



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

Interim Financial Report for the period ended 30 September 2019

Yellow Cake, a specialist company operating in the uranium sector with a view to holding physical uranium for the long term, is pleased to announce its interim financial report for the period ended 30 September 2019.

Highlights

- Estimated net asset value at 30 September 2019 of GBP 2.32 per share¹ or USD 252.2 million, comprising 9.62 million lbs of physical uranium (U_3O_8) valued at a spot price of USD 25.65/ lb² and other net assets.
- Successful completion of GBP 25.9 million placing (USD 33.8 million) on 12 April 2019.
- Placing proceeds applied to the purchase of 1.175 million lbs uranium from NAC Kazatomprom JSC (“Kazatomprom”) at a price of USD 25.88/ lb through the partial exercise of Yellow Cake’s option under a ten-year Framework Agreement. Under the terms of this agreement, the Company retains the option to purchase additional volumes of uranium from Kazatomprom of up to USD 100 million in value per year in each of the eight calendar years starting 1 January 2020.
- Increase in the value of the Company’s uranium holding of USD 29.3 million to USD 246.7 million, resulting from a USD 30.4 million uranium purchase offset by a USD 1.1 million uranium related loss during the half-year.
- Total U_3O_8 holdings of 9.62 million lbs acquired at an average cost of USD 21.69/ lb.
- Total increase in value of U_3O_8 held by Yellow Cake of 18.3% to USD 246.7 million relative to the aggregate acquisition cost of USD 208.6 million.
- The Section 232 investigation into uranium imports into the US concluded during the half-year, with a decision by the US President not to implement new trade restrictions on imports. As part of this, a Nuclear Fuel Working Group was established to review the U.S. nuclear fuel supply chain, with their recommendations expected imminently.
- Net loss after tax of USD 3.1 million for the period ended 30 September 2019.

¹ Net asset value per share on 30 September 2019 is calculated assuming 88,215,716 ordinary shares in issue, the Bank of England’s daily exchange rate of 1.23200 on 30 September 2019 and the month-end spot prices published by UxC LLC on 30 September 2019.

² Month-end spot price published by UxC LLC on 30 September 2019.

- Based on the weekly U₃O₈ price on 9 December 2019 of US\$25.95/ lb published by UxC LLP, Yellow Cake's estimated net asset value as at 9 December 2019 was GBP 2.20 per share³. As at close on 9 December 2019, the Company's share price was GBP 1.92 per share, which represents a 13% discount to the above estimated net asset value of GBP 2.20 per share.
- The Company notes that Yellow Cake shares are currently trading at a significant discount to net asset value. Should this significant discount persist, it is the intention of the Yellow Cake board to consider implementing a share buyback programme as a means of cost effectively acquiring additional exposure to uranium.

Andre Liebenberg, CEO of Yellow Cake, said:

"As anticipated in late summer, buyers have started to return and we have seen increased activity in the broader traded U₃O₈ sector, including from utilities deciding it was time to step into the market to purchase required inventory as the year draws to a close.

We await the conclusion of the US Nuclear Fuel Working Group's investigations into the US nuclear fuel industry. We expect this to bring to an end a long period of uncertainty that has significantly slowed activity in the traded uranium market which has subsequently weighed heavily on the uranium price.

We believe the longer-term supply and demand characteristics of uranium make the commodity a compelling investment opportunity and this supports Yellow Cake's strategy of buying and holding physical uranium. We remain confident in our strategy and investment proposition.

Given our long term confidence in the investment case and with our share price trading well below net asset value, the Board continues to consider the option of a share buyback so we can acquire additional exposure to uranium at a discount to the spot price, we will keep this under review."

³ Net asset value per share is calculated assuming 88,215,716 ordinary shares in issue, a GBP/USD exchange rate of 1.3155 on 9 December 2019 and cash and other net assets as at 30 September 2019.

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

ENQUIRIES:

Yellow Cake plc

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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 lower cost base and ten-year Framework Agreement for the supply of U₃O₈ with Kazatomprom, the world’s largest uranium producer. Yellow Cake currently holds 9.62 million lb of U₃O₈, 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 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.

Chief Executive's Statement

Overview

During the half-year we witnessed ongoing global uncertainty relating to the US China trade disputes as well as political uncertainties in the United Kingdom. These factors, together with the specific uncertainties in the uranium market relating to US uranium imports have, in the Company's view, weighed on the uranium price.

Against this backdrop, we saw the Yellow Cake share price weaken and we also saw the share price trade at a significant discount to net asset value.

