



PURE EXPOSURE TO THE  
URANIUM COMMODITY

INVESTOR  
PRESENTATION

April

**2022**

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# Yellow Cake

## Strategy

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



## Investment Highlights

Holds physical  $U_3O_8$

No exposure to exploration, development, mining or processing risks

Low-cost structure

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

Liquid traded share

# Uranium market update

## March 2022



### Spot Market Overview<sup>1</sup>

- Spot market volume rose substantially during the month of March reaching 10.4 mlbs, as compared to 6.2 mlbs in February. Spot  $U_3O_8$  ended February at \$48.50/lb, gaining \$9.70/lb during the month. By the end of March the spot price had reached \$58.20/lb; a gain of 20%
- Longer term  $U_3O_8$  price indicators also continued to strongly increase in response to the invasion of Ukraine: with the Long-Term price gaining \$5.50/lb to end the month at \$48.00/lb; the 3-year forward price adding \$7.00/lb (\$56.00/lb) and the 5-year forward price gaining \$7.50/lb to end the month at \$58.00/lb.

### Russia<sup>2</sup>

- The Russian invasion of Ukraine initiated sweeping economic sanctions on the Russian Federation by the European Union and the United States. The on-going conflict resulted in significant market impacts across the global nuclear fuel cycle as nuclear utilities reassessed nuclear fuel procurement commitments and plans
- In the United States, the Biden Administration announced banning the import of oil, liquefied natural gas (LNG) and coal from Russia. However, the importation of Russian-sourced nuclear fuel including natural uranium concentrates ( $U_3O_8$ ), conversion services and enrichment services remain unencumbered due to substantial dependence on such products/services by both U.S. and EU nuclear utilities
- Despite lack of action on banning Russian-sourced nuclear fuel, the U.S. Congress (House of Representatives/Senate) has tabled legislation during the month, which would specifically ban the importation of Russian-sourced nuclear fuel to domestic nuclear utilities

#### Sources:

1. UxC Vol 36 No 14, April 2022
2. White House; "Fact Sheet: United States Bans Imports of Russian Oil, Liquefied Natural Gas, and Coal"; 8 March 2022

# Uranium market update

March 2022



## European Union<sup>1</sup>

- The Russian invasion of Ukraine and the resultant energy vulnerabilities, (especially for the EU) has led to a global reassessment of the role of nuclear power and national plans for the phase-out of existing nuclear generating capacity. Most notably, Belgium's federal government took the decision to grant a ten-year extension for operations of Doel 4 and Tihange 3, which had been slated to be shut down in 2025

## United States<sup>2</sup>

- On March 31, U.S. Senator John Barrasso introduced the National Opportunity to Restore Uranium Supply Services In America (NO RUSSIA) Act of 2022. The legislation seeks to authorize the U.S. Department of Energy (DOE) to establish a national strategic uranium reserve. It will also increase domestic uranium production, conversion, and enrichment to ensure existing U.S. nuclear reactors have sufficient fuel to continue operating
- Congresswoman Liz Cheney and five House colleagues issued a letter to DOE Secretary Jennifer Granholm to end its delay in establishing a uranium reserve. The letter notes that the establishment of a uranium reserve is, “a matter of national, energy, and economic security and continued delays are no longer an option.”
- The Department of Commerce determined that, “U.S. nuclear electric power generators would not be able to operate at full capacity and would not be able to support critical infrastructure electric power needs if foreign nations, particularly Russia and other former Soviet states, chose to suspend or otherwise end uranium exports to the United States.” Thus, the U.S. reserve was designed to mitigate the potential harm caused by a disruption in foreign supplied material

## United Kingdom<sup>3</sup>

- UK Prime Minister, Boris Johnson, publicly stated his government's support for an expanded nuclear power program in the United Kingdom. Under the Johnson government plan, nuclear power's contribution to the UK energy grid would increase from the current 16% up to as much as 25% by 2050

### Sources:

1. World Nuclear News; “Extended Operation of Two Belgian Reactors Approved”; 21 March 2022
2. UxC Vol 36 No 14, March 2022
3. Power Technology; “UK Aims to Source 25% of Power from Nuclear Plants by 2050”; 22 March 2022

