the Class Net Asset Value or the Class Net Asset Value per Unit;
- (f) a change in the Manager, unless the successor manager is an affiliate of the current Manager or the successor manager occurs primarily as a result of a Manager reorganization;
- (g) the Trust undertakes a reorganization with, or transfers its assets to, another investment fund, if
  - (i) the Trust ceases to continue after the reorganization or transfer of assets, and

- (ii) the transaction results in Unitholders becoming unitholders in the other investment fund; or
- (h) the Trust undertakes a reorganization with, or acquires assets from, another investment fund, if
  - (i) the Trust continues after the reorganization or acquisition of assets,
  - (ii) the transaction results in the unitholders of the other investment fund becoming Unitholders, and
  - (iii) the transaction would be a material change to the Trust.

Despite the foregoing, the approval of Unitholders is not required to be obtained for a change referred to in (c) above if

- (a) the Trust is at arm's length to the person charging the fee or expense to the Trust which is changed;
- (b) the disclosure documents disclose that, although the approval of Unitholders will not be obtained before making the change, Unitholders will be sent a written notice at least 60 days before the effective date of the change that is to be made which could result in an increase in charges to the Trust; and
- (c) the notice referred to above is sent 60 days before the effective date of the change.

Despite the foregoing, the approval of Unitholders is not required to be obtained for a change referred to in clause (f) above if

- (a) the Independent Review Committee has approved the change in accordance with NI 81-107;
- (b) the Trust is being reorganized with, or its assets are being transferred to, another investment fund to which NI 81-102 and NI 81-107 apply and that is managed by the Manager or its affiliate;
- (c) the reorganization or transfer of assets of the Trust complies with the criteria set forth in NI 81-102;
- (d) the disclosure documents disclose that, although the approval of Unitholders will not be obtained before making the change, Unitholders will be sent a written notice at least 60 days before the effective date of the change; and
- (e) the notice to Unitholders referred to above is sent 60 days before the effective date of the change.

Any reorganization or transfer of assets pursuant to (g) or (f) above, including a transaction approved by the Independent Review Committee, must satisfy certain additional criteria as set forth in the Trust Agreement.

In addition, any material amendment, modification or variation in the provisions of, or rights attaching to, a particular class or series of a class of units must be approved by an extraordinary resolution of the unitholders of that class or series of a class of units, as the case may be.

The approval of Unitholders of any amendment, deletion, expansion or variation of the Trust Agreement reasonably required or advisable (as determined by the Manager acting in good faith) for, or in connection with, the listing or potential listing of the Units on a U.S. stock exchange shall only require a resolution approved, in person or by proxy, by Unitholders representing not less than 50% of the Units or a written resolution signed by Unitholders holding not less than 50% of the Units.

The auditors appointed by the Manager may not be changed unless the Independent Review Committee has approved the change of auditors in accordance with NI 81-107; the disclosure documents disclose that, although the approval of Unitholders will not be obtained before making the change, Unitholders will be sent a written notice at least 60 days before the effective date of the change; and the notice to Unitholders is sent 60 days before the effective date of the change.

Notice of any amendment shall be given in writing to Unitholders and any such amendment shall take effect on a date to be specified therein, which date shall be not less than 60 days after notice of the amendment is given to Unitholders, except that the Manager and the Trustee may agree that any amendment shall become effective at an earlier date if, in the opinion of the Manager and the Trustee, an earlier date is desirable, provided such amendment does not adversely affect the rights, privileges or interests of any Unitholder.

## **Asset Management**

### *Storage of the Trust's Uranium*

The Trust's uranium shall be held at Facilities in accordance with the terms of the applicable storage and transfer agreements. The Manager, with the consent of the Trustee, may determine to change the storage arrangements of the Trust. Currently, the Trust has its uranium stored with Cameco Corporation in Canada, ConverDyn in the United States, and Orano in France.

### *Custodian for the Trust's Assets Other Than Uranium*

As compensation for the custodial services rendered to the Trust, the Trustee shall receive such fees as mutually agreed upon with the Manager from time to time. These fees are paid by the Trust out of the cash reserve held for ongoing expenses. The Trustee is responsible for the safekeeping of all of the assets of the Trust delivered to it and acts as the custodian of such assets. The Manager, in accordance with applicable law and with the consent of the Trustee, will have the authority to change the custodial arrangement described above including, but not limited to, the appointment of a replacement custodian and/or additional custodians. The Trustee carries such insurance as it deems appropriate for its businesses and its position as custodian of the Trust's assets. The Trust Agreement does not require the Trustee to carry insurance in connection with any claims the Trust or Unitholders may have against the Trustee in its capacity as custodian of the Trust's assets.

## **Technical Advisor**

WMC Energy B.V. ("WMC") was appointed as the technical advisor to the Manager pursuant to a technical advisory agreement dated as of April 27, 2021 between the Manager and WMC, which agreement renews annually unless terminated. WMC is an independent physical commodity merchant and industrial asset development company focused on the low carbon energy sector, and sources, stores, finances and delivers physical commodities worldwide.

## **Auditors**

KPMG LLP was appointed as the Trust's auditors effective as of April 23, 2021 in respect of the financial year of the Trust commencing on such date. KPMG LLP's principal office is located at 333 Bay Street, Suite 4600, Toronto, Ontario, Canada, M5H 2S5.

The auditors will annually audit the financial statements of the Trust to determine whether they fairly represent, in all material respects, the Trust's financial position, results of operations and changes in equity and cash flows in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

## **Transfer Agent and Registrar**

Pursuant to a transfer agent, registrar and disbursing agent agreement entered into between TSX Trust Company ("TSX Trust") and the Manager on July 13, 2021, TSX Trust is the transfer agent and registrar for the Units. TSX Trust's principal office is located at 301-100 Adelaide St. W, Toronto, Ontario, Canada M5H 4H1, and the register of Units are kept at such address.

The transfer agent, registrar and disbursing agent agreement to be entered into may be terminated by either party to such agreement on 60 days' notice in writing being given to the other at the address set out in such agreement or at such other subsequent address of which notice has been subsequently given. Notwithstanding the foregoing, the transfer agent, registrar and disbursing agent agreement may be terminated by TSX Trust on 30 days' notice in writing to the Trust in the event the Trust refuses or fails to pay an invoice for fees and expenses, or other demand for payment issued or made pursuant to such agreement by TSX Trust, within 60 days of the original invoice or demand.

TSX Trust will receive fees for the transfer agent and registrar-related services provided to the Trust.

## **Valuation Agent**

The Valuation Agent is responsible for providing valuation services to the Trust and calculating the value of the net assets of the Trust and NAV pursuant to the terms of the valuation services agreement. See "*Calculation of Net Asset Value of the Trust*".

In carrying out its duties as valuation agent, the Valuation Agent is required to exercise the powers and discharge the duties of its office honestly and in good faith and, in connection therewith, must exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Except to the extent any liability arises directly out of the negligence, willful misconduct or lack of good faith of the Valuation Agent, the Valuation Agent is not liable for any act or omission in the course of, or connected with, rendering the services under the valuation services agreement or for loss to, or diminution of, the Trust's property. In no event will the Valuation Agent be liable for any consequential or special damages including, but not limited to, loss of reputation, goodwill or business. The Manager will indemnify and hold harmless the Valuation Agent, its affiliates and agents, and their respective directors, officers, and employees from and against all taxes, duties, charges, costs, expenses, damages, claims, actions, demands and any other liability whatsoever to which any such persons or entities may become subject, including legal fees, judgments and amounts paid in settlement in respect of anything done or omitted to be done in connection with the valuation services provided under the valuation services agreement, except to the extent incurred as a result of the negligence, willful misconduct or lack of good faith of the indemnified party. Notwithstanding the foregoing, the liability of the Valuation Agent under the valuation services agreement will in no event exceed the aggregate amount of fees received by the

Valuation Agent from the Manager with respect to the services provided during the immediately preceding 12 months.

The valuation services agreement provides that it may be terminated by either party without penalty at any time by providing to the other party 60 days' prior written notice of such termination unless the parties mutually agree in writing to a different period. Either party is able to terminate the valuation services agreement immediately upon notice in the event that either party is declared bankrupt or will be insolvent, the assets or the business of either party become liable to seizure or confiscation by a public or governmental authority, or the Manager's power and authority to act on behalf of, or to represent, the Trust has been revoked, terminated or is otherwise no longer in full force and effect.

The Valuation Agent receives fees for the valuation services provided to the Trust.

### **PRINCIPAL HOLDERS OF SECURITIES**

- (a) no person or company owns of record or beneficially, directly or indirectly, or is known by the Manager to own beneficially, directly or indirectly, more than 10% of the issued and outstanding Units;
- (b) no person or company owns of record or beneficially, directly or indirectly, or is known by the Manager to own beneficially, directly or indirectly, more than 10% of the issued and outstanding units of the Manager, other than Sprott Inc. which owns of record approximately 1,342,803,464 units of the Manager, representing 99.99% of the issued and outstanding units of the Manager;
- (c) the Trustee, and the directors and senior officers of the Manager beneficially own, in the aggregate: (i) less than 10% of the issued and outstanding Units; (ii) none of the issued and outstanding units of the Manager; and (iii) none of the voting or equity securities of any person or company that provides services to the Trust or the Manager; and
- (d) the members of the Independent Review Committee do not own, directly or indirectly, any securities of the Manager or any Units. Further, none of the Independent Review Committee members beneficially own, directly or indirectly, any voting or equity securities in any person or company that provides services to the Trust or the Manager.

### **TRUST GOVERNANCE**

Under applicable Canadian securities laws, the Trust is considered a non-redeemable investment fund and subject to the Investment Fund Regime. The Manager has established appropriate policies, procedures and guidelines to ensure the proper management of the Trust. The systems implemented monitor and manage the business and sales practices, risks and internal conflicts of interest relating to the Trust while ensuring compliance with regulatory and corporate requirements.

#### **Independent Review Committee**

In accordance with applicable securities legislation, the Manager has established an Independent Review Committee for all investment funds managed by the Manager, which includes the Trust. The Independent Review Committee is composed of three members, each of whom is independent of the Manager and its affiliates, and free from any interest and any business or other relationship which could, or could be reasonably perceived to, materially interfere with the exercise of an Independent Review Committee member's judgment.

The mandate of the Independent Review Committee is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager may be subject when managing the mutual

funds and non-redeemable investment funds managed by the Manager. The Manager refers all conflict of interest matters to the Independent Review Committee for its review and/or approval. The Manager has established a written charter for the Independent Review Committee, which includes its mandate, responsibilities and functions, and the written policies and procedures it will follow when performing its functions, including dealing with conflict of interest matters. The Manager maintains records in respect of these matters and provides assistance to the Independent Review Committee in carrying out its functions. The Independent Review Committee conducts regular assessments and provides reports, at least annually, to the Trust and to Unitholders in respect of its functions. The report prepared by the Independent Review Committee is made available on the Trust's website ([www.sprott.com/uranium](http://www.sprott.com/uranium)) or, at a Unitholder's request, sent to the Unitholder at no cost.

