



PURE EXPOSURE TO THE  
URANIUM COMMODITY

INVESTOR  
PRESENTATION

October

**2021**

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# Yellow Cake



## Strategy

To buy and hold physical uranium and to deliver maximum exposure to the resurging uranium market

## Industry Context

Steady uranium demand growth from nuclear reactor build programme

Sustained low uranium prices have led to supply cuts

Increasing policy shifts toward net-zero goals

Restricted investment into new supply sources

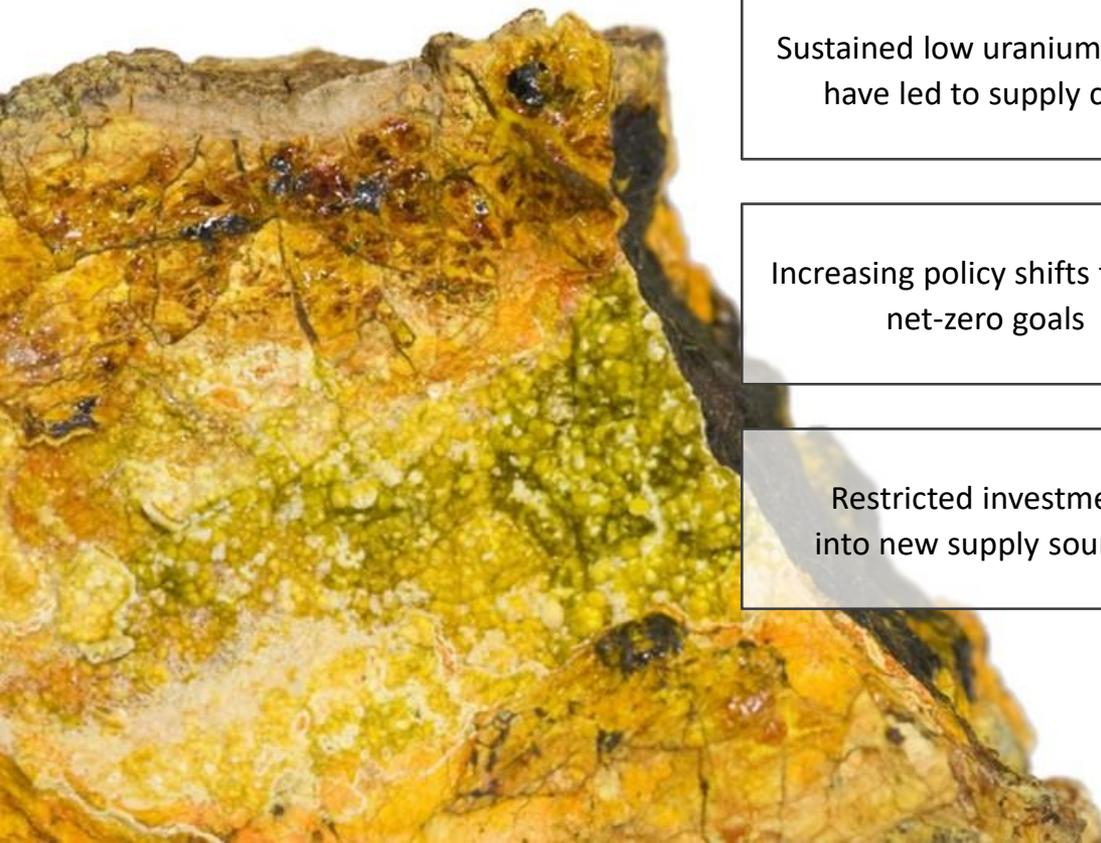
## Investment Highlights

Holds physical  $U_3O_8$

No exposure to exploration, development, mining or processing risks

Low-cost structure

Access to US\$100 mm p.a. of uranium at the spot price



# Uranium market update

September 2021



## Spot Market Overview

- The spot uranium price as reported by UxC ended the month of August at \$33.75/lb which was a slight increase from the end of July level (\$32.30/lb). Substantial spot market transactional volume (aggregate volume during September reached 17.5 million lbs. U<sub>3</sub>O<sub>8</sub>) drove the near-term uranium price to \$50.25/lb by 20 September. However, near-term demand slowed as the end of the month approached and the spot price weakened to \$43.00/lb by 27 September
- UxC reported a total of 73.9 million lbs. have been transacted in the nine months to the end of September<sup>(1)</sup>
- Forward uranium prices lagged the rise in the spot market ending August at US\$33.50/lb (long-term), \$35.75/lb (3-year forward) and \$39.50/lb (5-year forward) but increased to \$40.00/lb, \$43.00/lb and \$47.00/lb, respectively by the end of September<sup>(1)</sup>

## US News

- The Illinois General Assembly passed clean energy legislation (13 September 2021) which provides for the preservation of the Byron and Dresden NPPs (Exelon press release, 13 September 2021)
- Subsequent to the enactment of the legislation, Exelon announced capital investment programs totalling \$300 million in support of the commercial reactors and hiring to fill 650 vacant positions<sup>(2)</sup>

Source:

1) UxC Weekly Vol 35 No. 39, 27 September 2021.