# Uranium market update

## March 2022



### China<sup>1,2</sup>

- On 22 March, China's National Development and Reform Commission issued the 14th Five-Year Plan (2021-2025) which underscored the expanding role of the country's commercial nuclear power program. The national energy plan calls for installed nuclear capacity aggregating about 70 GWe by 2025. The World Nuclear Association reports that current Chinese operable nuclear reactors total 53 units with capacity of 50.8 Gwe, with an additional 19 reactors under construction totalling 20.9 GWe

### South Africa<sup>3</sup>

- South Africa's National Infrastructure Plan 2050 released 11 March 2022 sets forth that country's plans for future electricity generation (currently, the South African utility, Eskom, operates two nuclear reactors, Koeberg 1 and 2 with a total generating capacity of 1.9 GWe). The Plan states that "The role of nuclear energy in achieving net-zero emission goals cannot be over emphasized" and that "South Africa should embrace the global recognition of nuclear as a clean energy source." Furthermore, the Plan recommends that South Africa "Consider both repurposing and retrofitting baseload coal fleet with advanced and innovative baseload nuclear energy systems that can be deployed inland which provide an opportunity for reskilling and retention of the existing coal workforce."

### Japan<sup>4</sup>

- For the first time since the Fukushima incident a majority of Japanese citizens support restarting the country's idled nuclear power plants. Approximately 53% of people surveyed said that Japan's idled nuclear reactors should restart so long as their safety can be ensured. The poll's latest support level is up from 44% who supported reactor restarts in a similar poll conducted in September 2021. "There is a strong tailwind for nuclear power at this moment," said former executive director of the International Energy Agency Nobuo Tanaka in a Bloomberg TV interview. If Japan restarts nuclear reactors, Tanaka believes the country's power utilities could sell spare liquefied natural gas (LNG) to Europe, which is in dire need of replacements for Russian natural gas supplies

#### Sources:

1. Global Times; "China to Expand Deployment of Nuclear Power in Clean, Secure energy Push"; 22 March 2022
2. World Nuclear Association; "World Nuclear Power Reactors & Uranium Requirements"; March 2022
3. South Africa's National Infrastructure Plan 2050; dated February, 2022, released 11 March 2022
4. UxC Vol 36 No 14, March 2022

# Yellow Cake corporate summary

## Corporate overview

Last share price <sup>(1)</sup>	£4.85
NAV per share <sup>(2)</sup>	£5.07
Market cap (mm) <sup>(1)</sup>	£891
Shares out less those held in treasury. (mm)	183.7
Shares held in treasury (mm) <sup>(2)</sup>	4.1
52 week high	£4.87
52 week low	£2.39

## Analyst coverage and rating

	Buy
	Buy
	Buy
	Buy

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



## Blue chip shareholder register



Source:

- 1) Cap IQ on 13 April 2022
- 2) Yellow Cake's estimated net asset value on 13 April. See calculation on page 7
- 3) UxC LLC 13 April 2022

# Proforma estimated net asset value as at 13 April 2022



<b>Investment in Uranium</b>		<b>Units</b>	
Uranium oxide in concentrates (“U <sub>3</sub> O <sub>8</sub> ”) <sup>(1)</sup>	(A)	lb	18,805,601
U <sub>3</sub> O <sub>8</sub> fair value per pound <sup>(2)</sup>	(B)	US\$/lb	63.75
U <sub>3</sub> O <sub>8</sub> fair value	(A) x (B) = (C)	US\$ mm	1,198.9
Cash and other net current assets / (liabilities) <sup>(3)</sup>	(D)	US\$ mm	20.9
<b>Net asset value in US\$ mm</b>	(C) + (D) = (E)	US\$ mm	1,219.8
Exchange Rate	(F)	USD/GBP	1.3108
Net asset value in £ mm	(E) / (F) = (G)	£ mm	930.6
Number of shares in issue less shares held in treasury <sup>(4)</sup>	(H)		183,671,232
<b>Net asset value per share</b>	<b>(G) / (H)</b>	<b>£/share</b>	5.07

Source:

- 1) Comprises 15.8 million lb of U<sub>3</sub>O<sub>8</sub> held on 31 December 2021, plus 2.02mlb of U<sub>3</sub>O<sub>8</sub> to be bought back from Kazatomprom in terms of the Repurchase and Buyback Option Agreement with Kazatomprom for delivery by May 2022, plus 0.95mlb of U<sub>3</sub>O<sub>8</sub> purchased from Kazatomprom for delivery by June 2022
- 2) Fair value is based on the daily spot price published by UxC, LLC on 13 April 2022
- 3) Includes cash and other current assets and liabilities of US\$153.6 million as at 31 December 2021, less a cash consideration of US\$87.5 million to be paid to Kazatomprom on delivery of 2.02 million lb of U<sub>3</sub>O<sub>8</sub> by May 2022, less a cash consideration of US\$45.2m to be paid to Kazatomprom on delivery of 0.95mlb of U<sub>3</sub>O<sub>8</sub> by June 2022
- 4) Net asset value per share is calculated assuming 187,740,730 ordinary shares in issue less 4,069,498 shares held in treasury

# 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

## Kazatomprom Purchases Since IPO

- 8.1mlb. at US\$21.01 /lb. – July 2018
- 350klb. at US\$23.30 /lb. – August 2018
- 1.3mlb. at US\$25.88 /lb. – May 2019
- 3.5mlb. at US\$28.95 /lb. – June 2021
- 2.0mlb. at US\$32.23 /lb. – December 2021
- 950klb. at US\$47.58 /lb. – Delivery in Q2 2022
- 2.0mlb. at US\$43.25 /lb. – Delivery by Q2 2022<sup>1</sup>

## 2021 Spot Market Purchases

- 1.4mlb. at an average price of US\$29.88/lb.
- 2.0mlb. at US\$46.32/lb. – November 2021

Source:

1) Repurchase material previously delivered to Kazatomprom on 22 November 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