The Independent Review Committee:

- (a) reviews and provides input on the Manager's written policies and procedures that deal with conflict of interest matters;
- (b) reviews conflict of interest matters referred to it by the Manager and makes recommendations to the Manager regarding whether the Manager's proposed actions in connection with the conflict of interest matter achieve a fair and reasonable result for the Trust;
- (c) considers and, if deemed appropriate, approves the Manager's decision on a conflict of interest matter that the Manager refers to the Independent Review Committee for approval; and
- (d) performs such other duties as may be required of the Independent Review Committee under applicable securities legislation.

All fees and expenses of the Independent Review Committee incurred in connection with its duties with respect to the Trust shall be paid by the Trust and the Independent Review Committee shall have the authority to retain, at the expense of the Trust, independent counsel or other advisors if the Independent Review Committee deems it appropriate to do so. The members of the Independent Review Committee shall be indemnified by the Trust, except in cases of wilful misconduct, bad faith, negligence or breach of their standard of care.

The current members of the Independent Review Committee and their principal occupations are as follows:

<b>Name and Municipality of Residence</b>	<b>Principal Occupation</b>
Michele D. McCarthy Toronto, Ontario, Canada	Consultant
Kevin Drynan Toronto, Ontario, Canada	Consultant
Fraser Howell Toronto, Ontario, Canada	Consultant

## FEES AND EXPENSES

This table lists the fees and expenses that the Trust will pay for the continued operation of its business and that Unitholders may have to pay if they invest in the Trust. Payment of these fees and expenses will reduce the value of Unitholders' investment in the Trust.

### Fees and Expenses Payable by the Trust

Type of Fee	Amount and Description
<b>Management Fees and Additional Fees:</b>	<p>Pursuant to the Management Agreement, the ongoing operation of the Trust is managed by the Manager and the Trust pays the Manager a management fee equal to 1/12 of 0.35% of the NAV of the Trust plus any applicable federal and provincial taxes (the "Management Fee"). The Management Fee shall be calculated and accrued daily and payable monthly in arrears on the last day of each month. In addition, the Manager is entitled to: (i) a commission of 1.0% of the gross value of any purchases or sales of uranium provided that the Manager shall be responsible for any and all third party brokerage fees, commissions and service charges and other similar fees relating to all such transactions; and (ii) for certain other value-added services, an additional fee equal to the amount that would be paid an arm's length party for comparable services, which shall generally be between \$25,000 and \$75,000 per transaction but shall not exceed the economic benefit to the Trust of such value-added service (collectively, the "Additional Fees"). In addition to the Management Fees and Additional Fees, the Trust shall reimburse the Manager for all reasonable out-of-pocket expenses incurred by the Manager in accordance with the Management Agreement.</p>
<b>Operating Expenses:</b>	<p>The Trust is responsible for paying the filing and listing fees of the applicable securities authorities and stock exchanges, the fees and expenses payable to the transfer agent.</p> <p>Except as otherwise described in this annual information form, the Trust is responsible for all costs and expenses incurred in connection with the ongoing operation and administration of the Trust including, but not limited to: the fees and expenses payable to and incurred by the Trustee, the Manager, any Investment Manager, the custodian, any sub-custodians, the transfer agent and the Valuation Agent of the Trust; transaction and handling costs for the uranium; storage fees for the uranium; custodian settlement fees; counterparty fees; legal, audit, accounting, bookkeeping and record keeping fees and expenses; costs and expenses of reporting to Unitholders and conducting Unitholder meetings; printing and mailing costs; filing and listing fees payable to applicable securities regulatory authorities and stock exchanges; other administrative expenses and costs incurred in connection with the Trust's continuous disclosure public filing requirements and investor relations;</p>

Type of Fee	Amount and Description
<b>Other Fees and Expenses:</b>	<p>any applicable Canadian taxes payable by the Trust or to which the Trust may be subject; interest expenses and borrowing costs, if any; brokerage expenses and commissions; costs and expenses relating to the issuance of Units; costs and expenses of preparing financial and other reports; any expenses associated with the implementation and ongoing operation of the Independent Review Committee of the Trust; costs and expenses arising as a result of complying with all applicable laws; and any expenditures incurred upon the termination of the Trust.</p> <p>The Trust is responsible for the fees and expenses of any action, suit or other proceedings in which, or in relation to which, the Trustee, the Manager, the uranium custodian, the Trustee as non-uranium custodian, any sub-custodians, the transfer agent or the Valuation Agent and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the Trust.</p> <p>No other charges will apply. If applicable, Unitholder may be subject to brokerage commissions or other fees associated with trading the Units.</p>

## DISTRIBUTION POLICY

### Distribution of Net Income and Net Realized Capital Gains to Unitholders

As at the Valuation Time on the last Valuation Date in each fiscal year or such other date as the Manager may, in its sole discretion, determine (a "Distribution Date"), the Manager shall determine the amount of the net income and the net realized capital gains of the Trust for the period since the immediately preceding Distribution Date (or in the case of the first Distribution Date, from the inception date of the Trust).

The net income and the net realized capital gains of the Trust shall be computed as of the Valuation Time on each Distribution Date in accordance with the following:

"net income" for any taxation year of the Trust shall be the net income for the year determined pursuant to the provisions of the Tax Act having regard to the provisions thereof that relate to the calculation of income of a trust, other than subsection 104(6), and taking into account such adjustments thereto as are determined by the Manager; provided, however, that capital gains and capital losses shall be excluded from the computation of net income.

"net realized capital gains" of the Trust for any taxation year of the Trust shall be determined as the amount, if any, by which the aggregate of the capital gains of the Trust in the taxation year exceeds:

- (a) the aggregate of the capital losses of the Trust in the taxation year; and
- (b) the amount determined by the Manager in respect of any unapplied net capital losses for prior taxation years which the Trust is permitted by the Tax Act to deduct in computing the taxable income of the Trust for the applicable taxation year and provided that, in the sole discretion of the Manager, the net realized capital gains of the Trust for a taxation year may be calculated without subtracting the full amount of the net capital losses of the Trust carried forward from previous taxation years.

Commencing with the fiscal year ending December 31, 2021, the Manager intends to cause the Trust to make annual distributions to Unitholders of net income, if any, for each year calculated in accordance with the Trust Agreement.

Commencing with the fiscal year ending December 31, 2021, the Manager also intends to cause the Trust to make annual distributions to Unitholders of such portion of net realized capital gains, if any, for each year as determined in accordance with the Trust Agreement. All such distributions to Unitholders, including the amount of net income and net realized capital gains, as applicable, allocated to each Unitholder, are in the discretion of the Trustee, acting on the direction of the Manager.

Having regard to the present intention of the Manager to allocate, distribute and make payable to Unitholders all net income or net realized capital gains so that the Trust will not have any liability for tax under Part I of the Tax Act in any taxation year, it is the intention of the Manager that the total amount due and payable on the last Distribution Date in any year shall not be less than the amount necessary to ensure that the Trust will not be liable for income tax under Part I of the Tax Act for such year after taking into account the Trust's entitlement to a capital gains refund, if any.

The Manager may direct that such distribution or payment shall be due and payable by the Trust in cash or in additional Units. Where distributions are payable in additional Units, the registrar and transfer agent, acting on the direction of the Manager, may round up or round down the number of Units in order to avoid the Trust issuing fractional Units. Any additional Units that are issued in this manner shall be of the same class or series of a class at a price equal to the Net Asset Value per Unit as at the Valuation Time on the applicable Distribution Date and the Units shall be immediately consolidated so that the number of outstanding Units following the distribution shall equal the number of Units outstanding prior to the distribution, and the Manager is hereby irrevocably constituted attorney for each Unitholder to so apply such distributions on behalf of each Unitholder on the relevant Distribution Date. Notwithstanding the foregoing, where Canadian tax is required to be withheld in respect of a Unitholder's share of a distribution paid in Units, the consolidation will result in such Unitholder holding that number of Units equal to the product of (i) the sum of the number of Units held by such Unitholder prior to the distribution and the number of Units received by such Unitholder in connection with the distribution (net of the total of the number of whole or fractional Units withheld by the Trust to satisfy the Trust's withholding obligations and the number of whole or fractional Units withheld on account of the reasonable expenses incurred in respect of the sale of such Units withheld on account of withholding taxes), and (ii) a quotient, the numerator of which is the aggregate number of Units outstanding prior to the distribution, and the denominator of which is the aggregate number of Units that would be outstanding following distribution and before the consolidation if no withholding were required in respect of any part of the distribution payable to any Unitholders. Such Unitholder will be required to surrender the Unit certificates, if any, representing such Unitholder's original Units in exchange for a Unit certificate representing such Unitholder's post-consolidation Units.

Distributions, if any, of net income or net realized capital gains will generally be made to Unitholders who were Unitholders of record as of 5:00 p.m. (Toronto time) on the last business day prior to any relevant Distribution Date. The amounts to be paid to a Unitholder shall be the amount of net income or net realized capital gains divided by the total number of Units outstanding on the Distribution Date multiplied by the number of Units held by such Unitholder on the applicable Distribution Date.

All distributions, if declared and paid, shall be calculated and, if a cash distribution, paid in United States currency.

#### **Additional Distributions, Designations, Determinations, Allocations and Elections**

In addition to any distributions made to Unitholders as described above, on the direction of the Manager, the Trust shall at such times and in such manner as directed by the Manager make such additional

distributions of monies or properties of the Trust including, without restriction, returns of capital, in such amounts per Unit, payable at such time or times and to Unitholders of record on such Distribution Date, as from time to time may be determined by the Manager, and also make such designations, determinations, allocations and elections for tax purposes of amounts or portions of amounts which it has received, paid, declared payable or allocated to Unitholders and of expenses incurred by the Trust and of tax deductions of which the Trust may be entitled, as the Manager may, in its sole discretion, determine.

### **Withholding Taxes**

The Manager will deduct or withhold from distributions payable to any Unitholder all amounts required by applicable law to be withheld from such distributions, whether such distributions are in the form of cash, additional Units or otherwise. In the event of a distribution in the form of additional Units, the Manager may sell Units of such Unitholder to pay such withholding taxes and to pay all reasonable expenses in respect of such sale and the Manager will have the power of attorney of such Unitholder to do so. Any such sale will be made in compliance with applicable law on any stock exchange on which the Units are then listed and upon such sale, the affected unitholder will cease to be the holder of such Units. In the event that the net proceeds of any such sale of a Unitholder's Units exceed the statutory withholding required and the reasonable expenses incurred in respect of such sale, the Manager will remit such excess to the Unitholder.

