

## Physical Uranium Inventory (U.UN-T, U.U-T & YCA-L)

### Monthly Uranium NAV Update: Near a YTD Discount High

#### Event

The uranium spot ended the month of June lower with a monthly decline of -4.5% and settling at \$85.50 per lb. That said, the monthly range was between \$89.50-\$83.50 per lb, with an end of month rally boosting the spot to \$85.50 (Numerco). In terms of newsflow, the highlight of the month was the Department of Energy (DOE) issuing a \$3.40B RFP specifically for the purchase of low-enriched uranium (LEU), needed to run the nation's 94 currently operating nuclear power plants. Otherwise, the Athabasca Basin was in the headlines again as Paladin Energy announced a bid for Fission Uranium.

#### Details

- **DOE Releases a \$3.40B RFP for LEU** – This RFP is specifically for the purchase of low-enriched uranium (LEU), needed to run the nation's 94 currently operating nuclear power plants. Recall that this comes after the Prohibiting Russian Uranium Imports Act was enacted into law just a short few months ago. The recently announced RFP stems from the Nuclear Fuel Security Act which calls on the DOE to establish a strategic stockpile reserve of low-enriched uranium (LEU) and High Assay LEU (HALEU). The act also looks to jumpstart domestic U3O8 mining in order to ensure security and reliability of supply.
- **Paladin Energy Looks to Acquire Fission Uranium** - Paladin Energy (PDN) announced an all-stock takeover bid for Fission Uranium (FCU) at an implied value of C\$1.30 per share. We value the offer as fair as it equates to the current value we ascribe for the PLS project (Triple R deposit) at the current uranium spot rate of \$85.00/lb. We continue to note that at a capex estimate ~\$860M, the PLS project is one of the more expensive one in the Athabasca Basin when factoring in estimated LOM production of 78.0M lbs. Additionally, when looking at precedent Athabasca Basin project M&A valuations, Paladin's current bid equating to \$8.75 per global resource lb ranks on the higher side when looking at transactions since 2013. We don't foresee another bidder entering the scene.

#### Conclusion

Given current pricing, SPUT's discount to NAV increased from last month's -7.0% to the current -12.1% with the Trust now trading at a 0.88x P/NAVPU relative to its intrinsic value of \$28.87. Note that following a slight valuation premium in September 2023, the valuation discount has largely been maintained since. The current discount was last surpassed in February 2024 when -15.1% was reached. Given our LT \$120/lb price objective for the spot and a constant CAD/USD exchange rate, our 1.05x NAVPU valuation of \$43.30 (rounded) is maintained.

For YCA, given the most recent spot U3O8 quote at \$85.50/lb (or £67.54/lb), YCA is trading at 0.85x P/NAVPU, or at a -15.2% discount given the current 1.0x NAVPU intrinsic value of £686.46. Given our LT \$120/lb price objective for the spot and a constant GBP/USD foreign exchange rate, our 0.95x NAVPU valuation of £1,040 (rounded) is maintained.

Full details can be found [here](#):

#### Company Profile

<b>Sector</b>	Mining - Inventory
<b>Sub-Sector</b>	Uranium
<b>Company</b>	Sprott Physical U Trust
<b>Ticker</b>	U.UN, U.U

<b>Current Price (C\$)</b>	\$25.36
<b>12-Mth Price Objective (C\$)</b>	\$43.30
<b>Potential Upside</b>	+70.7%
<b>Mkt Cap, Basic (CSM)</b>	\$6,546
<b>EV (CSM)</b>	\$6,249

<b>Shares O/S Basic (M)</b>	266.51
<b>1-Mth Return</b>	-9.6%
<b>3-Mth Return</b>	-2.9%
<b>YTD Return</b>	-5.5%

<b>Sector</b>	Mining - Inventory
<b>Sub-Sector</b>	Uranium
<b>Company</b>	Yellow Cake plc
<b>Ticker</b>	YCA-L

<b>Current Price (GBP)</b>	£582.00
<b>12-Mth Price Objective (GBP)</b>	£1,040.00
<b>Potential Upside</b>	+78.7%
<b>Mkt Cap, Basic (GBP M)</b>	£1,262
<b>EV (GBP M)</b>	£1,195

<b>Shares O/S Basic (M)</b>	216.86
<b>1-Mth Return</b>	-8.4%
<b>3-Mth Return</b>	-2.9%
<b>YTD Return</b>	-5.5%

#### 2-Year Stock Chart – U.UN



#### 2-Year Stock Chart - YCA



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