

Uranium Proves Resilient in March

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

Performance as of March 31, 2023

Asset	1 MO*	3 MO*	YTD*	1 YR	3 YR	5 YR
U308 Uranium Spot Price ¹	-0.30%	4.93%	4.93%	-12.42%	22.84%	19.23%
Uranium Mining Equities (Northshore Global Uranium Mining Index) ²	-6.74%	-1.48%	-1.48%	-24.68%	52.15%	18.92%
Uranium Junior Mining Equities (Nasdaq Sprott Junior Uranium Miners Index TR) ³	-11.02%	-10.02%	-10.02%	-36.57%	60.99%	N/A
Broad Commodities (BCOM Index) ⁴	-0.61%	-6.47%	-6.47%	-15.19%	19.48%	3.81%
U.S. Equities (S&P 500 TR Index) ⁵	-3.67%	7.50%	7.50%	-7.73%	18.60%	11.17%

Sources: Bloomberg and Sprott Asset Management LP. Data as of March 31, 2023. **For the fund's standardized performance, please see page 6 and 7. Past performance is no guarantee of future results.**

*Performance for periods under one year are not annualized.

Uranium Spot Outperforms Among Commodities

The U308 uranium spot price fell slightly from \$50.85 to \$50.70 in March and remains up 4.93% year-to-date as of March 31, 2023, showing strength relative to other commodities, which declined 6.47% YTD (as measured by the BCOM Index). Over the longer term, uranium has demonstrated even greater resilience within the commodity space. For the five years ended March 31, 2023, U308 spot appreciated a cumulative 140.95%¹ compared to 20.62% for the BCOM.

We believe that uranium market fundamentals, which are the most positive in over a decade, will continue to support prices. Physical uranium, which demonstrates low correlation to other major asset classes (see [Uranium's Mixed February](#)), also shows low historical correlation to other commodities, as shown in Figure 2. These characteristics make uranium an attractive option when considering portfolio diversification.

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

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

³ The Nasdaq Sprott Junior Uranium Miners™ Index (NSURNJ™) was co-developed by Nasdaq® (the "Index Provider") and Sprott Asset Management LP (the "Adviser"). The Index Provider and Adviser co-developed the methodology for determining the securities to be included in the Index and the Index Provider is responsible for the ongoing maintenance of the Index.

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

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

"We believe that uranium market fundamentals, which are the most positive in over a decade, will continue to support prices"

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Figure 1. Physical Uranium and Uranium Stocks Have Outperformed Other Asset Classes Over Past Five Years (3/30/2018-3/31/2023)



Source: Bloomberg and Sprott Asset Management. Data as of 03/31/2023. Gold is measured by GOLDS Comdty Spot Price; S&P 500 TR is measured by the SPX; Uranium miners are measured by the Northshore Global Uranium Mining Index (URNMX index); BCOM is the Bloomberg Commodity Index; US Agg Bond Index is measured by the Bloomberg Barclays US Agg Total Return Value Unhedged USD (LBSTRUU Index); the U.S. Dollar is measured by DXY Curncy and the U3O8 uranium spot price is measured by a proprietary composite of U3O8 spot prices from TradeTech LLC. Included for illustrative purposes only. **Past performance is no guarantee of future results.**

Uranium Miners Suffer a Drawdown

Uranium mining equities, in contrast to physical uranium, fell 6.74% in March and are off just 1.48% year-to-date, buoyed by January's stellar performance. Like physical uranium, uranium mining equities have had notable long-term results, having gained a cumulative 138.02% for the five years ending March 31, 2023.²

In March, a U.S. banking crisis unfolded amid the Fed's fight against inflation. The collapses of Silicon Valley Bank and Signature Bank, along with the emergency UBS buyout of Credit Suisse, surprised markets. The banking crisis raised alarms on uninsured deposits, fueled contagion fears and caused a liquidity crunch as capital came off the table. This macro environment was especially difficult for lower-liquidity assets, such as small-capitalization equities. As a result, small-cap equities generally underperformed their larger-cap counterparts, e.g., the large-cap oriented S&P 500 Index outperformed the smaller-cap Russell 2000 Index in March.