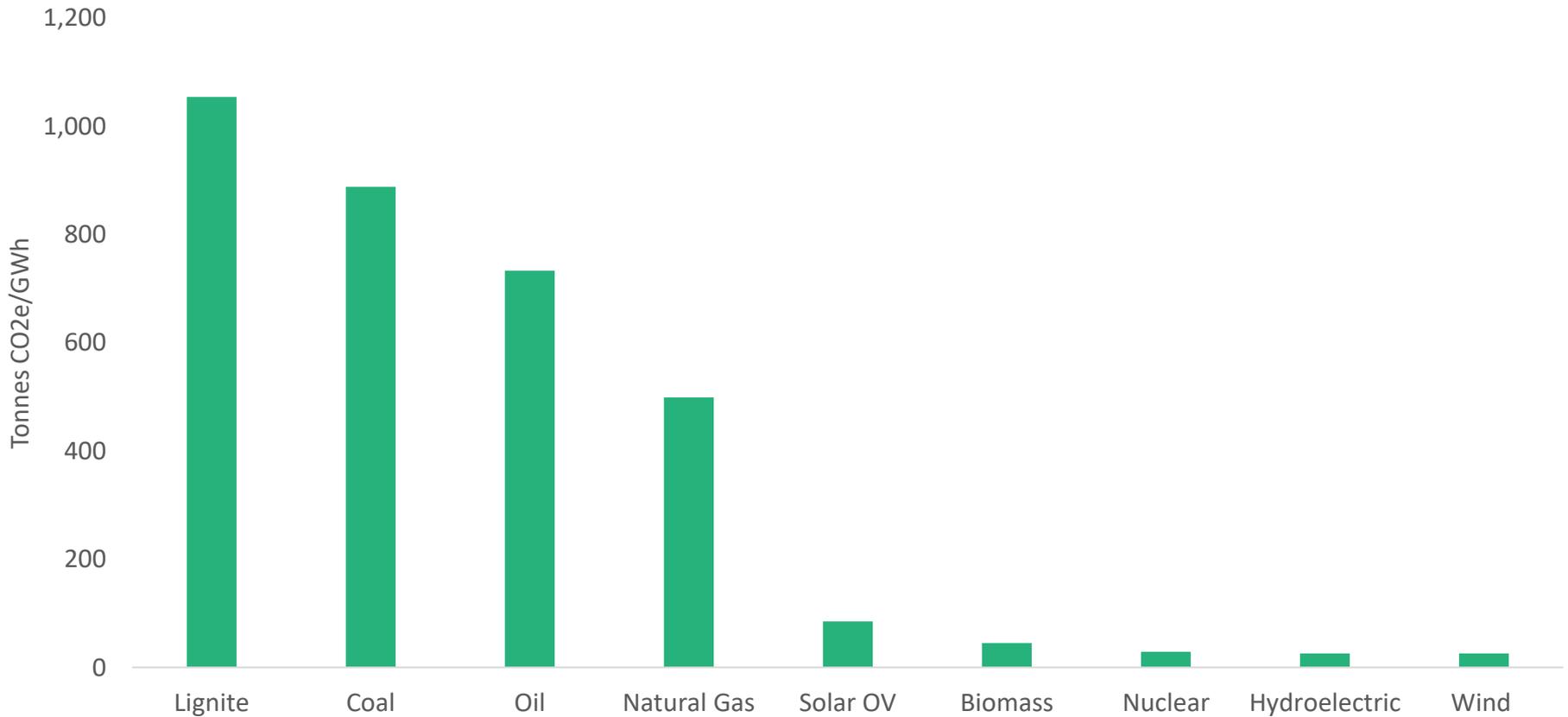


# Nuclear is a clean reliable base load energy source



- Lifecycle emissions of natural gas generation are 15 times greater than nuclear
- Lifecycle emissions of coal generation are 30 times greater than nuclear

### Summary of Lifecycle GHG Emission Intensity



Source:  
1) Comparison of Lifecycle Greenhouse Gas Emissions of Various Electricity Generation Sources, World Nuclear Association, July 2011

# Increased focus on climate change and ESG



## Investor-led climate action steering committee

- Represents over 600 global investors and US\$65 trillion in assets
- Issued letters to 167 global businesses with market cap of \$10.3 trillion, requesting they commit to net-zero business strategies



## Nearly a quarter of the world's largest companies have made net zero commitments

### Carbon Neutral by 2030



### Carbon Neutral by 2040



### Carbon Neutral by 2050



# Increasing national 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

- Canada, China, Finland, France, Japan, Poland, Russia, the United States and the United Kingdom provided statements in the UNECE report in support of its findings on nuclear power's contributions to climate action
- The United Nations Economic Commission for Europe (UNECE) highlighted nuclear power as an important source of low-carbon energy that can contribute to attaining carbon neutrality
- Under the proposed taxonomy rules, nuclear projects permitted until 2045 will be classified as green, on the condition that countries can safely dispose of the toxic waste and do not create significant harm to the environment<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'), (August 2021)

# Future demand for uranium is growing

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

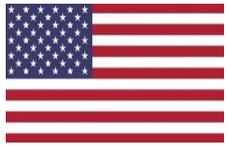
<b>China</b>	<b>India</b>	<b>Russia</b>	<b>UAE</b>
19 reactors under construction, 34 planned	8 reactors under construction, 12 planned	3 reactors under construction, 27 planned	2 operating reactors, 2 reactors under construction

<b>Investment in uranium</b>	<b>Operable reactors<sup>(1)</sup></b>	<b>Reactors under construction<sup>(1)</sup></b>	<b>Planned reactors<sup>(1)</sup></b>	<b>Proposed reactors<sup>(1)</sup></b>
World Nuclear Reactor Fleet	439	56	96	325
China Reactor Fleet	53	19	34	168

Source:

1) World Nuclear Association, World Nuclear Power Reactors & Uranium Requirements (March 2022)

# 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
	Tsinghua University	HTR-PM	2026	Constructed
	CNNC	ACP-100	2026	Built Ready
	Rolls Royce	UK-SMR	2029	Design
	Terrestrial Energy	IMSR-400	2028	Licensing
	Kaeri	SMART		Built Ready