### **Income Tax Statements**

On or before March 31 in each year, or in the case of a leap year on or before March 30 in such year, if applicable, or as otherwise required, the Manager will prepare and deliver or make available electronically, or cause to be prepared and delivered or be made available electronically, to Unitholders information pertaining to the Trust, including all distributions, designations, determinations, allocations and elections, which is required by the Tax Act or which is necessary to permit Unitholders to complete their individual income tax returns for the preceding year.

In the event that amounts that were allocated, distributed or paid to Unitholders as capital gains or as non-taxable payments are, for any reason, subsequently determined (including as a result of an assessment or reassessment by any taxation authorities) to have been fully includible in the taxable income of the Trust for the relevant fiscal year, then the Manager shall have the discretion to declare that all or part of such amounts shall be retroactively deemed to have been allocated, distributed and paid to Unitholders out of the income of the Trust, and the Manager may issue new or amended tax reporting slips to the relevant Unitholders or former Unitholders to report any such distributions to them.

### **Unclaimed Interest, Dividends or Distributions**

In the event that the Trust's registrar or transfer agent holds interest, dividends or other distributions which are unclaimed or which cannot be paid for any reason, the Trust's registrar or transfer agent will not be under any obligation to invest or reinvest the same but will administer such unclaimed amounts as directed by the Manager in accordance with applicable laws. Any Unitholder making a claim in respect of any amount payable pursuant to the Trust Agreement is required to give notice in writing of such claim to the Trust's registrar or transfer agent and/or the Manager no later than the second anniversary of the date on which the amount was payable. Such notice must set out the basis for the claim, the amount claimed and the specific grounds for the claim. The Trust's registrar or transfer agent will, unless otherwise required by applicable law, pay over to the Trust any such amounts which have been held for more than six years. The Trust will indemnify and save harmless the Trust's registrar or transfer agent, as applicable, in respect of any claim made for such amounts.

## MATERIAL INCOME TAX CONSIDERATIONS

### Material Canadian Federal Income Tax Considerations

The following is, as of the date hereof, a general description of the principal Canadian federal income tax considerations generally applicable under the Tax Act to the acquisition, holding and disposition of Units. This description is generally applicable to a Unitholder who deals at arm's length and is not affiliated with the Trust and holds Units as capital property. Units will generally be considered capital property to a Unitholder unless the Unitholder holds the Units in the course of carrying on a business of trading or dealing in securities or has acquired the Units in a transaction or transactions considered to be an adventure in the nature of trade.

This description is not applicable to a Unitholder: (i) that is a "financial institution", (ii) that is a "specified financial institution", (iii) that has elected to determine its Canadian tax results in accordance with the "functional currency" rules, (iv) an interest in which is a "tax shelter investment", or (v) who enters into a "derivative forward agreement" with respect to the Units (as all such terms are defined in the Tax Act). This description assumes that the Trust is not subject to a "loss restriction event", as defined in the Tax Act. In addition, this description does not address the deductibility of interest by a Unitholder who has borrowed to acquire Units. All such Unitholders should consult with their own tax advisors.

This description is also based on the assumption (discussed below under "*Material Income Tax Considerations — Material Canadian Federal Income Tax Considerations — SIFT Trust Rules*") that the Trust will at no time be a "SIFT trust" as defined in the Tax Act.

This description is based on the current provisions of the Tax Act, the regulations thereunder, all specific proposals to amend the Tax Act and the regulations publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals"), and an understanding of the current administrative and assessing policies of the Canada Revenue Agency (the "CRA"). There can be no assurance that the Tax Proposals will be implemented in their current form or at all, nor can there be any assurance that the CRA will not change its administrative or assessing practices. This description further assumes that the Trust will comply with the Trust Agreement and that the Manager and the Trust will comply with a certificate issued to Canadian counsel regarding certain factual matters. Except for the Tax Proposals, this description does not otherwise take into account or anticipate any change in the law, whether by legislative, governmental or judicial decision or action, which may affect adversely any income tax consequences described herein, and does not take into account provincial, territorial or foreign tax considerations, which may differ significantly from those described herein.

**This description is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on a taxpayer's particular circumstances. Accordingly, this description is of a general nature only and is not intended to constitute legal or tax advice to any Unitholder or prospective purchaser of Units. You should consult with your own tax advisors about tax consequences of an investment in Units based on your particular circumstances.**

For the purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Units (including distributions, adjusted cost base and proceeds of disposition), or transactions of the Trust, must be expressed in Canadian dollars. Amounts denominated in United States dollars must be converted into Canadian dollars using the rate of exchange quoted by the Bank of Canada on the day on which the amount first arose or such other rate of exchange as is acceptable to the CRA.

### *Status of the Trust*

Although interests in the Trust are described by reference to units, the Trust is not a “unit trust” as defined in the Tax Act and therefore is not a “mutual fund trust” as defined in the Tax Act. The consequences of not qualifying for such designations under the Tax Act are described below under the heading “*Canadian Taxation of the Trust*”.

Pursuant to the Trust Agreement, the Trust shall take such steps as necessary or advisable so that the Trust may qualify as a “unit trust” for purposes of the Tax Act prior to April 22, 2042, as determined by the Manager in its discretion. If such event does not occur, the adverse income tax considerations applicable to the Trust could be material. However, the discussion of Canadian tax consequences herein describes the tax consequences of the Trust not qualifying as a unit trust and a mutual fund trust, as is currently the case, and does not anticipate any changes to the status of the Trust.

### *Canadian Taxation of the Trust*

The Trust will generally be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amount paid or payable to Unitholders in such taxation year. An amount will be considered to be payable to a Unitholder in a taxation year if it is paid in the year by the Trust or the Unitholder is entitled in that year to enforce payment of it.

In computing its income for purposes of the Tax Act, the Trust may deduct reasonable administrative costs and other reasonable expenses incurred by it for the purpose of earning income. However, because the Trust does not qualify as a unit trust, it may not deduct from its income for the year a portion of any reasonable expenses incurred by the Trust to issue the Units.

One-half of the amount of any capital gain (a “taxable capital gain”) realized by the Trust in a taxation year must be included in computing the Trust’s income for the year, and one-half of the amount of any capital loss (an “allowable capital loss”) realized by the Trust in a taxation year must be deducted against any taxable capital gains realized by the Trust in the year. Any excess of allowable capital losses over taxable capital gains for a taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized by the Trust to the extent and under the circumstances described in the Tax Act. Because the Trust will not qualify as a mutual fund trust, it will not be entitled to reduce (or receive a refund in respect of) its liability, if any, for any tax arising on its capital gains for a particular taxation year.

The CRA has expressed the opinion that gains (or losses) of trusts resulting from transactions in commodities should generally be treated for purposes of the Tax Act as being derived from an adventure in the nature of trade, so that such transactions give rise to ordinary income rather than capital gains — although the treatment in each particular case remains a question of fact to be determined having regard to all the circumstances. In the view of Canadian counsel, the holding by the Trust of uranium with no intention of disposing of such uranium likely would not represent an adventure in the nature of trade so that a disposition of uranium that previously had been acquired with such intention would likely give rise to a capital gain (or capital loss) to the Trust. As the Manager intends for the Trust to be a long-term holder of uranium and does not anticipate that the Trust will sell its uranium (otherwise than where necessary to fund expenses of the Trust), the Manager anticipates that the Trust generally will treat gains (or losses) as a result of dispositions of uranium as capital gains (or capital losses), although depending on the circumstances, the Trust may instead include (or deduct) the full amount of such gains or losses in computing its income. If the CRA were to assess or re-assess the Trust on the basis that gains realized on dispositions of uranium were not on capital account, then the Trust could be required to pay Canadian income tax on such gains under Part I of the Tax Act to the extent such gains were not distributed to Unitholders, which could reduce the NAV for all Unitholders.

The Trust will also be required to include in its income for each taxation year all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year. Upon the actual or deemed disposition of indebtedness, the Trust will be required to include in computing its income for the year of disposition all interest that accrued on such indebtedness from the last interest payment date to the date of disposition except to the extent such interest was included in computing the Trust's income for that or another taxation year, and such income inclusion will reduce the proceeds of disposition for purposes of computing any capital gain or loss.

Losses incurred by the Trust in a taxation year cannot be allocated to Unitholders, but may be deducted by the Trust in future years in accordance with the Tax Act.

Having regard to the Trust Agreement, the Trust is required to make distributions in each year to Unitholders in an amount sufficient to ensure that the Trust will generally not be liable for tax under Part I of the Tax Act in any year. Income of the Trust payable to Unitholders, whether in cash, additional Units or otherwise, will generally be deductible by the Trust in computing its taxable income. However, there are circumstances in which the Trust, despite making such distributions, may be liable to alternative minimum tax.

If the Trust does not qualify as a unit trust within the meaning of the Tax Act, on the day that is 21 years after the date of its creation (or on each 21 year anniversary day thereafter) the Trust may be deemed at that time to have disposed of, and reacquired, certain capital property for fair market value for the purposes of the Tax Act. Accordingly, the Trust would be subject to tax under Part I of the Tax Act on the taxable capital gains arising from such deemed disposition, less the portion thereof that it claims in respect of amounts paid or payable to Unitholders in the taxation year.

### **SIFT Trust Rules**

The Trust will be a "SIFT trust" as defined in the Tax Act for a taxation year of the Trust if in that year the Units are listed or traded on a stock exchange or other public market and the Trust holds one or more "non-portfolio properties," as defined in the Tax Act. If the Trust were a SIFT trust for a taxation year of the Trust, it would effectively be taxed similarly to a corporation on income and capital gains in respect of such non-portfolio properties at a combined federal/provincial tax rate comparable to rates that apply to income earned and distributed by Canadian corporations. Distributions of such income received by Unitholders would be treated as dividends from a taxable Canadian corporation.

Uranium and other Trust Property will be non-portfolio property if such property is used by the Trust (or by a person or partnership with which it does not deal at arm's length within the meaning of the Tax Act) in the course of carrying on a business in Canada. In some circumstances, significant holdings of "securities" (the term "security" is broadly defined in the Tax Act) of other entities could also be non-portfolio property.

The Trust is subject to investment restrictions, including a prohibition against carrying on any business, that are intended to ensure that it will not be a SIFT trust. The mere holding by the Trust of uranium as capital property (or as an adventure in the nature of trade) would not represent the use of such property in carrying on a business in Canada and, therefore, would not by itself cause the Trust to be a SIFT trust.