2) Exelon press release, 13 September 2021

# Uranium market update

September 2021



## World Nuclear Association

- On 8 September, the World Nuclear Association released the latest edition of its biennial nuclear fuel cycle assessment and forecast, “The Nuclear Fuel Report” (World Nuclear Association press release, 8 September 2021). The industry trade association noted that “world uranium production dropped considerably from 63,207 tonnes of uranium (tU) in 2016 to 47,731 tU in 2020
- Unfavourable market conditions, compounded by the Covid-19 pandemic, led to a sharp decrease in investment in the development of new and existing mines.” Looking to the future uranium needs of the anticipated increase in commercial nuclear power, the report states “Intense development of new projects will be needed in the current decade to avoid potential supply disruptions.” Furthermore, “there will have to be a doubling in the development pipeline for new projects by 2040. There are more than adequate project extensions, uranium resources and other projects in the pipeline to accomplish this need, but it is essential for the market to send the signals needed to launch the development of these projects.”

## International Atomic Energy Agency (IAEA)

- The International Atomic Energy Agency (IAEA) distributed its annual outlook for nuclear power, forecasting a potential increase in nuclear power capacity during the coming decades for the first time since the 2011 Fukushima Daiichi accident<sup>(1)</sup>
- In the High Case scenario, the IAEA now anticipates world nuclear generating capacity to double to 792 Gwe by 2050 from 393 Gwe in 2020, representing a more than 10% increase from the 2020 forecast. The IAEA Low Case scenario indicates that world nuclear capacity by 2050 would remain essentially the same as the current capacity

Source:

1) IAEA press release, “IAEA Increases Projections for Nuclear Power Use in 2050,” 16 September 2021.

# Uranium market update

## September 2021



### Japan

- On 29 September, the ruling Liberal Democratic Party of Japan selected ex-foreign minister, Fumio Kishida as the new head of the party and Japan's Prime Minister
- Kishida has voiced his support for the restart of Japan's idled commercial nuclear reactor fleet and the assessment of new nuclear technology such as small Modular Reactors for future incorporation in the Japanese electric generating system
- The new Prime Minister addressed the Japanese Parliament on 11 October and reiterated his support for nuclear power stating that restarting nuclear power plants mothballed since the 2011 Fukushima accident was "vital"<sup>(1)</sup>

Source:

1) The Straits Times, "Japan's New PM Kishida Defends Pro-Nuclear Stance in Parliamentary Debate," 11 October 2021.

# Strategic relationship with Kazatomprom allows for value accretive growth



## Option Agreement with Kazatomprom, the world's largest and lowest cost producer<sup>(1)</sup>

- 10-year Framework Agreement with Kazatomprom
- Yellow Cake has the right to purchase up to US\$100m of  $U_3O_8$  annually
- Term of the option agreement extends to 2027
- Purchase price is locked in based on the prevailing spot price at the time Yellow Cake elects to make a purchase under the Agreement
- The Company can also purchase uranium from other sources if advantageous

Source:

1) World Nuclear Association, Uranium and Nuclear Power in Kazakhstan (February 2021)

# Yellow Cake uranium purchases since IPO

## Kazatomprom Purchases

- 8.1 Mlb at US\$21.01 /lb – July 2018
- 350 klb at US\$23.3 /lb – August 2018
- 1.3 Mlb at US\$25.88 /lb – May 2019
- 3.5 Mlb at US\$28.95 /lb – June 2021
- 2.0 Mlb at US\$32.23 /lb – Delivery in Q4 2021

