Yellow Cake plc (“Yellow Cake” or the “Company”)

Annual Results for the period ended 31 March 2019

Yellow Cake, a specialist company operating in the uranium sector, is pleased to announce its maiden financial report for the period ended 31 March 2019.

Highlights

- Value of underlying U_3O_8 has increased by 22% to USD217.4 million as at the end of March 2019 relative to acquisition cost of USD178.2 million
- Purchase of 8,441,385 lb U_3O_8 from National Atomic Company Kazatomprom JSC ("Kazatomprom") during the period at an average cost of USD21.10/lb against a spot price as at the end of March 2019 of USD25.75/lb (1)
- Steady improvement in the market for U_3O_8, with the spot price increasing 13% from USD22.85/lb (2) at IPO to USD25.75/lb(1) at the end of March 2019
- Successful USD200 million (GBP151 million) capital raise in an oversubscribed IPO on the AIM market of the London Stock Exchange in July 2018
- Profit after tax of USD29.7 million for the period ended 31 March 2019
- Net asset value of USD2.93 (GBP2.25) per share as at 31 March 2019 (3)
- Since the end of March 2019, the Company has raised an additional GBP25.9 million (approximately USD33.9 million) through a placing of shares and acquired an additional 1.175 million lb uranium
- Net asset value (4) as at 31 May 2019 of USD2.70 (GBP2.14) per share, or US$238.2 million, consisting of 9,616,385 lbs of U_3O_8 valued at a spot price of US$24.10/lb (5), a derivative liability of US$2.8 million (6) and other net assets of US$9.2 million

[1] *Month-end spot price published by UxC LLC on 25 March 2019*

[2] *Weekly spot price published by UxC LLC on 9 July 2018*

[3] *Net asset value per share on 31 March 2019 is calculated based on net assets including the derivative financial liability per the statement of financial position divided by the number of shares in issue*

[4] *Net asset value per share on 31 May 2019 is calculated assuming 88,215,716 ordinary shares in issue and the Bank of England’s daily exchange rate of 1.2602 on 31 May 2019*

[5] *Month-end spot price published by UxC LLC on 27 May 2019*

[6] *Estimated current value of the Kazatomprom repurchase option under the Framework Agreement, which is a potential liability of US$6.5 million and may only be exercised if the spot U_3O_8 price exceeds US$37.50 /lb for a period of 14 days during the period between 4 July 2021 and 30 June 2027*

Andre Liebenberg, CEO of Yellow Cake, said;

I am pleased to present our maiden set of full year numbers. We have been active in the market, acquiring additional uranium on three separate occasions following our admission to the AIM market, taking our total uranium holdings to nearly 10 million pounds, in line with the strategy we set out at the time of our IPO. We continue to believe that the uranium market is structurally mis-priced and that prices will continue to rise in the long-term. Despite some continued volatility, market activity has justified our investment proposition, with the spot price increasing by 13% from USD22.85/lb at our IPO to USD25.75/lb at the end of March 2019. We continue to offer investors exposure to the uranium spot price without the operating risks associated with exploration, development and mining, and the market dynamics underpinning our thesis remain robust.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) no 596/2014

ENQUIRIES:

Yellow Cake plc
Andre Liebenberg, CEO
Carole Whittall, CFO
Tel: +44 (0) 153 488 5200

Nominated Adviser and Joint Broker: Numis Securities Limited
John Prior
Matthew Hasson
James Black
Paul Gillam
Tel: +44 (0) 207 260 1000

Joint Broker: Berenberg
Matthew Armitt
Detlir Elezi
Tel: +44 (0) 203 207 7800

Financial Adviser: Bacchus Capital Advisers
Peter Bacchus
Richard Allan
Tel: +44 (0) 203 848 1640

Investor Relations: Powerscourt
Peter Ogden
Niall Walsh
Tel: +44 (0) 779 3 85 8211

ABOUT YELLOW CAKE

Yellow Cake is a London-listed company, headquartered in Jersey, which offers exposure to the uranium spot price. This is achieved through its strategy of buying and holding physical triuranium octoxide (“U_3O_8”). It may also seek to add value through the acquisition of uranium royalties and streams or other uranium related activities. Yellow Cake seeks to generate returns for shareholders through the appreciation of the value of its holding of U_3O_8 and its other uranium related activities in a rising uranium price environment. The business is differentiated from its peers by its lower cost base and ten-year Framework Agreement for the supply of U_3O_8 with Kazatomprom, the world’s largest uranium producer. Yellow Cake currently holds 9.62 million lb of U_3O_8, all of which is held in storage in North America.

