

Yellowcake PLC (“Yellowcake” or “The Company”)

10 March 2008

INTERIM STATEMENT FOR THE SIX MONTHS TO 31 DECEMBER 2007 AND TRADING UPDATE

Highlights:

Uranium Spot price now US\$74 per pound (US\$72 at 31 December 2006). Long-term uranium price consistent at US\$95 per pound.

Pre-tax net profit for the period of £129,000 (2006:£16,000 loss).

Market value of Yellowcake’s investments and cash up by 74% since 31 December 2006 after all costs.

Chairman’s Statement

With a background of global market financial turbulence, the quoted uranium industry suffered a difficult investment environment during the period under review. However with its expertise in understanding the industry and its CEO’s extensive knowledge base of the companies involved, Yellowcake managed nevertheless to substantially enhance its market value, trade profitably, advance its direct exploration project and prepare for the recovery it foresees in the industry.

The factors that led Yellowcake to be formed as an investment vehicle in the uranium field in 2005 are even more relevant today than they were then. Nuclear power produced 2,658 million kilowatts of electricity in 2006, the latest year for which statistics are available from the IAEA. Global electricity consumption is estimated to grow 40% by the year 2020.

Electricity production, especially from coal-powered plants, is a major contributor to the emissions which are causing global warming and nuclear power provides zero-emissions base-line electricity generation. However, the increased use of carbon dioxide emissions auctions and penalties by the authorities in Europe and North America are beginning to curtail plans for more coal-powered generation.

As a consequence, the list of new nuclear power stations proposed in the world is constantly increasing, and is up 40% on a year ago. According to the World Nuclear Association’s latest estimate compiled on 15 January 2008, the number of new nuclear stations either under construction or on firm order totals 127, up 38% on the figure a year ago and equating to a 29% increase on the number operating today. In addition, there are a further 222 stations proposed.

Date of WNA report	Operable reactors	Under construction	On order or planned with funding	Proposed
29 January 2007	435	28	64	158
15 January 2008	439	34	93	222
Increase	+0.9%	+21.4%	+45.3%	+40.5%

*Total additional stations are 250 (Jan 07) and 349 (Jan 08). An increase of 40%.
World Nuclear Association (WNA) figures*

There are 41 nations in all currently using nuclear power or planning to use it. France produces 78% of its electricity from nuclear power, Lithuania 68% Sweden 48% and Slovakia 57%.

China, with 35 stations under construction or ordered, is planning another 86 in a bid to raise its 2% current nuclear share of electricity generation, much less than its neighbours Japan (30%) and South Korea (39%). In July 2007 it placed the world's first order for four Westinghouse AP1000 reactors and in November it ordered two of the newest European reactors from Areva.

In addition to new stations, permitted life extensions and capacity expansion through uprating is increasing nuclear's output at many of the world's existing plants

In the United Kingdom, the Government has at last published its plans for the expansion of the nuclear industry, with four new stations scheduled. However, The Department of Business, Enterprise and Regulatory Reform has stated that "we have no upper or lower limit".

All these considerations underscore the rationale for Yellowcake being founded three years ago and validate our policy of investing in the uranium mining industry. We continue to offer shareholders a convenient method of investing in a portfolio of assets in what should be an increasingly profitable sector in the years ahead.

Chief Executive's report

For the six months to 31 December 2007, our overheads continued to be minimised and the market value of our portfolio continued to progress. The net effect of share disposals provided the Company with a gross profit of £219,000. After administration costs of £90,000 for the half year, this produced a net pre-tax profit for the six months of £129,000 (2006:£16,000 loss).

