



Overview of UPC Transaction and the Launch of Sprott Physical Uranium Trust

On July 19, 2021, and based on shareholder approval on July 7, 2021, Uranium Participation Corporation (“UPC”) was reorganized into the Sprott Physical Uranium Trust (“Trust”). The Trust is currently listed on the Toronto Stock Exchange and is also required to seek listing approval in the U.S. at a later date. WMC Energy has been retained as the technical advisor. The reorganization should help drive fund expenses lower, improve liquidity and provide a first-in-class trust holding physical uranium. We believe there are a number of compelling advantages of investing in uranium in a trust structure.

Please Note: This FAQ is not wholly inclusive of all relevant information. Investors should consult the [Management Information Circular](#) for more information, or please reach out to your Sprott representative at 888.622.1813 or uranium@sprott.com for additional questions.

1 What are Sprott Physical Uranium Trust’s trading symbols?

The Trust trades on the Toronto Stock Exchange under the symbol “U.UN” in Canadian dollars and “U.U” in U.S. dollars

2 What is the Trust’s investment objective and strategy?

- The Trust invests and holds substantially all of its assets in uranium in the form of U_3O_8
- The Trust seeks to provide a secure, convenient and exchange-traded investment alternative for investors interested in holding uranium

3 What differentiates the Sprott Physical Uranium Trust?

- The Trust is the first offering in the marketplace that allows individuals to invest directly in physical uranium through a transparent, cost-effective and liquid trust investment structure
- Currently, listed uranium investments include mining company shares and uranium-mining equity ETFs; investors can also access physical uranium but only through a traditional corporate structure

4 What are the benefits of the Trust?

1. World’s Largest Physical Uranium Investment Fund¹

- Sprott Physical Uranium Trust is the largest and only physical uranium fund currently in the marketplace¹

2. Experienced Commodity Fund Manager & Uranium Technical Advisor

- Sprott managed ~\$12.2 billion in physical commodity funds as of June 30, 2021; Sprott Physical Uranium Trust will add approximately \$600 million to this total (estimate as of June 30, 2021)
- WMC Energy B.V. has significant uranium industry expertise and serves as the Trust’s technical advisor, advising on matters relating to storage and transaction of uranium

Frequently Asked Questions for Sprott Physical Uranium Trust

3. Liquid and Convenient Way to Own Physical Uranium

- Trust units are exchange-traded and easy to buy, own and sell
- Planned At-the-Market (ATM) program allows for cost-effective capital raises and potentially less disruption to the uranium market

4. Transparent Daily Reporting of Net Asset Value (NAV) and Holdings

- Added transparency of assets and the daily posting of the net asset value are unique among physical uranium funds

5. Low Fees

- Management fee of 0.35% per annum, plus operating expenses

5 Why invest in uranium now?

1. Relatively More Efficient, Reliable, Clean and Safe

- Nuclear energy is highly efficient and reliable compared to other forms of electricity generation
- Nuclear energy is one of the cleanest energy sources based on CO₂ emissions
- Nuclear energy is one of the safest energy sources available

2. New Uranium Bull Market May be Emerging

- Uranium's price has historically experienced long bear markets and periods of exponential growth surrounding catalysts
- Uranium equity prices have recently performed strongly, a potential indicator for higher uranium prices

3. Non-Utility Buyers Entering Market

- Historically, greater purchases of non-utility buyers (e.g., investment funds, junior miners) have pushed up uranium spot prices
- 2021 is slated to be the strongest non-utility buying year over the past decade

4. Idled Supply

- Production is expected to remain stagnant or flat as demand rises
- Producers are not overly incentivized to produce until uranium prices are higher

5. Favorable Government Policy and Decarbonization Goals

- Major policy shifts, aggressive decarbonization goals and growing energy needs should bolster greater demand for uranium
- These policies will create clear energy winners and losers

6 What does the Trust hold?

- The Trust holds two forms of uranium (predominantly U₃O₈ but it may also hold UF₆); residual cash and cash equivalents may also be held
- The Trust's total market value and composition are available at sprott.com/uranium

Frequently Asked Questions for Sprott Physical Uranium Trust

7 How are the Trust's fees structured?

- The Trust will pay the Manager an annual management fee of 0.35% of the NAV (net asset value) 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 will be entitled to: (i) a commission of 1.0% of the gross value of any purchases or sales of U_3O_8 or UF_6 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.