FORWARD LOOKING STATEMENTS

Certain statements contained herein are forward looking statements and are based on current expectations, estimates and projections about the potential returns of the Company and the industry and markets in which the Company will operate, the Directors’ beliefs and assumptions made by the Directors. Words such as “expects”, “anticipates”, “should”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “projects”, “pipeline”, “aims”, “may”, “targets”, “would”, “could” and variations of such words and similar expressions are intended to identify such forward looking statements and expectations. These statements are not guarantees of future performance or the ability to identify and consummate investments and involve certain risks, uncertainties and assumptions that are difficult to predict, qualify or quantify. Therefore, actual outcomes and results may differ materially from what is expressed in such forward looking statements or expectations. Among the factors that could cause actual results to differ materially are: uranium price volatility, difficulty in sourcing opportunities to buy or sell U_3O_8, foreign exchange rates, changes in political and economic conditions, competition from other energy sources, nuclear accident, loss of key personnel or termination of the services agreement with 308 Services Limited, changes in the legal or regulatory environment, insolvency of counterparties to the Company’s material contracts or breach of such material contracts by such counterparties. These forward-looking statements speak only as at the date of this announcement. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based unless required to do so by applicable law or the AIM Rules.

Chairman's statement

It gives me great pleasure to present Yellow Cake plc's first set of annual results and to reflect on the steps taken during the period to execute on our stated strategy. Our objective is to create a liquid, publicly listed vehicle through which investors can acquire long-term exposure to the uranium spot price without the operating risks associated with exploration, development, mining or processing.

The Company utilises a low-cost outsourced business model that minimises cost leakage while securing access to additional expertise through strategic partnerships with suppliers and other relevant industry players. These include the ability to access uranium on demand, in volume and at the prevailing market price through our Framework Agreement with Kazatomprom, the world's largest uranium producer. Our business model enables us to access additional revenue opportunities, including royalty streams, through our relationship with Uranium Royalty Corp.

A successful IPO

We were delighted with the successful listing of Yellow Cake plc on the London Stock Exchange (AIM) in July 2018. We are grateful to our financial advisors associated with the capital raise and IPO for their hard work. Investors were very receptive to the Company's business model, strategic vision, management team and governance structure.

The Company used the proceeds of the IPO (USD200 million/GBP151 million) to purchase 8.1 million lb of U_3O_8 from Kazatomprom under our 10-year Framework Agreement. The purchase was well-timed with the price of USD21.01/lb at the lower end of the range of uranium prices for the last 15 years.

A further 350,000 lb of U_3O_8 was purchased on 23 August 2018 at a price of USD23.30/lb, in accordance with the strategy set out at IPO. These purchases allowed the Company to build up a significant volume of uranium in a relatively short period at what proved to be attractive prices and brought the Company's total holding of U_3O_8 to 8.44 million lb at 31 March 2019, acquired at an average cost of USD21.10/lb. Prices rallied strongly towards the end of 2018 before settling back in March 2019 on political and economic uncertainties.

After year-end, the Company placed a further 12 million new ordinary shares with investors to raise GBP25.9 million before expenses (approximately USD33.8 million before expenses of USD1.6 million). This enabled us to take advantage of a pullback in the uranium price to purchase an additional 1.175 million lb of U_3O_8 at USD25.88 in May 2019. The Company now holds 9.6 million lb of U_3O_8. We greatly appreciate the support from existing and new shareholders.

Market momentum

The underlying uranium market fundamentals remain supportive of our thesis that uranium prices are structurally undervalued and that this is an opportune time to invest in physical U_3O_8. Nuclear power is the least expensive low-carbon power option in terms of cost per megawatt hour (MWh) and, according to the World Nuclear Association, remains one of the lowest sources of lifecycle carbon emissions per MWh, producing lower carbon emissions than both solar and biomass energy sources. With global demand for clean and cheap energy continuing to grow, nuclear power is expected to remain a key component of the global energy mix. Uranium production has been curtailed at a number of operations and current uranium prices disincentivise new mining investments, which is expected to translate into a growing mine supply gap over time.

The oversubscribed IPO and the demand for the additional placement of shares after period-end demonstrate investment market appetite for exposure to physical U_3O_8. Yellow Cake's net asset value rose from GBP2.00 per share at IPO to GBP2.25 per share as at the end of March 2019.

We remain of the opinion that the uranium spot price is fundamentally and structurally mispriced and the Company will continue to adhere to the core principles and strategy set out at IPO: buying and holding U_3O_8 for the long term, with no hedging or material leverage while also seeking to exploit opportunities arising from uranium ownership and uranium based financial initiatives.

The Lord St John of Bletso

Chairman

CEO statement

The period since January 2018 has witnessed a number of significant milestones for Yellow Cake. After the IPO and listing on the AIM market of the London Stock Exchange in July 2018, we conducted two purchases of U_3O_8 and ended the period with a holding of 8.4 million lb. These purchases were made at an average cost of USD21.10/lb and were well timed considering the spot price at our financial period-end of 31 March 2019 of USD25.75/lb.

