



PURE EXPOSURE TO THE  
URANIUM COMMODITY

INVESTOR PRESENTATION

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# Yellow Cake

## **Buy and hold strategy**



We purchase uranium and hold for the long-term

## **Pure exposure to the uranium commodity price**



No exploration, development or operating risk

## **Ability to purchase in volume, at the spot price**



Ability to purchase US\$100m of  $U_3O_8$  from Kazatomprom per year

## **Inventory stored in safe jurisdictions**



Uranium stored in Canada (Cameco) and France (Orano)

## **Low-cost structure**



Outsourced operating model  
Annual operating costs of <1% of NAV

# Uranium market update

## July 2022



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

- UxC reported an end of July Ux U<sub>3</sub>O<sub>8</sub> price of \$46.75/lb, a decrease of \$2.25/lb compared to the end of June level (\$49.00/lb). Daily price volatility was modest with the daily price reaching \$50.50/lb on 1 July and a low point of \$45.75/lb on 15 July. However, spot uranium generally traded in a narrow range of \$46.00-47.00/lb throughout the two week period, 11-26 July. During the month of July, spot market volume totalled 2.5Mlb, a decrease of almost 25% as compared to the June aggregate of 3.3Mlb. As of the end of July, total spot market volume year-to-date was approximately 39.1Mlb
- SPUT moderated its spot market purchasing during the month, reporting the acquisition of only 0.3Mlb U<sub>3</sub>O<sub>8</sub>
- Longer term uranium price indicators showed incremental weakness during the month. The Long-Term price remained stable at \$50.00/lb, the 3-year forward price declined by \$0.75/lb to \$53.75/lb and the 5-year forward price lost \$0.25/lb to end the month at \$57.00/lb

### Kazatomprom<sup>2</sup>

- Kazatomprom reported an incremental decrease in uranium production for both the three month period ended 30 June as well as for the first six months of the calendar year. Uranium output fell by 7% during the second quarter (13.3Mlb versus 14.4Mlb for the second quarter of 2021) while aggregate uranium output declined by 4% for the January-June period reporting at 26.2Mlb as compared to 27.2Mlb for the comparable period of 2021
- Kazatomprom stated the principal cause was “due to the impact of the COVID-19 pandemic on wellfield development in 2021.” The company reiterated its earlier production guidance for 2022 (54.6-57.2Mlb) with the caveat that “the duration and full impact of the COVID-19 pandemic and the Russian-Ukraine conflict is not yet known. Annual production volumes could therefore vary from internal expectations.”

### Rosatom<sup>3</sup>

- Russian nuclear supplier, ROSATOM, announced on 20 July that the pouring of the “first concrete” for Egypt’s initial nuclear power plant, the El-Dabaa Nuclear Power Plant Unit 1 (VVER-1200 design), had commenced

Sources:

1. Ux Weekly, “The Market”, 1 August 2022
2. Kazatomprom Press Release, “Kazatomprom 2Q22 Operations and Trading Update”, 1 August 2022
3. ROSATOM Press Release, “Main Construction Phase for El-Dabaa Nuclear Power Plant Project Begins in Egypt”, 20 July 2022

# Uranium market update

## July 2022



### Paladin Energy<sup>1</sup>

- Paladin Energy announced that the idled Langer Heinrich Uranium Mine, located in Namibia, would return to production with initial output to be achieved during the March quarter of CY2024. Citing an improving uranium market, the company stated “Decision to restart production at the Langer Heinrich Mine is supported by strong uranium market fundamentals and continued progress on uranium marketing activities, including the execution of a binding contract for the previously announced Tender Award.” Paladin did advise that the total project capital expenditure had increased to US\$118m on a 100% project basis (previous guidance of US\$87m) “primarily driven by recent inflationary pressures across the project supply chain, brought forward power and water infrastructure works and increased owner’s team costs.”

### Cameco<sup>2</sup>

- Cameco held its “2022 Second Quarter Conference Call” on 27 July. While the company reported a slight delay in the start-up of McArthur River / Key Lake due to the availability of critical materials, equipment and necessary skills, overall corporate production continued to rise significantly from 1.3Mlb during the first six months of 2021 up to 4.7Mlb for the comparable period of 2022. The latest 2022 outlook forecasts total uranium production (Cameco share) reaching up to 10.9Mlb (Cigar Lake – 9.5Mlb / McArthur River – up to 1.4Mlb)

### France<sup>3</sup>

- On July 19, the French government released details on its plan to take control of 100% of the share capital of nuclear operator EDF. The government already holds 84% of the utility’s shares and intends to offer €9.7 bn or €12 per share to acquire the remaining 16% of EDF shares
- The French government expects full nationalisation of EDF will help it meet its objectives of building up to 14 new reactors

#### Sources:

1. Paladin Energy Press Release, “The Langer Heinrich Mine to return to production”, 19 July 2022
2. Cameco company information, 27 July
3. Ux Weekly, “The Market”; 25 July 2022