### **Canadian Taxation of Unitholders**

#### *Unitholders Resident in Canada*

This part of the general description of the principal Canadian federal income tax considerations is applicable to a Unitholder who, for the purposes of the Tax Act and any applicable tax treaty, is, or is deemed to be, resident in Canada at all relevant times (a "Canadian Unitholder"). This portion of the

description is primarily directed at Unitholders who are individuals. Unitholders who are Canadian resident corporations, trusts or other entities should consult their own tax advisors regarding their particular circumstances.

Canadian Unitholders will generally be required to include in their income for tax purposes for a particular year the portion of the income of the Trust for that particular taxation year, including net realized taxable capital gains, if any, that is paid or payable to the Canadian Unitholder in the particular taxation year, whether such amount is received in additional Units or cash. Provided that appropriate designations are made by the Trust, such portion of its net taxable capital gains, taxable dividends received from taxable Canadian corporations and foreign source income of the Trust as is paid or payable to a Canadian Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act.

The non-taxable portion of any net realized capital gains of the Trust that is paid or payable to a Canadian Unitholder in a taxation year will not be included in computing the Canadian Unitholder's income for the year. Any other amount in excess of the income of the Trust that is paid or payable to a Canadian Unitholder in such year also will not generally be included in the Canadian Unitholder's income for the year. However, where such other amount is paid or payable to a Canadian Unitholder (other than as proceeds of disposition of Units), the Canadian Unitholder generally will be required to reduce the adjusted cost base of a Unit to the Canadian Unitholder by such amount. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Canadian Unitholder from the disposition of the Unit and the Canadian Unitholder's adjusted cost base in respect of the Unit will be increased by the amount of such deemed capital gain to zero.

Upon the actual or deemed disposition of a Unit, a capital gain (or a capital loss) will generally be realized to the extent that the proceeds of disposition of the Unit exceed (or are exceeded by) the aggregate of the adjusted cost base of the Unit to the Canadian Unitholder and any costs of disposition. For the purpose of determining the adjusted cost base to a Canadian Unitholder of a Unit, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all Units owned by the Canadian Unitholder as capital property that were acquired before that time. For this purpose, the cost of Units that have been issued as an additional distribution will generally be equal to the amount of the net income or capital gain distributed to the Canadian Unitholder in Units. A consolidation of Units following a distribution paid in the form of additional Units will not be regarded as a disposition of Units and will not affect the aggregate adjusted cost base to a Canadian Unitholder.

Under the Tax Act, one-half of capital gains ("taxable capital gains") are included in an individual's income and one-half of capital losses ("allowable capital losses") are generally deductible only against taxable capital gains. Any unused allowable capital losses may be carried back up to three taxation years and forward indefinitely and deducted against net taxable capital gains realized in any such other year to the extent and under the circumstances described in the Tax Act. Capital gains realized by individuals may give rise to alternative minimum tax. If any transactions of the Trust are reported by it on capital account but are subsequently determined by the CRA to be on income account, there may be an increase in the net income of the Trust for tax purposes and the taxable component of any amounts distributed to Unitholders, with the result that Canadian resident Unitholders could be reassessed by the CRA to increase their taxable income by the amount of such increase.

The Manager anticipates that the Trust generally will treat gains as a result of dispositions of uranium as capital gains (see above under "*Material Income Tax Considerations — Material Canadian Federal Income Tax Considerations — Canadian Taxation of the Trust*") and that such capital gains generally will be designated as taxable capital gains of Unitholders. If any transactions of the Trust are reported by it on capital account but are subsequently determined by the CRA to be on income account, there may be an increase in the net income of the Trust for tax purposes and the taxable component of

amounts distributed to Unitholders, with the result that Canadian Unitholders could be reassessed by the CRA to increase their taxable income by the amount of such increase.

#### *Unitholders Not Resident in Canada*

This portion of the description is applicable to a Unitholder who, at all relevant times for purposes of the Tax Act, has not been and is not resident in Canada or deemed to be resident in Canada and does not use or hold, and is not deemed to use or hold its Units in connection with a business that the Unitholder carries on, or is deemed to carry on, in Canada at any time, and is not an insurer or bank who carries on an insurance or banking business or is deemed to carry on an insurance or banking business in Canada and elsewhere (a “Non-Canadian Unitholder”). Prospective non-resident purchasers of Units should consult their own tax advisors to determine their entitlement to relief under any income tax treaty between Canada and their jurisdiction of residence, based on their particular circumstances.

Any amount paid or credited by the Trust to a Non-Canadian Unitholder as income of or from the Trust, whether such amount is received in additional Units or cash generally will be subject to Canadian withholding tax at a rate of 25%, unless such rate is reduced under the provisions of an income tax treaty between Canada and the Non-Canadian Unitholder’s jurisdiction of residence. Pursuant to the Convention Between Canada and the United States of America With Respect to Taxes on Income and on Capital, as amended (the “Treaty”), a Non-Canadian Unitholder who is a resident of the United States and entitled to benefits under the Treaty will generally be entitled to have the rate of Canadian withholding tax reduced to 15% of the amount of any distribution that is paid or credited as income of or from the Trust. A Non-Canadian Unitholder that is a religious, scientific, literary, educational or charitable organization that is resident in, and exempt from tax in, the United States may be exempt from Canadian withholding tax under the Treaty, provided that certain administrative procedures are observed regarding the registration of such Unitholder.

Any amount in excess of the income of the Trust that is paid or payable by the Trust to a Non-Canadian Unitholder (including the non-taxable portion of capital gains realized by the Trust) generally will not be subject to Canadian withholding tax. Where such excess amount is paid or becomes payable to a Non-Canadian Unitholder, otherwise than as proceeds of disposition or deemed disposition of Units or any part thereof, the amount generally will reduce the adjusted cost base of the Units held by such Non-Canadian Unitholder. (However, the non-taxable portion of net realized capital gains of the Trust that is paid or payable to a Non-Canadian Unitholder will not reduce the adjusted cost base of the Units held by the Non-Canadian Unitholder.) If, as a result of such reduction, the adjusted cost base to the Non-Canadian Unitholder in any taxation year of Units would otherwise be a negative amount, the Non-Canadian Unitholder will be deemed to realize a capital gain in such amount for that year from the disposition of Units. Such capital gain will not be subject to tax under the Tax Act, unless the Units represent “taxable Canadian property” to such Non-Canadian Unitholder. The Non-Canadian Unitholder’s adjusted cost base in respect of Units will, immediately after the realization of such capital gain, be zero.

A disposition or deemed disposition of a Unit by a Non-Canadian Unitholder will not give rise to any capital gain subject to tax under the Tax Act, provided that the Unit does not constitute “taxable Canadian property” of the Non-Canadian Unitholder for purposes of the Tax Act. Units will not be “taxable Canadian property” of a Non-Canadian Unitholder unless at any time during the 60-month period immediately preceding their disposition by such Non-Canadian Unitholder, the Units derived directly or indirectly more than 50% of their fair market value from any combination of “Canadian resource properties” (which definition in the Tax Act does not include uranium), real or immovable property situated in Canada, timber resource properties (as defined in the Tax Act) or options in respect of, or interests in, or for civil law rights in, such properties, whether or not properties exists, or the Units were otherwise deemed to be taxable Canadian property. Assuming that the Trust adheres to its mandate to invest and hold substantially all of its assets in uranium, the Units should not be taxable Canadian property.

Even if Units held by a Non-Canadian Unitholder were “taxable Canadian property”, a capital gain from the disposition of Units may be exempted from tax under the Tax Act pursuant to an applicable income tax treaty or convention. A capital gain realized on the disposition of Units by a Non-Canadian Unitholder entitled to benefits under the Treaty (and who is not a former resident of Canada for purposes of the Treaty) should be exempt from tax under the Tax Act.

Non-Canadian Unitholders whose Units constitute “taxable Canadian property” and who are not entitled to relief under an applicable income tax treaty are referred to the discussion above under “*Material Tax Considerations — Canadian Taxation of Unitholders — Unitholders Resident in Canada*” relating to the Canadian tax consequences in respect of a disposition of a Unit.

### **Material U.S. Federal Income Tax Considerations**

The following are the material U.S. federal income tax consequences to U.S. Holders (as defined below), of the ownership and disposition of units. This discussion does not purport to deal with the tax consequences of owning units to all categories of investors, some of which, such as dealers in securities, regulated investment companies, tax-exempt organizations, investors whose functional currency is not the U.S. dollar and investors that own, actually or under applicable constructive ownership rules, 10% or more of the units, may be subject to special rules. This discussion does not address U.S. state or local tax, U.S. federal estate or gift tax or foreign tax consequences of the ownership and disposition of units. This discussion deals only with holders who hold the units as a capital asset. You are encouraged to consult your own tax advisors concerning the overall tax consequences arising in your own particular situation under U.S. federal, state, local or foreign law of the ownership of units.

The following discussion of U.S. federal income tax matters is based on the U.S. Internal Revenue Code of 1986, as amended (the “Code”), judicial decisions, administrative pronouncements, and existing and proposed regulations issued by the U.S. Department of the Treasury (the “Treasury Regulations”), all of which are subject to change, possibly with retroactive effect.

#### *U.S. Federal Income Tax Classification of the Trust*

The Trust has filed an affirmative election with the Internal Revenue Service (“IRS”) to be classified as an association taxable as a corporation for U.S. federal income tax purposes.

#### *U.S. Federal Income Taxation of U.S. Holders*

As used herein, the term “U.S. Holder” means a beneficial owner of less than 10% of trust units that is a U.S. citizen or resident for U.S. federal income tax purposes, a U.S. corporation or other U.S. entity taxable as a corporation, an estate the income of which is subject to U.S. federal income taxation regardless of its source, or a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds the units, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. However, a U.S. person that is an individual, trust or estate and that owns units through a partnership generally will be eligible for the reduced rates of taxation described below that are applicable to U.S. Individual Holders (as defined below). If a unitholder is a partner in a partnership holding the units, such unitholder should consult with his, her or its tax advisor.

#### Distributions

As discussed under “Distribution Policy”, the Trust does not anticipate making regular cash distributions to unitholders. Subject to the PFIC discussion below, any distributions made by the Trust with respect to the units to a U.S. Holder will generally constitute dividends, which will generally be taxable as ordinary income to the extent of the Trust’s current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of the Trust’s earnings and profits will be treated first as a non-taxable return of capital to the extent of the U.S. Holder’s tax basis in his, her or its units on a dollar-for-dollar basis and thereafter as gain from the disposition of units. Since the Trust will be a PFIC, as described below, dividends paid on the units to a U.S. Holder who is an individual, trust or estate, or a U.S. Individual Holder, will generally not be treated as “qualified dividend income” that is taxable to U.S. Individual Holders at preferential tax rates. Any dividends generally will be treated as foreign source income for U.S. foreign tax credit limitation purposes.

