

# Monthly Uranium Miners Market Report

July 2023

**HANetf & Sprott Asset Management**  
**Sprott Global Uranium Miners UCITS ETF**  
URNM  
85 bps  
IE0005YK6564  
Product Inception Date: 03/05/2022

For Professional Clients Only. Capital at risk.  
All data as of 30/06/2023  
This report was written by, and is the opinion of, the Sprott Asset Management.

## Uranium ETF Key Takeaways

The U3O8 uranium spot price gained 2.61% in June, increasing from US\$54.59 to \$56.02 per pound as of June 30, 2023. Uranium has posted a healthy 15.95% year-to-date return as of June 30, 2023, and continued to show strength and diversification relative to other commodities, which declined 10.04% over the same period (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 June 30, 2023, the U3O8 spot appreciated a cumulative 146.15% compared to 16.10% for the BCOM.

The U3O8 uranium spot price began its rally on May 31 after the U.S. Senate Environment and Public Works Committee (Senate) passed the bipartisan Accelerating Deployment of Versatile, Advanced Nuclear for Clean Energy (ADVANCE) Act. The Act coupled with the Prohibiting Russian Uranium Imports Act passed on the 24th served as a clear signal that it may be only a matter of time before the Russian nuclear fuel supply chain is cut off.

Then from June 4-6, the World Nuclear Fuel Market held its annual meeting in Slovenia, with the theme "Mind the Gap". Attendees were reminded of the constantly increasing demand for uranium versus an increasingly uncertain supply outlook. Looming sanctions on Russian uranium have serious consequences for utilities' security of supply. Both conversion and enrichment providers maintain that they need significant term contracts in order to increase capacity. Conversion specifically has been a bottleneck on which market participants, especially in the West, have been focusing. In July, ConverDyn, a uranium conversion facility in the U.S., finally restarted after being shuttered since 2017. The reopening of this conversion facility represents an important step to re-shoring the nuclear supply chain from Russia. Another key development in the re-shoring process was made by Urenco, which announced in early July that it will expand the capacity of its New Mexico enrichment facility by 15%. We believe that both of these developments will finally enable an industry shift to overfeeding, which will ultimately create greater near-term demand for uranium.

The Sprott Uranium Miners UCITS ETF rose 11.68% in June and is now up 5.83% year-to-date. This marks a reversal of recent months where the uranium spot price had been outperforming the equities, leading to what we believe was/is a market dislocation.

Uranium mining equities have been hurt by higher interest rates and macro headwinds that have hit many capital-intensive sectors. Overall, the mixed macro data in June was overshadowed by the previously discussed supply chain concerns, which are increasingly significant given that the contracting cycle has started and the uranium price has been on the move. While 2022 was the highest uranium contracting year in a decade, utilities are still not yet at the annual replacement rate. As a result, we expect the contracting cycle will accelerate as utilities are becoming increasingly concerned about the long-term security of supply. We believe this may likely lead to higher prices, where the uranium spot price currently sits at levels not reached since the Russian invasion of Ukraine.

Another key point on the contracting cycle is that term contracting thus far in 2023 has been dominated by European (Central and Eastern) utilities that are clearly focused on shifting away from Russia. Surprisingly, U.S. utilities have been less active in 2023 and actually contracted to buy less uranium in 2022 versus 2021 (40.5 million pounds U3O8e versus 46.7 million). Note that the uranium spot price appreciated 14.74% in 2022, regardless. While U.S. utilities have historically held lower uranium inventories compared to the rest of the world, their uncovered uranium requirements for the next decade, 2023-2032, now stand at 179.2 million pounds. This is relatively unchanged from the year before's figure of 182.1 million pounds, but given that, over the past year, there has been considerable supply already earmarked for future contract deliveries, future uranium supplies will also be dependent on junior uranium miners.