## 2021 Spot Market Purchases

- 1.4Mlb at an average price of US\$29.88 /lb

# Proforma estimated net asset value as at 13 October 2021



Investment in Uranium		Units	
Uranium oxide in concentrates (“U <sub>3</sub> O <sub>8</sub> ”) <sup>(1)</sup>	(A)	lb	15,855,601
U <sub>3</sub> O <sub>8</sub> fair value per pound <sup>(2)</sup>	(B)	US\$/lb	47.00
U <sub>3</sub> O <sub>8</sub> fair value <sup>(2)</sup>	(A) x (B) = (C)	US\$ mm	745.2m
Payout if Kazatomprom option is exercised	(D)	US\$ mm	(6.5)
Cash and other net current assets/(liabilities) <sup>(3)</sup>	(E)	US\$ mm	22.8
<b>Net asset value in US\$ mm</b>	(C) + (D) + (E) = (F)	US\$ mm	761.5
Exchange Rate	(G)	USD/GBP	1.3647
Net asset value in £ mm	(F) / (G) = (H)	£ mm	558.0
Number of shares in issue less shares held in treasury	(I)		153,671,232
<b>Net asset value per share</b>	<b>(H) / (I)</b>	<b>£/share</b>	<b>3.63</b>

1) Comprises 13,305,601 lb of U<sub>3</sub>O<sub>8</sub> held on 30 June 2021 plus 550,000 lb of U<sub>3</sub>O<sub>8</sub> purchased in July and August 2021 and a Kazatomprom purchase commitment of 2m lb of U<sub>3</sub>O<sub>8</sub> for delivery later in 2021.

2) Fair value is based on the Broker Average Price published by UxC, LLC on 13 October 2021

3) Cash and other current assets and liabilities of US\$105.1 million as at 30 June 2021, less cash consideration of US\$18 million paid for the purchase of 550,000 lb of U<sub>3</sub>O<sub>8</sub> in July and August 2021, less cash consideration of \$64m to be paid in respect of 2Mlb of U<sub>3</sub>O<sub>8</sub>

# Yellow Cake corporate summary

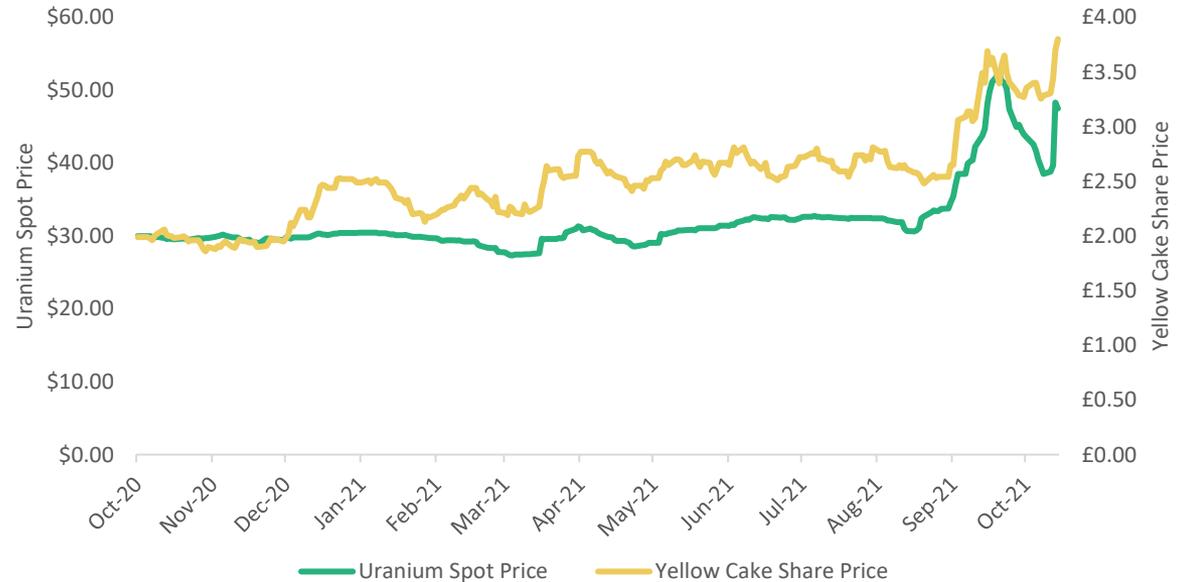
## Corporate overview

Last share price <sup>(1)</sup>	£3.70
NAV per share <sup>(2)</sup>	£3.63
Market cap (mm) <sup>(1)</sup>	£510
Shares out. (mm)	153.6
Shares held in treasury (mm) <sup>(1)</sup>	4.2
52 week high	£3.93
52 week low	£1.84