# Uranium market update

## July 2022



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

- The European Union Parliament voted to include both natural gas and nuclear power as green investments under the Taxonomy Complementary Climate Delegated Act (CDA). On 6 July, by a vote of 328-278, the EU Parliament rejected a motion to veto the CDA, thus allowing the sustainable finance taxonomy to enter force expected on 1 January 2023

### Germany<sup>2</sup>

- Various sources reported that Germany, in response to the escalating concerns regarding energy security related to the reduction in natural gas deliveries via the Nord Stream I pipeline, is assessing the extension of the operating life of its three remaining nuclear reactors; Emsland, Isar, and Neckarwestheim which are scheduled for shut-down in December 2022. Interestingly, nuclear power provided 13.3% of German electricity supply in 2021 from the operation of six reactors, three of which were shut-down at the end of 2021

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

- Effective 19 July, the United Kingdom government launched the “Nuclear Fuel Fund” (€ 75 million) which “will seek to award grants to projects that can increase the UK’s domestic nuclear fuel sector, reducing the need for foreign imports and creating the material used in nuclear power stations to generate electricity – with funding going towards designing and developing new facilities.”

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

- Japan’s post-Fukushima nuclear power policy has come under increasing scrutiny as energy security concerns and threats of electricity blackouts loom. The Federation of Electric Power Companies is forecasting that in the event of a severe winter, the island nation will experience minimal power reserve margins even if all of the planned nine nuclear power plants are operational. In order to address the issue, a total of ten aged thermal power plants may be reactivated

#### Sources:

1. Bloomberg Green, “EU Lawmakers Remove Last Hurdle to Label Gas, Nuclear as Green”, 6 July 2022
2. Deutsche Welle, “Germany considers U-turn on nuclear phaseout”; DW.com, 3 August 2022
3. UK Government Press Release, “Government fund to accelerate nuclear fuel supply opens”, 19 July 2022
4. The Japan Times; “Japan’s power crunch seen continuing despite nuclear plant restarts”, 20 July 2022

# Proforma estimated net asset value as at 12 August 2022



Investment in Uranium		Units	
Uranium oxide in concentrates ("U <sub>3</sub> O <sub>8</sub> ")	(A)	lb	18,805,601
U <sub>3</sub> O <sub>8</sub> fair value per pound <sup>(1)</sup>	(B)	US\$ /lb	47.75
U <sub>3</sub> O <sub>8</sub> fair value	(A) x (B) = (C)	US\$ mm	898.0
Cash and other net current assets / (liabilities) <sup>(2)</sup>	(D)	US\$ mm	14.8
<b>Net asset value in US\$ mm</b>	(C) + (D) = (E)	US\$ mm	912.8
Exchange Rate <sup>(3)</sup>	(F)	USD/GBP	1.2118
Net asset value in £ mm	(E) / (F) = (G)	£ mm	753.2
Number of shares in issue less shares held in treasury <sup>(4)</sup>	(H)		183,104,339
<b>Net asset value per share</b>	<b>(G) / (H)</b>	<b>£ /share</b>	<b>4.11</b>

Source:

- 1) Fair value is based on the daily spot price published by UxC, LLC on 12 August 2022
- 2) Cash and cash equivalents and other net current assets and liabilities as at 30 June 2022
- 3) Bank of England rate as per 12 August 2022
- 4) Net asset value per share is calculated assuming 187,740,730 ordinary shares on issue less 4,636,331 shares held in treasury

# Yellow Cake corporate summary

## Corporate overview

Last share price <sup>(1)</sup>	£3.60
NAV per share <sup>(2)</sup>	£4.11
Market cap (mm) <sup>(1)</sup>	£659
Shares out less those held in treasury (mm)	183.1
Shares held in treasury (mm) <sup>(2)</sup>	4.6
52 week high	£4.85
52 week low	£2.48

## 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 12 August 2022
- 2) Yellow Cake's estimated net asset value on 12 August 2022. See calculation on page 6
- 3) UxC, LLC 12 August 2022



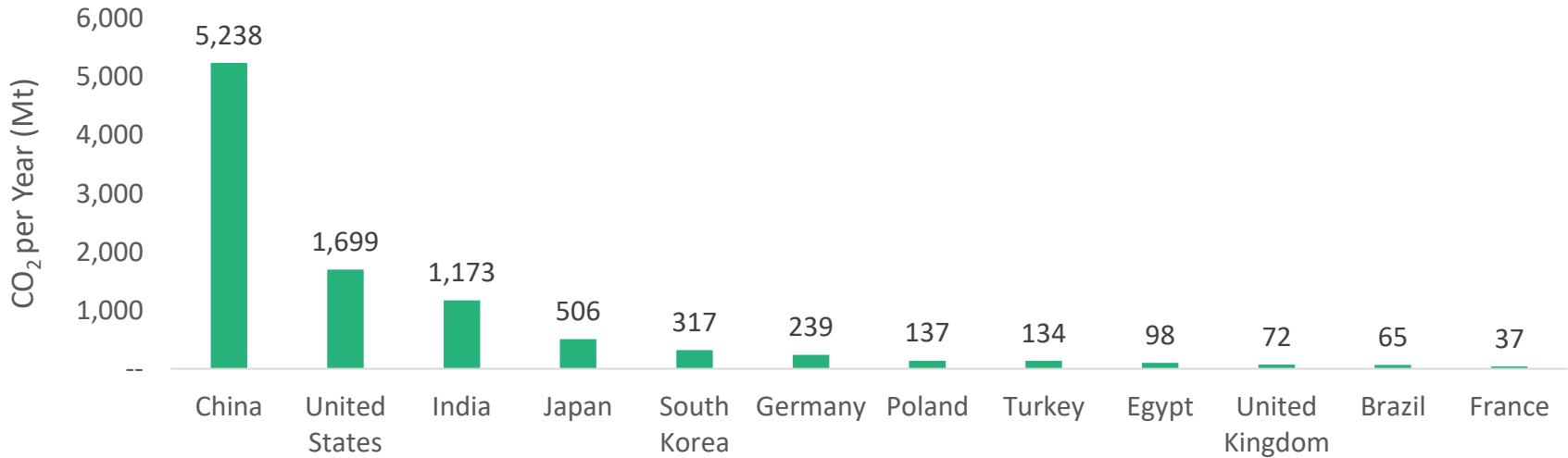
# The Uranium Story is Becoming Increasingly Compelling



