

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, you should consult a person authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

This document has been drawn up in accordance with the requirements of the Public Offers of Securities Regulations 1995 and a copy has been delivered for registration to the Registrar of Companies in England and Wales in accordance with regulation 4 (2) of those regulations.

The Directors of Yellowcake Plc accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The share capital of the Company is not presently listed or dealt in on any stock exchange. It is intended that an application will be made for all the Ordinary Shares of the Company to be traded through Ofex (as defined). **Ofex is a market operated by Ofex plc and is not classified as “regulated market” under EU financial services law. Ofex is a market for smaller companies which tend to involve a higher investment risk than more mature companies. A decision to invest in Ofex securities should only be made on the basis of due and careful consideration and appropriate professional advice.** It is emphasised that no application is being made or has been made for the admission of the Ordinary Shares to the Official List of the London Stock Exchange or to trade on the Alternative Investment Market (“AIM”).

The whole of this document should be read and in particular your attention is drawn to Part II of this document which sets out certain risk factors. All statements regarding the Company’s business, financial position and prospects should be viewed in light of such risk factors.

Yellowcake Plc

(Incorporated in England and Wales under the Companies Act 1985 with Registered number 5370820)

Offer for Subscription of up to 25,000,000 Ordinary Shares of 0.25p at 2p per share and Introduction to trading on Ofex

**Ofex Corporate Advisers
St Helen’s Capital Plc**

(Regulated by the Financial Services Authority)

SHARE CAPITAL ON INTRODUCTION

<i>Authorised</i>			<i>Issued</i>	
<i>Amount</i>	<i>Number</i>		<i>Amount</i>	<i>Number</i>
£1,000,000	400,000,000	Ordinary Shares of 0.25p	£175,000	70,000,000

St Helen’s Capital Plc, which is regulated by the Financial Services Authority and is a member of Ofex, is the Company’s Corporate Adviser for the purposes of the Offer. St Helen’s Capital Plc has not made its own enquiries except as to matters which have come to its attention and on which it considered it necessary to satisfy itself and accepts no liability whatsoever for the accuracy of any information or opinions contained in this document, or for the omission of any material information, for which the Directors are solely responsible.

The advisers named on page 3 are acting for the Company and for no one else in relation to the arrangements proposed in this document and will not be responsible to anyone other than the Company for providing the protections afforded to clients of such advisers or for providing advice in relation to the Offer.

The whole text of this document should be read. An investment in Yellowcake Plc involves a high degree of risk and, in particular, attention is drawn to the section entitled “Risk Factors” in Part II of this document. An investment in the Company may not be suitable for all recipients of this document.

Prospective investors should consider carefully whether an investment in the Company is suitable for them in the light of their personal circumstances and the financial resources available to them.

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DIRECTORS, SECRETARY and ADVISERS

Directors	Mark Watson-Mitchell, <i>Non-executive Chairman</i> Robert Wallace, <i>Chief Executive</i> Robin Abeyesinhe, FCCA, <i>Finance Director</i> Albert Collins, <i>Non-executive Director</i>
Company Secretary	Robin Abeyesinhe, FCCA
Registered Office	126 Aldersgate Street London EC1A 4JQ
Corporate Adviser	St Helen's Capital Plc 15 St Helen's Place London EC3A 6DE
Reporting Accountants and Auditors	Nexia Audit Limited 1 Riding House Street London W1A 3AS
Tax Advisers	Smith & Williamson Limited 1 Riding House Street London W1A 3AS
Solicitors to the Company	Marriott Harrison 12 Great James Street London WC1N 3DP
Bankers	National Westminster Bank plc 134 Aldersgate Street London EC1A 4LD
Registrars	Share Registrars Limited Craven House West Street Farnham Surrey GU9 7EN
Public Relations	Redleaf Communications Ltd 9-13 St Andrew Street London EC4A 3AF
Investor Relations	SQC Research 126 Aldersgate Street London EC1A 4JQ
Website	www.yellowcake.co.uk

DEFINITIONS

The following terms apply in this document unless the context requires otherwise:

“Act”	Companies Act 1985, as amended
“Addworth”	Addworth Plc
“Articles”	the Articles of Association of the Company
“Board” or “Directors”	the board of directors of the Company
“Company” or “Yellowcake”	Yellowcake plc
“CREST”	the computerised settlement system operated by CRESTCo which facilitates the transfer of title to shares in uncertificated form
“CRESTCo”	CRESTCo Limited
“Founders”	the Directors and certain initial shareholders in the Company
“FSA”	Financial Services Authority
“Introduction to Ofex”	the introduction of the Ordinary Shares to trading on Ofex
“London Stock Exchange”	the London Stock Exchange plc
“New Ordinary Shares”	up to 25,000,000 Ordinary Shares proposed to be issued pursuant to the Offer
“Ofex”	a market operated by Ofex plc which allows trading of shares in unquoted companies
“Offer”	the offer for subscription of up to 25,000,000 New Ordinary Shares on the terms set out in this prospectus
“Offer Price”	2p per New Ordinary Share
“Ordinary Shares”	the ordinary shares of 0.25p each in the capital of the Company
“POS Regulations”	the Public Offers of Securities Regulations 1995, as amended
“St Helen’s Capital”	St Helen’s Capital Plc, a company regulated by the FSA
“UK Listing Authority”	the FSA as the competent authority for listing in the UK
“Warrants”	the warrants to subscribe for Ordinary Shares, to be granted details of which are set out in section 7 of Part IV of this document

SUMMARY OF KEY INFORMATION

The following information has been derived from, and should be read in conjunction with, the full text of this document. Investors should read the whole document and not just rely on the key information set out below:

- Yellowcake is a newly incorporated company established by the Directors as an Ofex investment vehicle. *Yellowcake* is another name for the concentrated oxide of uranium which is formed in the milling of uranium ore;
- The Company has been formed to offer investors a stake in the global uranium mining industry. Uranium is the raw material used in nuclear power stations where its zero emissions allow countries to produce increased levels of energy while reducing the release of greenhouse gases into the atmosphere;
- In 2004, spot prices increased by 43% and the long-term price indicators rose by 61% reflecting a current and projected excess of world demand over supply. The International Atomic Energy Agency forecasts a 47% rise in global production of nuclear power in the period 2003-2020.
- Yellowcake will invest in leading uranium producing mining companies, in businesses with proven reserves of uranium but not yet producing and in uranium exploration companies. Its strategy also includes taking direct stakes in uranium mining projects initially in Canada, the USA, South Africa and in various states of the former Soviet Union;
- The Directors believe that the prospects for the nuclear power industry are undergoing a transformation and consider that uranium is in the early stages of a secular bull market;
- Yellowcake has a highly experienced management team: **Mark Watson-Mitchell (Non-executive Chairman)** is a specialist in investment research and investor relations and is Executive Chairman of AIM quoted Addworth Plc which is an active capital investor; **Robert Wallace (Chief Executive)** has founded and run a number of companies as chief executive, is a commentator on mining stocks and since 1999 has been a senior analyst for The AIM and Ofex Newsletter. **Robin Abeyesinhe (Finance Director)** is experienced in AIM companies and is Finance Director of Addworth Plc; **Albert Collins (Non-executive Director)** was for ten years the investment fund manager for **Guardian Royal Exchange's** Trustee Division;
- The Directors, following a study of the global uranium sector, have identified a number of projects which they will evaluate seeking good capital returns. They Directors believe that their collective experience in the area of mergers and acquisitions, accounting, corporate and financial management in relation to small and medium sized businesses will assist them in the identification and evaluation of acquisition opportunities;
- The Company is seeking to raise £500,000 (before expenses) under the Offer of up to 25,000,000 new Ordinary Shares representing 35.71 per cent of the enlarged issued share capital of the Company on the Introduction to Ofex. The minimum subscription is £250,000. Dealings in the Ordinary Shares are expected to commence on Thursday 21 July 2005;
- The net proceeds of the Offer, which are estimated to amount to £425,000 (after expenses), will, together with the existing cash balances of the Company, be used to provide the funds needed by the Company to identify and carry out due diligence on potential investments and to provide working capital for the Company's initial operations in line with its investment strategy.

KEY STATISTICS

Offer Price per New Ordinary Share	2p
Number of New Ordinary Shares being issued under the Offer	25,000,000
Number of Ordinary Shares in issue following the Offer	70,000,000
Percentage of enlarged issued share capital being placed	35.71%
Gross Proceeds of the Offer	£500,000
Net Proceeds of the Offer receivable by the Company	£425,000
Market Capitalisation following the Offer (assuming a full subscription)	£1,400,000

EXPECTED TIMETABLE

Offer opens	Wednesday 22 June 2005
First closing date	Tuesday 19 July 2005
Issue of share certificates	Wednesday 20 July 2005
Expected date of Introduction to Ofex	Thursday 21 July 2005

PART I

INFORMATION ON THE COMPANY

Introduction

Yellowcake is another name for the concentrated oxide of uranium which is formed in the milling of uranium ore.