In the period under review, share prices on world markets were affected by the “sub-prime” financial crisis which first manifested itself from mid-August 2007 and is still ongoing. Uranium shares were particularly affected as hedge funds and institutional investors liquidated holdings in response to market conditions

Our top ten holdings at the period end were as follows:

Yellowcake plc				
Top Ten Holdings by Value at markets close on 31 December 2007				
Company	Area of operations	% of Portfolio	Year of purchase	% gain since first purchase ¹
Uranium Prospects	Canada	44.33	2007	519.88
Cue Capital Corp	Paraguay	5.69	2007	1.92
Denison Mines ²	Canada, USA, Africa, Mongolia, Australia	3.94	2005	48.21
Pitchstone Exploration	Canada, Africa	3.89	2006	214.70
Ur Energy	USA, Canada	3.80	2006	66.04
Paladin Resources ²	Namibia, Malawi, Australia	3.59	2005	175.96
Uranium One ²	South Africa, USA, Australia, Kazakhstan, Canada,	3.45	2005	70.37
JNR Resources	Canada	3.37	2006	71.87
Strateco Resources	Canada	3.03	2005	50.00
Uranerz Energy	USA, Canada, Mongolia	2.33	2005	43.62
Uranium spot price ³	Sep 05- US\$31.25. Dec 07- US\$90.00.			188.00

1. Gains stated are before brokerage charges and currency translation.

2. Uranium producing companies at 31 December 2007.

3. All uranium prices are from Ux Consulting Inc.

The uranium spot price was reduced during the six months following its vertiginous rise to US\$137 in summer 2007 and ended the year at US\$90 per pound.

However uranium mining remains a highly profitable industry. Over 80% of uranium for fuel is sold on long-term contracts and the long-term price has remained at a steady US\$95 during the last year. The major uranium producers have only recently begun to see the effects of the price rises of the last three years as historic supply contracts signed earlier in the decade terminate and are renewed at the long-term price.

One producer, Energy Resources of Australia, has reported a 75% increase in annual profits to A\$76.1m in 2007. However the average price it received per pound during the year was only US\$25.06 (2006:US\$18.36). With the gradual effect of a higher proportion of sales at new long-term prices, Goldman Sachs JB has estimated that ERA's earnings will rise to A\$97.4m in 2008 and then double to A\$178.3m in 2009.

Yellowcake has recently raised its holding in another producer, Paladin Resources, with a producing mine in Namibia and another in Malawi due to commence production in 2009. By 2010, UBS estimate Paladin will be generating net pre-tax profits of US\$319m and be on a PE of just 11.2. This estimate ignores the possibility of Paladin's being given permission to mine its valuable Valhalla reserves in Queensland by the Queensland government.

US President Bush, speaking on 19 December, said "If America wants to solve its dependency on foreign sources or deal with environmental concerns, we need to aggressively spread nuclear power". The USA only produces some 2 million pounds of uranium annually but uses some 40 million pounds in its existing 103 nuclear power stations and is slated to add another 19 stations in forthcoming years. During the period under review, investments in several junior companies developing projects to production in historically proven uranium districts of the USA have been added to the Company's portfolio.

Market outlook

Cameco has recently announced that remedial work at the Cigar Lake mine is progressing and expects to be completed in time for commencing production in late 2011. It is imperative that the 17 million pounds of annual production scheduled from Cigar Lake is available by 2013 as the ex-weapons uranium supply agreement with Russia is due to end in that year.

However another producer, Uranium One, has been added to the long list of producers which have encountered serious disruptions to supply. First, a shortage of sulphuric acid curtailed production in Kazakhstan and then continued operational difficulties at the company's Dominion mine in South Africa have led to a severe reduction in estimates for the company's production going forward. Neal Froneman, the Chief Executive who drove Uranium One to its eminent position in the industry, has resigned. Yellowcake has reduced its interest in Uranium One.

With continued shortfalls in uranium production against previous forecasts being reported, we see the uranium spot price headed higher in future months. Royal Bank of Canada Capital Markets believes “the sentiment of the uranium market has changed substantially” and forecasts a spot price of \$110 per pound in 2008 and US\$100 a pound in 2009.

Direct investment in uranium properties

Consequent to resolutions passed at the Company’s EGM on 2 August 2007, Yellowcake directly owns 9% of the Option to a 60% Joint Venture interest in the Grease River project in Canada. The Company also owns a 16.15% shareholding in Uranium Prospects Plc, which is responsible for funding the exploration at Grease River.