- Nuclear is being recognised as a contributor to a lower carbon future
  - Provides stable, low carbon baseload power
  - Broad adoption of carbon neutral goals
- High costs of energy infrastructure construction encourages life extensions for existing reactor fleet
- Energy diversification and energy security now a key issue
  - Moving away from dependence on Russian fuels and also looking to diversify away from coal

# Nuclear as a Cornerstone of a Low-Carbon Future

## Tonnes of CO<sub>2</sub> Emitted by the Power Generation Sector <sup>(1)</sup>



## Selected Net Zero Commitments <sup>(2)</sup>



Source:

1) International Energy Agency Statistics, 2022

2) Energy and Climate Intelligence Unit, Carbon Neutrality Coalition, Climate Action Tracker; Climate Action Tracker - Net Zero Targets

3) A total of 123 countries have made Net Zero by 2050 commitments - International Energy Agency Statistics, 2022

# Future demand for uranium is growing

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

China	India	Russia	UAE
21 reactors under construction, 31 planned	8 reactors under construction, 12 planned	3 reactors under construction, 25 planned	2 operating reactors, 2 reactors under construction

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	437	59	89	340
China Reactor Fleet	54	21	31	168

Source:

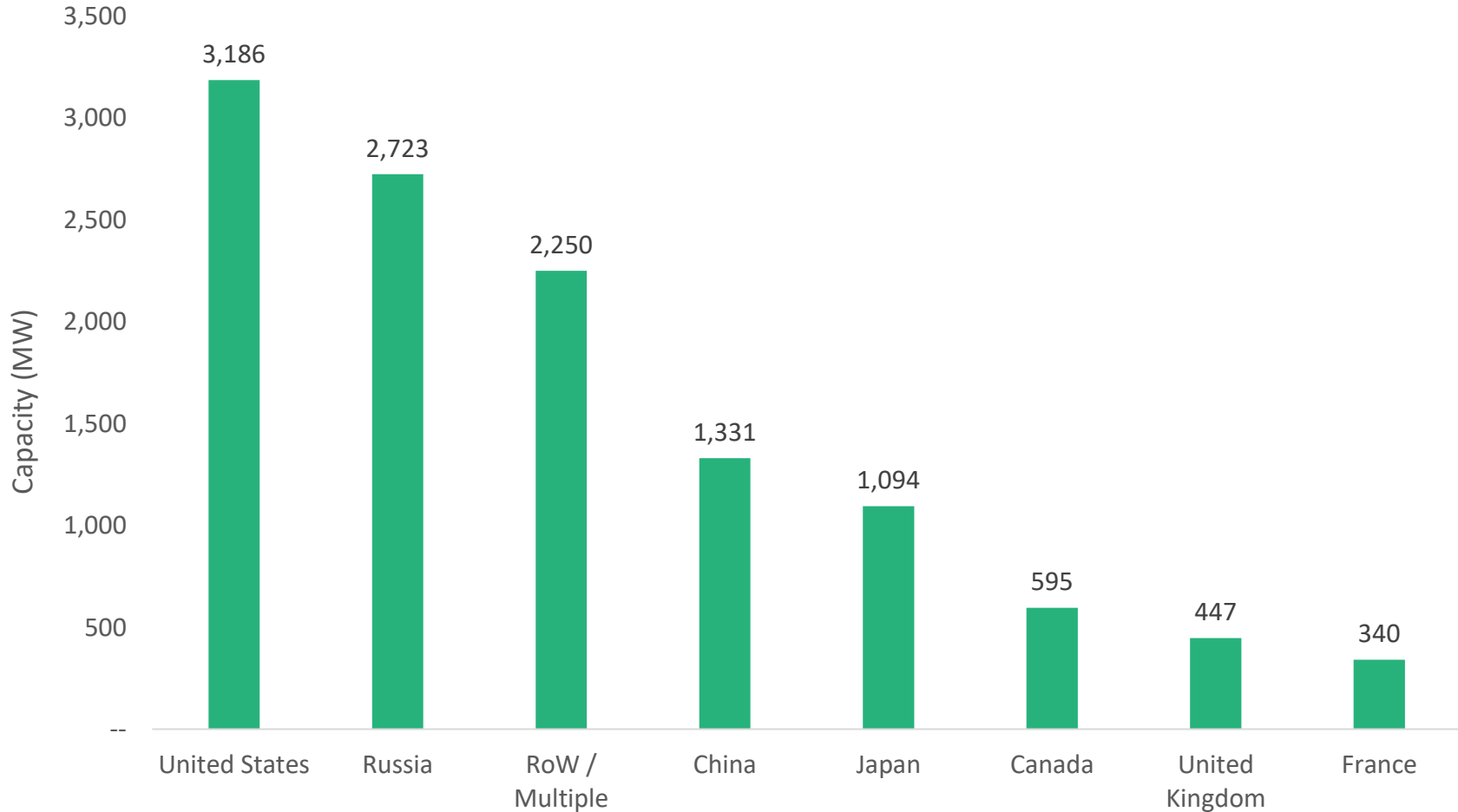
1) World Nuclear Association, World Nuclear Power Reactors & Uranium Requirements (August 2022)