The timing of our listing and the first two purchases of uranium were definite highlights as the uranium price increased nearly 40% to USD29.10/lb at the end of November 2018 from its lows in April 2018. While the uranium price did soften in the first quarter of 2019, we believe the potential for long-term price appreciation remains intact, particularly given that the price required to incentivise new mines is estimated to be above USD50/lb.

In April 2019, shortly after our financial period-end, the Company raised GBP25.9 million (c.USD33.9 million) through a share placement to add a further 1.175 million lb of U_3O_8 to our uranium inventory at a price of USD25.88/lb. After the strong rise in the uranium price during the latter half of 2018, the recent pullback in the price provided us with an excellent window to add further uranium inventory cost effectively.

We continue to investigate opportunities to access more U_3O_8 at favourable prices as these present themselves, including through our strategic relationship with Kazatomprom.

Uranium Market Developments

Monthly spot market transactions reached record volumes in 2018 with around 88 million lb traded in the calendar year, more than 30% above the average annual volumes over the last decade. Volumes remained higher early in the first quarter of 2019 but then moderated as the United States Department of Commerce ("USDOC") Section 232 investigation[1] progressed.

This 2018 activity reflects a number of market factors, including increasing demand for physical product by investment entities, especially by Yellow Cake, as well as buying by producers and traders to offset production cutbacks. Despite some buying by nuclear utilities at recent prices, long-term contracting in the uranium market remains at low levels and will have to rebalance in time.

In the Company's view, one of the principal reasons for the lack of term market contracting was the July 2018 launch by the USDOC of a Section 232 investigation into the national security aspects of high levels of foreign uranium importation by US nuclear reactor operators. Two U.S. uranium production companies requested government-mandated purchase requirements equating to 25% of annual domestic uranium consumption (11 – 12 million lb U_3O_8/year) in order to support an economically-viable domestic nuclear fuel cycle. The USDOC submitted its findings and recommendation to the United States Administration in April of this year and the United States Administration is due to issue a final determination within 90 days. We believe the uncertainty around the likely outcome of the investigation has reduced activity in the market and this points to pent up demand that may drive the market once the uncertainty has been removed.

The reactor restart programme in Japan continues to progress with nine reactors now operating and a further six units approved for operations by the Nuclear Regulatory Authority. Subject to all governmental requirements being satisfied, a total of 30 reactors would need to be operating by the late-2020's in order to meet the government target of 20 – 22% nuclear generation by 2030.

The Chinese commercial nuclear power programme is expanding with a total of 45 operating reactors (43 Gigawatt Electrical ("GWe")) as of May 2019 and an additional 13 units (12.8 GWe) under active construction. The current official plan is to reach total installed nuclear generating capacity of 150 GWe by 2035. India will also add to the pipeline of new builds with the recent announcement of a six reactor build programme.

The supply-side restrictions discussed in our interim results release continue and are likely to support prices going forward. These include the announcements by Kazatomprom that annual uranium output will be reduced to a target level 20% below previously planned 2018 – 2020 production[2] and Cameco extending the suspension of operations at the McArthur River/Key Lake facility (18 million lb U_3O_8/year) for an indeterminate period. Recently, Cameco announced a revision to its market purchases program which will now total a minimum 19 – 21 million lb U_3O_8 through 2019 in order to meet existing contractual delivery commitments[3]. In November last year Rio Tinto announced the sale of its Rossing Mine in Namibia to China National Uranium Corporation Limited, which will leave the group with a single remaining uranium mine (Ranger) that is in the process of reducing operations and scheduled for rehabilitation commencing no later than 2021.

Our strategic partner Kazatomprom, the largest, and one of the lowest cost, uranium producers in the world, listed its Global Depositary Receipts ("GDRs") on the London Stock Exchange and ordinary shares and GDRs on the Astana International Exchange in November 2018. We view Kazatomprom's IPO as a positive development for the sector which should generate further interest and introduce new investors to the uranium market in the UK.

Outlook

Looking forward, we expect the resolution of the USDOC 232 investigation to result in a return to contracting in the long-term uranium market, particularly for US utilities, and an increase in spot market activity. While investments in physical uranium, nuclear fuel trader activity and producer buying are likely to continue to dominate the near-term market, the long-term fundamentals for nuclear energy remain compelling and the uranium industry supply and demand dynamics suggest support for the uranium price. The strong support from existing and new shareholders for the capital raise in April 2019 demonstrates that we are not alone in our confidence regarding the long-term outlook for the uranium price.