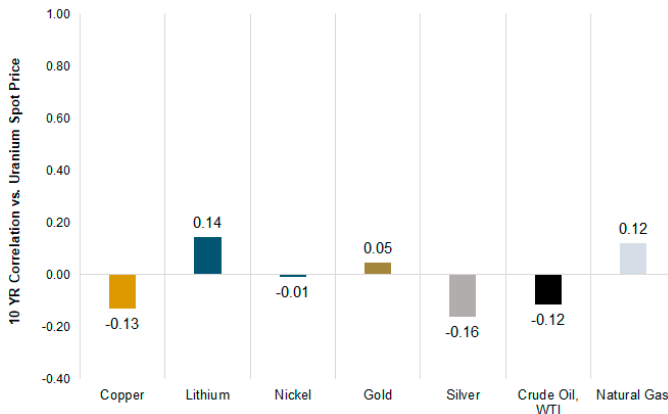
"Uranium has demonstrated strong performance within the commodity space. For the five years ended 3/31/2023, the uranium spot price has gained 140.95% versus 20.62% for the broader commodities sector.⁴"

Uranium equities were impacted by March's challenging headwinds, and smaller-cap, junior uranium miners were the main detractors for the month. The junior miner profile of lower liquidity and earlier-stage mine development can increase volatility and lead to larger drawdowns in tough market conditions. These qualities, however, may give junior miners the potential for greater upside in uranium bull markets. Despite the selling pressure in March, junior uranium miners continue to make progress with production restarts, uranium contracting with utilities and exploration programs.

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Figure 2. Uranium Spot Demonstrates Low Correlation to Other Commodities (03/31/2013-03/31/2023)



Source: Bloomberg and TradeTech LLC. Data for the uranium spot price is from TradeTech LLC. Other asset classes are from Bloomberg and are the LMCADY Index, L4CNMJGO Index, LMNIDY Index, Golds Comdty, SILV Comdty, CL1 Comdty Index and NG1 Comdty. Included for illustrative purposes only. **Past performance is no guarantee of future results.**

Uranium Supply Response Energized by Restarts

Uranium's strength, having appreciated significantly in the past couple of years, continues to incentivize production. enCore Energy Corp. (enCore) announced its decision to resume uranium production at the Alta Mesa Processing Plant in early 2024,⁶ estimated to have an operating capacity of 1.5 million lbs of U3O8 per year. This represents enCore's second restart, following the "Rosita" plant restart scheduled for 2023, which has an annual capacity of 800 thousand lbs of U3O8.

Several other junior uranium miners have restarts in the works:

- 1. Paladin Energy Limited** announced in July 2022 the restart of its Langer Heinrich mine for the first quarter of 2024. The project previously had a capacity of 5.2 million lbs of U3O8 per year.⁷
- 2. Boss Energy Ltd.** announced in June 2022 the restart of its Honeymoon ISL project for Q4 2023 with a capacity of 2.45 million lbs of U3O8 per year.⁸
- 3. Peninsula Energy Ltd.** announced in March a delay in the restart of its Lance ISL project to mid-year 2023. The project has a capacity of 820 thousand lbs. of U3O8 per year.⁹
- 4. Ur-Energy Inc.** announced in December 2022 the restart of its Lost Creek project for 2023. The project has a capacity of 1.2 million lbs of U3O8 per year but will target 50% of this.¹⁰

By contrast, Kazakhstan's uranium supply response has been to decrease production guidance. NAC Kazatomprom JSC (Kazatomprom), the biggest producer of uranium in the world, announced that it was reducing production guidance from 22,500-23,000 to 20,500-21,500 tonnes of uranium in 2023.¹¹ This followed a previous decrease of 5,000 tonnes in guidance for 2023.¹² Kazatomprom attributes the latest drop in production guidance to COVID-19 and supply chain challenges, which indicates how future supply may be disrupted. Thankfully, Kazatomprom doubled its year-over-year profit in 2022 due to a 31% increase in the average realized uranium price.