#### Redemption of Units

As described under “Redemption of Units”, a U.S. Holder may have units redeemed for cash or physical gold and silver bullion. Under Section 302 of the Code, a U.S. Holder generally will be treated as having sold his, her or its units (rather than having received a distribution on the units) upon the redemption of units if the redemption completely terminates or significantly reduces the U.S. Holder’s interest in the Trust. In such case, the redemption will be treated as described in the relevant section below depending on whether the U.S. Holder makes a QEF election, a mark-to-market election or makes no election and therefore is subject to the Default PFIC Regime (as defined below).

#### PFIC Status and Significant Tax Consequences

Special U.S. federal income tax rules apply to a U.S. Holder that holds stock in a foreign corporation classified as a PFIC for U.S. federal income tax purposes. In general, the Trust will be treated as a PFIC with respect to a U.S. Holder if, for any taxable year in which such U.S. Holder held the units, either:

- at least 75% of the Trust’s gross income for such taxable year consists of passive income; or
- at least 50% of the average value of the assets held by the Trust during such taxable year produce, or are held for the production of, passive income.

For purposes of these tests, “passive income” includes dividends, interest, and gains from the sale or exchange of investment property (including commodities). The income that the Trust derives from its sales of physical gold and silver bullion is expected to be treated as passive income for this purpose. Since substantially all of the Trust’s assets consist of physical gold and silver bullion and the Trust expects to derive substantially all of its income from the sales of physical gold and silver bullion, it is expected the Trust will be treated as a PFIC for each of its taxable years.

Assuming the Trust is a PFIC, a U.S. Holder will be subject to different taxation rules depending on whether the U.S. Holder: (1) makes an election to treat the Trust as a QEF (a “QEF election”); (2) makes a mark-to-market election with respect to the units, or (3) makes no election and therefore is subject to the Default PFIC Regime. As discussed in detail below, making a QEF election or a mark-to-market election generally will mitigate the otherwise adverse U.S. federal income tax consequences under the Default PFIC Regime. However, the mark-to-market election may not be as favourable as the QEF election because a U.S. Holder generally will recognize income each year attributable to any appreciation in the U.S. Holder’s units without a corresponding distribution of cash or other property.

Assuming that the Trust is a PFIC, for taxable years beginning on or after March 18, 2010, a U.S. Holder will be required to file an annual report with IRS reporting his, her or its investment in the Trust.

#### Taxation of U.S. Holders Making a Timely QEF Election

Making the Election. A U.S. Holder would make a QEF election with respect to any year that the Trust is a PFIC by filing IRS Form 8621 with his, her or its U.S. federal income tax return. The Trust intends to annually provide each U.S. Holder with all necessary information in order to make and maintain a QEF election. A U.S. Holder who makes a QEF election for the first taxable year in which he, she or it owns units, or an Electing Holder, will not be subject to the Default PFIC Regime for any taxable year. We will refer to an Electing Holder that is a U.S. Individual Holder as a Non-Corporate Electing Holder. A U.S. Holder who does not make a timely QEF election would be subject to the Default PFIC Regime for taxable years during his, her or its holding period in which a QEF election was not in effect, unless such U.S. Holder makes a special “purging” election. A U.S. Holder who does not make a timely QEF election is encouraged to consult such U.S. Holder’s tax advisor regarding the availability of such purging election.

Current Taxation and Dividends. An Electing Holder must report each year for U.S. federal income tax purposes his, her or its pro rata share of the Trust’s ordinary earnings and the Trust’s net capital gain, if any, for the Trust’s taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were received from the Trust by the Electing Holder. A Non-Corporate Electing Holder’s pro rata share of the Trust’s net capital gain generally will be taxable at a maximum rate of 28% under current law to the extent attributable to sales of physical gold and silver bullion by the Trust if the Trust has held the gold and silver bullion for more than one year. Otherwise, such gain generally will be treated as ordinary income.

If any holder redeems his, her or its units for physical gold and silver bullion (regardless of whether the holder requesting redemption is a U.S. Holder or an Electing Holder), the Trust will be treated as if it sold physical gold and silver bullion for its fair market value in order to redeem the holder’s units. As a result, any Electing Holder will be required to currently include in income his, her or its pro rata share of the Trust’s gain from such deemed disposition (taxable to a Non-Corporate Electing Holder at a maximum rate of 28% under current law if the Trust has held the physical gold and silver bullion for more than one year) even though the deemed disposition by the Trust is not attributable to any action on the Electing Holder’s part. If any holder redeems units for cash and the Trust sells physical gold and silver bullion to fund the redemption (regardless of whether the holder requesting redemption is a U.S. Holder or an Electing Holder), an Electing Holder similarly will include in income his, her or its pro rata share of the Trust’s gain from the sale of the physical gold and silver bullion, which will be taxable as described above even though the Trust’s sale of physical gold and silver bullion is not attributable to any action on the Electing Holder’s part. An Electing Holder’s adjusted tax basis in the units will be increased to reflect any amounts currently included in income under the QEF rules. Distributions of earnings and profits that had been previously included in income will result in a corresponding reduction in the adjusted tax basis in the units and will not be taxed again once distributed. Any other distributions generally will be treated as discussed above under “Material Income Tax Considerations – Material U.S. Federal Income Tax Considerations – U.S. Federal Income Taxation of U.S. Holders – Distributions”.

Income inclusions under the QEF rules described above generally should be treated as foreign source income for U.S. foreign tax credit limitation purposes, but Electing Holders should consult their tax advisors in this regard.

Sale, Exchange or Other Disposition. An Electing Holder will generally recognize capital gain or loss on the sale, exchange, or other disposition of the units in an amount equal to the excess of the amount realized on such disposition over the Electing Holder’s adjusted tax basis in the units. Such gain or loss will be treated as long-term capital gain or loss if the Electing Holder’s holding period in the units is greater than one year at the time of the sale, exchange or other disposition. Long-term capital gains of Non-Corporate Electing Holders currently are taxable at a maximum rate of 15%, or 20% in the case of certain high income Non-Corporate Electing Holders. An Electing Holder’s ability to deduct capital losses is subject to certain limitations. Any gain or loss generally will be treated as U.S. source gain or loss for U.S. foreign tax credit limitation purposes.

An Electing Holder that redeems his, her or its units will be required to currently include in income his, her or its pro rata share of the Trust's gain from the deemed or actual disposition of physical gold and silver bullion, as described above, which will be taxable to a Non-Corporate Electing Holder at a maximum rate of 28% under current law if the Trust has held the physical gold and silver bullion for more than one year. The Electing Holder's adjusted tax basis in the units will be increased to reflect such gain that is included in income. The Electing Holder will further recognize capital gain or loss on the redemption in an amount equal to the excess of the fair market value of the physical gold and silver bullion or cash received upon redemption over the Electing Holder's adjusted tax basis in the units. Such gain or loss will be treated as described in the preceding paragraph.

#### Taxation of U.S. Holders Making a Mark-to-Market Election

Making the Election. Alternatively, if, as is anticipated, the units are treated as "marketable stock", a U.S. Holder would be allowed to make a mark-to-market election with respect to the units, provided the U.S. Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury Regulations. The units will be treated as marketable stock for this purpose if they are regularly traded on a qualified exchange or other market. The units will be regularly traded on a qualified exchange or other market for any calendar year during which they are traded (other than in de minimis quantities) on at least 15 days during each calendar quarter. A qualified exchange or other market means either a U.S. national securities exchange that is registered with the SEC, the NASDAQ, or a foreign securities exchange that is regulated or supervised by a governmental authority of the country in which the market is located and which satisfies certain regulatory and other requirements. The Trust believes that both the TSX and NYSE Arca should be treated as a qualified exchange or other market for this purpose.

Current Taxation and Dividends. If the mark-to-market election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the units at the end of the taxable year over such U.S. Holder's adjusted tax basis in the units. The U.S. Holder would also be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in the units over their fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. Any income inclusion or loss under the preceding rules should be treated as a gain or loss from the sale of units for purposes of determining the source of the income or loss. Accordingly, any such gain or loss generally should be treated as U.S. source income or loss for U.S. foreign tax credit limitation purposes. A U.S. Holder's tax basis in his, her or its units would be adjusted to reflect any such income or loss amount. Distributions by the Trust to a U.S. Holder who has made a mark-to-market election generally will be treated as discussed above under "Material Income Tax Considerations – Material U.S. Federal Income Tax Considerations – U.S. Federal Income Taxation of U.S. Holders – Distributions".

Sale, Exchange or Other Disposition. Gain realized on the sale, exchange, redemption or other disposition of the units would be treated as ordinary income, and any loss realized on the sale, exchange, redemption or other disposition of the units would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the U.S. Holder. Any loss in excess of such previous inclusions would be treated as a capital loss by the U.S. Holder. A U.S. Holder's ability to deduct capital losses is subject to certain limitations. Any such gain or loss generally should be treated as U.S. source income or loss for U.S. foreign tax credit limitation purposes.

#### Taxation of U.S. Holders Not Making a Timely QEF or Mark-to-Market Election

Finally, a U.S. Holder who does not make either a QEF election or a mark-to-market election for that year, or a Non-Electing Holder, would be subject to special rules (the "Default PFIC Regime"), with respect to: (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on the units in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's

holding period for the units); and (2) any gain realized on the sale, exchange, redemption or other disposition of the units.

Under the Default PFIC Regime:

- the excess distribution or gain would be allocated rateably over the Non-Electing Holder's aggregate holding period for the units;
- the amount allocated to the current taxable year and any taxable year before the Trust became a PFIC would be taxed as ordinary income; and
- the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed tax deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

Any distributions other than "excess distributions" by the Trust to a Non-Electing Holder will be treated as discussed above under "Material Income Tax Considerations – Material U.S. Federal Income Tax Considerations – U.S. Federal Income Taxation of U.S. Holders – Distributions".

The Default PFIC Regime would not apply to a pension or profit-sharing trust or other tax-exempt organization that did not borrow funds or otherwise utilize leverage in connection with its acquisition of the units. If a Non-Electing Holder who is an individual dies while owning the units, such Non-Electing Holder's successor generally would not receive a step-up in tax basis with respect to the units.

### 3.8% Tax on Net Investment Income

For taxable years beginning after December 31, 2012, a U.S. Holder that is an individual, estate, or, in certain cases, a trust, will generally be subject to a 3.8% tax on the lesser of: (1) the U.S. Holder's net investment income for the taxable year; and (2) the excess of the U.S. Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000). A U.S. Holder's net investment income will generally include dividends distributed by the Trust and capital gains from the sale, redemption or other disposition of the units. This tax is in addition to any income taxes due on such investment income.