The Company was formed primarily to invest in uranium projects initially in Canada, the USA, South Africa and in various states of the former Soviet Union.

Yellowcake's interest in any of those selected projects may range from a minority holding to a fully owned stake. Its investments may be made in quoted or unquoted companies and could also be in uranium holding funds, partnerships or by way of joint ventures. The investment criteria will include projects that are exploring for, developing or producing uranium.

The values of uranium stocks have improved impressively over the past year. The Directors believe that this reflects not only a shortage of supply over demand, but political pressure to find energy sources which limit the production of greenhouse gases and increasing levels of acceptance of nuclear power as a long term solution for power generation.

The Directors are therefore of the view that there is a strong outlook for the price of uranium and hence of shares in the companies seeking to exploit its potential. At the same time the Directors believe that there is a dearth of available companies through which to participate and that this has added to the price momentum.

Developments in nuclear power

The Directors believe that the prospects for the nuclear power industry are undergoing a transformation.

An experimental nuclear reactor in Idaho first produced electricity in 1951 and by 1954 the first nuclear powered electricity generator was supplying the then closed city of Obninsk in the USSR. In the same year a pressurised water reactor (PWR) powered the newly launched submarine USS Nautilus. Westinghouse designed the first fully commercial PWR and General Electric the first boiling water reactor (BWR), both commissioned in 1960. Nuclear power stations were widely constructed throughout the 1960's and 1970's. The price of uranium oxide (yellowcake) rose to US\$43 in 1979.

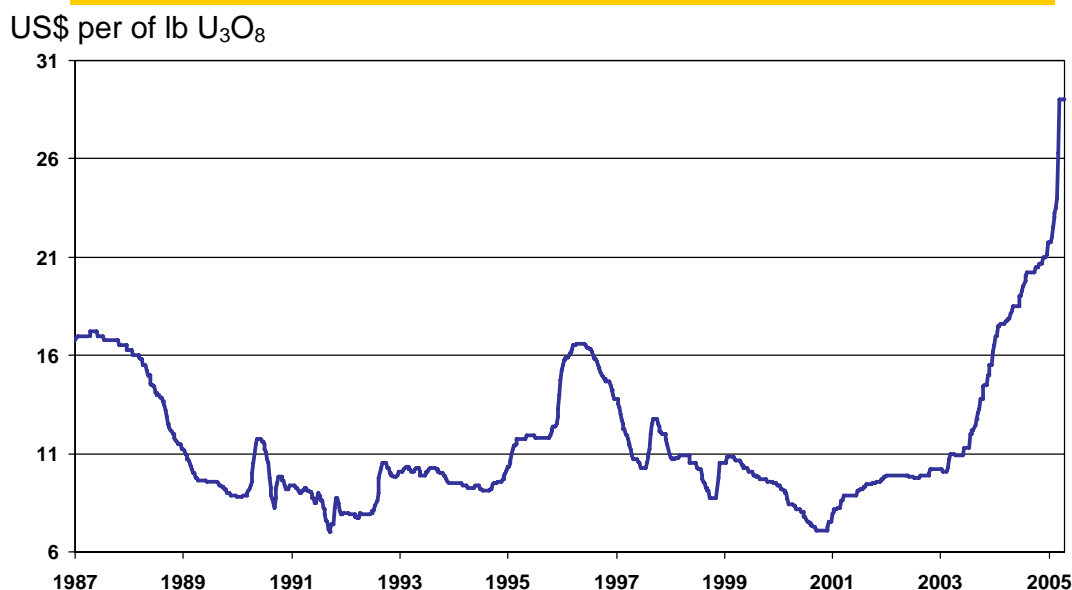
The establishment of the International Atomic Energy Authority in 1957 imposed operational and safety standards. Accidents at Three Mile Island, Pennsylvania, in March 1979 when there was a partial meltdown, and at Chernobyl near Kiev in April 1986, where many people died or were affected, halted further development.

For decades, there have been more than ample supplies of enriched uranium for nuclear power stations. There were above-ground surplus stockpiles of the metal put aside by utilities and countries and enriched uranium in decommissioned bombs to reprocess. Since 1984, the existence of secondary supplies has meant that the uranium mining industry has only had to provide the balance of world demand by primary mining. Contract prices for supplies of "yellowcake" have been low and exploration and mine development ground to a halt. By late 2001, the world spot price fell to US\$7.10 per pound. By 2003, just 10 mines produced two-thirds of the world's uranium stock. In 2004, world demand was 170 million pounds of uranium oxide but mined production was still only 104 million pounds.

Since then the picture has changed dramatically. With above-ground stockpiles now heavily depleted and demand rising, increasing pressure on supply has driven the world spot price for uranium oxide to US\$15.50 at the beginning of 2004 and on to US\$29 now, a 25-year high.

In 2004, spot prices increased by 43% and long-term price indicators rose by 61% reflecting a current and projected excess of world demand over supply. The International Atomic Energy Agency forecasts a 47% rise in global production of nuclear power in the period 2003-2020.

The global spot price for uranium oxide 1987-2005



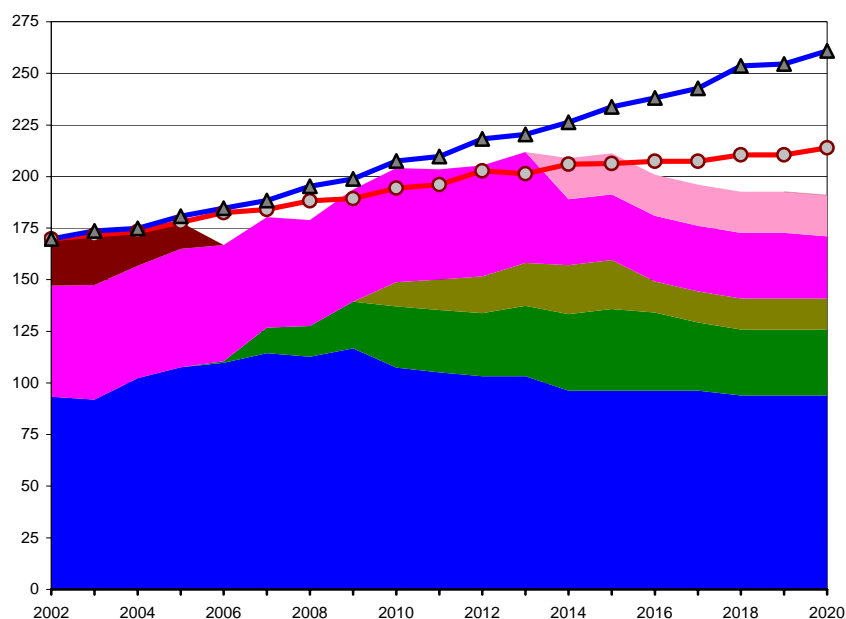
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Today, coal provides 39% of global electricity production and hydro 19%. However a significantly high 16% is nuclear-generated, which is more than from gas (15%) and oil (10%). At end May 2005 there are 439 nuclear reactors operating in 30 countries around the world. The US contains most with 103; and France 59. In France, over 75% of power is from nuclear reactors. The advantages are minimal emissions of greenhouse gases, economic operation and, up to now, high availability of uranium supply.

These advantages, coupled with higher prices for coal, oil and gas and the needs of the Kyoto Agreement mean nuclear power is at last enjoying greatly increased attention in providing energy for the future. At the end of May 2005 a further 25 new reactors are in construction, another 39 are planned and 73 more are proposed. Japan, India, Russia, China and Taiwan are notably planning substantial increases in nuclear capability.

World Uranium Supply and Demand

Million pounds U₃O₈



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Demand

- ▲ World Nuclear Association Upper case. WNA 2003 higher estimate of global demand
- World Nuclear Association Base case. WNA 2003 base estimate of global demand

Supply

- Stockpiles of suppliers and utilities
- Secondary above-ground sources. Including tailings recoveries; Russian recovery of commercial uranium from weapons in its current Highly Enriched Uranium (HEU 1) programme; stocks contained in the current US Government Enrichment Corporation stockpile; other US Government inventories; recoveries from Mixed Oxide Fuels (MOX)
- HEU 2. Possible Russian second programme down blending enriched uranium from weapons. Russia may retain this material for its own use and not export it
- Potential mine expansions. Increases in production levels possible from existing major mines
- Production from new mines. Uranium mined from known new sources due to come into production
- Existing production. Uranium mined from mines currently in production and with adequate reserves

Uranium is as common in the earth's crust as tin or tungsten but new mines will take years to develop and obtain planning permission. The Directors believe that the uranium market is in the early stages of a multi-year uptrend and will be seeking to capture the resultant growth for the Company's shareholders.

Nowadays the primary use of uranium is as fuel in nuclear power reactors to generate electricity. One ton of natural uranium can produce more than 40 million kilowatt-hours of electricity. Just one pound of uranium oxide will generate the same power as 31 barrels of oil or 10 tons of coal.