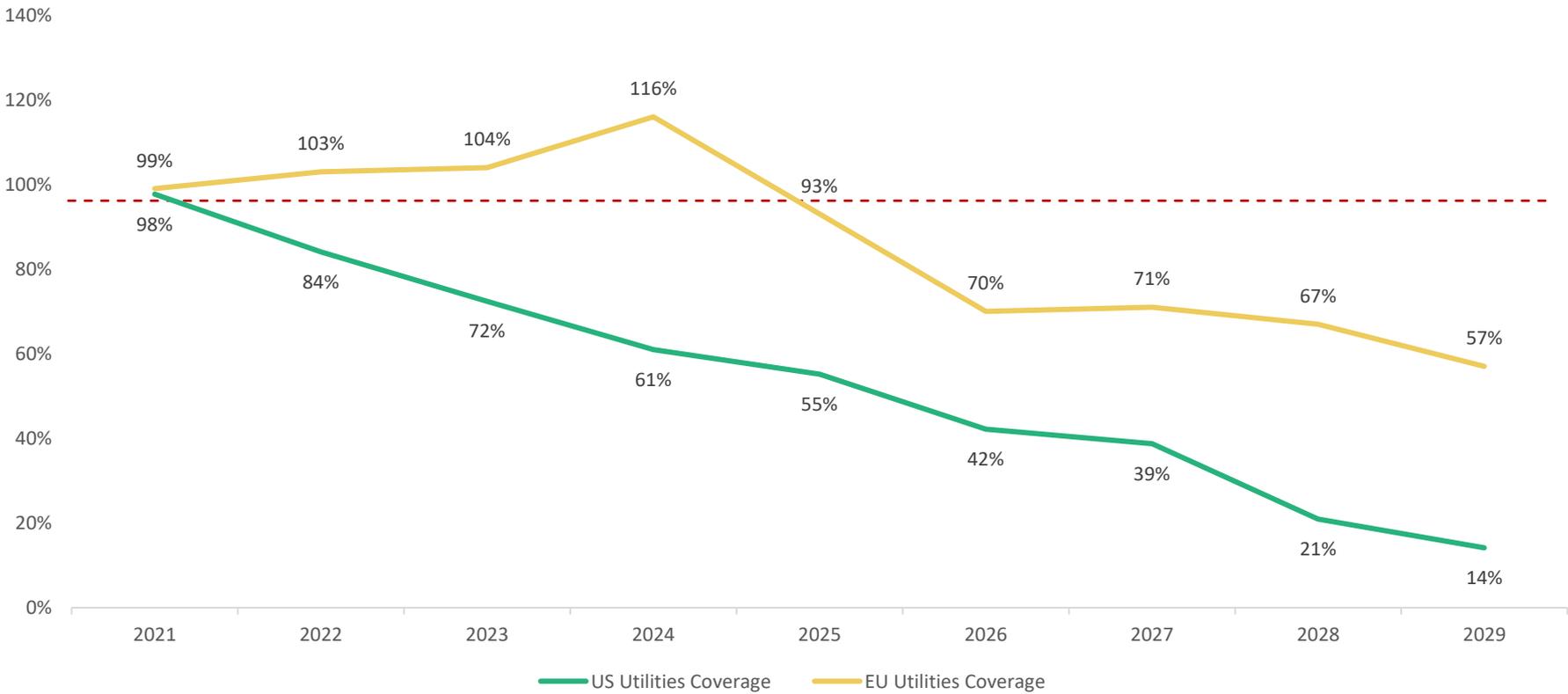
Source:

1) Press search and company websites

# 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 77.6mlb. U<sub>3</sub>O<sub>8</sub> from the market since 2014<sup>(1)</sup>**

## North America

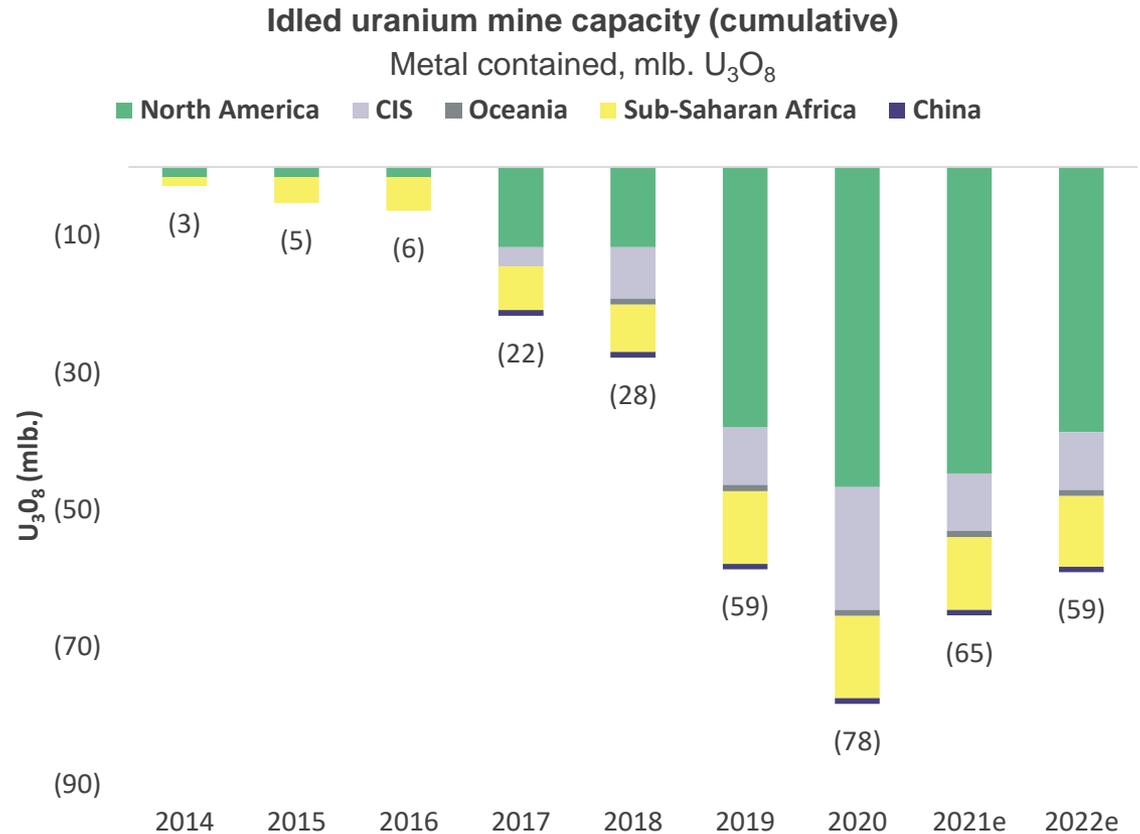
- Cameco has removed ~30mlb. from the market

