

**YELLOWCAKE PLC ("YELLOWCAKE" OR "THE COMPANY")**  
**30/03/2006**

**INTERIM STATEMENT FOR THE SIX MONTHS TO 31 DECEMBER 2005 AND  
TRADING UPDATE**

Highlights:

- Spot price of uranium oxide up 31% since commencing investment in September 2005
- Yellowcake's quoted portfolio up 44% in the same six-month time frame
- Substantial pre-IPO stake secured in a highly propitious unquoted investment
- Progress in securing direct investment into prime uranium exploration properties

**CHAIRMAN'S STATEMENT**

It is with pleasure that I introduce this maiden Interim Report on the activities of Yellowcake.

The Company was launched onto the OFEX market on 29 July 2005 with the intention of providing a vehicle for UK investors to partake in what the Company rightfully saw as a continuous regeneration of the global nuclear energy sector and hence an investment opportunity in companies producing, developing or exploring for uranium.

The interim results we are issuing today take in the statutory period until 31 December 2005 showing our investments at cost and also provide an update of our post balance sheet performance to 29 March 2006.

Yellowcake is the industry term for uranium oxide (U<sub>3</sub>O<sub>8</sub>), the mined form of uranium, which is enriched to produce uranium fuel for nuclear reactors. Nuclear energy already provides 16% of world electricity production. Electricity demand is growing and two billion people on the earth still do not have a supply.

Two of the most important drivers for increases in nuclear energy provision are global warming and reliability of fuel supply. Evidence from many parts of the globe testifies to the 'greenhouse' effects of atmospheric pollution on our planet. In particular receding ice flows off the coast of Eastern Greenland and increased incidence of Caribbean hurricanes are already being attributed to this phenomenon.

Most countries have signed the Kyoto Agreement, which came into effect last year promising to actively reduce emissions in recognition of the dangers posed by global warming. Nuclear energy generation produces no emissions except steam; on the other hand coal-fuelled power stations are estimated to emit a total of 9 billion tons of noxious carbon dioxide and sodium monoxide pollution into the atmosphere every year.

In the 20 years since the unfortunate blow-out at the poorly constructed Chernobyl, the 440 nuclear power stations in 31 countries around the world have achieved a unique record of 13,500 reactor-years of safe and clean operation. A new generation of reactors is being commissioned, promising even greater safeguards for the future.

Nuclear waste is minimal and being safely treated by countries like France, which for the last 30 years has derived up to 75% of its electricity from nuclear power.

Oil and gas producing countries have global power because they enjoy possession of oil and/or gas and are free to withhold or selectively control supply. In January this year Russia withheld supply of gas to Ukraine, which in turn reduced shipments through that country causing shortages and alarm in Western Europe.

Having alluded to the USA being "addicted to oil", President Bush has called for security of energy supply in his country. He is actively aiding the provision of new nuclear reactors to add to the 103 currently providing 22% of America's entire electricity requirement. Uranium, being principally supplied by politically stable Canada, Australia, the USA and Southern Africa and with easily stored inventory and a prospective centralised supply organisation, offers a secure supply of nuclear fuel to all countries, developed and emerging alike.

Even after full provision for capital costs of construction, waste disposal and decommissioning costs, nuclear power is very price-competitive and as uranium fuel is only some 5% of total running costs, it can double in price and still only raise power costs by 5%; coal typically comprises 65% of the running costs of a coal-fired power station.

Our Chief Executive reports below on an extremely encouraging start to the Company's history, based on a clear perception of the industry and effective stock selection. The outlook is for further increases in the spot price and, enthused with our experience to date, we are looking to exceed that rate of growth in our quoted portfolio.

However we also see a strong contribution to the Company's future being made by direct investment, using our quotation to participate in the development of prime uranium-prospective properties. We are currently in the process of identifying targets to deliver that objective.

MARK WATSON MITCHELL  
EXECUTIVE CHAIRMAN  
30 MARCH 2006

## CHIEF EXECUTIVE'S REPORT

World uranium production increased to 108.4 million pounds in 2005, up only 5% from 102.8 million pounds in 2004. This level of output is far short of the World Nuclear Association's estimated world uranium requirement of about 168 million pounds for 2005.

In the Prospectus published in early July last year, the Board of Yellowcake foresaw demand for mined uranium exceeding supply in the medium term and predicted increases in the spot price, then US\$19.75/lb. Today that price has more than doubled and latest market projections are for further rises to attract new suppliers to explore for and develop new uranium mines.

Following flotation, the Company has delivered on its stated strategy. There are over 200 companies globally involved wholly or partially in uranium mining or exploration. In the initial period after flotation, we carried out thorough research into prospective

investee companies, appointed brokers to the Company and then commenced investing in the majority of our chosen quoted portfolio in late September 2005. At that time, the uranium oxide price was US\$32/lb.

The quoted-company portfolio was constructed to include:

- producing uranium miners;
- near-term producer companies developing known deposits; and
- explorers for the mineral.

## URANIUM PRODUCERS

The portfolio's principal producing investment is the world's largest, Canada's CAMECO. We also invested in the world's second-largest producer, the French company AREVA. Elsewhere, we added a newly-quoted producer, URASIA ENERGY, by buying in opening dealings in November at C\$1.67; on 29 March 2006, it was quoted at C\$3.13. However we were stopped out of another important producer, ENERGY RESOURCES OF AUSTRALIA, which is 65% owned by Rio Tinto, when three other substantial investors sold their positions in February 2006.

Uranium producers mainly sell their products on long-term (generally 5 to 7 year) contracts and are therefore only partially benefiting from the rises in the spot price which have occurred in recent years; as older contracts expire and new ones are negotiated at today's prices, additional profits will accrue.

