



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

QUARTERLY OPERATING UPDATE

Yellow Cake, a specialist company operating in the uranium sector with a view to holding physical uranium for the long term, is pleased to report its performance for the quarter ended 31 March 2021.

Highlights

- Completion of an upsized share placing and retail offer in March 2021, raising gross proceeds of approximately US\$140 million at an issuance price equal to net asset value at the time of the placing (the “Placing”).
- Proceeds of the Placing applied to fully exercise the Company’s 2021 option to purchase US\$100 million of U_3O_8 from Kazatomprom under the Framework Agreement, to purchase additional uranium for value and to fund related expenses and working capital.
- In March 2021, following completion of the Placing, the Company purchased 0.54 million lb physical uranium (U_3O_8) and committed to purchase an additional net 3.11 million lb U_3O_8 ⁽¹⁾ through the exercise of the Kazatomprom option and other uranium transactions, which will increase the Company’s holdings to 12.96 million lb U_3O_8 .
- Value of U_3O_8 held by Yellow Cake was US\$302.1 million ⁽²⁾ at 31 March 2021.
- Estimated net asset value at 31 March 2021 on a proforma basis was £2.41 per share ⁽³⁾ or US\$426.7 million, comprising 12.96 million lb ⁽⁴⁾ U_3O_8 valued at a spot price of US\$30.65/ lb ⁽⁵⁾ and other net assets at 31 March 2021 less net consideration payable for committed purchases.
- Yellow Cake’s estimated proforma net asset value as at 19 April 2021 was £2.28 per share ⁽⁶⁾.

(1) Yellow Cake has committed to purchase 3,454,231 lb U_3O_8 from Kazatomprom for a cash consideration of US\$100.0 million. A delivery schedule between April and August 2021 will be agreed between Yellow Cake and Kazatomprom. The Kazatomprom transaction will complete following delivery. Yellow Cake has also committed to sell 348,068 lb U_3O_8 to Uranium Royalty Corp. for a cash consideration of US\$10.0 million. The URC transaction will complete on or around 30 April 2021.

(2) Based on the month end spot price of US\$30.65/ lb published by UxC LLC on 29 March 2021 and 9,856,385 lb U_3O_8 held by the company as at 31 March 2021.

(3) Net asset value per share on 31 March 2021 is calculated assuming 132,740,730 ordinary shares in issue less 4,156,385 shares held in treasury, the Bank of England’s daily USD/ GBP exchange rate of 1.3796 on 31 March 2021 and the month-end spot price published by UxC LLC on 29 March 2021.

(4) Comprises 9.86 million lbs U_3O_8 held on 31 March 2021 plus net additional purchase commitments of 3.11 million lb U_3O_8 . These additional transactions will complete after the quarter end.

(5) Month-end spot price published by UxC LLC on 29 March 2021.

(6) Yellow Cake’s estimated proforma net asset value on 19 April 2021 was US\$409.3 million, consisting of 12,962,548 lbs of U_3O_8 valued at the Broker Average Price of US\$29.31/ lb published by UxC LLC on 19 April 2021, a derivative liability of US\$3.4 million and other net current assets as at 31 March 2021, less net consideration payable for committed purchases. The estimated net asset value per share as at 19 April 2021 is calculated assuming 132,740,730 ordinary shares in issue less 4,156,385 shares held in treasury on that date and a USD / GBP exchange rate of 1.3987.

- Increase in value of U₃O₈ held by Yellow Cake over the quarter from US\$279.5 million ⁽⁷⁾ to US\$302.1 million ⁽²⁾.
- Including net purchase commitments as at 31 March 2021, total increase in value of U₃O₈ held by Yellow Cake of 28% to US\$397.3 million ⁽¹⁾ relative to the aggregate acquisition cost of US\$310.0 million.
- Total proforma U₃O₈ holdings of 12.96 million lb U₃O₈ acquired at an average cost of US\$23.91/ lb. Proforma cash and net current assets of S\$32.7 million to be applied to additional uranium purchases for value and to working capital requirements.

Andre Liebenberg, CEO of Yellow Cake, said:

"There has been a clear shift in sentiment around the outlook for uranium, driven both by supply side pressures and limited investment into new capacity, while continued new reactor construction has driven greater demand. There is also a change in attitude towards nuclear energy and the role it can play in our clean energy future, illustrated by recent comments from Bill Gates, among others. We believe these factors create a deficit that will support longer term pricing. With that positive market backdrop, we were delighted with the positive investor reception to the recent placing, which enabled us to advance on our strategy by capitalising on our unique long-term supply contract with Kazatomprom and purchasing additional uranium in the spot market. On completion of these transactions, we will hold nearly 13 million pounds of uranium, valued at almost US\$400 million. Our view on the longer term outlook for uranium is unchanged and we believe supply demand and fundamentals continue to support our investment thesis."