Junior uranium miners bucked their recent trend of underperforming the large-cap miners and appreciated 18.93% in June. We have previously said that "Tough market conditions tended to impact junior uranium miners more significantly, given their lower levels of liquidity and higher volatility. These qualities, however, give junior miners the potential for greater upside in uranium bull markets." The latter sentence is what has played out in June, with uranium juniors' volatility coming out to the upside.

The strong performance of junior uranium miners in June reflects the sector's increasingly bullish fundamentals and the growing reality that future uranium supplies will also have to come from mines restarting operations and new mines in development.

Source of all performance data: Bloomberg / HANetf as of 31.03.2023. **All performance figures are showing net data.** Past performance is not indicative of future performance and when you invest in ETFs your capital is at risk.

## Macro Outlook

Looking beyond the short-term performance, we believe the uranium bull market still has a long way to run. We believe conversion and enrichment services price increases have started to cascade to the uranium spot price. The long-awaited restart of the ConVerDyn conversion facility in Illinois will play a key role in the West's transition away from Russian suppliers. Conversion has been the key bottleneck in the supply chain and this new capacity will finally enable the anticipated shift from underfeeding to overfeeding which will in turn create additional demand for U3O8.

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. As the world continues to add renewable capacity to the grids, nuclear energy will have an important role to play, providing the highest capacity factor.

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.

**Please remember that when you invest in ETFs, your capital is at risk.**

## Uranium ETF Performance

As of 30/06/2023

	1M	3M	6M	YTD	12M	SI
<b>Sprott Global Uranium Miners UCITS ETF</b>	<b>11.69%</b>	<b>7.61%</b>	<b>5.82%</b>	<b>5.82%</b>	<b>17.53%</b>	<b>-8.98%</b>
<i>North Shore Sprott Uranium Miners Index</i>	<i>11.75%</i>	<i>7.84%</i>	<i>6.26%</i>	<i>6.26%</i>	<i>18.74%</i>	<i>-8.01%</i>

**Please note that all performance figures are showing net data.** Source: Bloomberg / HANetf. Data as of 30/06/2023. Performance before inception is based on back-tested data. Backtesting is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such a strategy would have been. Back-tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. Past performance for the index is in USD. Past performance is not an indicator for future results and should not be the sole factor of consideration when selecting a product. Investors should read the prospectus of the Issuer ("Prospectus") before investing and should refer to the section of the Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in this product. When you invest in ETFs and ETCs, your capital is at risk.

## Product Details

The Sprott Uranium Miners UCITS ETF (URNM) seeks to provide investors with a way to invest in the growth of nuclear power through exposure to uranium miners. This comprises companies involved in the uranium industry, spanning the mining, exploration, development and production of uranium.

The Fund is also permitted to invest in entities that hold physical uranium, uranium royalties or other non-mining assets.

The fund tracks the North Shore Sprott Uranium Miners Index (URNMXA Index)

Visit the [URNM fund page](#) for more information.

Exchange	Ticker	RIC	SEDOL	ISIN	Valoren	WKN	CCY	Listing Date
LSE	URNM LN	URNM.L	BN16G54	IE0005YK6564	-	-	USD	05/05/2022
LSE	URNP LN	URNP.L	BN16G87	IE0005YK6564	-	-	GBP	05/05/2022
Borsa Italiana	U308 IM	U308.MI	BPCJF82	IE0005YK6564	-	-	EUR	12/05/2022
Xetra	U308 GY	U308.DE	BPCJFR1	IE0005YK6564	-	A3DJZY	EUR	05/05/2022

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- ii. the carbon securities ETCs under the terms in the base prospectus approved by the UK Financial Conduct Authority (“FCA”) and the relevant final terms of the carbon securities (together, “FCA Carbon ETC Prospectus”); and
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The ETF Prospectus, Metals ETC Prospectus, FCA Carbon ETC Prospectus, CBI Carbon ETC Prospectus and Cryptocurrency Prospectus can all be downloaded from [www.hanetf.com](http://www.hanetf.com).

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