

Physical Uranium Inventory (U.UN-T, U.U-T & YCA-L) Monthly U NAV Update: Spot Looks to Rebound During WNA ?

Event

The uranium spot ended the month of August lower given a monthly decline of -7.3% and settling at \$79.25 per lb (Numerco), representing a near monthly low. That said, the monthly range was between \$84.50-\$78.25 per lb. The price decline comes at the cusp of the World Nuclear Association's annual symposium, slated for September 4-6 in London. Despite spot weakness, the LT backdrop should be positive given the recently announced production cuts from Kazatomprom, the steady stream of nuclear power plant approvals and an ever evolving, pro- nuclear stance in Europe.

Details

- **Kazatomprom Slashes Production Guidance** – released its Q2/2024 results during the last week of August and all eyes were on production guidance. The company announced a cut to FY/2025 production, going from a previously expected 30.5-31.5 ktU (~79M-82M lbs) to the revised 25.0-26.5 ktU (~65M-69M lbs), at 100%. Though the culprit for this large revision lower was attributed to delays in construction and the lack of sulphuric acid (both valid) ultimately the newly enacted Kazah Mineral Extraction Tax (MET) bares much of the responsibility. As enacted earlier in July, according to the tax matrix above, it's clear to see that the new MET regime incentivizes lower production, and by extension – prompting for higher prices. The updated guidance places output well below Subsoil Use Agreement levels, which is likely to drive increased utility contracting through the remainder of the year.
- **Nuclear Extensions & Rollouts Continue** - earlier in August China's State Council approved five nuclear power projects encompassing a total of 11 reactors. In Europe, the Swiss government recently lifted the country's ban on the construction of new nuclear power plants which was previously in place since 2018. In the U.S, the Nuclear Regulatory Commission (NRC) provided the latest nuclear power plant life extension approval. This most recent extension is for 20 years each at the North Anna 1 & 2 units (Dominion Energy) which are 944MWe pressurized water reactors which began commercial operation in 1978. Lastly in Japan, Prime Minister Fumio Kashida is spearheading the needed discussions to re-start Tepco's Kashiwazaki-Kariwa nuclear power plant.

Conclusion

Given current pricing, SPUT's discount to NAV decreased from last month's -11.0% to the current -6.1% with the Trust now trading at a 0.94x P/NAVPU relative to its intrinsic value of \$26.37. Note that following a slight valuation premium in September 2023, the valuation discount has largely been maintained since. Given our LT \$120/lb price objective for the spot and a constant CAD/USD exchange rate, our 1.0x NAVPU valuation of \$41.35 (rounded) is maintained.

For YCA, given the most recent spot U3O8 quote at \$79.25/lb (or £60.24/lb), YCA is trading at 0.86x P/NAVPU, or at a -13.9% 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 0.9x NAVPU valuation of £980 (rounded) is maintained.

The full details can be found [here](#):

Company Profile

Sector	Mining - Inventory
Sub-Sector	Uranium
Company	Sprott Physical U Trust
Ticker	U.UN, U.U

Current Price (C\$)	\$24.66
12-Mth Price Objective (C\$)	\$41.35
Potential Upside	+67.7%
Mkt Cap, Basic (C\$M)	\$6,571
EV (C\$M)	\$6,239

Shares O/S Basic (M)	266.51
1-Mth Return	+2.8%
3-Mth Return	-11.2%
YTD Return	-12.7%

Sector	Mining - Inventory
Sub-Sector	Uranium
Company	Yellow Cake plc
Ticker	YCA-L

Current Price (GBP)	£526.00
12-Mth Price Objective (GBP)	£980.00
Potential Upside	+86.3%
Mkt Cap, Basic (GBP M)	£1,132
EV (GBP M)	£1,055

Shares O/S Basic (M)	216.86
1-Mth Return	+1.0%
3-Mth Return	-18.5%
YTD Return	-16.7%

2-Year Stock Chart – U.UN



2-Year Stock Chart - YCA



DISCLAIMER: Any written content contained herein should be viewed strictly as observation, analysis & opinion and not in any way as investment advice. No compensation was received for this report. Readers are encouraged to conduct their own due diligence.