Andre Liebenberg

Chief Executive Officer

[1] *U.S. Department of Commerce initiated the 232 Petition investigations on 18 July 2018.*

[2] *Announcement by Kazatomprom of 20% reduction in production initially made 4 December 2017 and then reiterated at industry conferences on 18 April 2018 (World Nuclear Fuel Cycle), 4 June 2018 (World Nuclear Fuel Market) and 5 September 2018 (World Nuclear Association Annual Symposium).*

[3] *Cameco initially announced a 10-month shut-down of McArthur River/Key Lake on 8 November 2017. On 25 July 2018, Cameco announced the indefinite suspension of McArthur River/ Key Lake operations as well as its plans to make additional market purchases of 2 – 4 million lb in 2018 and a further 9 – 11 million lb in 2019.*

CFO's review

Yellow Cake's first annual financials for the period to 31 March 2019 reflect a pleasing appreciation in the value of the Company's U_3O_8 inventory.

It is my pleasure to report the following audited results for the period from incorporation to 31 March 2019, beginning with some highlights:

- An increase in the value of the Company's uranium holding of USD39.2 million from USD178.2 million to USD217.4 million
- Net IPO proceeds of USD193.1 million of which USD178.2 million was applied to purchasing U_3O_8
- Profit after tax of USD29.7 million
- Cash of USD8.8 million at 31 March 2019

Uranium-related profit

Yellow Cake enjoyed a net unrealised gain of USD36.4 million during the period, comprising an increase in the fair value of its inventory of USD39.2 million less the fair value of a uranium derivative liability of USD2.8 million related to the Kazatomprom repurchase option (detailed in note 7).

This gain is attributable to the increase in the underlying price of U_3O_8 which ended the period at USD25.75/lb. Yellow Cake acquired 8,091,385 lb of U_3O_8 at a price of USD21.01/lb on 5 July 2018 and a further 350,000 lb of U_3O_8 at a price of USD23.30/lb on 23 August 2018 from Kazatomprom, for an average acquisition price of USD21.10/lb.

Operating Performance

We are pleased to report profit after tax for the period of USD29.7 million.

Expenses for the period of USD6.1 million included the following one-time costs:

- USD2.6 million in costs related to Yellow Cake's initial public offering; and
- USD1.8 million in service fees payable to 308 Services Limited in relation to the initial purchase by Yellow Cake of U_3O_8 for a consideration of USD178.2 million.

Operating costs of a recurring nature were comprised of:

- administration costs (comprising operating and salary costs) of USD1.0 million; and
- additional services fees paid to 308 Services Limited of USD0.7 million in respect of the period from 5 July 2018 to 31 March 2019 (detailed in note 11).

Foreign exchange losses of USD0.6 million arose primarily due to the impact of exchange rate movements on certain receivables (a portion of IPO proceeds) which were denominated in Sterling.

Profit after tax of USD29.7 million includes the fair value of the uranium derivative liability of USD2.8 million related to the Kazatomprom repurchase option.

The Company does not propose to declare a dividend for the period.

Balance sheet and cash flow

Yellow Cake received net proceeds from its initial public offering of USD193.1 million, of which USD178.2 million was applied to purchasing U_3O_8.

The value of Yellow Cake's U_3O_8 investment increased by 22% to USD217.4 million at the end of the period compared with the acquisition cost of USD178.2 million. As at 31 March 2019, Yellow Cake had cash of USD8.8 million.

Carole Whittall

Chief Financial Officer

Statement of financial position

As at 31 March 2019

	Notes	USD '000
ASSETS		
Non-current assets		
Investment in uranium	4	217,366
Total non-current assets		**217,366**
Current assets		
Trade and other receivables	5	16
Cash and cash equivalents	6	8,750
Total current assets		**8,766**
Total assets		**226,132**
LIABILITIES		
Non-current liabilities		
Uranium derivative liability	7	(2,799)
Total non-current liabilities		**(2,799)**
Current liabilities		
Trade and other payables	8	(384)
Total current liabilities		**(384)**
Total liabilities		**(3,183)**
NET ASSETS		**222,949**
Equity		
Attributable to the equity owners of the Company		
Stated capital	9	1,007
Share premium	9	192,248
Retained earnings		29,694
TOTAL EQUITY		**222,949**

Statement of comprehensive income
For the period 18 January 2018 to 31 March 2019

	Notes	USD '000
Uranium related profit		
Fair value movement of investment in uranium	4	39,211
Fair value movement of uranium derivative liability	7	(2,799)
Total uranium related profit		**36,412**
Expenses		
Initial public offering expenses		(2,589)
Procurement and market consultancy fees		(2,490)
Other operating expenses	12	(1,018)
Total expenses		**(6,097)**
Bank interest income		27
Loss on foreign exchange		(648)
Profit before tax attributable to the equity owners of the Company		**29,694**
Tax expense	13	–
Total comprehensive income after tax for the period attributable to the equity owners of the Company		**29,694**
Basic and diluted earnings per share attributable to the equity owners of the Company since IPO (USD)	15	**0.39**
Basic and diluted earnings per share attributable to the equity owners of the Company since incorporation (USD)	15	**0.63**