8 How will the Trust's holdings of physical uranium be managed and stored?

- WMC Energy is the Trust's technical advisor, advising on all matters related to the storage of and transactions surrounding physical uranium
- WMC Energy is an independent physical commodity merchant and industrial asset development company focused on the low carbon energy sector. Through its expertise, WMC assists participants in the nuclear fuel and lithium-ion battery supply chain with their raw material needs and risk management. WMC sources, stores, finances and delivers physical commodities worldwide and helps clients navigate these markets
- Physical uranium will be stored in secured locations with highly reputable uranium operators: Cameco in Canada, ConverDyn in the U.S., Orano in France and Urenco in the U.S.

9 How will the Trust's NAV (Net Asset Value) be posted?

- The Trust posts a NAV daily, at the close of each trading day
- The Trust uses a blended spot price from several benchmark providers to determine the Fund's Net Asset Value

10 How will the Trust be taxed?

- Investors should always consult their tax advisor before making any investment decisions
- The Trust is classified as a PFIC (Passive Foreign Investment Company) for U.S. investors

11 Can an investor exchange \$CA units for \$US units?

- The Trust will have two currency options (Canadian dollars and U.S. dollars, as expressed by \$CA and \$US, respectively), while UPC was historically only denominated in \$CA
- Investors should coordinate with their respective brokerage firms should they seek to reclassify their shares to \$US

12 Will the Trust pursue a U.S. listing?

- The Trust is contractually obligated to make an application for a U.S. listing
- As a Trust, the prospect of obtaining a U.S. listing on the NYSE Arca or similar exchange is significantly improved
- Sprott has a strong track record listing physical commodity investment vehicles in the U.S. and has committed to funding up to \$1.5 million in costs associated with seeking a U.S. listing, which may help increase the diversity and size of the shareholder base, improve liquidity and support future uranium purchases

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13 What were the material terms of the reorganization as it relates to UPC and shareholders?

- Shareholders of UPC received one-half of one unit of the Trust in exchange for each Common Share of UPC
- UPC is now a subsidiary of the Trust
- The management services agreement between Denison Mines Inc. and UPC was terminated and Sprott Asset Management now manages the ongoing operation of the Trust

14 How will options contracts of UPC be treated?

- Option holders of UPC will be converted to a reorganized contract with the new Sprott Physical Uranium Trust
- Post reorganization, only closing transactions will be allowed and no new expiry months will be added
- Options will not be available on trust units post reorganization

15 Where can one access historical information on the former UPC?

- The uraniumparticipation.com website will continue to be accessible and contain important historical documents, including Financial Reports, Annual Information Forms, Meeting Materials and 2021 Press Releases.



Please reach out to your Sprott representative at **888.622.1813** or uranium@sprott.com for additional questions.

¹Based on Morningstar's universe of listed commodity funds. Data as of 6/30/2021.

The Sprott Physical Uranium Trust is generally exposed to multiple risks that have been both identified and described in the Management Information Circular. Please refer to the Management Information Circular for a description of these risks.

Past performance is not an indication of future results. The information provided is general in nature and is provided with the understanding that it may not be relied upon as, nor considered to be, tax, legal, accounting or professional advice. Readers should consult with their own accountants and/ or lawyers for advice on the specific circumstances before taking any action. Sprott Asset Management LP is the investment manager to the Sprott Physical Uranium Trust (the "Trust"). Important information about the Trust, including the investment objectives and strategies, applicable management fees, and expenses, is contained in the Management Information Circular. Please read the document carefully before investing. Investment funds are not guaranteed, their values change frequently and past performance may not be repeated. The information contained herein does not constitute an offer or solicitation to anyone in the United States or in any other jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. Views expressed regarding a particular company, security, industry or market sector should not be considered an indication of trading intent of any investment funds managed by Sprott Asset Management LP. These views are not to be considered as investment advice nor should they be considered a recommendation to buy or sell.