Uranium Market Developments and Outlook

Uranium Market Developments

Following a record setting year in 2020 in which total spot market transaction volumes reached 92.3 million lb U₃O₈ ⁽⁸⁾, uranium spot market activity decreased markedly during the months of January and February with slightly more than 10 million lb U₃O₈ transacted in the first two months of the year. ⁽⁹⁾ The Company believes that this decline may be attributable to reduced purchasing by utilities as well as limited market activity by uranium producers in the new year.

Spot market transactions rose significantly in March with the acquisition of physical uranium by financial entities (including Yellow Cake's exercise of its 2021 option with Kazatomprom, supplemented by open market purchases) and by several junior uranium companies. Aggregate transaction volumes for March rose to 10.9 million lb U₃O₈ under 68 separate transactions. ⁽¹⁰⁾

The uranium spot price finished 2020 at US\$30.00/lb after a year of considerable volatility in which the U₃O₈ spot price ranged from a low of US\$24.35/lb at the end of January 2020 to a high of US\$34.00/lb at the end of May 2020. The spot price declined 6% during the first two months of 2021 to reach US\$28.20/lb by the end of February and then strengthened to US\$30.65/lb at the end of March, an increase of almost 9% for the month. ⁽¹¹⁾

The month of March 2021 saw a surge in spot market volumes as several potential uranium producers implemented a revised strategy incorporating the near-term purchasing of physical uranium in addition to pursuing the restart/development of uranium production facilities. These companies include Boss Resources, Denison Mines, EnCore Energy, Peninsula Energy, and Uranium Energy Corp. A number of these industry players aim to utilise the inventoried uranium to enhance financing options as the price of uranium appreciates as well as incorporating the material into long-term contracting plans by allowing producers to provide near-term

(7) Based on the month end spot price of US\$30.00/ lb published by UxC LLC on 28 December 2020 and 9,316,385 lb U₃O₈ held by the company as at 31 December 2020.

(8) Ux Weekly, "2020 Uranium Spot Market Review," 25 January 2021

(9) Ux Weekly, 1 March 2021

(10) Ux Weekly, 5 April 2021.

(11) Ux Weekly, 29 March 2021.

deliveries in competition with the carry-trade/mid-term suppliers and then transitioning to produced material. Thus far, the reported aggregate volume under these arrangements acquired under spot contracts and/or agreements for delivery through CY2022 totals 6.5 million lb U₃O₈.

UxC released its “2020 Uranium Term Contracting Review” (Ux Weekly, 15 February 2021) reporting total 2020 term market contracting market volumes at approximately 56 million lb U₃O₈, significantly lower than the 96.2 million lb U₃O₈ contracted in 2019. US utilities accounted for 30.4 million lb U₃O₈ while non-U.S. utilities committed to a total of 25.6 million lb U₃O₈ for future delivery. Primary uranium producers captured 64% of the volume while intermediaries (trading companies) secured 17% of the new term business. The contracting share attributed to enrichment suppliers fell to 11% in 2020, down from 44% of the 2019 term contracting volumes.

On 31 March 2021, US President Biden announced that the proposed “American Jobs Plan,” (proposed to be budgeted at US\$2.25 trillion) would incentivise clean electricity, providing funding for the development of advanced nuclear reactors and supporting the existing US commercial nuclear power fleet. The “Fact Sheet: The American Jobs Plan” (White House, 31 March 2021) calls for increased employment “modernising and delivering clean electricity” and “continuing to leverage the carbon pollution-free energy proved by existing sources like nuclear and hydropower.” Presidential Climate Adviser, Gina McCarthy, reiterated that position by stating that nuclear power should be one component of the national clean energy mandate.

Russia’s state nuclear power corporation, Rosatom, revealed its future plans for new reactor construction within Russia. In an announcement on 5 March 2021, Rosatom stated that at the end of 2020, nuclear power from 37 operating reactors (29.4 Gwe) provided 20.3% of Russia’s energy. Current plans call for this percentage to increase to 25% by 2045 which may require the construction of 24 new commercial nuclear reactors. ⁽¹²⁾

The Emirates Nuclear Energy Corporation (ENEC) declared commercial operation of Barakah Unit 1 (1400 Mwe) effective 6 April 2021 (ENEC Press Release, “Unit 1 of Barakah Plant Started Commercial Operations”). Construction commenced in July 2012 and the unit was connected to the grid in August 2020. The first of four Korean-designed commercial power reactors (4 x 1400 Mwe) at the Barakah site, Unit 1 will be closely followed by Unit 2 which commenced fuel loading in March 2021. ENEC stated that construction of Units 3 and 4 are 94% and 89% complete, respectively.