Statement of changes in equity
For the period 18 January 2018 to 31 March 2019

Attributable to the equity owners of the Company

	Notes	Stated capital USD ’000	Share premium USD ’000	Retained earnings USD ’000	Total equity USD ’000
As at 18 January 2018		**–**	**–**	**–**	**–**
Total comprehensive income after tax for the period		–	–	29,694	**29,694**
Transactions with owners:					
Shares issued	9	1,007	200,449	–	**201,456**
Share issue costs	9	–	(8,201)	–	**(8,201)**
Balance as at 31 March 2019		**1,007**	**192,248**	**29,694**	**222,949**

Statement of cash flows
For the period 18 January 2018 to 31 March 2019

	Notes	USD '000
Cash flows from operating activities		
Profit for the financial period		29,694
Adjustments for:		
Change in fair value of investment in uranium	4	(39,211)
Change in fair value of uranium derivative liability	7	2,799
Foreign exchange losses		403
Interest income		(27)
		(6,342)
Changes in working capital:		
Increase in trade and other receivables		(253)
Increase in trade and other payables		389
Cash used in operating activities		**(6,206)**
Interest received		27
Net cash flow used in operating activities		**(6,179)**
Cash flows from investing activities		
Acquisition of uranium	4	(178,155)
Net cash used in investing activities		**(178,155)**
Cash flows from financing activities		
Proceeds from issue of shares	9	201,457
Issue costs paid	9	(8,373)
Net cash generated from financing activities		**193,084**
Net increase in cash and cash equivalents during the period		8,750
Cash and cash equivalents at the beginning of the period		–
Effect of exchange rate changes		–
Cash and cash equivalents at the end of the period		**8,750**

Notes to the financial information

For the period ended 31 March 2019

1. General information

Yellow Cake plc (the "Company") was incorporated in Jersey, Channel Islands on 18 January 2018. The address of the registered office is Liberation House, Castle Street, St Helier, Jersey, JE1 1BL.

The Company operates in the uranium sector and was created to purchase and hold U_3O_8. The strategy of the Company is to invest in long-term holdings of U_3O_8 and not to actively speculate with regards to short-term changes in the price of U_3O_8. The Company may consider additional revenue opportunities, including the acquisition of uranium royalties and streams, and other uranium-related activities.

The Company was admitted to list on the London Stock Exchange AIM market ("AIM") on 5 July 2018, raising approximately GBP151 million (c. USD200 million) before expenses through an oversubscribed placing and subscription of 76,166,630 ordinary shares.

2. Summary of significant accounting policies

Basis of preparation

The financial information has been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and interpretations (collectively, 'IFRS'), International and Financial Reporting Interpretation Committee ('IFRIC') interpretations, as adopted by the European Union ('IFRS as adopted by the EU').

In accordance with Section 105 of The Companies (Jersey) Law 1991, the Company confirms that the financial information for the period ended 31 March 2019 is derived from the Company's audited financial statements and that these are not statutory accounts and, as such, do not contain all information required to be disclosed in the financial statements prepared in accordance with International Financial Reporting Standards ("IFRS").

The statutory accounts for the period ended 31 March 2019 have been audited and approved, but have not yet been filed.

The Company's audited financial statements for the period ended 31 March 2019 received an unqualified audit opinion and the auditor's report contained no statement under section 113B (3) and (6) of The Companies (Jersey) Law 1991.

The financial information contained within this preliminary statement was approved and authorised for issue by the Board on 17 June 2019.

The principal accounting policies adopted are set out below.

New and revised standards

At the date of approval of these financial statements there are no new or revised standards that are in issue but not yet effective and are relevant to the financial statements of the Company.

Going concern

The Directors, having considered the Company's objectives and available resources along with its projected income and expenditure for at least 12 months from the date of approval of the audited financial statements, are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors have adopted the going concern basis in preparing the audited financial statements.

Foreign currency translation

Functional and presentation currency

The financial statements are presented in United States Dollars ("USD") which is also the functional currency of the Company.

These financial statements are presented to the nearest round thousand, unless otherwise stated.

Foreign currency translation

Transactions denominated in foreign currencies are translated into USD at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into USD at the rate of exchange ruling at the reporting date. Foreign exchange gains or losses arising on translation are recognised through profit or loss in the statement of comprehensive income.