We do however expect that once the US uranium market access issues are clarified, activity in the uranium market should increase as buyers re-enter the market and we see a return to more normal levels of term contracting, particularly from US utilities. We believe the longer-term supply and demand characteristics of uranium make the commodity a compelling investment and this supports Yellow Cake's strategy of buying and holding physical uranium. We remain confident in our strategy and investment proposition.

During the half-year, we continued to deliver on our strategy. In April we conducted a successful GBP 25.9 million placing to fund the purchase of an additional 1.175 million lbs of physical uranium at a price of USD 25.88/ lb under the Company's framework agreement with Kazatomprom. This transaction brought our total U₃O₈ holdings to 9.62 million lbs acquired at an average cost of USD 21.69/ lb.

Uranium Market Developments

The Section 232 investigation into uranium in the United States and the follow-on Nuclear Fuel Working Group (NFWG) continued to dominate the uranium markets throughout the first nine months of 2019.

On 12 July 2019, following the Section 232 investigation initiated by the US Department of Commerce into uranium, the United States President announced his decision not to impose new trade restrictions on uranium imports into the United States nor require U.S. nuclear utilities to purchase newly-produced domestic uranium. However, the White House acknowledged concerns regarding the impact of uranium imports on national security with respect to domestic uranium mining and concluded that a more comprehensive analysis of national security considerations with respect to the entire domestic nuclear fuel cycle was necessary⁴.

The President established the NFWG, comprised of thirteen federal government agencies/departments, to evaluate the nuclear fuel cycle and report back to the White House within 90 days (by 10 October 2019). The White House granted the NFWG a 30-day extension to mid-November in order to complete the inter-agency review of the group's recommendations. We are currently awaiting the outcome of this process.

The spot market price, which began the year at USD 28.50/ lb U₃O₈ and closed the first quarter at USD 25.75/ lb U₃O₈, generally slowed during the six-month period ending 30 September. Prices declined to USD 24.10/ lb U₃O₈ at the end of May before recovering partially to USD 24.70/ lb U₃O₈ at the end of June. The third quarter saw incremental firming with the spot price reaching USD 25.65/ lb U₃O₈ at the end of September. Subsequently, UxC LLC reported that despite slightly higher than average traded volumes, the spot price weakened to USD 24.00/ lb U₃O₈ at the end of October⁵. In November, the spot price firmed again to reach USD 26.00/ lb

⁴ White House, Presidential Memoranda; "Memorandum on the Effect of Uranium Imports on the National Security and Establishment of the United States Nuclear Fuel Working Group"; 12 July 2019.

⁵ Ux Weekly; Vol. 33 / No. 43; 28 October 2019.

U₃O₈ ⁶ with traded volumes reported at 8.1 million lb U₃O₈ equivalent, bringing traded volumes for the year to 56.8 million lb U₃O₈ equivalent⁷.

Market uncertainties associated with the Section 232 investigation and the subsequent formation of the NFWG contributed to a significant reduction in spot uranium volumes throughout 2019. According to UxC LLC, aggregate spot market volumes for the six months to 30 September 2019 were approximately 23.0 million lbs U₃O₈, a significant decline from the 53.9 million lbs U₃O₈ transacted during the same period in 2018⁸.

Subsequent to production cutbacks by several companies including Cameco, Kazatomprom and Paladin Energy, worldwide primary production fell to an estimated 138 million lbs U₃O₈ in 2018 from 154 million lbs U₃O₈ in 2017. UxC LLC are forecasting a slight increase to around 140-142 million lbs U₃O₈ for 2019, driven by commitments to specific production centres in Kazakhstan. Based upon anticipated demand of 192 million lbs U₃O₈ and the expected availability of so-called secondary supplies (42 million lbs U₃O₈), the global market is forecast to remain in a slight deficit for the calendar year 2019⁹.

On 20 August 2019, Kazatomprom announced that its programme to reduce uranium production by 20% (from previously planned levels) would be extended through 2021 due to factors including persistent low market prices. That decision will remove nearly 15 million lbs U₃O₈ from planned global primary supply in 2021¹⁰.

During its second quarter investor call (25 July 2019), Cameco announced that due to recent additional contractual commitments the company would be increasing its market purchase programme during the remainder of 2019. Cameco's total 2019 delivery commitments amounted to 30-32 million lbs U₃O₈, necessitating the acquisition of 21-23 million lbs U₃O₈ from market purchases of which, it stated, at least 70% would be sourced from the spot market¹¹. Cameco announced during their third quarter investor call (1 November 2019) that they had taken delivery of a total of 14.6 million lbs of purchased uranium through the month of September¹².