⁶ <https://encoreuranium.com/news/encore-energy-commences-work-to-restart-production-at-its-2nd-south-texas-uranium-processing-plant/>

⁷ <https://www.world-nuclear-news.org/Articles/Paladin-to-restart-Langer-Heinrich-uranium-mine>

⁸ <https://www.world-nuclear-news.org/Articles/Boss-Energy-to-restart-production-at-Honeymoon>

⁹ <https://world-nuclear-news.org/Articles/More-progress-towards-US-uranium-production-restart>

¹⁰ <https://www.ur-energy.com/investors/news-events/press-releases/detail/339/ur-energy-announces-additional-sales-commitments-success>

¹¹ <https://www.mining.com/kazatomproms-2022-profit-doubles-as-it-lowers-2023-production-guidance/>

¹² <https://www.world-nuclear-news.org/Articles/Kazatomprom-uranium-production-to-remain-flat-in-2>

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While the stronger uranium price is encouraging the restart of idle capacity, pricing remains well below the levels required for new greenfield production. In addition, while utilities have contracted to purchase the highest amount of uranium in 10 years, their purchasing activity remains below annual replacement levels.

Governments Continue to Embrace Nuclear Power

The energy transition movement is structural and we believe nuclear energy is a crucial solution for decarbonizing the global energy supply. Growing global recognition by governments, catalyzed by the need for greater energy security, is likely to continue to be a dominant theme. Positive news headlines continued in March. In the U.S., on March 2, the Biden administration offered \$1.2 billion for distressed nuclear power plants and, for the first time, the funding was available to recently closed plants.¹³ The Vogtle nuclear reactor Unit 3 in Georgia became the first U.S. reactor in seven years to start up and is scheduled to be fully in service in May or June. The UK announced it would increase nuclear's capacity to supply 25% of the country's electricity, up from 15% currently.¹⁴ European Union negotiators reached a deal on scaling up renewables and agreed to a provision allowing hydrogen produced with nuclear energy to *be considered green*.¹⁵ Nuclear-produced-hydrogen, a major issue in the negotiations, was championed by pro-nuclear France as a way to decarbonize heavy industry in the EU.

Nuclear Energy is Crucial to the Energy Transition

The performance of uranium miners in March did not reflect the sector's increasingly bullish fundamentals. We believe the uranium bull market still has a long way to run. Conversion and enrichment services price increases will likely cascade to the uranium spot price and support uranium miners. Over the long term, increased demand in the face of an uncertain uranium supply will likely support a sustained bull market.

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

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

¹³ <https://www.reuters.com/world/us/biden-admin-offers-12-bln-distressed-shut-nuclear-plants-2023-03-02/>