Investments in uranium

Acquisitions of U_3O_8 are initially recorded at cost net of transaction costs incurred and are recognised in the Company's statement of financial position on the date the risks and rewards of ownership pass to the Company.

After initial recognition, investments in U_3O_8 are measured at fair value based on the most recent month-end spot price for U_3O_8 published by UxC LLC.

IFRS lacks specific guidance in respect of accounting for investments in uranium. As such the Directors of the Company have considered the requirements of International Accounting Standard 1 "Presentation of Financial Statements" and International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors" to develop and apply an accounting policy. The Directors of the Company consider measuring the investments in U_3O_8 at fair value provides information that is most relevant to the economic decision-making of users. This is consistent with International Accounting Standard 40 Investment Property, which allows for assets held for long-term capital appreciation to be presented at fair value.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The Company shall offset financial assets and financial liabilities if the Company has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis.

The carrying amount of the Company's financial assets and financial liabilities are a reasonable approximation of their fair values due to the short-term nature of these instruments.

Financial assets

The Company's financial assets comprise loans and receivables. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less any provision for impairment.

Financial liabilities

The Company's financial liabilities comprise trade and other payables. They are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Uranium derivative liability

This derivative instrument is recognised at fair value and value changes are recognised in profit and loss. Fair value has been determined based on the expected option payoff using a Monte Carlo simulation produced by an independent financial valuation company.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and short-term deposits in banks with an original maturity of three months or less.

Share capital

The Company's ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognised in equity as a deduction from proceeds of the share issue.

Share-based payments

Where the Company issues equity instruments to external parties or employees as consideration for services received, the statement of comprehensive income is charged with the fair value of the goods and services received, except where services are directly attributable to the issue of shares, in which case the fair value of such amounts is recognised in equity as a deduction from share premium.

Taxation

As the Company is managed and controlled in Jersey it is liable to be charged to tax at a rate of 0% under schedule D of the Income Tax (Jersey) Law 1961 as amended.

Expenses

Expenses are accounted for on an accruals basis.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Board of Directors of the Company.

The Company is organised into a single operating segment being the holding of U_3O_8 for long-term capital appreciation.

Critical accounting judgements and estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The resulting accounting estimates will, by definition, seldom equate to the related actual results.

Accounting estimates

The accounting estimates in the period are the assumptions made in valuing the uranium derivative liability. These assumptions are set out in note 7 and the carrying value of the instrument is USD2,799,000 as at 31 March 2019.

Judgements

The Directors have considered the tax implications of the Company's operations together with external tax advice and have reached judgement that no tax liability has arisen during the period.

3. Management of financial risks

Financial risk factors

The Company's financial assets and liabilities comprise of cash, derivatives, receivables and payables that arise directly from its operations. The accounting policies in note 2 include criteria for the recognition and the basis of measurement applied for financial assets and liabilities. Note 2 also includes the basis on which income and expenses arising from financial assets and liabilities are recognised and measured.

The Company's assets and liabilities have been primarily categorised as assets and liabilities at amortised cost, with the exception of the investment in uranium and derivative liability being held at fair value. The carrying amounts of all such instruments are as stated in their respective notes.

Foreign exchange risk

The Company maintains the majority of its cash resources in US Dollars and converts fund raised in Sterling to US Dollars as soon as practicable. However, prior to funds from a capital raise being settled, the Company is exposed to fluctuations in the GBP/USD exchange rate, but only for very short durations.

As at 31 March 2019, the Company held USD0.3 million (GBP0.2 million) in Sterling and the balance of its cash (USD8.5 million) in United States Dollars.

Market risk

The fair value or future cash flows of a financial instrument may fluctuate because of changes in market prices. This market risk comprises two elements – interest rate risk and other price risk and arises mainly from the changes in values of the investment of uranium and derivatives.

Interest rate risk

Any cash balances are held in variable rate bank accounts or in money market funds yielding rates of interest dependent on the base rate of the applicable institution or fund return.

Price risk and sensitivity

If the value of the investment in uranium fell by 5% at the period-end, the profit after tax would decrease by USD10,868,283. Likewise, if the value rose by 5% the profit after tax would have increased by USD10,868,283.

Liquidity risk

This is the risk that the Company will encounter challenges in realising assets or otherwise raising funds to meet financial commitments. Prudent liquidity risk management involves maintaining sufficient liquidity and short-term investment securities, being able to raise funds based on suitably adapted lines of credit and a capacity to unwind market positions.

At period-end, the liquidity of the Company is composed of either bank account or bank deposits, with a total amount of USD8,749,546.