## Analyst coverage and rating

	Buy

## GBP share price and uranium price<sup>(1,3)</sup>



## Blue chip shareholder register

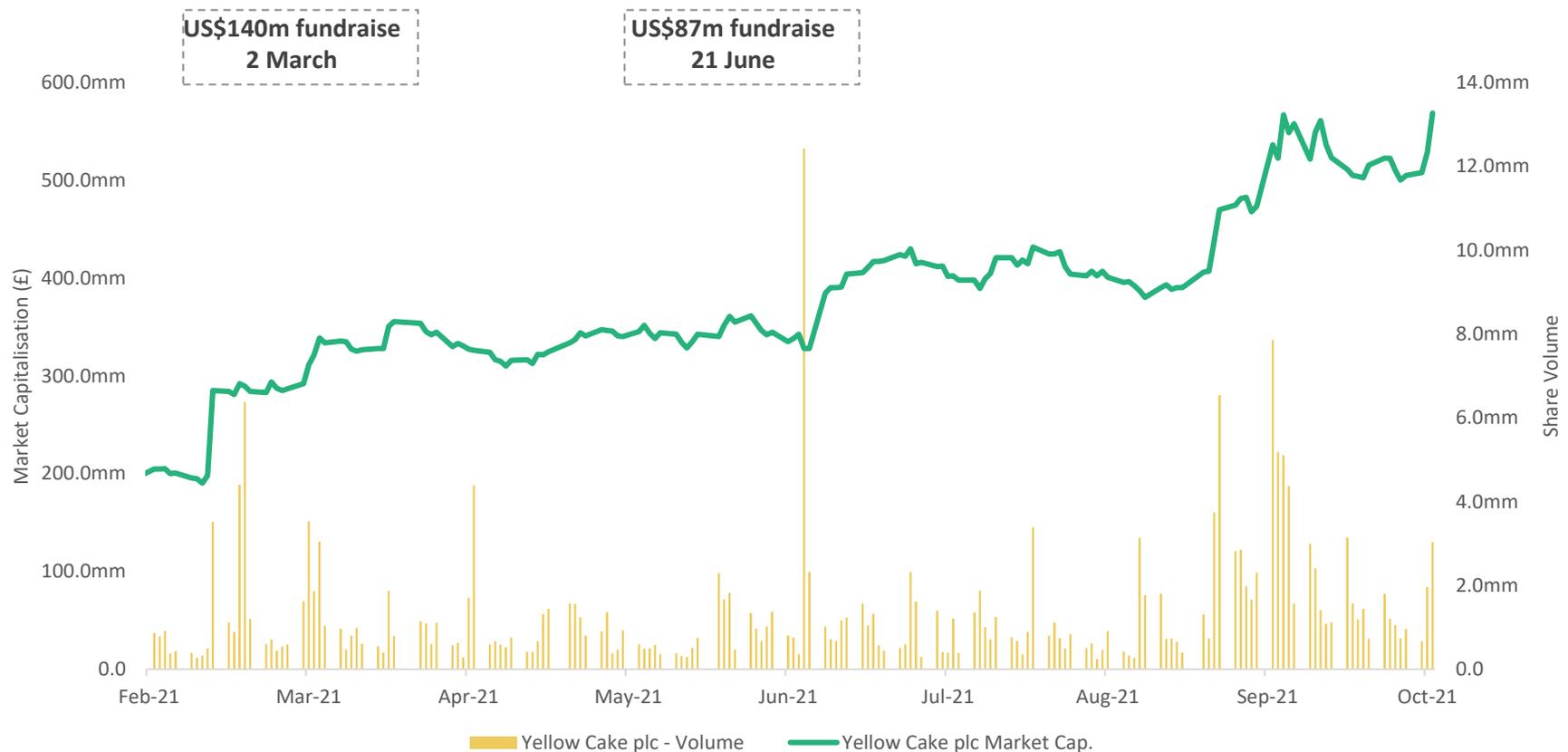

Source:

- 1) Cap IQ on 13 October
- 2) Yellow Cake's estimated net asset value on 13 October. See calculation on page 7
- 3) UxC LLC 13 October

# Yellow Cake has seen a significant increase in trading volumes since February 2021<sup>(1)</sup>



- Main drivers for the increase are:
  - Increased number of shares on issue and increased market capitalisation
  - Increased retail volume
  - Significant improvement in uranium market sentiment



Source:

1) Cap IQ on 13 October

# Q4 2020 marked the turning point for the uranium market



## Uranium market impacts

### 2020

- COVID-19 pandemic highlighted the supply side vulnerability
- Nuclear energy demonstrated its resilience as a reliable, low-cost electricity supply source
- US policy issues overhanging the market were resolved
- A number of countries committed to carbon neutrality and included nuclear power in policy statements