Under Treasury Regulations generally effective for taxable years after December 31, 2013, income inclusions under the QEF rules would not be considered "net investment income" unless: (1) the Electing Holder holds the units in connection with a trade or business of trading in financial instruments or commodities; or (2) the Electing Holder elects to treat the income inclusion under the QEF rules as "net investment income". If an Electing Holder does not make this election, such holder's tax basis in the units would not be increased by the amount of income inclusions under the QEF rules for purposes of calculating "net investment income" upon the sale, redemption or other disposition of the units. With respect to a U.S. Holder that has made a mark-to-market election with respect to the units, income inclusions under the mark-to-market election would be included in the calculation of "net investment income". An excess distribution made to a U.S. Holder subject to the Default PFIC Regime would be included in "net investment income" to the extent that such distribution constitutes a dividend for U.S. federal income tax purposes.

If you are a U.S. Holder that is an individual, estate or trust, you are encouraged to consult your tax advisors regarding the applicability of the 3.8% tax on net investment income to your units.

### Foreign Taxes

Distributions, if any, by the Trust may be subject to Canadian withholding taxes as discussed under “Material Income Tax Considerations – Material Canadian Federal Income Tax Considerations – Canadian Taxation of Unitholders – Unitholders Not Resident in Canada”. A U.S. Holder may elect to either treat such taxes as a credit against U.S. federal income taxes, subject to certain limitations, or deduct his, her or its share of such taxes in computing such U.S. Holder’s U.S. federal taxable income. No deduction for foreign taxes may be claimed by an individual who does not itemize deductions.

#### *Backup Withholding and Information Reporting*

Payments made within the United States, or by a U.S. payor or U.S. middleman, of dividends on, or proceeds arising from the sale or other taxable disposition of, units generally will be subject to information reporting and backup withholding, currently at the rate of 24%, if a U.S. Holder fails to furnish its correct U.S. taxpayer identification number (generally on IRS Form W-9), and to make certain certifications, or otherwise fails to establish an exemption. Backup withholding tax is not an additional tax. Rather, a U.S. Holder generally may obtain a refund of any amounts withheld under backup withholding rules that exceed his, her, or its U.S. federal income tax liability by filing a refund claim with the IRS.

U.S. Holders may be subject to certain IRS filing requirements as a result of holding units in the Trust. For example, a U.S. person who transfers property (including cash) to a foreign corporation in exchange for stock in the corporation is in some cases required to file an information return on IRS Form 926 with the IRS with respect to such transfer. Accordingly, a U.S. Holder may be required to file Form 926 with respect to its acquisition of units in an offering. Depending on the number of units held, acquired or disposed of by a U.S. Holder, the U.S. Holder may also be required to file an information return on IRS Form 5471 with the IRS. U.S. Holders also may be required to file FinCEN Report 114 (Report of Foreign Bank and Financial Accounts) with respect to their investment in the Trust.

U.S. Holders who are individuals (and to the extent specified in applicable Treasury Regulations, certain U.S. entities) who hold “specified foreign financial assets” (as defined in Section 6038D of the Code) are required to file IRS Form 8938 with information relating to the asset for each taxable year in which the aggregate value of all such assets exceeds \$75,000 at any time during the taxable year or \$50,000 on the last day of the taxable year (or such higher dollar amount as prescribed by applicable Treasury Regulations). Specified foreign financial assets would include, among other assets, the trust units, unless the trust units are held through an account maintained with a U.S. financial institution. Substantial penalties apply to any failure to timely file IRS Form 8938, unless the failure is shown to be due to reasonable cause and not due to willful neglect. Additionally, in the event a U.S. Holder who is an individual (and to the extent specified in applicable Treasury regulations, a U.S. entity) that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of U.S. federal income taxes of such holder for the related tax year may not close until three years after the date that the required information is filed. U.S. Holders should consult their own tax advisors with respect to their reporting obligations under this legislation or any other applicable filing requirements.

#### Foreign Account Tax Compliance Act

Under an Intergovernmental Agreement between the United States and Canada implementing the U.S. Hiring Incentives to Restore Employment Act (the “HIRE Act”), the Trust will be required to annually report certain information regarding certain U.S. Holders to the Canada Revenue Agency which will automatically provide such information to the IRS. U.S. Holders are encouraged to consult their tax advisers regarding the HIRE Act.

## Exchange of Tax Information

Part XIX of the Tax Act implements the Organisation for Economic Co-operation and Development Common Reporting Standard. Pursuant to Part XIX of the Tax Act, “Canadian financial institutions” that are not “non-reporting financial institutions” (as both terms are defined in Part XIX of the Tax Act) are required to have procedures in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the “controlling persons” of which are resident in a foreign country and to report required information to the CRA. Such information is expected to be exchanged on a reciprocal, bilateral, basis with the tax authorities of the foreign country in which the account holders or such controlling persons are resident, pursuant to the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or the relevant bilateral tax treaty. As long as Units are registered in the name of CDS, the Trust should not have any reportable accounts and, as a result, should not be required to provide information to the CRA in respect of its Unitholders. Unitholders, however, will be required to provide certain information including their tax identification numbers to their dealer for the purpose of such information exchange unless their investment is held within a Registered Plan (other than a first home savings account). The FHSA Amendments do not address whether first home savings accounts would be treated in the same way as Registered Plans for these purposes.

The U.S. Foreign Account Tax Compliance Act (“FATCA”) imposes certain reporting requirements on non-U.S. financial institutions. The governments of Canada and the United States have entered into an Intergovernmental Agreement (the “IGA”) which establishes a framework for cooperation and information sharing between the two countries and may provide relief from a 30% U.S. withholding tax under U.S. tax law (the “FATCA Tax”) for Canadian entities such as the Trust, provided that: (i) the Trust comply with the terms of the IGA and the Canadian legislation implementing the IGA in Part XVIII of the Tax Act, and (ii) the government of Canada complies with the terms of the IGA. The Trust will endeavor to comply with the requirements imposed under the IGA and Part XVIII of the Tax Act. Under Part XVIII of the Tax Act, Unitholders of the Trust are required to provide identity and residency and other information to the Trust (and may be subject to penalties for failing to do so), which, in the case of “Specified U.S. Persons” or certain non-U.S. entities controlled by Specified U.S. Persons, such information and certain financial information (for example, account balances) will be provided by the Trust to the CRA and from the CRA to the U.S. Internal Revenue Service (“IRS”), unless the units are held within a Registered Plan (other than a first home savings account). The FHSA Amendments do not address whether first home savings accounts would be treated in the same way as Registered Plans for these purposes. However, the Trust may be subject to FATCA Tax if it cannot satisfy the applicable requirements under the IGA or Part XVIII of the Tax Act, or if the Canadian government is not in compliance with the IGA and if the Trust is otherwise unable to comply with any relevant and applicable U.S. legislation. Any such FATCA Tax in respect of the Trust would reduce the Trust’s distributable cash flow and NAV.

## Taxation of Registered Plans

Provided that the Units are listed on a “designated stock exchange” (which currently includes the TSX) for purposes of the Tax Act, the Units will be qualified investments under the Tax Act and the regulations thereunder for deferred profit sharing plans, tax-free savings accounts (“TFSA”), first home savings accounts (“**FHSAs**”), registered disability savings plans (“RDSPs”), registered education savings plans (“RESPs”), registered retirement savings plan (“RRSPs”) and registered retirement income funds (“RRIFs”) collectively (“Registered Plans”). The tax legislation applicable to first home savings accounts does not come into force until April 1, 2023 (the “**FHSA Amendments**”).

Notwithstanding that the Units may be qualified investments for RRSPs, RRIFs, RESPs, RDSPs, and TFSAs, the subscriber of a RESP, the holder of a RDSP, FHSA or TFSA, as the case may be, or the annuitant under a RRSP or RRIF, as the case may be, will be subject to penalty taxes in respect of the

Units if such properties are a “prohibited investment” (as defined in the Tax Act) for the RESP, RDSP, TFSA, RRSP, FHSA or RRIF, as applicable. Units will not generally be a prohibited investment provided that the subscriber, holder or annuitant, as applicable, deals at arm’s length with the Trust for purposes of the Tax Act and does not have a “significant interest” (within the meaning of the Tax Act) in the Trust. Generally, a subscriber, holder or annuitant, as the case may be, will not have a “significant interest” in the Trust unless the subscriber, holder, or annuitant, as the case may be, owns interests as a beneficiary under the Trust that have a fair market value of 10% or more of the fair market value of the interests of all beneficiaries under the Trust, either alone or together with persons and partnerships with which the subscriber, holder or annuitant, as the case may be, does not deal at arm’s length. In addition, the Units will not be a “prohibited investment” if such Units are “excluded property” as defined in the Tax Act for a trust governed by a RESP, RDSP, TFSA, FHSA, RRSP or RRIF. As noted above, the FHSA Amendments do not come into force until April 1, 2023.

Amounts of income and capital gains included in a Registered Plan’s income are generally not taxable under Part I of the Tax Act, provided that the Units are qualified investments for the Registered Plan. Unitholders should consult their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan.

## RISK FACTORS

*You should consider **carefully** the risks described below before making an investment decision. You should also refer to the other information of the Trust including the Trust’s financial statements and the related note.*

**An investment in the Trust will yield long-term gains only if the value of uranium increases in an amount in excess of the Trust’s expenses.**

The Trust does not actively trade uranium to take advantage of short-term market fluctuations in the price of uranium or generate other income. Accordingly, the Trust’s long-term performance is dependent on the long-term performance of the price of uranium. As a result, an investment in the Trust will yield long-term gains only if the value of uranium increases in an amount in excess of the Trust’s expenses.

The price and value of uranium will, in part, depend upon continued and increased acceptance of nuclear technology as a clean means of generating electricity, and, the unique political, technological and environmental factors that affect the nuclear industry subject it to (i) public opinion risks, including the risk of a nuclear incident and that public sentiment regarding nuclear energy could have a material impact on the number of nuclear power plants under construction, planned or proposed; and (ii) risks that technical advancements in, and government subsidies for, renewable and other alternate forms of energy, such as wind and solar power, could make these forms of energy more commercially viable than nuclear power, in each case which could have an adverse impact on the demand for nuclear power and the future price of uranium.