# Small Modular Reactors

## An Exciting New Source of Demand

**Total Capacity of Small Modular Reactors Under Design, Construction, or Operation <sup>(1)</sup>**













Source:

1) International Atomic Energy Agency, "Advances in Small Modular Reactor Technology Developments", 2020

# Broad Based Impetus to Protect Existing Nuclear Capacity



## Selected Recent Reactor Extension Activity <sup>(1)</sup>

-   Previously set to shut down in 2025, both Doel 4 and Tihange 3 have been approved to continue operations until 2035 by the Federal Agency for Nuclear Control
-   Fortum is seeking an extension on both of its Loviisa power plant units until 2050; if approved Fortum would invest an estimated €1.0 bn total
-   French regulator ASN has approved the extension of 32 reactors totalling 900MWe for 10 years beyond the initially planned 40 years lifespan. Investment in the extension is estimated to total €49.4 bn by 2025
-   The Yoon administration is seeking a 10-year extension for Unit 2 of the Kori power plant, extending the license to operate from 2023 to 2033
-   Following increasing emphasis on nuclear power from the UK government, EDF has awarded work contracts for a 20 year life extension study at Sizewell B, previously scheduled for decommission in 2035

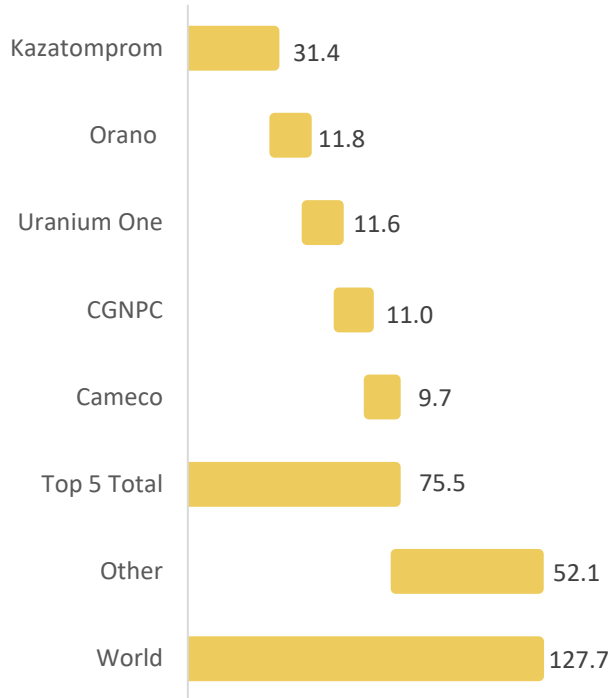
Source:

1) UxC Weekly Vol 36 No 20; The Financial Times, “UK looking to extend life of nuclear plant by 20 years amid energy crisis”; World Nuclear News, “Fortum to seek license extension for Loviisa plant”; S&P Global, “French nuclear regulator approves review of 10-year lifespan extension on 900 MW fleet”