A draft outline of China’s 14th Five Year Plan (covering the period, 2021-2025) reportedly shows that the government plans to increase installed commercial nuclear generating capacity from the current 49 reactors (50.6 GWe) with a further 16 units (16.5 Gwe) under construction up to 70 GWe by 2025. In a statement published by China National Nuclear Corporation (CNNC), an additional 30 Gwe of nuclear capacity is anticipated to be under construction in 2025 resulting in approximately 100 Gwe being operational around 2030.

On 8 January 2021, Energy Resources of Australia Ltd (ERA) (majority-owned by Rio Tinto) announced that the Ranger Uranium Mine (Northern Territory, Australia) had ceased processing stockpiled uranium ore and would now commence decommissioning and reclamation, which is to be completed by January 2026. ⁽¹³⁾ ERA reported that uncommitted production was being sold into the spot market. The Ranger Uranium Mine commenced operations in 1981 and produced 291 million lb U₃O₈ over its operational life.

Effective 31 March 2021, Orano ceased operations at its majority-owned Akouta underground uranium mine in Niger. Operated by Compagnie Minière d’ Akouta (COMINAK), the facility produced an estimated 195 million lb U₃O₈ since entering commercial operation in 1978. ⁽¹⁴⁾

On 9 February 2021, Honeywell Corporation announced that a decision had been taken to restart operations at its uranium hexafluoride conversion facility located at Metropolis, Illinois. ⁽¹⁵⁾ Production of natural uranium hexafluoride (UF₆) is expected by early 2023. The Metropolis Works Facility (MTW) has been off-line since late 2017 due to depressed conversion prices. However, the reduction of conversion supply coupled with deceased

(12) World Nuclear News “Rosatom targets 24 new reactor units in Russia by 2045, 10 March 2021

(13) Energy Resources of Australia, “Processing Operations at ERA’s Ranger Mine Conclude”, 8 January 2021

(14) Orano, “A New Stage Commences for the COMINAK Mine in Niger,” 31 March 2021

(15) World Nuclear News, “Idled US Conversion Plant Preparing for 2023 Restart,” 9 February 2021

inventories led to a 400% increase in the price of conversion services between the third quarter of 2017 and the first quarter of 2021.

Uranium Market Outlook

Near-term buying by financial entities such as Yellow Cake as well as junior uranium developers supported price strengthening late in the first quarter. Moreover, the official announcements of cessation of operations at two long-standing major uranium production facilities, the Ranger Uranium Mine and the Akouta Mine, served to underscore the on-going reduction in global uranium production.

After the quarter end, on 9 April 2021, Cameco announced the decision to once again restart the Cigar Lake uranium mine in northern Saskatchewan which has a nominal annual production capacity of 18.0 million lb U₃O₈. Cameco stated in its press release ⁽¹⁶⁾ that “the timing of production restart and production rate at Cigar Lake will be dependent on how quickly we are able to remobilize the workforce.” Furthermore, “Cameco will not be in a position to provide updates to our outlook for 2021 until production has resumed and we understand the rate at which we will be able to sustainably operate the mine.” Finally, the company advised that they “will also continue to purchase material, as needed, to meet our committed deliveries.”

Identified factors which will potentially influence near-term market direction include further buying by financial entities and junior uranium development companies, Cameco’s plans to complete market purchases as the Cigar Lake uranium mine restarts, the extent of utility buying and the market effects of call options. The interplay of these factors will likely determine the market direction over the next quarter.

Uranium transactions

- On 3 March 2021, the Company committed to purchase a further 3,454,231 lb U₃O₈ from Kazatomprom under the Framework Agreement for a cash consideration of US\$99,999,987. This material will be delivered to Cameco’s Port Hope / Blind River facility in Ontario, Canada. A delivery schedule between April and August 2021 will be agreed between the parties.
- On 23 March 2021, the Company purchased 440,000 lb U₃O₈ in the spot market for a cash consideration of US\$12,029,600. Yellow Cake took delivery of this material at Cameco’s Port Hope / Blind River facility.
- On 30 March 2021, the Company purchased a further 100,000 lb U₃O₈ in the spot market for a cash consideration of US\$2,995,000. This was also delivered to Cameco’s Port Hope / Blind River facility.
- On 29 March 2021, Uranium Royalty Corp. elected to exercise its option to acquire 348,068 lb U₃O₈ from the Company at a price of US\$28.73/lb for a total consideration of US\$10,000,000. The transaction is expected to complete on or around 30 April 2021.