## 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



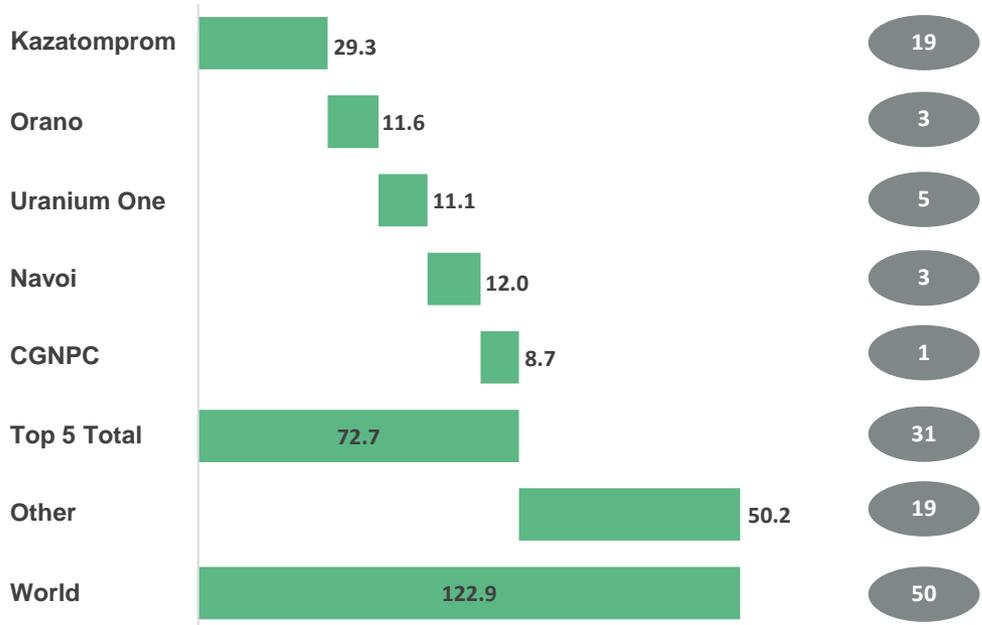
Source:

1) MineSpans (September 2021)

# Global uranium supply side is concentrated

**U<sub>3</sub>O<sub>8</sub> production is concentrated with the top 5 companies producing 59% of the total supply in 2020<sup>(1)</sup>**