As at 31 March 2019	Carrying amount USD '000	< 1 year USD '000	1 to 2 years USD '000	2 to 10 years USD '000
Cash and cash equivalents	8,750	8,750	–	–
Other creditors and accruals	(384)	(384)	–	–

Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes into account the characteristics of the asset or liability at the measurement date. IFRS 13 requires the Company to classify fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

i – Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

ii – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2) ; and

iii – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level to the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. The following table analyses within the fair value hierarchy the Company's financial assets and liabilities (by class) measured at fair value at 31 March 2019.

Assets and liabilities As at 31 March 2019	Level 1 USD '000	Level 2 USD '000	Level 3 USD '000	Total USD '000
Investment in uranium	217,366	–	–	**217,366**
Derivative liability	–	(2,799)	–	**(2,799)**

4. Investment in uranium

	Cost USD '000	Fair value movement USD '000	Fair value USD '000
As at 18 January 2018	**–**	**–**	**–**
Acquisition of U_3O_8	178,155	**–**	**178,155**
Change in fair value	**–**	39,211	**39,211**
As at 31 March 2019	**178,155**	**39,211**	**217,366**

The value of the Company's investment in U_3O_8 is based on the month end spot price for U_3O_8 of USD25.75/ lb as published by UxC LLC on 25 March 2019.

Uranium related profit of USD36.4 million has been recognised in the Statement of Comprehensive Income, comprising an increase in the fair value of inventory of USD39.2 million less the fair value of a derivative liability of USD2.8 million related to the Kazatomprom repurchase option.

Acquisition of uranium

During the period ended 31 March 2019, the Company purchased 8,441,385 lb of U_3O_8 at an average price of USD21.10/ lb. The total cash consideration for the purchases was USD178,155,000 made up as follows:

- Purchase of 8,091,385 lb U_3O_8 from Kazatomprom at IPO on 5 July 2018 for a cash consideration of USD170,000,000 under a 10-year Framework Agreement (the "Initial Purchase").
- An additional purchase of 350,000 lb from Kazatomprom on 23 August 2018 for a cash consideration of USD8,155,000.

The following table provides an analysis of the Company's investment in U_3O_8 by location:

Location	**Quantity lb**	**Fair value USD '000**
Canada	8,441,385	217,366
Total	**8,441,385**	**217,366**

5. Trade and other receivables

	USD '000
Other receivables	16
As at 31 March 2019	**16**

6. Cash and cash equivalents

Cash and cash equivalents as at 31 March 2019 were banked with Citi Bank Europe plc in a fixed interest account with full access, previously Santander International up until 14 December 2018. Balances at the end of the period were USD8,488,607 and GBP200,260 (a total of USD8,749,546 equivalent).

7. Uranium derivative liability

As part of the Initial Purchase mentioned in note 4 above, the purchase price was 2.5% below the spot price, resulting in the Company receiving a discount of USD4,250,000. In exchange for this discount, the Company provided to Kazatomprom an option to repurchase up to 25% of the Initial Purchase volume of 8,091,385 lb U_3O_8 at the prevailing uranium spot price less an aggregate discount of USD6,525,000 (the "Repurchase Option"). The Repurchase Option can only be exercised if the U_3O_8 spot price exceeds USD37.50/ lb for a period of 14 consecutive days, starting three years from the date at which the Company took delivery of the Initial Purchase inventory (being the initial public offering date of 5 July 2018) and expiring on 30 June 2027.

The Company has the option to purchase from Kazatomprom all or a portion of the volume repurchased by Kazatomprom under the Repurchase Option. The Company's option may be exercised in whole or in part and in one or more separate exercises during the period commencing on the delivery date for the Repurchase Option and ending on 30 June 2027.

The fair value of the Repurchase Option granted to Kazatomprom has been determined at USD2,799,000 as at 31 March 2019 based on the expected option payoff using a Monte Carlo simulation.

A valuation date spot price of USD25.75 per lb, volatility of 29.24% and the two-year US risk-free rate of 2.23% were used to simulate spot price as at 4 July 2021 (date at which the option may first be exercised). Monthly volatility of 8.11% and monthly US risk-free rate of 0.2% were used to simulate monthly prices to

30 June 2027. The uranium derivative liability is classified within level 2 of the fair value hierarchy as at 31 March 2019.

8. Trade and other payables

	USD ’000
Other creditors and accruals	384
As at 31 March 2019	**384**

9. Share capital

Authorised:

10,000,000,000 ordinary shares of GBP 0.01

Issued and fully paid:

Ordinary shares

	Number	GBP ’000	USD ’000
Opening share capital	–	–	–
Issued 18 January 2018	10,000	0.1	0.1
Issued 5 July 2018	76,166,630	762	1,007
Share capital as at 31 March 2019	**76,176,630**	**762**	**1,007**

Share premium

	GBP ’000	USD ’000
Opening share premium	–	–
Proceeds of issue of shares	151,591	200,449
Share issue costs	(6,207)	(8,201)
Share premium as at 31 March 2019	**145,384**	**192,248**

The Company was incorporated with an authorised share capital of GBP10,000 divided into 10,000 ordinary shares of GBP1.00 each. On incorporation, 100 ordinary shares of GBP1.00 each were issued fully paid to the subscribers of the Company’s memorandum of association. Such shares were then subsequently transferred to Bacchus Capital Advisers Limited, the Company’s investment advisor.