### 2021

- Yellow Cake March equity raise demonstrates the equity markets are open for the uranium sector
- Significant market purchases by Yellow Cake and other uranium developers
- The launch of SPUT

# Investor interest in uranium equities increased significantly since Q4 2020



Uranium Equities Performance – LTM<sup>(1)</sup> – Global X Uranium ETF v Uranium spot price



Source:

1) Cap IQ, October 2021

# Nuclear is a key element of global energy supply

One of the cleanest sources of energy

Nuclear energy provides reliable baseload power

Climate change and ESG becoming a global focus point

Nuclear is increasingly being recognized as a contributor to a lower carbon future



# Increasing commitments to carbon neutrality include nuclear



## Commitments to carbon neutrality<sup>(1)</sup>

- Canada – 2050
- China – 2060
- European Union – 2050
- France – 2050
- Japan – 2050
- United Kingdom – 2050
- U.S.A. – 2050

## Carbon Free Energy Initiatives

- United States of America officially re-joined the Paris Agreement
- The proposed “American Jobs Plan,” (proposed to be budgeted at US\$2.25 trillion) would incentivize clean electricity from nuclear reactors
- European Commission’s Joint Research Centre (JRC) technical assessment concluded that there is no science-based evidence that nuclear energy does more harm to human health or to the environment than other electricity production technologies already included in the EU<sup>(2)</sup>

Source:

1) Carbon Neutrality by 2050: the World’s Most Urgent Mission

2) Technical assessment of nuclear energy with respect to the ‘do no significant harm’ criteria of Regulation (EU) 2020/852 (‘Taxonomy Regulation’)

# Future demand is growing

**Global nuclear reactor fleet will continue to grow, especially in China, India and the Middle East**

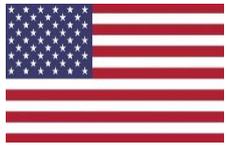
<p><b>China</b></p> <p>18 reactors under construction, 37 planned</p>	<p><b>India</b></p> <p>7 reactors under construction, 14 planned</p>	<p><b>Russia</b></p> <p>3 reactors under construction, 27 planned</p>	<p><b>UAE</b></p> <p>2 reactors under construction, 2 operating reactor</p>
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Investment in uranium	Operable reactors <sup>(1)</sup>	Reactors under construction <sup>(1)</sup>	Planned reactors <sup>(1)</sup>	Proposed reactors <sup>(1)</sup>
World Nuclear Reactor Fleet	442	56	101	325
China Reactor Fleet	51	18	37	168

Source

1) World Nuclear Association, World Nuclear Power Reactors & Uranium Requirements (October 2021)

# Small Modular Reactors are advancing



	Reactor Name	Commercial Operation	Development Stage	
	Nuscal	NuScale	2027	Licensing
	GE/Hitachi	BWRX-300	2027	Licensing
	Holtec	SMR-160		Licensing