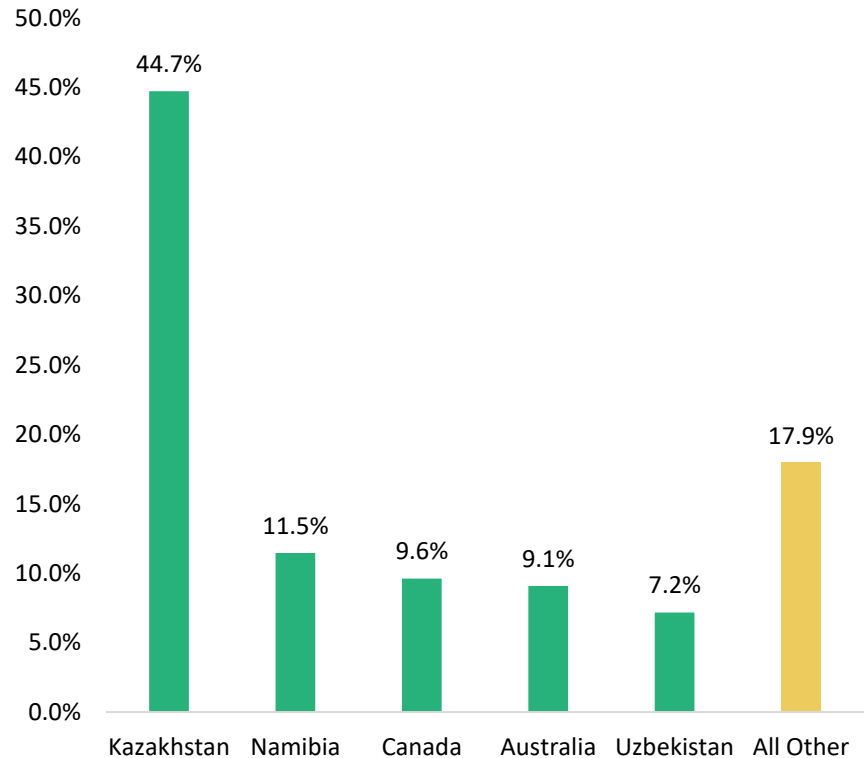
# Global Uranium Supply Side is Concentrated

U<sub>3</sub>O<sub>8</sub> Production is Concentrated, with the Top 5 Companies Producing 59% of the Total Supply in 2021<sup>(1)</sup>