On 8 June 2018, the Company’s 100 existing ordinary shares of GBP1.00 each were sub-divided into 10,000 ordinary shares of GBP0.01 each.

On 26 June 2018, the Company resolved with effect from admission to AIM to increase the authorised share capital of the Company to GBP100,000,000, divided into 10,000,000,000 Ordinary Shares of GBP0.01 each.

Following the Company’s listing on AIM on 5 July 2018 a total of 76,166,630 additional ordinary shares were issued at GBP2.00 per share. The Company incurred listing expenses comprising of commissions and professional advisor fees totalling USD10,790,600 of which USD8,201,221 have been taken to the share premium account. The remaining costs of USD2,589,379 have been recognised as initial public offering expenses in the Statement of Comprehensive Income.

The Company has one class of shares which carry no right to fixed income.

10. Share-based payments

On admission to AIM the Company issued 60,275 ordinary shares to certain advisors to the Company in lieu of cash payments for services rendered. The fair value of the services received was USD160,000 which has been recognised in initial public offering expenses in the Statement of Comprehensive Income.

In addition, the Company issued 486,770 ordinary shares to Bacchus Capital, the Company's investment advisor in settlement of services provided in relation to the Company's admission to AIM. The fair value of these services of USD969,315 has been recognised in initial public offering expenses in the Statement of Comprehensive Income.

11. Procurement and market consultancy fees

In consideration for the services rendered by 308 Services Limited, the Company paid a commission of 1.0% of the consideration paid for the first purchase of U_3O_8 amounting to USD1,781,550. Additional fees of USD708,735 payable to 308 Services Limited were also incurred during the period from 5 July 2018 to 31 March 2019 in consideration for its services to the Company in relation to the purchasing of U_3O_8 and in securing competitively priced storage services.

12. Other operating expenses

	USD '000
Professional fees	501
Management salaries and Directors' fees	293
Auditor's fees	87
Other expenses	138
For the period ending 31 March 2019	**1,018**

13. Taxation

	USD '000
Profit for the period ended 31 March 2019 before tax	**29,694**
Tax expense for the period	**–**
Profit for the period ended 31 March 2019 after tax	**29,694**

As the Company is managed and controlled in Jersey it is liable to be charged to tax at a rate of 0% under schedule D of the Income Tax (Jersey) Law 1961 as amended.

14. Related party transactions

During the period, the Company incurred USD155,083 of administration fees payable to Langham Hall Fund Management (Jersey) Limited. Christopher Peter Marshall, who served as a Director in the period, is the Managing Director of Langham Hall Fund Management (Jersey) Limited and was a Non-Executive Director of the Company from 18 January 2018 to 18 June 2018 for which he received no Directors' fees. As at 31 March 2019 there were no amounts due to Langham Hall Fund Management (Jersey) Limited.

The key management personnel are the Directors and as there are no other employees, their aggregate remuneration during the period was $292,733.

15. Earnings per share

Profit for the period (USD '000)	29,694
Weighted average number of shares since IPO	76,176,630
Weighted average number of shares since incorporation	46,958,197
Earnings per share since IPO (USD)	**0.39**
Earnings per share since incorporation (USD)	**0.63**

The table above shows the earnings per share based on the weighted average number of shares in issue since the IPO on 5 July 2018 and since incorporation on 18 January 2018.

The Company does not have any instruments which could potentially dilute basic earnings per share in the future.

16. Events after the reporting date

On 12 April 2019, the Company placed 12,000,000 new ordinary shares at a price of GBP2.15 per share (approximately USD2.81). The Placing raised gross proceeds of approximately GBP25.9 million before expenses and GBP24.7 million after expenses (approximately USD33.8 million before expenses and USD32.2 million after expenses at the USD/GBP exchange rate of 1.304494 prevailing on the share issuance date of 16 April 2019).

On 31 May 2019, the Company purchased 1.175 million lb of U_3O_8 for a cash consideration of USD30.4 million from Kazatomprom and took delivery of this material at Cameco’s Port Hope/Blind River facility in Ontario, Canada by book transfer.

On 31 May 2019, James Keating resigned from the Board. James Keating was an Independent Non-Executive Director of the Company and a Client Director of Langham Hall Fund Management (Jersey) Limited.