Uranium - history and evolution

Uranium was isolated in 1841 by French chemist Eugène Péligot. Henri Antoine Becquerel discovered its radioactive properties in 1896. It took until 1938 to discover that uranium could be split to release energy. This process is called fission. This was accomplished by Otto Hahn and Fritz Strassman.

Uranium - abundance

Concentrated deposits of uranium ores are found in just a few places. Uranium has been mined in Canada, the southwest United States, Australia, parts of Europe, the former Soviet Union, Namibia, South Africa, Niger and elsewhere. World uranium production in 2004 was estimated at around 100 million pounds. This figure is expected to rise as Central Asian nations like Kazakhstan begin to expand their uranium mining industries.

Uranium - the metal

Uranium has many uses outside the nuclear power industry. The high density of uranium means that it also finds uses in the keels of yachts and as counterweights for aircraft control surfaces (rudders and elevators), as well as for radiation shielding. It is also used as ammunition for some types of military weaponry, and in small nuclear reactors to produce isotopes for medical and industrial purposes around the world. It is used as a target for X-ray production and in the gyroscopes of inertial guidance systems.

Uranium - the environment

In February 2005 the Kyoto agreement, which was signed by many of the world's nations requiring them to reduce their greenhouse gas emissions by 5% below their 1990 levels by 2012, was implemented. An increase in the number of nuclear reactors would have the benefit of making significant reductions in the emission of greenhouse gases. A reactor emits almost no emissions in heavy contrast with the coal-fired power plants that are currently the world's largest supplier of energy – and air-borne carbon.

Yellowcake Plc Corporate Strategy

The Directors have been engaged on a study of the global uranium sector. They have consequently identified a number of projects in which the Company will seek to participate by way of direct investment.

As well as having knowledge and experience in the evaluation of investment and development opportunities, whether in quoted or unquoted companies, the Board is also able to call upon independent expertise in the mining sector. The Company's strategy will be based upon the identification, evaluation and ultimately the Company's exploitation of such opportunities.

The prime objective will be to select interests having the potential to show a good capital return to the Company's shareholders.

If the Company, relative to its own capital position, decides to take a significant stake in any uranium project, whether exploration, development or production, the initial stage of the due diligence process will be undertaken by the Directors. Subsequently, where appropriate, external advisers will be engaged to provide the Company with their own independent analysis.

A number of potential investment situations have already been short-listed by Yellowcake as a result of its own research, as well as other possible target companies that have been proposed to Yellowcake as being suitable and within its investment strategy.

Although Yellowcake already has approximately £230,000 cash at bank immediately prior to this issue, the Company intends to raise additional working and investment capital through the Offer to generate a total of £500,000 of further funding before expenses.

The Offer will provide working capital with which to administer Yellowcake and to implement its corporate strategy.

Yellowcake does not intend to maintain an expensive corporate administration and expenses will be kept to a minimum. Due diligence will be carried out by the Chief Executive Robert Wallace, together with the Finance Director Robin Abeyesinhe, assisted by external advisers as appropriate.

Upon Introduction to Ofex, the Company will have no trading activity. Your attention is drawn to the Risk Factors set out in Part II of this document.

The Board

Mark Watson-Mitchell, aged 58, *Non-executive Chairman*

Having previously worked for four firms of stockbrokers and a fund management business, for the last thirteen years Mark has been increasingly active in the investment research of smaller quoted companies quoted on various markets within the UK. He is the owner of **SQC Research**, which is involved in investor relations and it specialises in preparing investment information and comment on smaller quoted companies for investment professionals. Mark is the Executive Chairman of **Addworth Plc**, which is an 'active capital investor' and founder of **Yellowcake Plc**. He is also the Non-executive Chairman of **e-retail plc**, a Non-executive Director of **Three Strikes Limited** and is an Executive Director of **Berkeley Equity Research & Analysis Limited**.

Robert Wallace, aged 64, *Chief Executive*

Since 1999 Robert has been working as a senior analyst for **The AIM & OFEX Newsletter**. Over the last year he also contributed research to www.minesite.com subsequent to which he has published over twenty features on mining and mining companies, including analyses of key emerging uranium miners in Canada, Australia and the USA. He has also been a contributing resources analyst to **SQC Research**, which is operated by Yellowcake Chairman Mark Watson-Mitchell. Previously Robert successfully founded, developed and led as Chief Executive a number of companies, including a sales promotion and publishing business acquired by **Dun & Bradstreet Inc**, a security business acquired by **Rentokil Initial Group**, a facilities management group that was acquired by way of a management buy-in sponsored by **Close Brothers** and a conferencing business in association with **Grant Thornton** and **Hammond Suddards**.

Robin Abeyesinhe (FCCA), aged 46, *Finance Director and Company Secretary*

For nearly six years from 1998 Robin was Group Finance Director and Company Secretary for the **Beaufort International Group plc**, the Management Consultancy Services group. He managed the group finance and company secretarial function of that AIM listed company across 13 businesses in the UK, Sweden, France, Belgium, Switzerland and Luxembourg. Before joining Beaufort he spent four years as the UK Finance Director for **Coutts Consulting Group plc**, the Career and Consultancy Services group. Robin is the Finance Director of both **Addworth Plc**. He is a Non-executive Director of **e-retail plc**.

Albert Collins, aged 61, *Non-executive Director*

Albert has been involved in the Financial Services industry for over thirty years, ten of which were as Investment Fund Manager for **Guardian Royal Exchange's** Trustee Division, later becoming Marketing Director of that organisation. He has subsequently been highly involved in the areas of law, compliance and regulation relating to the Collective Investment Schemes industry, including being selected to represent the Industry's views at several seminars and conferences. This work has involved undertaking due diligence on Fund Managers' operations and advising on investment limits and procedures. Albert, who is a Non-executive Director of

Addworth Plc, is an **Affiliate Member of the Compliance Institute**. He is also Chairman of Governors of a Special Needs School in Suffolk.

In due course and as the Company's business expands, the Board intends to appoint further Directors, with suitable mining expertise.

Reasons for the Offer and Introduction to Ofex

The proceeds of the Offer will be used to provide the funds needed by the Company to identify and carry out due diligence on potential development targets and to provide additional working capital for the Company's initial operations in line with its corporate strategy.

The Directors believe that the principal benefits of the Offer and the Introduction to Ofex are the ability to broaden the Company's investor base and thereby raise further funds as required for additional working capital or development capital for the Company.

Details of the Offer

The Company is raising £500,000 (before expenses) through the issue of up to 25,000,000 New Ordinary Shares at the Offer Price. Assuming full subscription, the New Ordinary Shares will represent 35.71% of the issued share capital of the Company on the Introduction to Ofex. The minimum subscription for the Offer to close is £250,000.

The issue of New Ordinary Shares under the Offer is conditional on the Introduction to Ofex taking place on or before 21 July 2005 unless extended by the Directors. Dealings in the Ordinary Shares are expected to commence on 21 July 2005.

Warrants

Warrants to subscribe for 15,000,000 Ordinary Shares have been granted to certain of the Founders, including Addworth. The exercise price of the Warrants is 2p per Ordinary Share and they may be exercised at any time between the second and fifth anniversaries after Introduction to Ofex.

Further details of the Warrants and the percentages to which each Warrant holder is entitled are set out in paragraph 7 of Part IV of this document.

Employee Share Options

In order to incentivise the management of the Company and any company that is acquired, the Directors will, at the time of the first acquisition, consider adopting an appropriate share option scheme or schemes.

Corporate Governance and Internal Controls

The Directors recognise the importance of sound corporate governance, whilst taking into account the size and nature of the Company. As the Company grows, the Directors intend that the Company should develop policies and procedures, which reflect the principles of good governance and Code of Best Practice, as published by the Committee on Corporate Governance (commonly known as the "Combined Code"), to the extent that they are appropriate to the size of the Company.

By special resolution of the shareholders of the Company passed on 2 June 2005 the Directors have the authority to, inter alia, following Introduction to Ofex to issue Ordinary Shares up to a maximum aggregate nominal value of £825,000 (representing 471 per cent of the issued share capital) for cash without seeking prior shareholder approval. Although this exceeds the recommended institutional investor guidelines, the Directors believe this authority will benefit the

Company by giving it greater flexibility to raise cash, by issuing further equity securities quickly, without incurring additional expense during its formative stage. Further details are set out in paragraph 2 of Part IV of this document.

The Directors will comply with Paragraph 43 of the Ofex Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Company's applicable employees as well.

Dividend Policy

The Company has not yet commenced trading and the Directors believe that it is inappropriate to give an indication of the likely level of future dividends.

Taxation

Due to the nature of the Company's proposed business, the issue of Ordinary Shares will not rank as a qualifying investment for the purposes of the Enterprise Investment Scheme, nor will it be a 'Qualifying Holding' for the purposes of investment by Venture Capital Trusts.