**Global production by mine**  
(mlb U<sub>3</sub>O<sub>8</sub>, 2021)



**Production by Country** <sup>(1)</sup>  
(%, 2021)

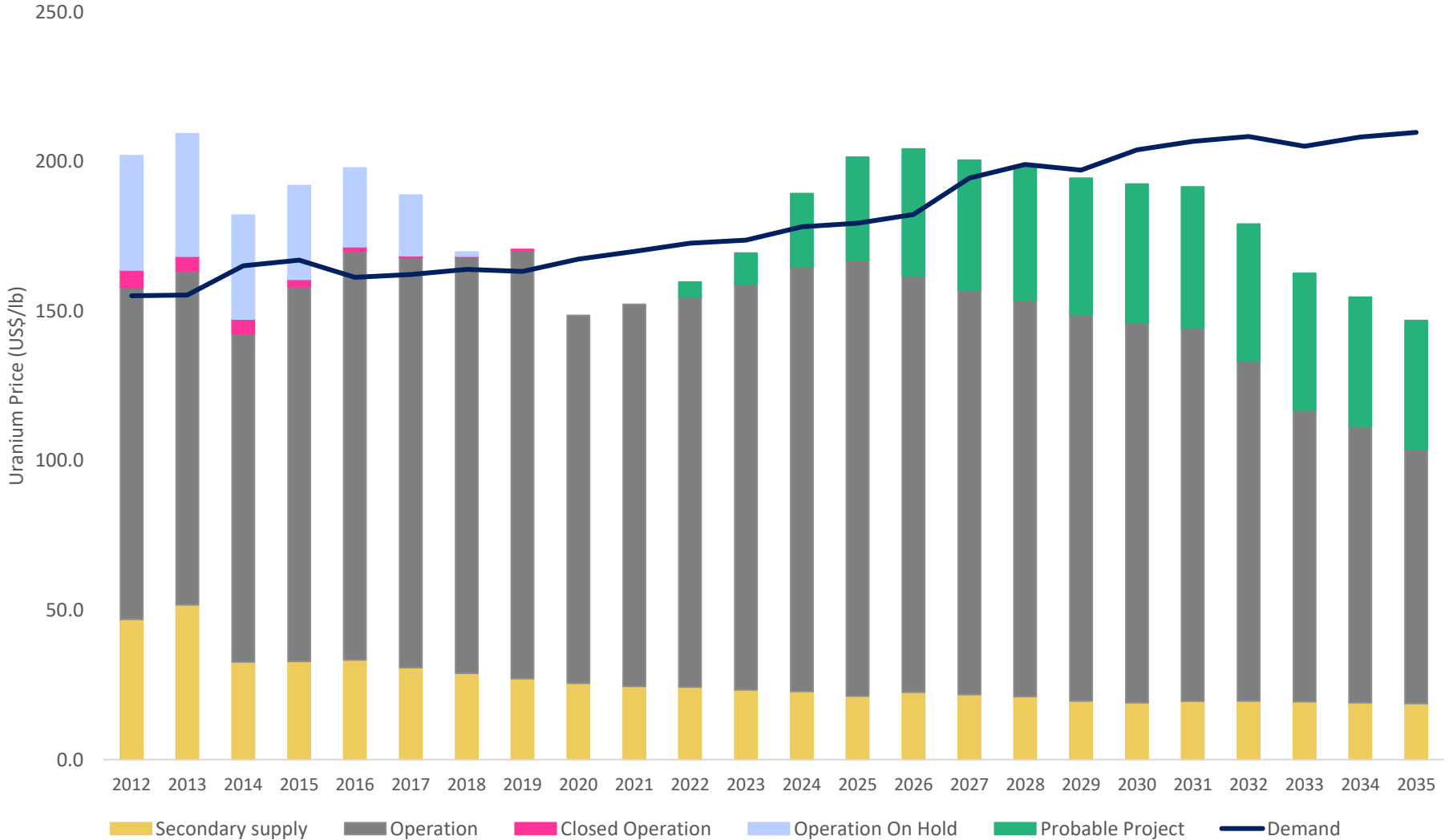


Source:  
1) MineSpans Q2 2022





# Uranium supply-demand balance

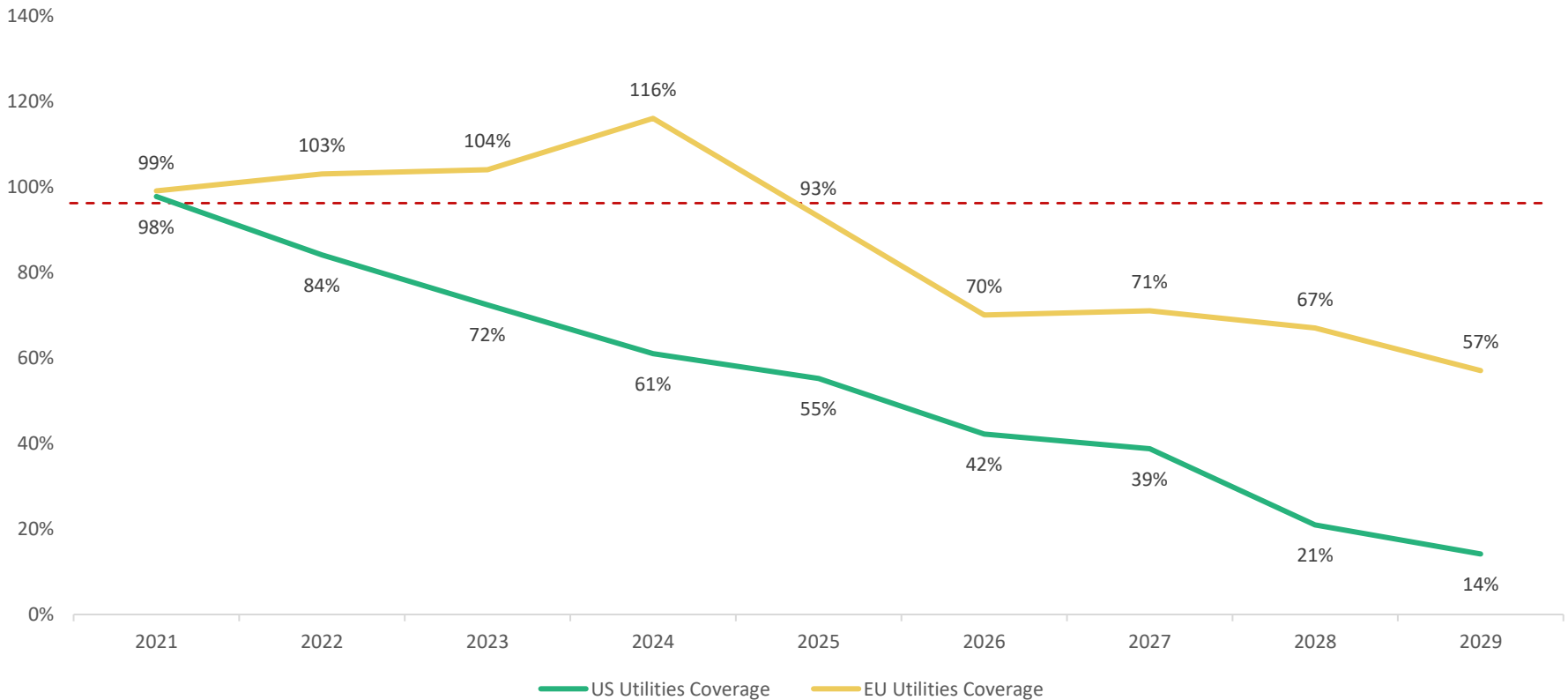


Source:  
1) MineSpans (May 2022)