Following the receipt of the final assays from the prospecting and evaluation stage carried out in summer 2007 and detailed in the announcement by our operating partners, CanAlaska Uranium, on 3 March 2008, we are delighted with the exploration results.

Full details of these assay results and maps are now posted on our website. Widespread high uranium grades of up to 3.53% U₃O₈ have been proven at surface at a number of occurrences within the Central and Eastern claim blocks and that there are additionally significant grades of rare earths in the Western block.

The Company is looking forward to the 2008 exploration campaign which will focus on the most promising occurrences in the claim blocks and should select drill targets for the next stage. We are pleased to be partnering with the geological team at CanAlaska who are proving to be highly competent and professional operators in the field.

The directors of Yellowcake Plc accept responsibility for this announcement.

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YELLOWCAKE PLC

Interim financial statements for the six months ended 31 December 2007.

Profit & Loss Account

	6 months ended 31 December 2007 £'000	6 months ended 31 December 2007 £'000
Turnover	542	100
Cost of sales	<u>(323)</u>	<u>(65)</u>
Gross profit	219	35
Administration costs	<u>(90)</u>	<u>(51)</u>
Profit/(loss) on ordinary activities before taxation	129	(16)
Other income:		
bank interest receivable	2	-
Taxation	<u>(26)</u>	<u>-</u>
Retained profit/(loss)	<u>105</u>	<u>(16)</u>
Basic profit/(loss) per share	0.18p	(0.03)p
Fully diluted profit/(loss) per share	0.14p	(0.03)p

YELLOWCAKE PLC

Interim financial statements for the six months ended 31 December 2007.

Balance Sheet as at 31 December 2007

	31.12.2007 £'000	31.12.2006 £'000
Fixed assets		
Investments (see note 5)	590	284
Current assets		
Sundry debtors	61	17
Cash at bank	<u>6</u>	<u>20</u>

Total Current Assets	67	321
Creditors: amounts falling due within one year	(61)	(45)
Net Current Assets	6	276
Creditors: amounts falling due after one year	0	0
Total Assets less Current Liabilities	596	276
Capital & Reserves		
Share capital	146	144
Share premium	273	262
Profit & loss account	177	(130)
Total Shareholders' Funds	596	276

Fixed asset investments

		2007 £
Listed investments at lower of cost and net realisable value		528,594
Cash deposits held as investments		61,288
		589,882
Listed investments, analysed by functional category, comprise:	Lower of cost and net realisable value	Market value
	£	£
Exploration and development	418,031	850,638
Near Production	44,844	50,715
Production	106,961	139,453
	569,836	1,040,806
<p>At 31 December 2007 the aggregate market value of listed investments was £1,040,806, (31/12/2006: £631,255), making total investments, including cash deposits of £1,102,094 (31/12/2006: £631,918), resulting in an unrecognised gain of £470,970 as at 31 December 2007 (31/12/2006; £347,333). If this gain were to be realised this would result in a potential tax charge, subject to available tax losses, of £141,291 (31/12/2006: £104,200) being incurred by the Company, based on a corporation tax rate of 30%. Market value is based on published price quotations where applicable.</p>		

Notes

1. 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. The financial information has not been reviewed by the Company's auditor.
2. A provision for corporation tax amounting to £26,174 (31/12/2006: £0) has been made on the Company's profit of £130,872 (31/12/2006: loss £15,506), representing an effective tax rate of 20% (31/12/2006: 0%).
3. Investments are stated at the lower of cost and net realisable value.
4. The basic profit per share is based on a profit of £104,697 (31/12/2006: loss of £15,506) and on 58,250,000 of weighted average ordinary shares in issue during the 6 months to 31 December 2007. The calculation of diluted earnings per share assumes conversion of all potentially dilutive ordinary shares, all of which arise from share warrants.
5. 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.

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