Further information regarding taxation in relation to the Offer and Introduction to Ofex is set out in paragraph 11 of Part IV of this document. If you are in any doubt as to your tax position you should consult your own independent financial adviser immediately.

Introduction to Ofex

The Company has made an application for the Ordinary Shares immediately following the closing of the Offer to be introduced to trading on Ofex. Dealings in the Ordinary Shares are expected to commence on 21 July 2005.

The share capital of the Company is not presently listed or dealt in on any stock exchange. An application has been made for the Company's issued Ordinary Shares to be traded through Ofex and the Offer is conditional upon the grant of permission to trade Ordinary Shares on Ofex being obtained. It is emphasised that no application is being made for the admission of these securities to AIM, the market operated by the London Stock Exchange or the Official List of the UK Listing Authority. Ofex is a market operated by Ofex plc and is not part of the London Stock Exchange.

Ofex has a comprehensive company information and announcement system called Newstrack, and is presently distributed by Bloomberg, Thomson Financial, Reuters, Telekurs and FT Interactive Data (incorporating Comstock). Newstrack is an electronic news and information service for professional intermediaries which carries information on Ofex companies, announcements by such companies and other information on Ofex including mid-prices. Newstrack is available to private investors through the Internet at www.ofex.com. Any individual wishing to buy or sell shares, which have a trading facility on Ofex, must trade through a stockbroker (being a member of the Ofex market) and regulated by the Financial Services Authority, as the market cannot deal directly with the public.

Lock-In Arrangements

On the Introduction to Ofex, the Directors will be interested in 10,400,000 Ordinary Shares representing 14.86 per cent. of the issued share capital of the Company assuming full subscription under the Offer.

Each of the Directors has undertaken that, save in limited circumstances or otherwise with the prior written consent of St Helen's Capital, they and their connected persons (for the purpose of the Ofex rules) will not during a period of twelve months from the date of the Introduction to Ofex,

dispose of any interest in Ordinary Shares held by them or any interest in Warrants held by them or Ordinary Shares that are issued to them on exercise of such Warrants.

Financial Information

An Accountants' Report on the Company, which has no trade, business or assets (other than its cash balances), is set out in Part III of this Document. The information provided comprises a Short Form Report prepared by the Company's auditors, Nexia Audit Limited, based upon the audited accounts of the Company for the period from incorporation on 21 February 2005 until 20 June 2005.

The Company's accounting reference date is 30 June.

CREST

The Company's Articles permit the Company to issue shares in uncertificated form in accordance with the Uncertificated Securities Regulations 2001. Application has been made for the Ordinary Shares to be admitted to CREST upon start of trading on Ofex.

Risk Factors

Your attention is drawn to the risk factors set out in Part II of this Document. Potential investors should carefully consider the risks described in Part II before making a decision to invest in the Company.

PART II

RISK FACTORS

The attention of potential investors is drawn to the fact that ownership of shares in the Company involves a variety of risks. Investors should be aware of the risks associated with an investment in a business in the early stages of development. All potential investors should carefully consider the entire contents of this Document including, but not limited to, the factors described below before deciding whether or not to invest in the Company. The information below does not purport to be an exhaustive list or summary of the risks affecting the Company and are not set out in any particular order of priority. There may be additional risks of which the Directors are not aware. Investors should consider carefully these risks before making a decision to invest in the Company.

If any of the events described in the following risks actually occur, the Company's business, financial conditions, results or future operations could be adversely affected. In such a case, the price of the Company's Ordinary Shares could decline and investors may lose all or part of their investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have an adverse effect upon the Company:

- (i) the success of the Company depends largely upon the expertise of the current Directors and their ability to identify suitable investment opportunities and implement the Company's strategy. The loss of one or other of the key Directors could have an adverse effect on the Company;
- (ii) the Company's future success will also depend, *inter alia*, on its future Directors and management team. The recruitment of suitable skilled Directors and retention of their services or the services of any future management team cannot be guaranteed;
- (iii) as part of its corporate strategy in buying into projects the Company may well acquire shares in quoted companies where the market price may be volatile and may therefore be difficult to realise due to a potentially illiquid market. Any investments in private companies may be even more difficult to value and realise;
- (iv) the Company has no established trading record and does not presently carry on any trading activities. The value of an investment in the Company is dependent *inter alia* upon the Company acquiring a company or business that meets the Company's corporate strategy. There can be no guarantee that the Company will acquire any development project, company or business meeting the Company's criteria or that any such company or business acquired will be profitable or achieve significant or sustainable growth as a consequence of which resources might have been expended fruitlessly on investigative work and due diligence;
- (v) the Company may invest in jurisdictions where there may be a number of associated risks over which it will have no, or limited, control. These may include economic, social or political instability or change, hyperinflation, currency non-convertibility and changes of law;
- (vi) the Company will invest in exploration for and the development of resources which is speculative and involves a significant degree of risk. There is no assurance that such exploration will lead to commercial discoveries or, if there is a commercial discovery, that such reserves will be realisable;
- (vii) the Company's main strategic focus for investment will be in uranium mining and therefore the Company will be exposed to general exploration, mining and processing risks. These include unusual and unexpected geological formations, rock falls, seismic

activity, flooding and other conditions involved in the extraction of material, natural disasters, terrorist attacks and political unrest any of which could result in the damage to, or destruction of, mines and or other producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimise risk will be taken, operations are subject to hazards which may result in environmental pollution and consequent liability which could have an adverse impact on business, operations and financial performance of the Company;

- (viii) projects in which the Company may participate, directly or through an equity interest, will almost certainly be situated and/or quoted overseas, and therefore will be subject to fluctuating rates of exchange;
- (ix) the Ordinary Shares are not listed or traded on any stock exchange. Notwithstanding the fact that an application will be made for the Ordinary Shares to be traded off exchange through Ofex this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares. An investment in the Ordinary Shares may thus be difficult to realise. The value of the Ordinary Shares may go down as well as up. Investors may therefore realise less than their original investment, or sustain a total loss of their investment;
- (x) share market conditions, particularly those affecting mining and exploration companies, may affect the ultimate value of the Company's share price regardless of future operating performance;
- (xi) the market price of the Ordinary Shares may not reflect the underlying value of the assets of the Company;
- (xii) continued membership of Ofex is entirely at the discretion of Ofex plc;
- (xiii) Ofex is not the AIM or the Official List. Consequently, it may be more difficult for an investor to sell his or her Ordinary Shares and he or she may receive less than the amount paid. The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets or operations;
- (xiv) the share prices of public companies are often subject to significant fluctuations. In particular, the market for shares in smaller public companies is less liquid than for larger public companies. Consequently, the Company's share price may be subject to greater fluctuation and the Ordinary Shares may be difficult to sell;
- (xv) the Company's total return and net assets can be significantly affected by currency movements;
- (xvi) it is likely that the Company will need to raise further funds in the future, either to complete a proposed acquisition or to raise further working or development capital for such an acquisition. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to subscribe for Ordinary Shares at the same price as the Offer Price, or higher. Shareholders may be materially diluted by any further issue of ordinary shares by the Company;
- (xvii) the Company's Ordinary Shares are intended for capital growth and therefore may not be suitable as a short-term investment. Investors may therefore not realise their original investment at all, or within the time-frame they had originally anticipated.

The investment opportunity offered in this Document may not be suitable for all recipients of this Document. Investors are therefore strongly recommended to consult an adviser authorised under the Financial Services and Markets Act 2000, who specialises in investments of this nature before making their decision to invest.

PART III

ACCOUNTANTS' REPORT

Nexia Audit
— · Limited · —

20 June 2005

The Directors
Yellowcake Plc
126 Aldersgate Street
London
EC1A 4JQ

The Directors
St Helen's Capital Plc
15 St Helen's Place
London
EC3A 6DE

Dear Sirs

Yellowcake plc ("the Company")

Introduction

We report on the financial information set out on pages 17 to 20 relating to the Company. The financial information has been prepared for inclusion in the Prospectus dated 20 June 2005 relating to the introduction to trading on Ofex of the Company.

The Company was incorporated on 21 February 2005 as Yellowcake Ltd. Its name changed to Yellowcake plc by special resolution on 8 June 2005. The Company has not traded, prepared any financial statements for presentation to members, incurred neither profit nor loss, and has neither declared dividends nor paid dividends or made any other distributions since the date of incorporation. There have been no transactions other than the issue of shares described below. Accordingly no profit and loss or cashflow information is presented in this report.

Basis of preparation

The financial information set out on pages 17 to 20 is extracted without adjustment from the unaudited financial statements of the Company for the period ended 20 June 2005. It has been drafted in accordance with accounting policies adopted by the Company and is presented in accordance with United Kingdom Generally Accepted Accounting Principles. No audited financial statements have been prepared for submission to members in respect of any period since incorporation.