# 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



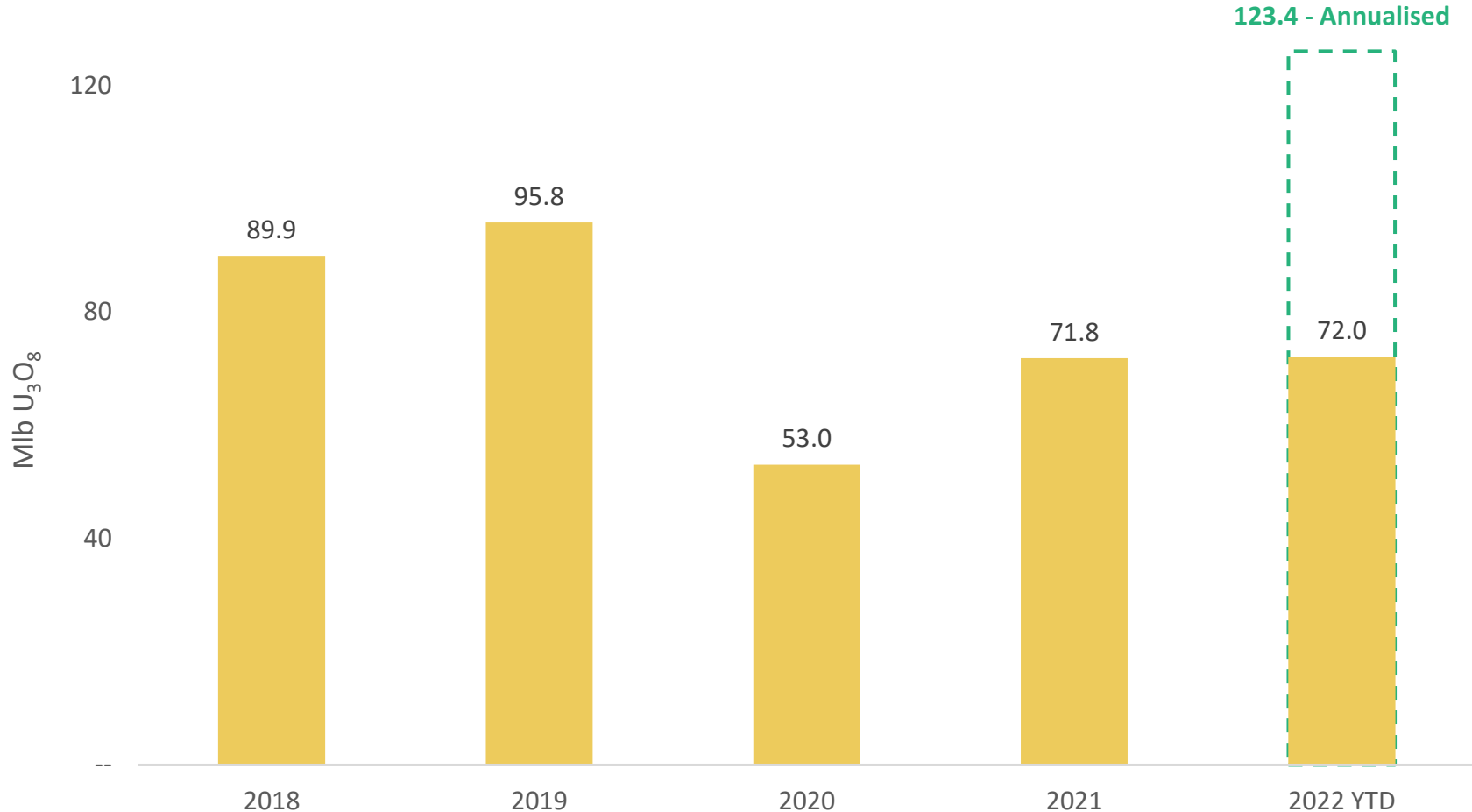
Source:

- 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)

# Utilities are Returning to the Term Market

Long-term Contracting Activity Accelerates After Years of Moderate Commitments

Term Market Buying Trend - 2022 <sup>(1)</sup>



Source:

1) UxC Weekly Vol 33 No 1; Vol 34 No 1; Vol 35 No 1; Vol 36 No1; Vol 36 No 31



# Capacity Constraints Impacting the Front-End of the Nuclear Fuel Cycle

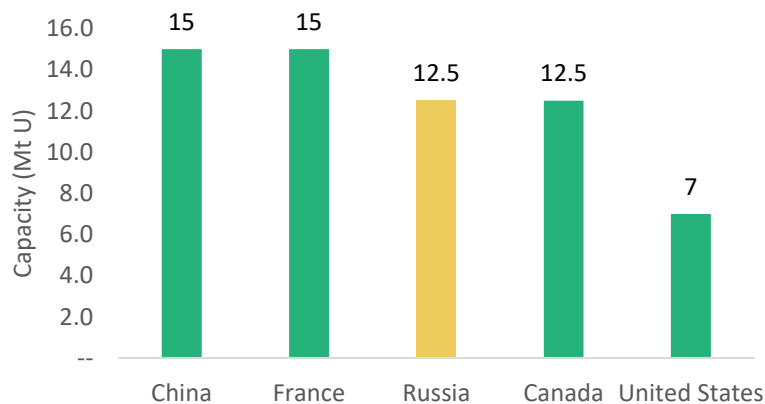


Russia is a Key Player in Both Conversion and Enrichment

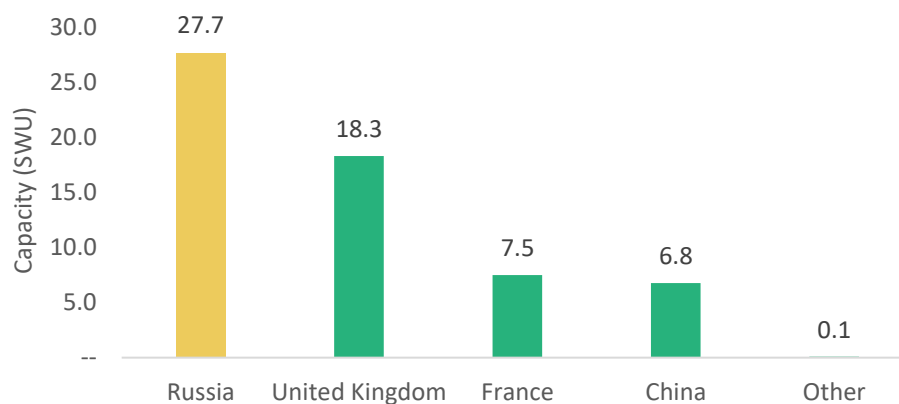
Front-End Nuclear Cycle Overview <sup>(1)</sup>