(16) Cameco Corporation, “Cameco Restarting Cigar Lake Mine”, 9 April 2021

Net Asset Value

Yellow Cake's estimated proforma net asset value on 31 March 2020 was £2.41 per share or US\$426.7 million, consisting of 12.96 million lb ⁽¹⁷⁾ U₃O₈ valued at a spot price of US\$30.65/ lb ⁽¹⁸⁾, a uranium derivative liability of US\$3.4 million ⁽¹⁹⁾ and other net current assets of US\$32.7 million ⁽²⁰⁾.

Yellow Cake Proforma Net Asset Value as at 31 March 2021			
		Units	
Investment in Uranium			
Uranium oxide in concentrates ("U ₃ O ₈ ") ⁽¹⁷⁾	(A)	Lbs	12,962,548
U ₃ O ₈ fair value per pound ⁽¹⁸⁾	(B)	US\$/lb	30.65
U ₃ O ₈ fair value	(A) x (B) = (C)	US\$ m	397.3
Uranium derivative liability ⁽¹⁹⁾	(D)	US\$ m	(3.4)
Cash and other net current assets/(liabilities) ⁽²⁰⁾	(E)	US\$ m	32.7
Net asset value in US\$ m	(C) + (D) + (E) = (F)	US\$ m	426.7
Exchange Rate ⁽²¹⁾	(G)	USD/GBP	1.3796
Net asset value in £ m	(F) / (G) = (H)	£ m	309.3
Number of shares in issue less shares held in treasury ⁽²²⁾	(I)		128,584,345
Net asset value per share	(H) / (I)	£/share	2.41

Yellow Cake's estimated proforma net asset value as at 19 April 2021 was £2.28 per share or US\$409.3 million, consisting of 12,962,548 lbs U₃O₈ valued at the Broker Average Price of US\$29.31/ lb published by UxC LLC on 19 April 2021, a uranium derivative liability of US\$3.4 million ⁽¹⁹⁾ and other net current assets of US\$32.7 million ⁽²⁰⁾. Net asset value per share on 19 April 2021 is calculated based on a USD/ GBP exchange rate of 1.3987 assuming 132,740,730 ordinary shares in issue less 4,156,385 shares held in treasury on that date.

As at close on 19 April 2021, the Company's share price was £2.52 per share, which represents an 11% premium to the above estimated net asset value of £2.28 per share.

(17) As at 31 March 2021, Yellow Cake held 9,856,385 lb U₃O₈. Proforma adjustment comprises the addition of 3,454,231 lb U₃O₈ that Yellow Cake has committed to purchase from Kazatomprom for a cash consideration of US\$100.0 million after quarter end and the deduction of 348,068 lb U₃O₈ which Yellow Cake has committed to sell to Uranium Royalty Corp. for a cash consideration of US\$10.0 million after quarter end.

(18) Month-end spot price published by UxC LLC on 29 March 2021.

(19) Estimated current value, as at 31 March 2021, of the Kazatomprom repurchase option under the framework agreement, which is a potential liability of US\$6.5 mm and may only be exercised if the spot U3O8 price exceeds US\$37.50/ lb for a period of 14 days during the period between 4 July 2021 and 30 June 2027.

(20) Comprises cash balances and other net current liabilities as at 31 March 2021, less US\$90.0 million committed to net uranium purchases after the quarter end. The Company had cash at bank of US\$126.2 million on 31 March 2021.

(21) Bank of England's daily USD/ GBP exchange rate of 1.3796 on 31 March 2021.

(22) Net asset value per share on 31 March 2021 is calculated assuming 132,740,730 ordinary shares in issue less 4,156,385 shares held in treasury on that date.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) no 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018.

ENQUIRIES:

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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 (“U₃O₈”). 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 U₃O₈ and its other uranium related activities in a rising uranium price environment. The business is differentiated from its peers by its ten-year Framework Agreement for the supply of U₃O₈ with Kazatomprom, the world’s largest uranium producer. Yellow Cake currently holds 9.86 million pounds of U₃O₈, all of which is held in storage in Canada and France.

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 U₃O₈, 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.