**The Trust may conduct further offerings of Units from time to time, at which time it will offer Units at a price that will be at or above NAV at the time of the offering but that may be below the trading price of Units on the TSX at that time.**

The Trust may conduct further offerings of Units from time to time. Under the provisions of the Trust Agreement, the net proceeds to the Trust of any offering must be at or above NAV prior to, or upon determining the pricing of, the offering. Follow-on offerings of securities of issuers that are traded on an exchange usually are priced below the trading price of such securities at the time of an offering to induce investors to purchase securities in the follow-on offering rather than through the exchange on which such

securities are traded. Consequently, the price to the public at which such Units are offered likely will be below the trading price of Units on the TSX at the time of the offering, which may have the effect of lowering the trading price of Units immediately after the pricing of such follow-on offering. In addition, if and as long as the trading price of the Units is below NAV, it is unlikely that the Trust will be able to conduct a further offering of Units, because the Trust Agreement governing the Trust provides such Units would have to be offered at a price above the trading price of Units. The Manager may, from time to time and in its sole discretion, pay some or all of the expenses associated with an offering of units.

**The trading price of Units on the TSX is not predictable and may be affected by factors beyond the control of the Trust.**

The Trust cannot predict whether the Units will trade above, at or below NAV. The trading price of Units may not closely track the price of uranium, and Units may trade, and in the past have traded, on the TSX at a significant premium or discount from time to time. In addition to changes in the price of uranium, the trading price of Units may be affected by other factors beyond the control of the Trust, which may include the following: macroeconomic developments in North America and globally; market perceptions of attractiveness of uranium as an investment; the lessening in trading volume and general market interest in the Units which may affect a Unitholder's ability to trade significant numbers of Units; and the size of the Trust's public float which may limit the ability of some institutions to invest in Units.

**Information available in public media that is published by third parties, including blogs, articles, message boards and social and other media may include statements not attributable to the Trust or the Manager and may not be reliable or accurate.**

The Trust has received, and may continue to receive, an increased degree of media coverage that is published or otherwise disseminated by third parties, including blogs, articles, message boards and social and other media. This includes coverage that is not attributable to statements made by representatives of the Trust or the Manager. Information provided by third parties may not be reliable or accurate and could materially impact the trading price of Units.

**Pricing services are used to calculate published NAV .**

The value of uranium held by the Trust for the purposes of calculating the NAV of the Trust, is based on the prices provided by a widely recognized pricing service or an average of such services as directed by the Manager or a Technical Advisor. As the Trust's NAV is calculated using such pricing services (including an average thereof), it will not necessarily be reflective of the price of uranium available for purchase or sale. In addition, uranium can trade 24 hours a day and the Trust's NAV is calculated daily based on such pricing services. As such, the published NAV may not be reflective of market events and other developments that occur after the NAV pricing and publication and thus may not be reflective of the then-available market price or value of uranium.

**The Trust insures a portion of its assets, depending on availability of insurance at each location, but there may not be adequate sources of recovery if its uranium is lost, damaged, stolen or destroyed.**

The Trust insures a portion of its assets, depending on availability of insurance at each location. Consequently, if there is a loss of assets of the Trust through theft, destruction, fraud or otherwise, the Trust and Unitholders may need to rely on insurance carried by applicable third parties, if any, or on such third party's ability to satisfy any claims against it. The amount of insurance available or the financial resources of a responsible third party may not be sufficient to satisfy the Trust's claim against such party. Also, Unitholders are unlikely to have any right to assert a claim directly against such third party; such claims may only be asserted by the Trustee on behalf of the Trust. In addition, if a loss is covered by insurance carried by a third party, the Trust, which is not a beneficiary on such insurance, may have to

rely on the efforts of the third party to recover its loss. This may delay or hinder the Trust's ability to recover its loss in a timely manner or otherwise.

A loss with respect to the Trust's uranium that is not covered by insurance and for which compensatory damages cannot be recovered would have a negative impact on the NAV and would adversely affect an investment in Units. In addition, any event of loss may adversely affect the operations of the Trust and, consequently, an investment in Units.

**RBC Investor Services, the Facilities and other service providers engaged by the Trust may not carry adequate insurance to cover claims against them by the Trust.**

Unitholders cannot be assured that RBC Investor Services, the Facilities or other service providers engaged by the Trust will maintain any insurance with respect to the Trust's assets held or the services that such parties provide to the Trust and, if they maintain insurance, that such insurance is sufficient to satisfy any losses incurred by them in respect of their relationship with the Trust. In addition, none of the Trust's service providers are required to include the Trust as a named beneficiary of any such insurance policies that are purchased. Accordingly, the Trust will have to rely on the efforts of the service provider to recover from their insurer compensation for any losses incurred by the Trust in connection with such arrangements.

**In the event the Trust's uranium is lost, damaged, stolen or destroyed, recovery may be limited to the market value of the uranium at the time the loss is discovered.**

If there is a loss due to theft, loss, damage, destruction or fraud or otherwise with respect to the Trust's uranium held by one of the Trust's custodians and such loss is found to be the fault of such custodian, the Trust may not be able to recover more than the market value of the uranium at the time the loss is discovered. If the market value of uranium increases between the time the loss is discovered and the time the Trust receives payment for its loss and purchases uranium to replace the losses, less uranium will be acquired by the Trust and the value of the net assets of the Trust will be negatively affected.

**Because the Trust primarily invests in uranium, an investment in the Trust may be more volatile than an investment in a more broadly diversified portfolio.**

The Trust is primarily invested at all times in uranium. As a result, the Trust's holdings are not diversified. Accordingly, the NAV may be more volatile than another investment vehicle with a more broadly diversified portfolio and may fluctuate substantially over time. An investment in the Trust may be deemed speculative and is not intended as a complete investment program. An investment in Units should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the Trust. Investors should review closely the objective and strategy, the Investment and Operating Restrictions and the redemption provisions of the Trust as outlined herein and familiarize themselves with the risks associated with an investment in the Trust.

**A change in existing laws or regulations, or the interpretation thereof, could adversely impact the Trust and its activities.**

The Manager, the Trust and the Trust's assets, including its physical uranium, are subject to a variety of laws and regulations, including with securities laws and laws surrounding the storage of uranium. If existing laws or regulations, or the interpretation thereof, are revised or changed, the Trust's activities, including its ability to raise capital to fund further purchases of physical uranium, financial condition and prospects could be adversely affected.

**The Trust's obligation to reimburse the Trustee, the Manager, the underwriters or certain parties related to them for certain liabilities could adversely affect an investment in Units.**

Under certain circumstances, the Trust might be subject to significant indemnification obligations in favor of the Trustee, the Manager, the Agents or an underwriter as a result of an offering or certain parties related to them. The Trust does not carry any insurance to cover such potential obligations and, to the Manager's knowledge, none of the foregoing parties are insured for losses for which the Trust has agreed to indemnify them. Any indemnification paid by the Trust would reduce the value of net assets of the Trust and, accordingly, the NAV.

**Unitholders are not entitled to participate in management of the Trust.**

Unitholders are not entitled to participate in the management or control of the Trust or its operations, except to the extent of exercising their right to vote their Units when applicable. Unitholders do not have any input into the Trust's daily activities.

**The rights of Unitholders differ from those of shareholders of a corporation.**

Because the Trust is organized as a trust rather than a corporation, the rights of Unitholders are set forth in the Trust Agreement rather than in a corporate statute. This means that Unitholders do not have the statutory rights normally associated with the ownership of shares in an Ontario corporation. For example, the Trust is not subject to minimum quorum requirements, is not required to hold annual meetings, and has no officers or directors. Unitholders have the right to vote on matters brought before Unitholders in accordance with the Trust Agreement but do not have a right to elect the Manager, though Unitholders do have the right to remove the Manager in certain circumstances. In addition, Unitholders do not have the right to bring "oppression" or "derivative" suits.

**The investment objective and restrictions of the Trust and the attributes of a particular class or series of a class of units may be changed by way of an extraordinary resolution of all unitholders and unitholders of such class or series of a class of units, respectively.**

The investment objective and restrictions of the Trust and the attributes of a particular class or series of a class of units may be changed with the approval, in person or by proxy, of all unitholders and unitholders holding units of that class or series of a class, as the case may be, representing in aggregate not less than 66<sup>2</sup>/<sub>3</sub>% of the value of the net assets of the Trust or that class or series of a class of the Trust, respectively, as determined in accordance with the Trust Agreement, at a duly constituted meeting of unitholders, or at any adjournment thereof, called and held in accordance with the Trust Agreement, or a written resolution signed by unitholders holding units representing in aggregate not less than 66<sup>2</sup>/<sub>3</sub>% of the value of the net assets of the Trust or of that class or series of a class of the Trust, as determined in accordance with the Trust Agreement. Such changes to the investment objective or restrictions of the Trust or the attributes of the units may be more favorable or less favorable to unitholders than the investment objective or restrictions of the Trust or the attributes of the units, as the case may be, as described in this annual information form. The value of the units sold in a future offering of the Trust may decrease as a result of such changes.

**Fluctuation in foreign exchange rates may have an adverse effect on the Trust and on the trading price of Units.**

The Trust maintains its accounting records, purchases uranium and reports its financial position and results in U.S. dollars. Because certain of the Trust's expenses are paid in Canadian dollars, an increase in the value of the Canadian dollar would increase the reported expenses of the Trust that are payable in Canadian dollars, which could result in the Trust being required to sell more uranium to pay its expenses. Further, such appreciation could adversely affect the Trust's reported financial results, which may have an adverse effect on the trading price of Units.

**The CRA tax treatment of realized gains and losses.**

The CRA has expressed the opinion that gains (or losses) resulting from certain transactions in commodities should generally be treated for purposes of the Tax Act as being derived from an adventure in the nature in trade, so that, subject to the particular facts, such transactions give rise to ordinary income rather than capital gains. As the Manager intends for the Trust to be a long-term holder of uranium and does not anticipate that the Trust will sell its uranium (otherwise than where necessary to fund expenses of the Trust), the Manager anticipates that the Trust generally will treat gains (or losses) as a result of dispositions of uranium as capital gains (or capital losses), although depending on the circumstances, it may instead include (or deduct) the full amount of such gains or losses in computing its income. See “Material Income Tax Considerations – Material Canadian Federal Income Tax Considerations – Canadian Taxation of the Trust”. If any transactions of the Trust are reported by it on capital account but are subsequently determined by the CRA to be on income account, there may be an increase in the net income of the Trust for tax purposes and the taxable component of any amounts distributed to Unitholders, with the result that Canadian-resident Unitholders could be reassessed by the CRA to increase their taxable income by the amount of such increase, and non-resident Unitholders potentially could be assessed directly by the CRA for Canadian withholding tax on the amount of net gains on such transactions that were treated by the CRA as having been distributed to them. The CRA can assess the Trust for a failure of the Trust to withhold tax on distributions made by it to non-resident Unitholders that are subject to withholding tax, and typically would do so rather than assessing the non-resident Unitholders directly. Accordingly, any such re-determination by the CRA may result in the Trust being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for the purposes of the Tax Act at the time of the distribution. As the Trust may not be able to recover such withholding taxes from the non-resident Unitholders, payment of any such amounts by the Trust would reduce the NAV and the trading prices of Units. See “Material Income Tax Considerations – Material Canadian Federal Income Tax Considerations – *Canadian Taxation of Unitholders – Unitholders Not Resident in Canada*”.