X (Twitter): @HoldCoMarkets
Website: HoldCoMarkets.com

September 1, 2024

The following Terms and Conditions govern the use by readers, clients, subscribers and any other use of HoldCo Markets Advisory Inc.'s ("HoldCo Markets" or "the firm") products and associated content which is made internally and selectively distributed/accessible via holdcomarkets.com, email and/or via select social media.

Any written content contained herein should be viewed strictly as analysis, observation & opinion and not in any way as investment advice. HoldCo Markets is neither a qualified financial advisor, broker or legal advisor. All information, data and reports should be strictly seen as for informational purposes only and should not be considered in any way as investment advice or a solicitation for any security. HoldCo Markets does not make any recommendations, the firm only offers opinions.

All content encompassing reports, writings and opinions are based on what the firm deems as reliable sources such as current news/corporate events, management interviews, SEC/SEDAR or any other regulatory filing and any other source deemed credible by the firm's publishing analysts given their significant industry experience. HoldCo Markets has not been provided with any material non-public information from any company mentioned in the report.

This report contains "forward-looking" statements. Company conclusions may involve forward-looking statements concerning future company or industry performance. Though the forward looking statements are based on fair and reasonable assumptions, actual performance or results may differ. Be reminded that market volatility is inherent with investing. Past performance is no guarantee of future performance. As such, an investment in any company mentioned in the above report should be viewed as speculative, and entered into only by those who can handle potential loss of capital. Recipients of any HoldCo Markets content looking to act on any of our opinions should consider whether any information contained in this report is suitable for their particular investing circumstance.

The views and opinions expressed herein are company specific and subject to change without notice. All material contained on this website and disseminated through email or social media is strictly for informational purposes only. One should not take any financial decisions based solely on what was written from this above report, rather one should consider whether any information contained in this report is suitable for their particular investing circumstance and should seek professional advice. Volatility and the possibility of loss is inherent with any investment decision, HoldCo Markets accepts no liability for any potential direct or indirect loss arising from the use of our research, website or any additional in-house content.

Research Notes: HoldCo Markets did not receive any form of compensation from the company or companies written about in Research Notes. Conclusions and opinions expressed in the reports have been formulated independently and objectively. Research Notes are strictly an expression of our views and opinions. No compensation was received for any Research Notes publication or for its distribution. As a non IIROC registered company, HoldCo Markets Advisory Inc. neither provides investment banking services nor does it make a market in any securities written about in Research Notes.

Spotlight Research: Holdco Markets publishes and distributes Spotlight Research which is a differentiated research product which is specifically issuer-paid. Monetary compensation has been received for a twelve-month research coverage period. The purpose of Spotlight Research is to highlight growth companies which have been largely overlooked by the larger broker/dealers, largely due to constraints related to size and liquidity. Spotlight Research is strictly an expression of our views and opinions. HoldCo Markets' publishing analysts retain full control over the conclusions and opinions regarding this issuer-paid research. As a non IIROC registered company, HoldCo Markets Advisory Inc. neither provides investment banking services nor does it make a market in any securities written about in Spotlight Research.

Holdco Markets, any publishing analyst or any HoldCo Markets Board member may at one point hold a direct or indirect position by way of equity, options, warrants or debt in any or none of the companies mentioned in either Research Notes or Spotlight Research. No person with any affiliation to HoldCo Markets serves in any capacity as an officer or Director in any of the companies mentioned in the above document. The distribution of any HoldCo Markets content has no relation to the distribution of securities nor is it in any way a solicitation to buy or sell any security.

Reprinting any content or information from this report is strictly prohibited without permission. For more information or to receive future reports, please visit [Home \(holdcomarkets.com\)](http://Home(holdcomarkets.com))