## NEAR-TERM PRODUCERS

Quoted near-term producers include Australian-quoted PALADIN RESOURCES. This company recently powerfully underlined the strength of market demand. It raised the finance to construct the mine for its Langer Heinrich deposit in Namibia and has since concluded three forward supply contracts with eager US utilities for uranium still in the ground, covering over 6m lbs of yellowcake to be delivered between 2007 and 2012. In contrast to traditional fixed-price contracts, the terms are that "pricing will be market related, to be determined at time of each delivery with escalating floor and ceiling price components".

We have also made a substantial investment in a pre-IPO placing at US\$0.75c per unit of a share with entitlement to a half-warrant in another prospective near-term producer, URAMIN INC, a private company with development properties in Namibia, South Africa and elsewhere in Africa. An IPO of UraMin Inc on the AIM is scheduled for later in 2006 and, although this investment is currently held by us at cost, we have the prospect of a material gain in value after the company is floated.

## EXPLORATION COMPANIES

Exploration for uranium around the world is proceeding apace. The rewards for discovering economic deposits are magnified. Although the world contains more uranium than it does coal, due to a lack of exploration in the 15 years prior to 2002 it has a shortage of obtainable near-term economic supplies to meet heightened demand especially over the next 15 years.

Modern uranium exploration is partially de-risked by the ability to pre-determine likely deposit locations using airborne electro-magnetic surveying of prospective properties prior to drilling. Nevertheless, mindful of the risks faced by all mining

explorers, Yellowcake has taken stakes in a wide selection of carefully chosen promising explorers seeking or owning deposits in the most prospective regions of the world for uranium exploration.

These include the Athabaska basin and Labrador Central Belt in Canada, South Australia and Queensland in Australia, and also Mongolia, Kazakhstan and Kyrgyzstan. As well as having good title in fertile prospecting locations, our investment selection criteria include good management, proven exploration expertise and robust finances, where relevant including that provided by joint venture partners. We currently hold stakes in 19 such exploration companies.

## PORTFOLIO PERFORMANCE

Reflecting the sector background, uranium's spot price has advanced by 31% to US\$42 since our initial investments were made at the end of September 2005. Our quoted portfolio includes shares listed on the Toronto, Toronto Venture, Australian and Paris Stock Exchanges.

Excluding dealing costs and provision for taxation, our Company's quoted portfolio in sterling has advanced by 44% in the six months to 29 March 2006. Despite the short time the portfolio has been in place we are delighted to note that the share prices of three out of our total of 19 investee explorers have risen over 100% to date, reflecting progress they have made towards exploration success and showing what can be achieved.

## FUTURE PROSPECTS

The regeneration of the nuclear power industry, and hence demand for uranium, is becoming increasingly apparent to us. Globally, 31 new stations are now under construction and China and India are both predicting the construction of at least two new reactors each every year until 2020. Underlining the strength of perceived future demand for nuclear stations, Japan's Toshiba was prepared to make a winning bid of US\$5.4 billion (ca 621 billion yen) in February 2006 to end a strongly fought auction for the Westinghouse nuclear construction business.

Finland's fifth nuclear power station, scheduled for completion in September this year, has set an exciting investment model, being financed by private capital secured on the future income flows from European electricity utilities and obviating the need for onerous government subvention.

We have subscribed to the services of leading uranium industry consultants and have built good links with our investee companies. From our continuing research into the uranium market, we believe that the outlook for the uranium spot price is very bullish, with demand from utilities exceeding supply on offer. In turn that will encourage successful exploration and hence discoveries and development of new uranium resources globally.

It is our determined intention to participate in this advance. Accordingly we will continue to strive to harness these trends for the benefit of the shareholders of Yellowcake plc. The Directors of the Issuer accept responsibility for this announcement.

ROBERT WALLACE  
CHIEF EXECUTIVE  
30 MARCH 2006

## YELLOWCAKE PLC ("YELLOWCAKE OR THE COMPANY")

<b>PROFIT &amp; LOSS ACCOUNT</b>	<b>10 months ended 31 December 2005* GBP'000</b>
Turnover	21
Cost of Sales	(25)
<b>Gross Loss</b>	<b>(4)</b>
Administration Costs	(45)
Loss before Taxation	(49)
Taxation	-
<b>Loss after Taxation</b>	<b>(49)</b>
Earnings per share	(0.09)p

\* The company was admitted to Ofex on 29 July 2005 and commenced trading thereafter.

<b>BALANCE SHEET</b>	<b>GBP'000</b>
Current Assets	
Investments	326
Prepayments & Accrued Income	7
Cash at bank	31
<b>Total Current Assets</b>	<b>364</b>
Creditors: amounts falling due within one year	(2)
<b>Net Current Assets</b>	<b>362</b>
Creditors: amounts falling due after one year	-
<b>Total Assets less Current Liabilities</b>	<b>362</b>
<b>Capital &amp; Reserves</b>	
Share Capital	144
Share Premium	267
Profit & Loss Current Year	(49)
	<b>362</b>

### Notes:

1. The Company was admitted to Ofex on 29 July 2005.
2. The Company did not trade during the period from incorporation on 21 February 2005 to 29 July 2005.
3. The financial information contained in this statement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. These statements, which are unaudited, have been prepared under the historical cost convention.
4. A provision for taxation has not been made as the Company made a loss for the period.
5. Investments are stated at the lower of cost or net realisable value.
6. The loss per share is based on a loss of GBP49,022 and on 57,750,000 of weighted average ordinary shares in issue since admission to Ofex.
7. Copies of the statement will be despatched to shareholders. Copies of this announcement are available from: St Helen's Capital Plc, 15 St Helen's Place, London EC3A 6DE