Responsibility

The financial records and financial information are the responsibility of the directors of the Company. The directors of the Company are responsible for the contents of the Prospectus in which this report is included.

It is our responsibility to compile the financial information set out in our report from the unaudited financial statements, to form an opinion on the financial information and to report our opinion to you. Our work has been undertaken so that we might state those matters that we are required to state in our report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone for any other purpose for our work, this report or for the opinions we have formed.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial records underlying the financial information and whether the accounting policies are appropriate to the Company, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud, other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus, a true and fair view of the state of affairs of the Company as at 20 June 2005.

Consent

We consent to the inclusion in the Ofex Admission Document of this report and accept responsibility for this report for the purposes of paragraph 45(8)(b) of Schedule 1 to the Public Offers of Securities Regulations 1995.

Financial information

PROFIT AND LOSS ACCOUNT for the period ended 20 June 2005

The Company has not traded during the period since incorporation on 21 February 2005 to 20 June 2005. During this period the Company received no income and incurred no expenditure and therefore made neither profit nor loss.

BALANCE SHEET as at 20 June 2005

	Note	£
Current assets		
Prepayment		2,938
Cash		229,562
		<hr/>
Net assets		232,500
		<hr/> <hr/>
Capital and reserves		
Called up share capital	2	112,500
Share premium account	3	120,000
		<hr/>
Shareholders' funds	3	232,500
		<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS for the period ended 20 June 2005

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial information. The financial information has been prepared in accordance with applicable United Kingdom Generally Accepted Accounting Principles. The more important accounting policies adopted are described below.

Basis of accounting

The financial statements are prepared under the historical cost convention and on a going concern basis.

2. Share capital

	£
Authorised	
400,000,000 ordinary shares of 0.25p each	1,000,000
	<u> </u>
Allotted	
45,000,000 ordinary shares of 0.25p each	112,500
	<u> </u>

The Company was incorporated on 21 February 2005, with an authorised share capital of £100 divided into 100 ordinary shares of £1 each.

On 21 February 2005 the Company issued 1 ordinary share of £1 for a total consideration of £1. The consideration was received on 21 February 2005.

On 2 June 2005 the Company increased its authorised share capital to £1,000,000 and subdivided each of the issued and unissued shares into 400 ordinary shares of 0.25 pence each.

On 2 June 2005 the Company issued 20,000,000 ordinary shares of 0.25p for a total consideration of £50,000, the consideration for which was received by 9 June 2005.

On 17 June 2005 the Company issued 24,999,600 ordinary shares of 0.25p for a total consideration of £182,499, the consideration for which was received by 20 June 2005.

On 20 June 2005 warrants were granted to the directors and certain initial shareholders of the Company to subscribe for 15,000,000 ordinary shares. The exercise price of the warrants is 2p per ordinary share and they may be exercised at any time from the date of the second anniversary after introduction to Ofex until the fifth anniversary of this date.

3. Share premium account

	£
Shares issued during the period	120,000
	<u> </u>

4. Reconciliation of movement in shareholders' funds

	£
Shares issued during the period	<u>232,500</u>
Closing shareholders' funds	<u><u>232,500</u></u>

Additional information regarding the Company is given in Part IV of the Prospectus.

Yours faithfully

Nexia Audit Limited

Chartered Accountants
Registered Auditors
No 1 Riding House Street
London
W1A 3AS

20 June 2005

PART IV

STATUTORY AND GENERAL INFORMATION

1 Incorporation and Status of the Company

- 1.1 The Company was incorporated and registered in England and Wales on 21 February 2005, as a private limited company with registered number 5370820.
- 1.2 On 8 June 2005, the Company was re-registered as a public limited company.
- 1.3 The principal legislation under which the Company operates is the Act and the regulations made thereunder.
- 1.4 The liability of the members of the Company is limited.

2 Share Capital of the Company

- 2.1 The authorised and issued share capital of the Company at the date of this document and following the Offer and Introduction to Ofex are as follows:-

<i>Authorised share capital</i>		<i>Issued and fully paid up share capital</i>			
			<i>Current</i>		<i>Following the Offer</i>
£	Number of Ordinary Shares	£	Number of Ordinary Shares	£	Number of Ordinary Shares
1,000,000	400,000,000	112,500	45,000,000	175,000	70,000,000

- 2.2 On 2 June 2005 the following written resolution was passed:

2.2.1 The Directors were generally and unconditionally authorised in accordance with Section 80 of the Act to exercise all the powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to a maximum amount equal to the nominal amount of the authorised but unissued share capital of the Company.

2.2.2 The Directors were authorised pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94(2) of the Act) for cash pursuant to the authority referred to in sub-paragraph 2.2.1 above as if Section 89(1) of the Act did not apply to such allotment provided that such power was limited to:

- (a) the allotment of equity securities for cash consideration in connection with rights issues to holders of Ordinary Shares where the equity securities respectively attributable to the interests of such holders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with any fractional entitlements or any legal or practical problems under the laws or requirements of any regulatory body or any recognised stock exchange in any territory;
- (b) the allotment (other than pursuant to sub-paragraph (a) above) of equity securities up to a maximum amount equal to the nominal amount of the authorised but unissued shares capital of the Company.

- 2.3 The provisions of section 89(1) of the Act (which confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash other than by way of allotment to employees under an employees' share scheme as defined in section 743 of the Act) apply to the authorised but un-issued share capital of the Company to the extent not disapplied as described in paragraph 2.2.2 above.

-
- 2.4 Save in connection with the Offer and the grant of the Warrants, no share or loan capital of the Company is proposed to be issued or is under option or agreed, conditionally or unconditionally, to be put under option.

3 Memorandum and Articles of Association

- 3.1 The Memorandum of Association of the Company provides that its principal object is to carry on business as a general commercial company. Its objects are set out in full in clause 4 of the Memorandum of Association.

- 3.2 The Articles of Association of the Company ("the Articles") which were adopted on 8 June 2005 include provisions to the following effect:

3.2.1 Voting Rights

Subject to any terms as to voting under which any shares may be issued, or may for the time being be held, every member present in person shall have one vote on a show of hands and, on a poll, every member shall have one vote for every Ordinary Share of which he is the holder. The duly authorised representative of a corporate member may exercise the same powers on behalf of that corporation as it could exercise if it were an individual member. A member is not entitled to vote unless all calls due from him have been paid. A member is not entitled to attend or vote at meetings of the Company in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 212 of the Act and, having failed to supply the Company with the information which he knows to be, or having recklessly given information which is, false in any material particular, within the period specified in such notice (being not less than 14 days or 28 days, depending on the size of his shareholding, from the date of service of such notice) is served with a disenfranchisement notice. Such disenfranchisement notice will apply only for so long as the notice from the Company has not been complied with.

3.2.2 Dividends

Subject to the Act, the Companies Act 1989 and every other statute for the time being in force concerning companies and affecting the Company ("the Statutes"), the Company may by ordinary resolution declare dividends to be paid to members of the Company according to their rights and interests in the profits available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board. Subject to the Statutes, the Board may from time to time pay to the members of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company.

Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid pro rata according to the amounts paid or credited as paid up (other than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid. Any dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to the Company.

The Board may, if authorised by an ordinary resolution, offer the holders of Ordinary Shares the right to elect to receive additional Ordinary Shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.

3.2.3 Distribution of Assets on a Winding Up

On a winding-up any surplus assets will be divided between the holders of the shares according to the respective number of shares held by them, subject to the rights of any shares which may be issued with special rights or privileges. The liquidator may, with the sanction of an extraordinary resolution of the Company and subject to the Insolvency Act 1986, divide amongst the members of the Company *in specie* the whole or any part of the assets of the Company, and vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall

determine but no member shall be compelled to accept any assets on which there is a liability.

3.2.4 Transfer of Shares

The Ordinary Shares are in registered form. Any member may transfer all or any of his shares by an instrument of transfer in the usual form or in such other form as the Board may approve. The instrument of transfer shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee. The transferor shall be deemed to remain the holder until the name of the transferee is entered in the register. There is no restriction on the registration of a transfer of a fully paid share provided the transfer (i) is duly stamped and lodged at the registered office, accompanied by the relevant share certificate and such other evidence of the right of the transferor to make the transfer as the Board may reasonably require, (ii) is in respect of only one class of share and (iii) is in favour of not more than four transferees. If any of the above conditions is not complied with, the Board has a discretion whether or not to register the transfer in question. The Board may, in its absolute discretion and without assigning any reason therefor, refuse to register any transfer of shares, all or any of which are not fully paid or on which the Company has a lien, provided that such discretion may not be exercised in such a way as to prevent dealings in the shares from taking place on an open and proper basis.