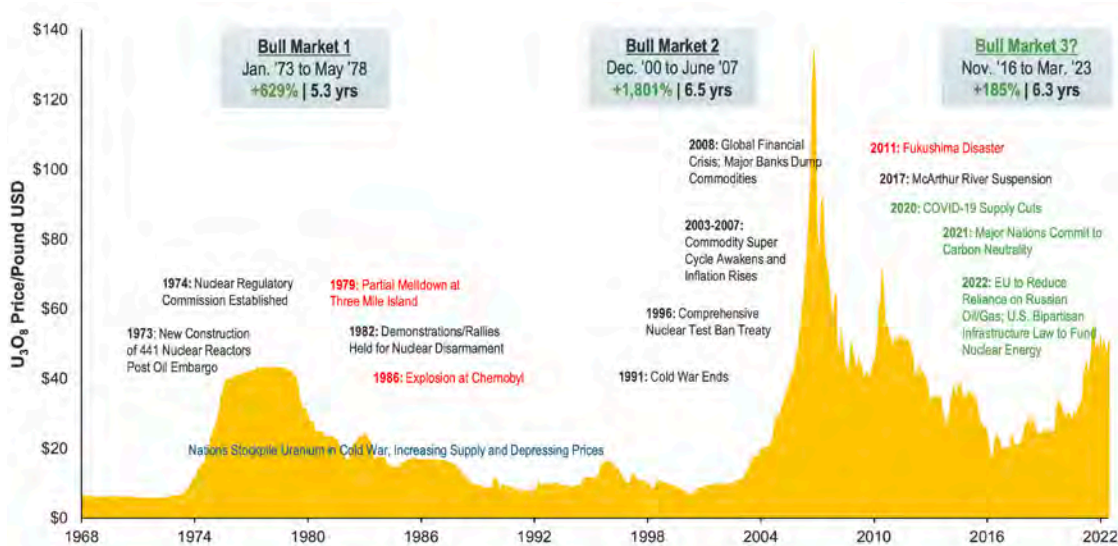
¹⁴ <https://world-nuclear.org/information-library/country-profiles/countries-t-z/united-kingdom.aspx>

¹⁵ <https://www.bloomberg.com/news/articles/2023-03-30/eu-agrees-nuclear-has-a-role-in-meeting-ambitious-climate-goals>

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



Source: TradeTech Data as of 03/31/2023. Note: A "bull market" refers to a financial markets condition when prices are generally rising. A "bear market" refers to financial market conditions when prices are generally falling. Included for illustrative purposes only. **Past performance is no guarantee of future results.**



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Sprott Uranium Miners ETF (NYSE Arca: URNM)

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

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

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

Key Points:

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

Performance: Average Annual Total Returns* (%)

MONTH END AS OF 3/31/2023	1 MO	3 MO	YTD	1 YR	3 YR	S.I. ¹
Sprott Uranium Miners ETF (Net Asset Value)	-6.69	-1.61	-1.61	-25.21	51.10	35.28
Sprott Uranium Miners ETF (Market Price) ²	-6.45	-1.35	-1.35	-24.72	51.45	35.36
North Shore Global Uranium Mining Index (Benchmark) ³	-6.74	-1.48	-1.48	-24.68	52.15	36.46
QUARTER END AS OF 3/31/2023	1 MO	3 MO	YTD	1 YR	3 YR	S.I. ¹
Sprott Uranium Miners ETF (Net Asset Value)	-6.69	-1.61	-1.61	-25.21	51.10	35.28
Sprott Uranium Miners ETF (Market Price) ²	-6.45	-1.35	-1.35	-24.72	51.45	35.36
North Shore Global Uranium Mining Index (Benchmark) ³	-6.74	-1.48	-1.48	-24.68	52.15	36.46

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

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

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

* Returns less than one year are not annualized.

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

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

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

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



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Sprott Junior Uranium Miners ETF (Nasdaq: URNJ)

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

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

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

Key Points:

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

Performance: Average Annual Total Returns* (%)

MONTH END AS OF 3/31/2023

	1 MO	S.I. ¹
Sprott Junior Uranium Miners ETF (Net Asset Value)	-11.05	-23.74
Sprott Junior Uranium Miners ETF (Market Price) ²	-10.83	-23.59
Nasdaq Sprott Junior Uranium Miners™ Index (Benchmark) ³	-11.06	-23.34

QUARTER END AS OF 3/31/2023

	1 MO	S.I. ¹
Sprott Junior Uranium Miners ETF (Net Asset Value)	-11.05	-23.74
Sprott Junior Uranium Miners ETF (Market Price) ²	-10.83	-23.59
Nasdaq Sprott Junior Uranium Miners™ Index (Benchmark) ³	-11.06	-23.34

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

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

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

* Returns less than one year are not annualized.

¹ Inception Date: 2/1/2023.

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

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

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

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

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IMPORTANT DISCLOSURES & DEFINITIONS

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

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

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

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

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

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

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

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