	Rosatom	RITM-200	2028	Constructed
	Rosatom	BREST		Built Ready



Tsinghiu University	HTR-PM	2026	Constructed
CNNC	ACP-100	2026	Built Ready



Rolls Royce	UK-SMR	2029	Design
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Terrestrial Energy	IMSR-400	2028	Licensing
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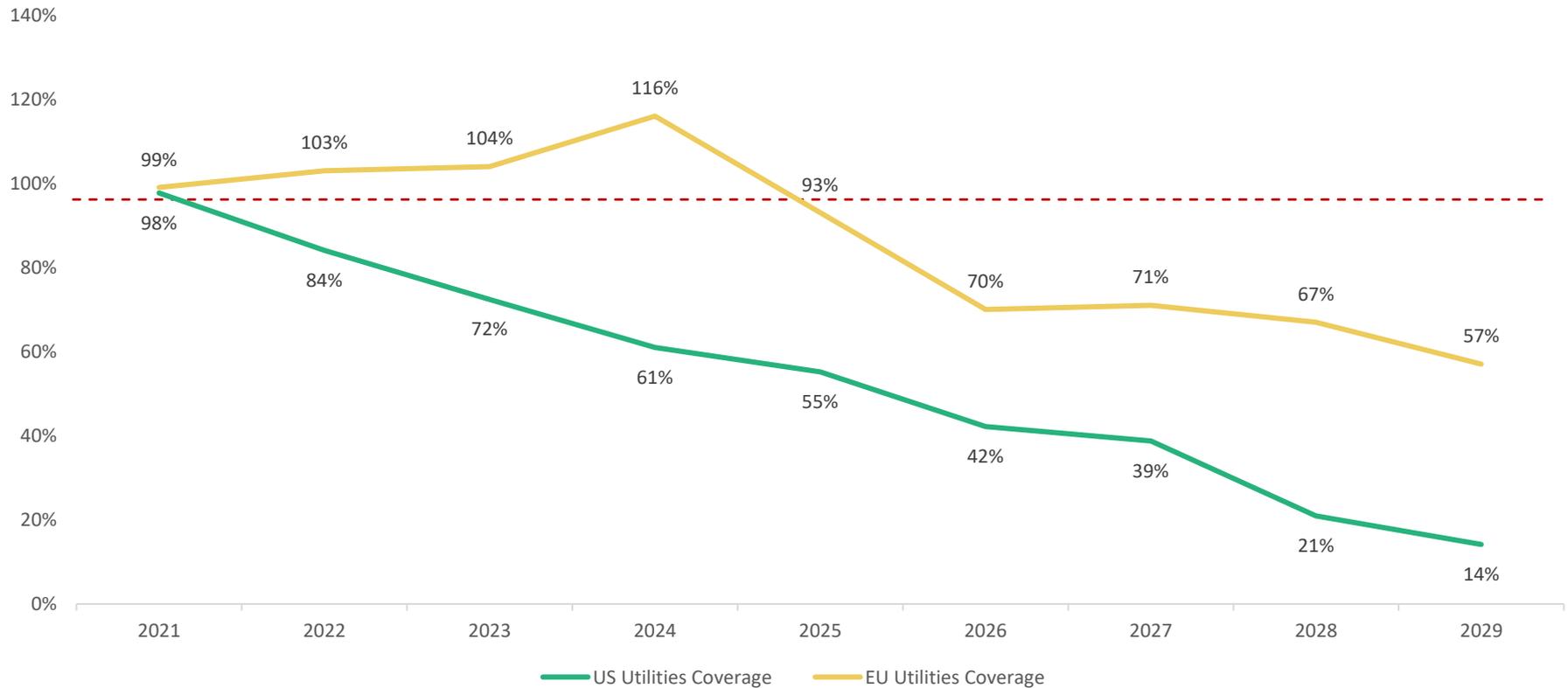


Kaeri	SMART		Built Ready
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# Long-term contracts need to be replaced

## Contract covering has the potential to create a rapid tightening of the spot market

Future contracted coverage rates of US and European utilities



Source

- 1) US Energy Information Administration: Maximum anticipated uranium market requirements of owners and operators of U.S. civilian nuclear power reactors, 2021–2030, at end of 2020 (May 2021, Table 12)
- 2) Euratom Supply Agency Annual Report 2020 (2021)

# Global supply cuts

**Production curtailments have removed an estimated 77.6 Mlbs U<sub>3</sub>O<sub>8</sub> from the market since 2014<sup>(1)</sup>**

## North America

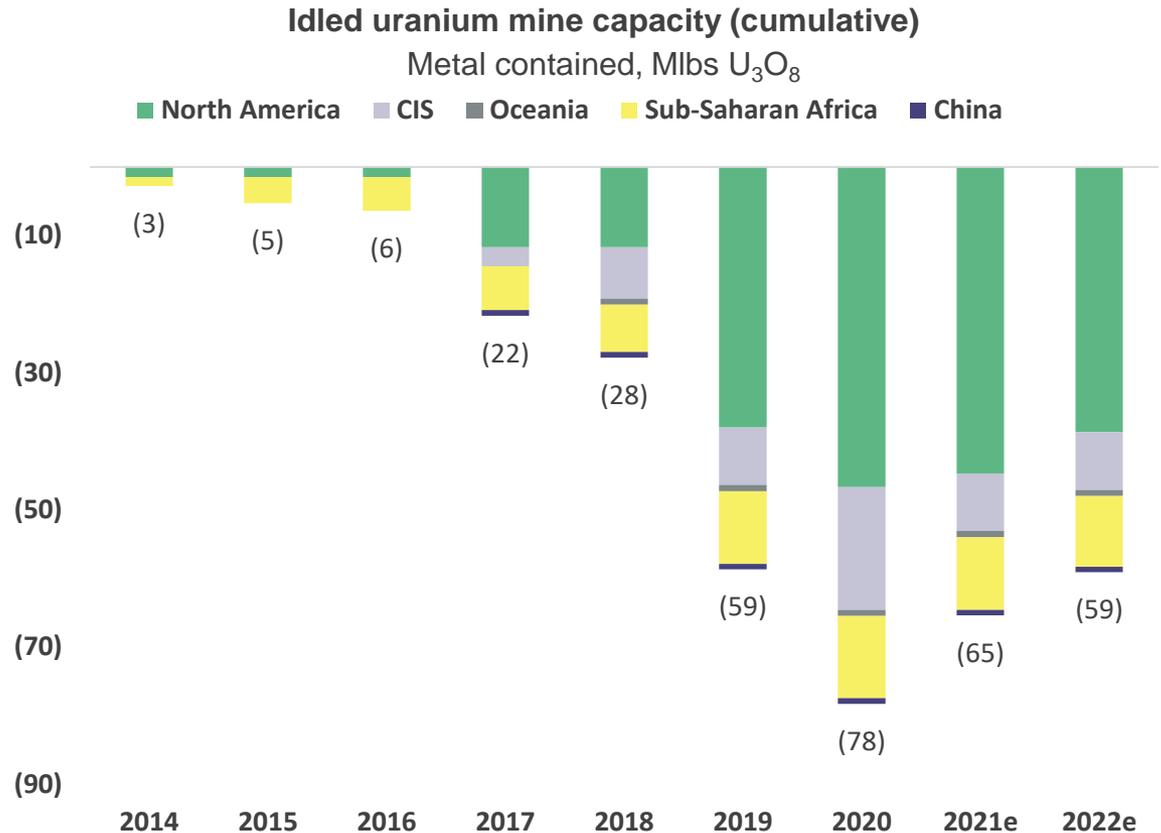
- Cameco has removed ~30Mlbs from the market