Rio Tinto announced the completion of the sale of its majority share of the Rossing Uranium Mine (Namibia) to China National Uranium Corporation on 16 July 2019. Combined with the planned cessation of operations of its Ranger Mine in the Northern Territory of Australia in 2021, this will result in the company exiting the uranium production sector¹³.

On 5 September 2019, the World Nuclear Association released the 2019 edition of the bi-annual market study, *"The Nuclear Fuel Report – Global Scenarios for Demand and Supply Availability 2019-2040"*¹⁴. Significant changes from the previous edition included the three uranium demand scenarios all showing varying but positive growth rates through 2040, so-called secondary supplies declining through the next decade, as well as a clear acknowledgement that the global uranium market is heading into a period of supply uncertainty where as yet-to-be identified sources will be required in order to balance demand and supply.

In Japan, the Cabinet adopted an energy white paper on 7 June 2019 calling for nuclear power to supply 20 to 22% of total power supply by 2030¹⁵. Meanwhile, on 12 June 2019, the Nuclear Regulation Authority adopted

⁶ Ux Weekly; Vol. 33 / No. 47; 27 November 2019.

⁷ Ux Weekly; Vol. 33 / No. 48; 2 December 2019.

⁸ Ux Weekly; "Third Quarter Spot Uranium Review"; 28 October 2019.

⁹ Ux Weekly; "2018 U₃O₈ Production Review"; 6 May 2019.

¹⁰ Kazatomprom Press Release; "Kazatomprom Announces Extension of Production Cuts"; 20 August 2019.

¹¹ Cameco Corporation; Second Quarter 2019 Results, Conference Call Transcript; 25 July 2019.

¹² Cameco Corporation; Third Quarter 2019 Results, Conference Call Transcript; 1 November 2019.

¹³ Rio Tinto; Notice to ASX/LSE; "Rio Tinto Completes Sale of Its Stake in Rossing Uranium Limited"; 16 July 2019.

¹⁴ World Nuclear Association; "Projections for Nuclear Generating Capacity Revised Upwards in the Nuclear Fuel Report"; September 2019.

¹⁵ AP News; "Japan Plans Carbon Emission Cuts, More Nuclear Energy"; 7 June 2019.

new rules which would allow the regulator to suspend operations of nuclear plants which have not completed the construction of Specialised Safety Facilities (back-up control centres).

In India, the re-election of Prime Minister Modi refocused the Indian government's commercial nuclear power programme. Speaking at the India Energy Forum's 11th Nuclear Energy Conclave, the chairman of India's Department of Atomic Energy stated that the country is planning to construct a further 17 reactors in addition to those currently under construction¹⁶.

In the United States, Duke Energy announced (20 September 2019) that it plans to seek a second round of 20-year operating licence renewals for all its eleven nuclear reactors, thus extending their operating lifetimes to 80 years¹⁷.

On 4 December, the U.S. Nuclear Regulatory Commission notified Florida Power & Light that its Turkey Point Units 3 and 4 had been granted 20-year operating license extensions to operate until 2052 and 2053, respectively (a total of 80 years from initial commercial operation)¹⁸.

Uranium Market Outlook

The outcome of the pending NFWG report will help to alleviate one area of persistent market uncertainty. In Yellow Cake's opinion, spot market buying will increase as utilities, uranium producers, financial buyers and market intermediaries (trading companies) seek to secure additional uranium concentrates in anticipation of strengthening price levels. TradeTech reported that "November saw a resurgence in end-user buying as well as increased intermediary and producer activity"¹⁹. In addition, the long-awaited return to term contracting is in the offing as utilities' security of supply concerns emerge, driven, in part, by increasing prices for nuclear fuel services (conversion, enrichment).

Andre Liebenberg – Chief Executive Officer

¹⁶ World Nuclear News; "India Plans Expansion of Nuclear Fleet, Says DEA Chairman"; 21 October 2019.

¹⁷ World Nuclear News; "Duke to Seek Second Licence Renewals Fleetwide"; 20 September 2019.

¹⁸ World Nuclear News, "Turkey Point Licensed for 80 Years of Operation," 6 December 2019

¹⁹ Tradetech, Nuclear Market Review, 30 November 2019.

Chief Financial Officer's Report

I am pleased to present the unaudited condensed financial statements for the 6 month period ended 30 September 2019 ("half-year").