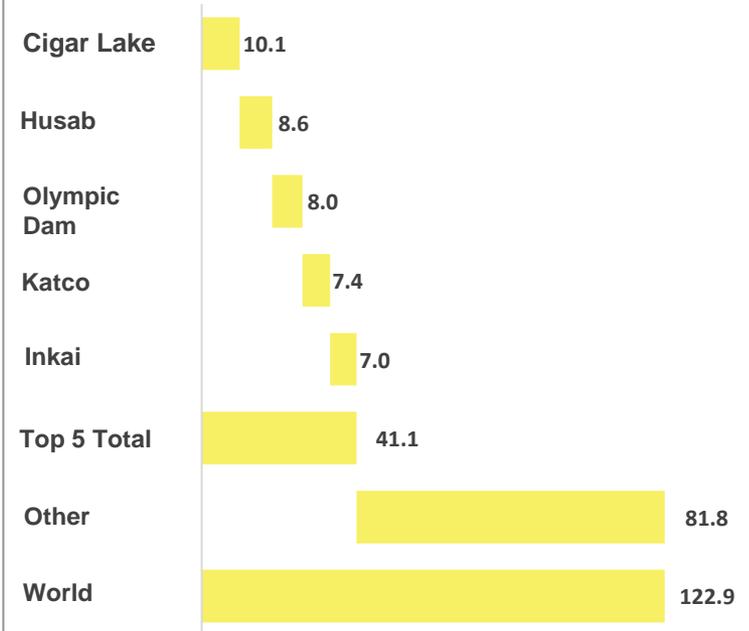
**Global production by company attributable share (mlb. U<sub>3</sub>O<sub>8</sub>, 2020)**



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



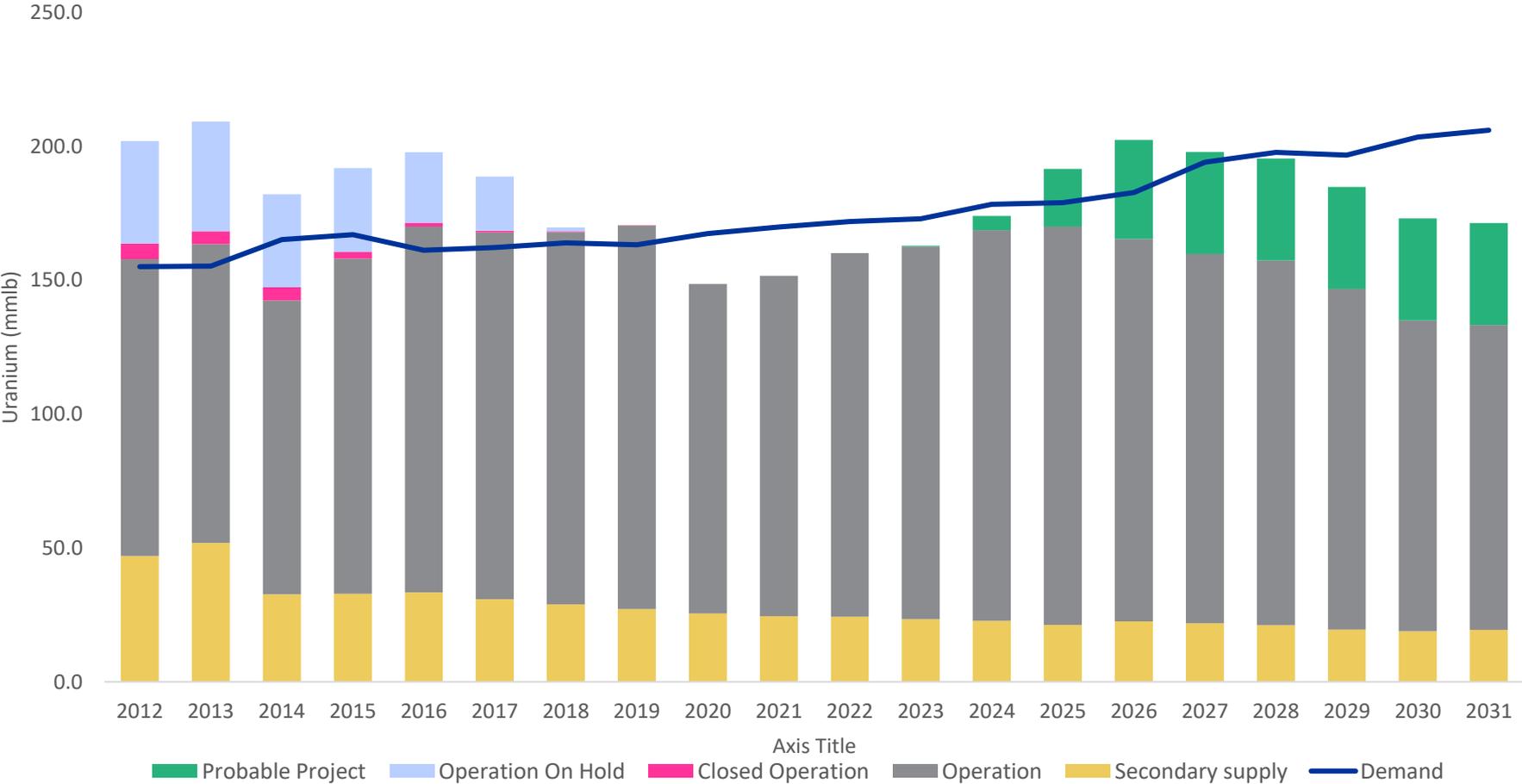
**Global production by mine (mlb. U<sub>3</sub>O<sub>8</sub>, 2020)**