## Kazakhstan (CIS)

- Kazatomprom since 2018, has limited its uranium production to 80% of its nameplate capacity
- Supply curtailment is expected to continue through 2023

## Sub Saharan Africa

- Paladin idled both of its operations
- Orano lowered the output of both of its mines in 2016



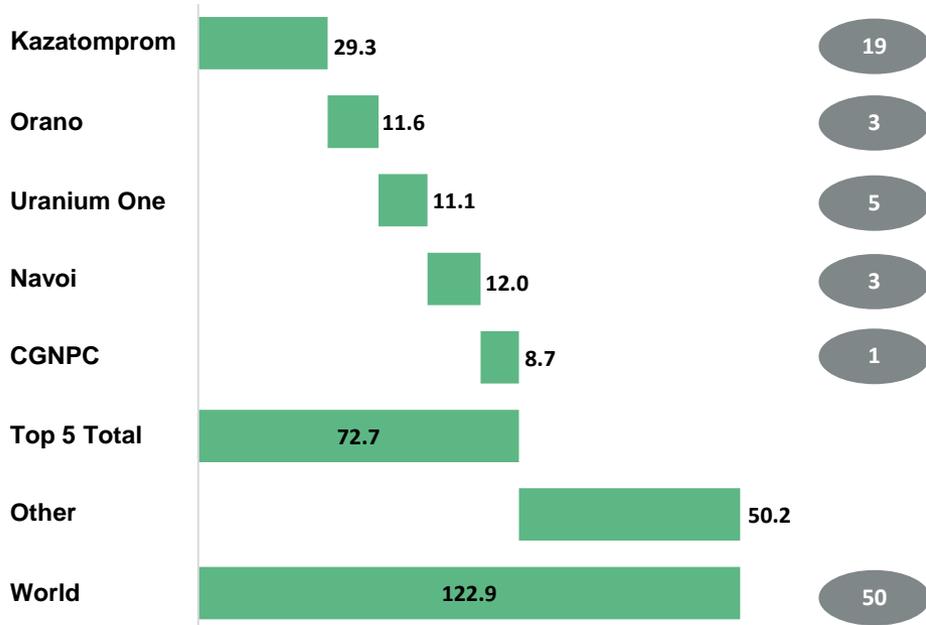
Source

1) MineSpans (September 2021)

# Global uranium supply side is concentrated

Global Producers of uranium mining is concentrated with the top 5 companies producing 59% of the total supply in 2020<sup>(1)</sup>