3.2.5 Variation of Rights

Subject to the Statutes, all or any of the rights attached to any class of shares may (unless otherwise provided by the terms of issue of the shares of that class) be varied or abrogated, whether or not the Company is being wound up, either with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of such holders. The quorum at any such general meeting is two persons holding or representing by proxy at least one third in nominal value of the issued shares of that class and at an adjourned meeting the quorum is one holder present in person or by proxy, whatever the amount of his shareholding. Any holder of shares of the class in question present in person or by proxy may demand a poll. Every holder of shares of the class shall be entitled on a poll to one vote for every share of the class held by him. Except as mentioned above, such rights may not be varied. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

3.2.6 Share Capital and Changes in Capital

3.2.6.1 Subject to the Statutes, the Company may issue redeemable shares. Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued with such rights or such restrictions as the Company may from time to time determine by ordinary resolution. Subject to the provisions of the Articles and the Statutes, the power of the Company to allot and issue shares shall be exercised by the Board at such time and for such consideration and upon such terms and conditions as the Board may determine.

3.2.6.2 The Company may by ordinary resolution increase its share capital, consolidate its share capital into shares of a larger amount and (subject to the provisions of the Statutes) sub-divide its shares or any of them into shares of a smaller amount than is fixed by its Memorandum of Association (and so that the resolution may determine that, as between the holders of shares resulting from the sub-division, any of the shares may have any preference or advantage or be subject to any restriction as compared with the others), cancel any shares which, at the date of the passing of the resolution, have not been subscribed for or agreed to be subscribed for, by any person and diminish the amount of its authorised share capital by the amount of the shares to be cancelled.

3.2.6.3 Subject to the Statutes, the Company may by special resolution reduce its share capital, any capital redemption reserve or any share premium account in any way.

3.2.6.4 Subject to the Statutes, the Company may purchase all or any of its own shares of any class (including any redeemable shares) and such shares do not have to be purchased rateably.

3.2.7 Share Warrants

3.2.7.1 The Company may, with respect to any fully paid shares, issue a share warrant stating that the bearer of the warrant is entitled to the shares specified in it and may provide (by coupons or otherwise) for the payment of future dividends or other monies on the shares included in a share warrant.

3.2.7.2 The power to issue share warrants may be exercised by the Board, which may determine and vary the conditions on which share warrants shall be issued. Subject to such conditions and to the Articles, the bearer of a share warrant shall be deemed to be a member for all purposes. The bearer of a share warrant shall be subject to the conditions for the time being in force applicable thereto, whether made before or after the issue of such share warrant.

3.2.8 Directors

3.2.8.1 Save as mentioned below, a Director shall not vote at a meeting of the Board or of a committee of the Board on any resolution concerning a matter in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or in or otherwise through, the Company) or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

3.2.8.2 A Director shall (in the absence of material interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:-

- (i) the giving of any guarantee, security or indemnity to him or any other person in respect of money lent to, or an obligation incurred by him or by any other person at the request of or for the benefit of, the Company or any of its subsidiaries;
- (ii) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of shares, debentures or other securities by the Company or any of its subsidiaries for subscription, purchase or exchange;
- (iv) any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise howsoever, provided that he is not the holder of or beneficially interested in one per cent. or more of either any class of the equity share capital of such company (or of any corporate third party through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);
- (v) any arrangement for the benefit of the employees of the Company or any of its subsidiaries under which the Director benefits in a similar manner to

the employees and which does not accord to any Director any privilege or benefit not generally awarded to the employees to which such arrangement relates; and

- (vi) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of any of its Directors or for persons who include Directors of the Company provided that for this purpose "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him in the execution of the duties of his office or otherwise in relation thereto or any other insurance which the Company is empowered to purchase and/or maintain for or for the benefit of any groups of persons consisting of or including Directors.

3.2.8.3 The Directors shall be paid such remuneration (by way of fee) for their services as may be determined by the Board. The Directors shall also be entitled to be repaid by the Company all travel, hotel and other expenses of travelling to and from Board meetings, committee meetings, general and other meetings or otherwise reasonably incurred while engaged on the business of the Company or in the discharge of his duties as a Director. Any Director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, commission, percentage of profits or otherwise as the Board may determine.

3.2.8.4 The Board may exercise all the powers of the Company to provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of past directors who held executive office or employment with the Company or any of its subsidiaries or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such Directors.

3.2.8.5 Directors and officers of the Company are entitled to be indemnified against all losses and liabilities which they may sustain in the execution of the duties of their office and they shall not be liable for any loss, damage or misfortune which may be incurred by the Company in or from the execution of those duties.

3.2.8.6 At each annual general meeting as nearly as possible (but not exceeding) one third of those Directors who are subject to retirement by rotation shall retire but shall be eligible for re-election. A Director holding executive office in the Company shall not, while holding that office, be subject to retirement by rotation or be taken into account in deciding the number of Directors to retire by rotation on any particular occasion. The Directors to retire will be those who have been longest in office or, in the case of those who became or were re-elected Directors on the same day, will, unless they agree otherwise, be determined by lot. Any Director appointed by the Board holds office only until the next annual general meeting, when he is eligible for re-election, but is not taken into account in determining the number of Directors to retire by rotation at that meeting.

3.2.8.7 There is no age limit for Directors and section 293 of the Act does not apply to the Company.

3.2.8.8 Unless and until otherwise determined by ordinary resolution of the Company, the Directors (other than alternate Directors) shall not be less than two and there shall be no maximum number of Directors.

3.2.9 Borrowing Powers

The Board may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital, and, subject to the Statutes, to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

3.2.10 CREST

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. This settlement procedure is reflected in the Articles.

4 Directors' and other interests

4.1 The interests of the Directors and the persons connected with them all of which are beneficial (which have been notified to the Company pursuant to Section 324 and 328 of the Act or are required to be disclosed in the Register of Directors interests pursuant to Section 325 of the Act) as at the date of this document and as expected to be immediately following the Offer and Introduction to Ofex are as follows:

<i>Name</i>	<i>Number of issued Ordinary Shares prior to the Offer</i>	<i>% of issued Ordinary Shares prior to the Offer</i>	<i>Number of issued Ordinary Shares following the Offer</i>	<i>% of issued Ordinary Shares following the Offer</i>	<i>Number of Founder Warrants</i>
M Watson-Mitchell	1,600,000	3.56	1,600,000	2.29	1,000,000
R Wallace	8,000,000	17.78	8,000,000	11.43	4,000,000
R Abeyesinhe	400,000	0.89	400,000	0.57	200,000
A Collins	400,000	0.89	400,000	0.57	200,000

The issued share capital consists of 45,000,000 Ordinary Shares prior to the Offer.

4.2 Save as disclosed in sub paragraph 4.1 above and this subparagraph 4.2 the Directors are not aware of any interest (within the meaning of Part VI of the Act) in the Company's ordinary share capital which, immediately following the Offer and Introduction to Ofex, would amount to 3 per cent. or more of the Company's issued ordinary share capital.

<i>Name</i>	<i>Number of issued Ordinary Shares prior to the Offer</i>	<i>% of issued Ordinary Shares prior to the Offer</i>	<i>Number of issued Ordinary Shares following the Offer</i>	<i>% of issued Ordinary Shares following the Offer</i>	<i>Number of Founder Warrants</i>
Addworth Plc	16,000,000	35.56	16,000,000	22.86	4,600,000
Bruce Rowan	12,000,000	26.67	12,000,000	17.14	5,000,000
St Helen's Capital Plc	1,600,000	3.56	1,600,000	2.29	-

4.3 Save as set out in sub paragraphs 4.1 and 4.2 above following the Offer and Introduction to Ofex, no Director or any person connected with such a Director (within the meaning of Section 346 of the Act) is expected to have any interest in the share capital of the Company which would amount to 3 per cent. or more of the Company's issued ordinary share capital.

-
- 4.4 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.
- 4.5 Save as disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company during the current or immediately preceding financial year, or during any earlier financial year and which remains in any respect outstanding or unperformed.