**If the Trust were to carry on a business in Canada in a taxation year or acquire securities that were “non-portfolio properties”, it could become subject to tax at full corporate tax rates on some or all of its income for that year.**

The Manager anticipates that the Trust will make sufficient distributions in each year of any income (including taxable capital gains) realized by the Trust for Canadian tax purposes in the year so as to ensure that it will not be subject to Canadian income tax on such income. Such income generally will become subject to Canadian income tax at full corporate rates if the Trust becomes a “SIFT trust”, as defined in the Tax Act, even if distributed in full. If the Trust, contrary to its investment restrictions, were to carry on a business in Canada in a taxation year and use its property in the course of any such business, or acquire securities that were “non-portfolio properties”, it could become a SIFT trust. The anticipated activities of the Trust, as described in this prospectus, are intended to avoid having the Trust characterized as a SIFT trust. The CRA may take a different (and adverse) view of this issue and characterize the Trust as a SIFT Trust. If the Trust were a SIFT trust for a taxation year of the Trust, it would effectively be taxed similarly to a corporation on income and capital gains in respect of such non-portfolio properties at a combined federal/provincial tax rate comparable to rates that apply to income earned and distributed by Canadian corporations. Distributions of such income received by Unitholders would be treated as dividends from a taxable Canadian corporation.

**If the Trust experiences a “loss restriction event” it could result in unintended tax consequences for Unitholders.**

The Tax Act contains loss restriction rules that could result in unintended tax consequences for Unitholders, including an unscheduled allocation of income or capital gains that must be included in a Unitholder’s income for Canadian income tax purposes. If the Trust experiences a “loss restriction event”, it will: (i) be deemed to have a year end for Canadian tax purposes whether or not the Trust has losses (which would trigger an allocation of the Trust’s net income and net realized capital gains to Unitholders

to ensure that the Trust itself is not subject to tax on such amounts); and (ii) the Trust will become subject to the Canadian loss restriction rules that generally apply to corporations, including a deemed realization of any unrealized capital losses and disallowance of its ability to carry forward capital losses. Generally, the Trust will be subject to a loss restriction event if a person becomes a “majority-interest beneficiary”, or a group of persons becomes a “majority-interest group of beneficiaries”, of the Trust, as those terms are defined in the affiliated persons rules contained in the Tax Act, with certain modifications. Generally, a majority-interest beneficiary of a Trust is a beneficiary in the income or capital, as the case may be, of the Trust who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, as the case may be, of the Trust. A loss restriction event could occur because a particular Unitholder or an affiliate acquires Units of the Trust. Please see “*Material Tax Considerations — Canadian Taxation of Unitholders*” for the tax consequences of a distribution to Unitholders.

**A Unitholder may be unable to bring actions or enforce judgments against the Trust, the Trustee, the Manager, SAM GP or any of their officers and directors under U.S. federal securities laws in Canada or to serve process on any of them in the United States or EU Member States.**

Each of the Trust, the Trustee, the Manager, and SAM GP is organized under the laws of the Province of Ontario, Canada, and all of their executive offices and substantially all of the administrative activities and a majority of their assets are located outside the United States or EU Member States. In addition, the directors and officers of the Trustee and SAM GP are residents of jurisdictions other than the United States or EU Member States and all or a substantial portion of the assets of those persons are or may be located outside such jurisdictions.

As a result, a Unitholder may be unable to serve legal process within their jurisdiction upon any of the Trust, the Trustee, the Manager or SAM GP or any of their directors or officers, as applicable, or enforcing judgments obtained in courts in a Unitholder’s jurisdiction against any of them or the assets of any of them located outside a Unitholder’s jurisdiction, or enforcing them in the appropriate Canadian court judgments obtained courts of a Unitholder’s jurisdiction, including, but not limited to, judgments predicated upon the civil liability provisions of the federal securities laws of the United States or an EU Member State, or bringing an original action in the appropriate Canadian courts to enforce liabilities against the Trust, the Trustee, the Manager, SAM GP or any of their directors or officers, as applicable, based upon the U.S. federal securities laws, or securities laws of an EU Member State.

While a Unitholder, whether or not a resident of the United Kingdom, may be able to commence an action in Canada relating to the Trust and may also be able to petition Canadian courts to enforce judgments obtained in the courts of any part of the United Kingdom against any of the Trust, the Trustee, the Manager or SAM GP or any of their directors or officers, in accordance with the Convention between the Government of Canada and the Government of the United Kingdom of Great Britain and Northern Ireland providing for the Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters dated January 1, 1987, a Unitholder may face additional requirements serving legal process within the United Kingdom upon or enforcing judgments obtained in the United Kingdom courts against any of them or the assets of any of them located outside the United Kingdom, or enforcing against any of them in the appropriate Canadian court judgments obtained in the courts of any part of the United Kingdom, or bringing an original action in the appropriate Canadian courts to enforce liabilities against the Trust, the Trustee, the Manager, SAM GP or any of their directors or officers, as applicable.

**REMUNERATION OF DIRECTORS, OFFICERS, TRUSTEE AND THE INDEPENDENT REVIEW COMMITTEE**

No payment or reimbursement has been made to the directors and officers of the Manager by the Trust in the 2022 financial year. The Trustee is entitled to receive from the Trust, pursuant to the Trust

Agreement, trustee fees, custody, administration and securityholder reporting fees. For the financial year ended December 31, 2022, the Trust paid to the Trustee, in the aggregate, approximately \$4,000 for the Trustee's services as trustee, and the aggregate compensation paid to the Independent Review Committee by the Trust amounted to \$10,000.

### **MATERIAL CONTRACTS**

Copies of the material contracts of the Trust, listed below, are available for inspection during normal business hours at the offices of the Manager at Royal Bank Plaza, South Tower, Suite 2600, 200 Bay Street, Toronto, Ontario, Canada M5J 2J1:

1. the Trust Agreement;
2. the Management Agreement; and
3. the Sales Agreement.

Each of the Agents and the Trust has the right, by giving 10 days' notice, to terminate the Sales Agreement. In addition, the Agents may terminate the Sales Agreement, by notice to the Trust and the Manager, at any time, if (1) if there has been, since the date of the Sales Agreement or since the date as of which information is given in the 2<sup>nd</sup> A&R Short Form Base Shelf Prospectus, any change, or any development or event involving a prospective change, in the condition, financial or otherwise, or in the business, properties, earnings, results of operations or prospects of the Trust considered as one enterprise, whether or not arising in the ordinary course of business, which individually or in the aggregate, in the sole judgment of such Agent is material and adverse and makes it impractical or inadvisable to market the Units or to enforce contracts for the sale of the Units, (2) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the such Agent, impracticable or inadvisable to market the Units or to enforce contracts for the sale of the Units, (3) if trading in the Units has been suspended or limited by the Securities Commissions or the TSX or if trading generally on the TSX has been suspended or limited, or minimum prices for trading have been fixed on the TSX, (4) if any suspension of trading of any securities of the Trust on any exchange or in the over-the-counter market shall have occurred and be continuing, (5) if a major disruption of securities settlements or clearance services in Canada shall have occurred and be continuing, or (6) if a banking moratorium has been declared by Canadian authorities.

### **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

There are currently no ongoing legal or administrative proceedings involving the Manager which may be material to the Trust, nor are there any such proceedings known to be contemplated as of the date of this annual information form.

### **TERMINATION OF THE TRUST**

The Trust does not have a fixed termination date but will be terminated in the event there are no Units outstanding, the Trustee resigns or is removed and no successor trustee is appointed by the Manager by the time the resignation or removal becomes effective, the Manager resigns and no successor manager is appointed by the Manager and approved by Unitholders by the time the resignation becomes effective, the Manager is, in the opinion of the Trustee, in material default of its obligations under the Trust Agreement and such default continues for 120 days from the date that the Manager receives notice of such default from the Trustee and no successor manager has been appointed by Unitholders, the

Manager experiences certain insolvency events or the assets of the Manager are seized or confiscated by a public or governmental authority. In addition, the Manager may, in its discretion, terminate the Trust, without Unitholder approval, if, in the opinion of the Manager, after consulting with the Independent Review Committee, the value of the net assets of the Trust has been reduced such that it is no longer economically feasible to continue the Trust and it would be in the best interests of Unitholders to terminate the Trust, by giving the Trustee and each Unitholder at the time at least 90 days' notice. To the extent such termination in the discretion of the Manager may involve a matter that would be a "conflict of interest matter" as set forth under applicable securities legislation, the matter will be referred by the Manager to the Independent Review Committee for its recommendation. In connection with the termination of the Trust, the Trust will, to the extent possible, convert its assets into cash and, after paying or making adequate provision for all of the Trust's liabilities, distribute the net assets of the Trust to Unitholders, on a *pro rata* basis, as soon as practicable after the termination date.

### **EXEMPTIONS AND APPROVALS**

In connection with the Arrangement, the Trust obtained exemptive relief from the Canadian securities regulatory authorities for relief from NI 81-102 and the *Securities Act* (Ontario) ("Exemptive Relief"), which, among other things, permits the Trust to appoint the Facilities as custodians of the Trust's uranium.

Pursuant to the Exemptive Relief, the Trust may also (i) make its investments in uranium indirectly through its wholly-owned subsidiaries, (ii) invest more than 20% of its net asset value in each of UPC and any wholly-owned subsidiaries of UPC; (iii) acquire and hold securities of the subsidiaries of the Trust, representing more than 10% of the votes attaching to the outstanding voting securities of such subsidiaries; (iv) acquire and hold the securities of the subsidiaries of the Trust, even though such securities are "illiquid assets" for purposes of NI 81-102; and (v) make and hold an investment the subsidiaries of the Trust notwithstanding that the Trust is a "substantial securityholder" (as defined in the *Securities Act* (Ontario)) of such subsidiaries, however, as a result of the Wind-Up, items (i) through (v) are no longer applicable.

**SPROTT PHYSICAL URANIUM TRUST**

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M5J 2J1  
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Additional information about the Trust is available in the Trust's management reports of fund performance and financial statements. You may obtain a copy of these documents, at no cost by calling toll free: 1-855-943-8099 from your dealer, or by email at: [invest@sprott.com](mailto:invest@sprott.com). These documents and other information about the Trust, such as information circulars and material contracts, are also available on the Sprott Asset Management LP internet site at: [www.sprott.com](http://www.sprott.com) or at [www.sedar.com](http://www.sedar.com).