Source:  
1) MineSpans (September 2021)



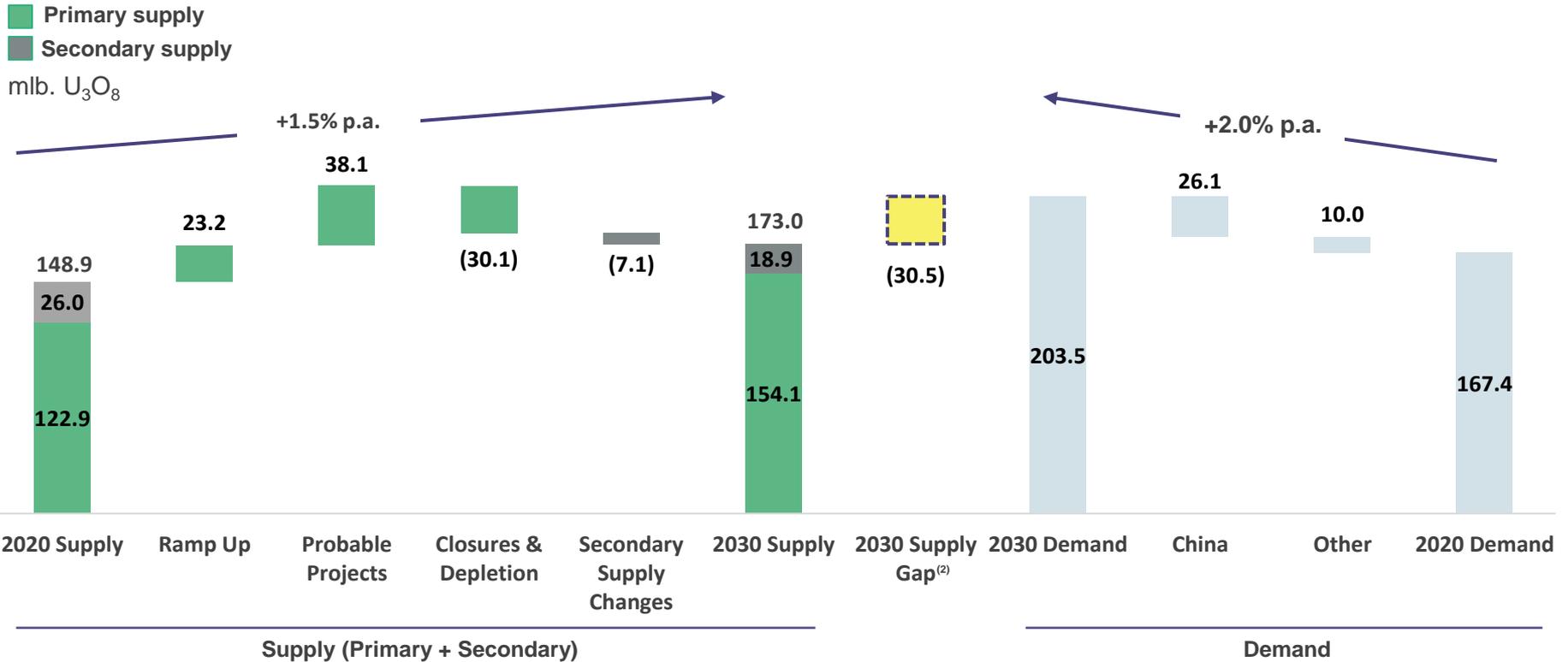
# Uranium supply-demand balance



Source:  
1) MineSpans (December 2021)

# Significant supply deficit forecast by 2030

By 2030, additional supply is needed to come online to offset demand growth; by combination of new projects and idled capacity <sup>(1,2)</sup>



Source:

1) MineSpans December 2021

2) Base case projects: Budenovskoye 6-7, Dasa, Lance (low pH), restart of McArthur River