5 Directors' Service Agreements/Letters of Appointment

- 5.1 On 20 June 2005, Mark Watson-Mitchell entered into a letter of appointment with the Company under the terms of which he agreed to act as Non-executive Chairman of the Company for a fee of £12,000 per annum conditionally on Introduction to Ofex. The appointment runs for one year from the Introduction to Ofex and is terminable thereafter by 6 months' notice on either side. The agreement contains provisions restricting Mr Watson-Mitchell from competing directly with the Company for a period of three months' after termination of his appointment.
- 5.2 On 20 June 2005, The Wallace Connection Limited and Robert Wallace entered into a consultancy agreement with the Company under the terms of which The Wallace Connection Limited agreed to provide the services of Mr Wallace as Chief Executive of the Company for a fee of £15,000 per annum conditionally on Introduction to Ofex. The appointment runs for one year from the Introduction to Ofex and is terminable thereafter by 6 months' notice on either side. The agreement contains provisions restricting Mr Wallace from competing directly with the Company for a period of three months after termination of his appointment.
- 5.3 On 20 June 2005, Robin Abeyesinhe entered into a letter of appointment with the Company under the terms of which he agreed to act as Finance Director of the Company for a fee of £10,000 per annum conditionally on Introduction to Ofex. The appointment runs for one year from the Introduction to Ofex and is terminable thereafter by 6 months notice on either side. The agreement contains provisions restricting Mr Abeyesinhe from competing directly with the Company for a period of three months after termination of his appointment.
- 5.4 On 20 June 2005, Albert Collins entered into a letter of appointment with the Company under the terms of which he agreed to act as Non-executive Director of the Company for a fee of £6,000 per annum conditionally on Introduction to Ofex. The appointment runs for one year from the Introduction to Ofex and is terminable thereafter by 6 months notice on either side. The agreement contains provisions restricting Mr Collins from competing directly with the Company for a period of three months after termination of his appointment.
- 5.5 Save as disclosed in paragraphs 5.1 to 5.4 above, there are no service contracts, existing or proposed, between any Director and the Company.
- 5.6 It is estimated that under arrangements currently in force, the aggregate remuneration and benefits in kind to be paid to the Directors for the financial period ending 30 June 2006 will be approximately £43,000 on the basis of the remuneration levels which apply prior to a significant corporate transaction being completed.

6 Additional Information on the Board

6.1 In addition to directorships of the Company, the Directors hold or have held the following directorships or have been partners in the following partnerships within the five years prior to the date of this document:

<i>Director</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
Mark Watson-Mitchell	Addworth Plc Berkeley Equity Research & Analysis Ltd Three Strikes Ltd e-retail plc Security Profiling Ltd U3O8 Ltd	TMT Investments Plc
Robert Wallace	Companies Online Limited The Wallace Connection Ltd	Norstar Services (UK) Ltd The Virtuous Circle Limited
Robin Abeyesinhe	Addworth Plc e-retail plc Security Profiling Ltd U3O8 Ltd	Atkinson Courage Ltd Beaufort International Group Plc Beaufort International AB Beaufort International Holdings Ltd Beaufort International Limited Beaufort International SPRL CBC (Oxford) Ltd Dynamic.com plc Economists Advisory Group Ltd HR Superstore Ltd Inovit Content Provider Ltd Sync Mediacom AB Techniques for Change 2001 Ltd
Albert Collins	Addworth plc	Royal Exchange Trust Co (Jersey) Ltd

6.2 Mark Watson-Mitchell had a bankruptcy order made against him in 1990 by the Colchester County Court and was discharged from bankruptcy, without conditions in 1993.

6.3 Mark Watson-Mitchell was a director of USM/163 Limited which was put into receivership in 1986.

6.4 Mark Watson-Mitchell was disqualified from acting as a director for 18 months in 1989 by Cardiff Magistrates Court for the non-filing of returns for a non-trading company.

6.5 Robin Abeyesinhe resigned as director from the Beaufort group of companies on 8 September 2003. A voluntary arrangement was approved in respect of Beaufort International Group plc on 10 December 2004. Beaufort International Limited was put into liquidation on 25 March 2004.

-
- 6.6 Save as disclosed above none of the Directors has:
- 6.6.1 any unspent convictions in relation to indictable offences;
 - 6.6.2 had any bankruptcy order made against him or entered into any voluntary arrangements;
 - 6.6.3 been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director of that company;
 - 6.6.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - 6.6.5 been the owner of any assets or a partner in any partnership which has been placed in receivership whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - 6.6.6 been publicly criticised by any statutory or regulatory authority (including recognised professional bodies); or
 - 6.6.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of a company.
- 6.7 Mr Watson-Mitchell is the principal of SQC Research, an unincorporated business of which Mr Wallace is also an Executive. It is intended that SQC Research will be engaged by the Company to provide investor relations services. The terms on which SQC will be engaged will be determined on an 'arms length' basis. None of the work carried out by SQC Research in respect of the Company will be carried out by either Mr Watson-Mitchell or Mr Wallace. On Introduction to Ofex SQC Research will be paid a development fee by the Company of £16,000 (plus VAT).

7 Terms of the Warrants

By a resolution of the Board passed on 20 June 2005, the Company agreed to issue the Warrants conditionally on Introduction to Ofex taking place. No application has been made for the Warrants to be introduced to trading on Ofex. The principal terms of the Warrants to be issued are as follows:

7.1 Exercise of Warrants

The maximum number of Ordinary Shares to be issued in respect of the Founders' Warrants shall be 15,000,000.

The Exercise Price for the Warrants is 2p per Ordinary Share.

The Warrants may be exercised at any time or times from the second anniversary after Introduction to Ofex until the fifth anniversary of the Introduction to Ofex ("the Exercise Period").

Ordinary Shares allotted pursuant to an exercise of Warrants shall rank *pari passu* in all respects (including ranking for dividends and other distributions) with the Ordinary Shares in issue on the date of exercise of the Warrants.

7.2 Effect of Voluntary Winding Up

If an order is made or an effective resolution is passed for the voluntary winding up of the Company before the expiry of the Exercise Period, a holder of Warrants will be entitled, by giving notice to the liquidator of the Company, to be treated as though he had, immediately before the date of the order or the passing of the resolution, exercised all of his Warrants.

7.3 General Offers

If at any time whilst the Warrants remain capable of being exercised a general offer is made to the holders of all the issued Ordinary Shares to acquire the whole or part of the issued Ordinary Shares, then the Company shall, so far as it is able, procure that a like offer is made or extended to each holder of Warrants as if the Warrants had been exercised and as if Ordinary Shares had been issued (but not paid up) to each holder of Warrants pursuant to such exercise.

7.4 General Restrictions

So long as any Warrants remain exercisable, the Company shall not:

7.4.1 create any new class of shares with rights which are preferential to the Ordinary Shares; or

7.4.2 without the consent of each Warrant holder, reduce by repayment to its shareholders its share capital, share premium account or capital redemption reserve.

7.5 Variation of Share Capital

In the event of any capitalisation, sub-division or consolidation of the Ordinary Shares, the terms of the Warrants shall be adjusted in such manner as the auditors of the Company from time to time shall certify to be reasonable.

7.6 Transferability

The Warrants will be registered and shall be freely transferable.

7.7 Effect of Rights Issue, etc

In the event that a rights issue or similar offer is made to the shareholders of the Company at a discount of more than 10 per cent. to the market price of Ordinary Shares, an appropriate adjustment shall be made to the number and exercise price of the Warrants.

8 Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company within the period from incorporation to the date immediately preceding the date of this document and are, or may be, material:

8.1 Corporate Adviser Agreement dated 20 June 2005 between the Company (1), the Directors (2) and St Helen's Capital pursuant to which the Company has appointed to act as Corporate Adviser to the Company for the purposes of Ofex. The Company has agreed to pay St Helen's Capital, conditionally on the Introduction to Ofex a fee of £10,000 for corporate services provided in connection with the Introduction and £5,000 per annum for its services as Corporate Adviser under this agreement. St Helen's will receive 5% of funds raised through its own efforts and has subscribed for 1.6m founder shares at 0.25p. The agreement contains certain undertakings and indemnities given by the Company in respect of, inter alia, compliance with all applicable laws and regulations. The agreement continues for a fixed period of one year from the date

of the agreement and thereafter is subject to termination on the giving of 3 months' written notice.

8.2 Consultancy Agreement dated 20 June 2005 between the Company (1), the Directors (2) and Addworth Plc pursuant to which the Company has appointed Addworth Plc to act as Consultants to the Company. The Company has agreed to pay Addworth Plc, conditionally on Introduction to Ofex a monthly fee of £1,250 for its services as Consultant under this agreement. The agreement contains certain undertakings and indemnities given by the Company in respect of, inter alia, compliance with all applicable laws and regulations. The agreement continues for a fixed period of one year from the date of the agreement and thereafter is subject to termination on the giving of 3 months' written notice.

8.3 The Directors' terms of engagement referred to at paragraph 5 above.

9 Litigation

The Company is not involved in any legal or arbitration proceedings which may have or have had since incorporation a significant effect on the Company's financial position and, so far as the Directors are aware, there are no such proceedings pending or threatened against the Company.

10 Working capital

The Directors are of the opinion, having made due and careful enquiry and having taken into account the net proceeds of the Offer, that following Introduction to Ofex, the Company will have sufficient working capital for its present requirements, that is for at least the next 12 months from the Introduction to Ofex.

11 United Kingdom Taxation

The following paragraphs are intended as a general guide only for shareholders who are resident and ordinarily resident in the UK for tax purposes, holding Ordinary Shares subscribed under the Offer as investments and not as securities to be realised in the course of a trade. They do not purport to be comprehensive nor to describe all potential relevant considerations. They are based on current legislation and UK Inland Revenue practice. Any shareholder who is any doubt about his tax position or who is subject to taxation in a jurisdiction other than the UK, should consult his or her own professional adviser immediately.

UK capital gains tax

If a shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may arise, depending on the shareholders' circumstances and available exemptions and reliefs.