Global Conversion Capacity <sup>(2)</sup>



Global Enrichment Capacity <sup>(3)</sup>



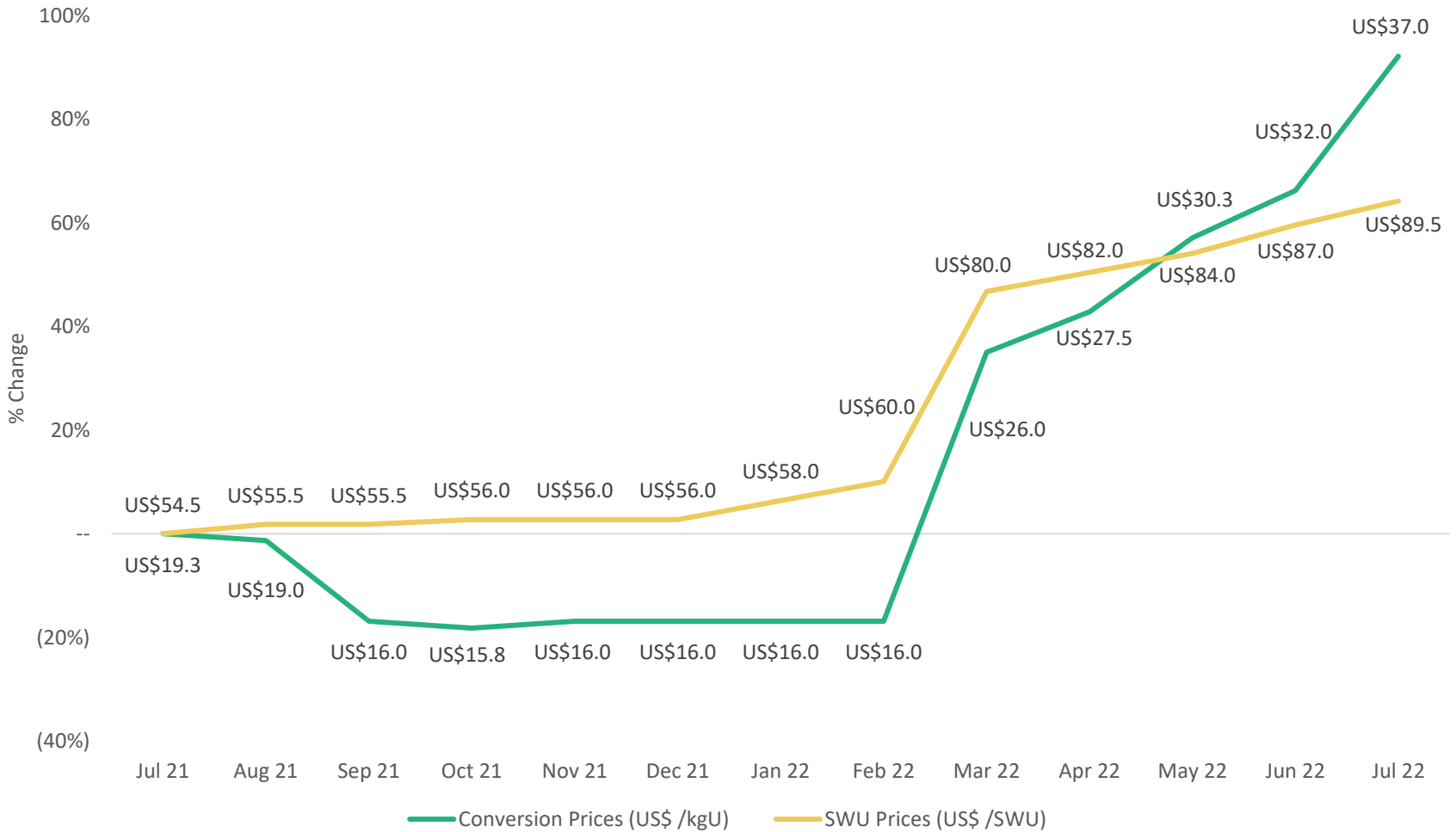
Source:

- 1) World Nuclear Association, Nuclear Fuel Cycle Overview, April 2021
- 2) World Nuclear Association, Conversion and Deconversion, January 2022
- 3) World Nuclear Association, Uranium Enrichment, September 2020

# Market Price Movements in Conversion and Enrichment



## Conversion and SWU Price Increases - L12M <sup>(1)</sup>



Source:

1) UxC Weekly Publications; July 2021 – July 2022