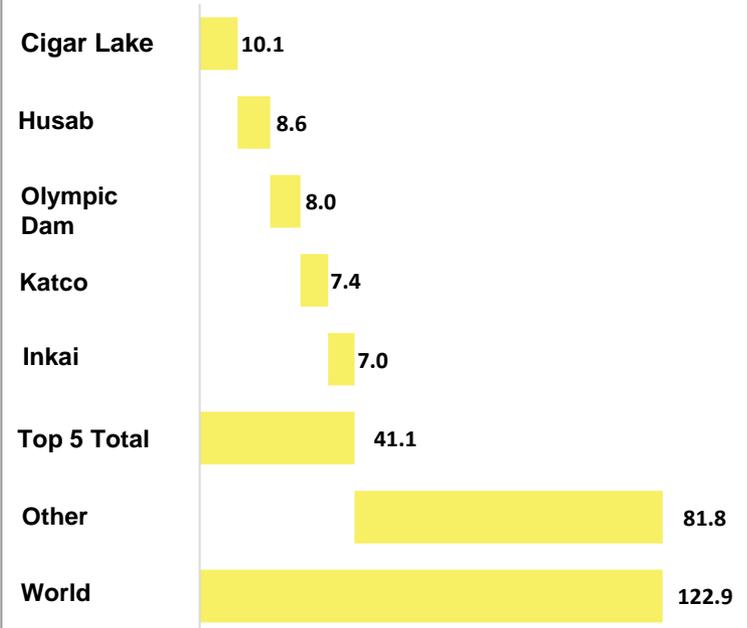
**Global production by company attributable share (Mlbs U<sub>3</sub>O<sub>8</sub>, 2020)**



**Mining assets (#, majority owned, 2020)**



**Global production by mine (Mlbs U<sub>3</sub>O<sub>8</sub>, 2020)**



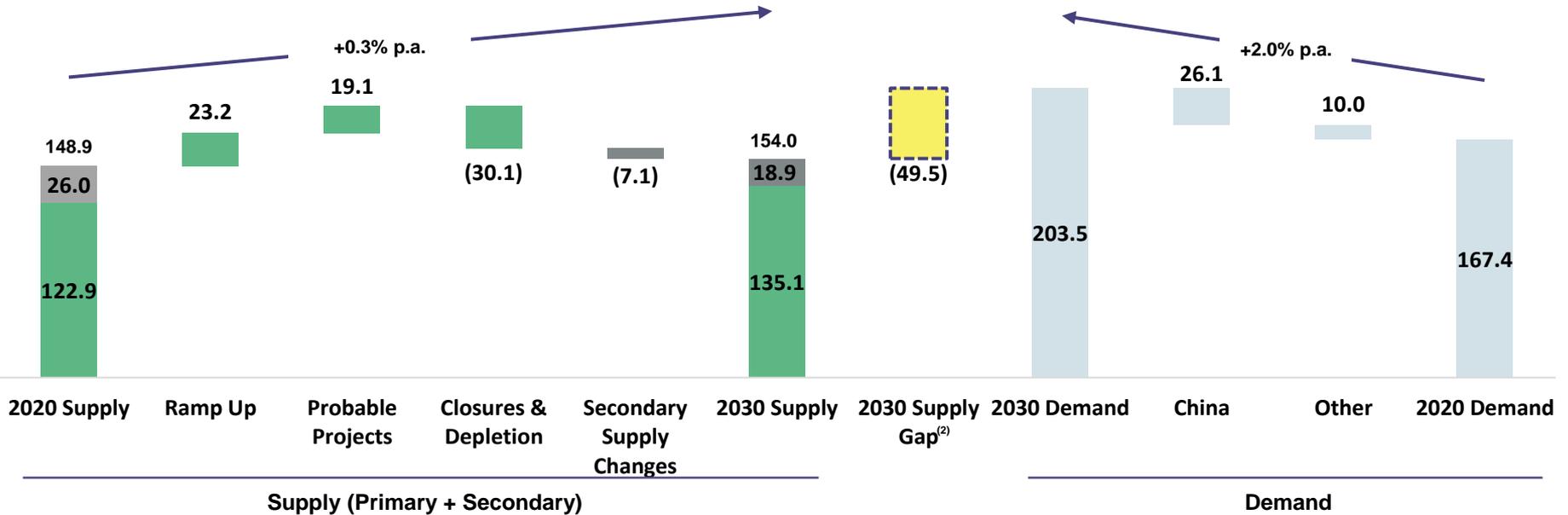
Source  
1) MineSpans (September 2021)

# Significant supply deficit forecast by 2030

By 2030, additional supply is needed to come online to offset demand growth; by a combination of new projects and idled capacity<sup>(1)</sup>

■ Primary supply  
■ Secondary supply

Mlbs U<sub>3</sub>O<sub>8</sub>



Source

1) MineSpans (September 2021)

2) Includes 14 Mlbs of idled capacity (at a cost < 45\$/lb) that could come back online