UK stamp duty reserve tax

No stamp duty reserve tax ("SDRT") will generally be payable on the issue of provisional allotment letters relating to the subscription for Ordinary Shares under the Offer.

Any subsequent transfer of Ordinary Shares will generally be subject to stamp duty reserve tax at the rate of 0.5 per cent. of the amount or value of the consideration given. An unconditional agreement to subsequently transfer Ordinary Shares under the Offer will generally be subject to SDRT at 0.5 per cent of the amount or value of the agreed consideration.

UK Taxation of dividends

Individual shareholders whose income is within the lower or basic rate bands are liable to tax at 10 per cent. on their gross dividend income. Individual shareholders resident for tax purposes in the UK are entitled to a non-refundable tax credit of an amount equal to 10 per cent. of the aggregate of the dividend and the tax credit. The effect of this is that the tax credit attaching to the dividend will satisfy the income tax liability on UK dividends of an individual shareholder whose income is within the lower or basic rate bands. Shareholders liable to higher rate tax (currently at a rate of 40 per cent.) are liable to tax at 32.5 per cent. on their dividend income and will have further tax to pay equal to 25 per cent. of the net dividend received.

A corporate shareholder resident for tax purposes in the UK will generally not be liable for UK corporation tax on any dividend received from the Company.

UK resident trustees of discretionary or accumulation trusts are liable to income tax on UK company dividends at 32.5 per cent. of the gross dividend. After taking into account the 10 per cent. tax credit, the trustees will be liable to additional income tax of 22.5 per cent. of the gross dividend, equal to 25 per cent. of the net dividend.

The above comments are intended as a general guide to the current tax position in the UK. This summary is not a substitute for the investor obtaining professional or tax advice before applying for shares. If you are not resident in the UK or are in any doubt as to your tax position you should consult an appropriate professional adviser without delay.

12 General

- 12.1 The gross proceeds of the Offer are expected to be £500,000. The total costs and expenses relating to Introduction to Ofex and the Offer are payable by the Company and are estimated to amount to approximately £75,000 (excluding Value Added Tax).
- 12.2 St Helen's Capital has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 12.3 Nexia Audit Limited has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 12.4 Smith & Williamson Limited has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 12.5 Addworth Plc has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it appears.
- 12.6 Other than the current application for Introduction to Ofex, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Ordinary Shares.
- 12.7 The accounting reference date of the Company is 30 June.
- 12.8 The Offer Price represents a premium over nominal value of 1.75p per Ordinary Share.
- 12.9 The Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 12.10 The Directors are not aware of any patents or other intellectual property rights, licenses or particular contracts which are or may be of fundamental importance to the Company's business.
- 12.11 Save as disclosed above no person directly or indirectly (other than the Company's professional advisors and trade suppliers or save as disclosed in this document) in the last twelve months received or is contractually entitled to receive, directly or indirectly,

from the Company on or after Introduction to Ofex (excluding in either case persons who are professional advisors otherwise than as disclosed in this document and persons who are trade suppliers) any payment or benefit from the Company to the value of £10,000 or more or securities in the Company to such value or entered into any contractual arrangements to receive the same from the Company at the Introduction to Ofex.

13 Availability of Prospectus

Copies of this Prospectus are available free of charge from the Company's registered office and at the offices of St Helen's Capital, during normal business hours on any weekday (Saturdays and public holidays excepted) and shall remain available for at least one month after Introduction to Ofex.

Dated: 20 June 2005

PART V

APPLICATION PROCEDURE

How to complete the Application Form

Before making any application to subscribe for New Ordinary Shares, you are recommended to consult an independent financial adviser authorised under the Financial Services and Markets Act 2000. The following instructions should be read in conjunction with the Application Form and the terms and conditions of application set out in this document.

Applications must be for a minimum of 50,000 Ordinary Shares and thereafter in multiples of 50,000 Ordinary Shares.

Insert in Box 1 (in figures) the number of Ordinary Shares for which you are applying.

2. Insert in Box 2 (in figures) the amount of your cheque or banker's draft.

For example, the amount payable for different multiples of New Ordinary Shares is as follows:

Number of New Ordinary Shares	Amount payable (£)
50,000	1,000
100,000	2,000
250,000	5,000
500,000	10,000
1,000,000	20,000
2,500,000	50,000
5,000,000	100,000

3. Insert your full name and address in BLOCK CAPITALS in Box 3.

4. Sign and date the Application Form in Box 4.

The Application Form may be signed by another person on your behalf (and/or on behalf of any joint applicant(s)) if that person is duly authorised to do so, but the power(s) of attorney (or a copy (ies) thereof duly certified by a solicitor) or form(s) of authority must be enclosed for inspection. A corporation should sign under the hand of a duly authorised official whose representative capacity must be stated.

5. You must pin a single cheque or banker's draft to your completed Application Form in Box 5. Your cheque or banker's draft must be payable to "Share Registrars Limited A/C YELLOWCAKE PLC" for the amount payable on your application (inserted in Box 2) and should be crossed "A/C payee only".

A separate cheque or banker's draft must accompany each application. No other method of payment is acceptable. No receipt will be issued for this payment. Your cheque or banker's draft must be drawn in Sterling and bear a UK bank sorting code in the top right-

hand corner. An application may be accompanied by a cheque drawn by a person other than the applicant(s), but any monies to be returned will be sent by crossed cheque in favour of the person named in Box 3.

6. You may apply jointly with up to three other persons. If you are applying jointly you must arrange for the Application Form to be completed by or on behalf of each joint applicant. Their full names and addresses should be inserted in BLOCK CAPITALS in Box 6.
7. **Box 7 must be signed by or on behalf of each joint applicant (other than the first applicant who should complete Box 3 and sign Box 4).**
8. **By completing and returning the Application Form you irrevocably undertake, confirm and agree that:**
 - (i) **you are not a national or resident of the United States of America (including its territories, its possessions and all areas subject to its jurisdiction) or Canada, or Australia or a corporation, partnership or other entity organised under the laws of the United States of America or Canada (or any political sub-division of either), Australia, Ireland, Japan or South Africa and that you will not offer, sell or deliver directly or indirectly any of the New Ordinary Shares under the Offer in the United States of America or Canada, Australia, Ireland, Japan or South Africa or to or for the benefit of any person resident in the United States of America, Canada, Australia, Ireland, Japan or South Africa.**
 - (ii) **you are entitled to take New Ordinary Shares under the Offer comprised herein under the laws of all relevant jurisdictions which apply to you, that you have fully observed such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities: and**
 - (iii) **you have read the Section headed “Risk Factors” found in Part II of this Document and confirm that you understand the nature of the risks and that you could lose all your investment in the Company. Please send the completed Application Form by post or by hand to:**

**Share Registrars Limited
Craven House
West Street
Farnham
Surrey GU9 7EN**

We expressly draw to your attention that the value of shares can fluctuate in value and in money terms, and accordingly that you may not realise, on disposal by you of the Ordinary Shares which you acquire, the full amount of your investment.

Yellowcake Plc

IMPORTANT: Before completing this Application Form you should read the above terms and conditions of application and the above notes on how to complete the Application Form. Boxes 1 - 4 must be completed by all applicants. Your remittance must be pinned at Box 5. Boxes 6 and 7 must be completed in the case of joint applicants. Applications must be for a minimum of 50,000 Ordinary Shares and thereafter in multiples of 50,000 Ordinary Shares.

PLEASE RETURN YOUR COMPLETED APPLICATION FORM BY POST TO, OR DELIVER IT TO
Share Registrars Limited, Craven House, West Street, Farnham, Surrey GU9 7EN

THIS FORM MUST ARRIVE NOT LATER THAN 3.00pm on Tuesday 19 July 2005.

I/We irrevocably offer to subscribe for share	Ordinary Shares at 2p per	1
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in **Yellowcake Plc** on the terms and subject to the conditions of application set out in the Document of which this Application Form is part and the Memorandum and Articles of the Company

and I/We attach a cheque or banker's draft for the amount payable, namely £	2
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PLEASE USE BLOCK CAPITALS

Mr/Mrs/Miss or Title	Forename(s) (in full)	Surname:	3
Address (in full)		Tel:	
Postcode			

I confirm that I have "Terms and Conditions of the Offer" and "Risk Factors" in Part II of the Prospectus.

Signature	Date	2005	4
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Pin your cheque or banker's draft for the amount shown in Box 2 made payable to Share Registrars Limited A/C Yellowcake Plc	5
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Boxes 6 and 7 must be completed in the case of joint applicants only

Mr/Mrs/Miss/Ms or Title	6	Mr/Mrs/Miss/Ms or Title	6	Mr/Mrs/Miss/Ms or Title	6
Name(s) in full		Name(s) in full		Name(s) in full	
Address in full		Address in full		Address in full	
Postcode		Postcode		Postcode	
Signature	7	Signature	7	Signature	7