Highlights for the half-year

- Increase in the value of the Company's uranium holding of USD 29.3 million to USD 246.7 million, resulting from a USD 30.4 million uranium purchase offset by a USD 1.1 million uranium related loss during the half-year.
- Successful completion of USD 33.8 million placing (GBP 25.9 million) on 12 April 2019.
- Placing proceeds applied to the purchase of 1,175,000 lbs of U₃O₈ from NAC Kazatomprom JSC ("Kazatomprom") at a price of USD 25.88/ lb for consideration of USD 30.4 million on 31 May 2019 by the partial exercise of Yellow Cake's option under a ten-year framework agreement.
- Total holding of U₃O₈ of 9.62 million lbs acquired at an average cost of USD 21.69/ lb.
- Total increase in value of U₃O₈ held by Yellow Cake of 18.3% to USD 246.7 million relative to the aggregate acquisition cost of USD 208.6 million.
- Unrealised U₃O₈ related loss of USD 1.0 million.
- Net loss after tax of USD 3.1 million.
- Cash of USD 8.8 million at 30 September 2019.

Placing

Yellow Cake successfully completed the placing of 12,000,000 new ordinary shares with existing and new institutional investors on 12 April 2019 at a price of GBP 2.15 per share via an underwritten deal and accelerated bookbuild, while a further 39,086 new ordinary shares were subscribed for by certain of the Company's directors at the same price, increasing the number of shares in issue to 88,215,716.

The placing raised gross proceeds of approximately USD 33.8 million (approximately GBP 25.9 million) before expenses and represents approximately 14% of the issued ordinary share capital of the Company following completion of the placing.

The placing shares were admitted to trading on the AIM market of the London Stock Exchange on 16 April 2019.

Purchase of additional uranium

Approximately USD 30.4 million of the placing proceeds were applied to the purchase of uranium. On 12 April 2019, Yellow Cake partially exercised its option under the Kazatomprom framework agreement to acquire 1,175,000 lbs of U₃O₈ from Kazatomprom at a price of USD 25.88/ lb.

Yellow Cake took ownership of the U₃O₈ on 31 May and the U₃O₈ is currently being stored at Cameco Corporation's Port Hope / Blind River facility in Ontario, Canada. Following completion of this transaction the Company owns 9,616,385 lbs of U₃O₈.

Financial performance

Yellow Cake made an unrealised uranium related loss of USD 1.0 million during the half-year, comprising a decrease in the fair value of its inventory of USD 1.1 million, offset by a reduction in the fair value of a uranium derivative liability of USD 0.1 million related to the Kazatomprom repurchase option (detailed in note 5 of this report).

This decrease in the fair value of inventory is attributable to the small decrease in the underlying price of U_3O_8 during the half-year. There was a USD 0.10/ lb reduction in the value of the 8,441,385 lb of U_3O_8 Yellow Cake held at the beginning of the half-year as the U_3O_8 price decreased from USD 25.75/ lb to USD 25.65/ lb. There was a USD 0.23/ lb reduction in the value of the 1,175,000 lb of U_3O_8 acquired from Kazatomprom on 31 May 2019 at a price of USD 25.88/ lb.

Operating expenses of an ongoing nature during the period amounted to USD 1.4 million (30 September 2018: USD 0.5 million, 31 March 2019: USD 1.7 million) and comprised:

- Procurement and market consultancy fees paid to 308 Services Limited of USD 0.5 million; and
- Other operating expenses of USD 0.9 million

Operating expenses associated with raising of capital and the acquisition of uranium holdings comprised:

- USD 0.5 million in costs related to Yellow Cake's placing; and
- USD 0.2 million in service fees payable to 308 Services Limited in relation to the purchase by Yellow Cake of U_3O_8 for a consideration of USD 30.4 million.

Yellow Cake recorded a net loss after tax of USD 3.1 million for the half-year (30 September 2018: USD 44.2 million, 31 March 2019: USD 29.7 million).

The Company does not propose to declare a dividend for the half-year.

Balance sheet and cash flow

The value of Yellow Cake's investment in U_3O_8 increased by 13% from USD 217.4 million to USD 246.7 million during the half-year.

As at 30 September 2019, Yellow Cake had cash and cash equivalents of USD 8.8 million.

Carole Whittall – Chief Financial Officer

Independent Review Report to Yellow Cake Plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2019 which comprises the Condensed Statement of Financial Position, the Condensed Statement of Comprehensive Income, the Condensed Statement of Changes in Equity, the Condensed Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the half-yearly report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' Responsibilities

The half-yearly financial report, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing and presenting the half-yearly financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee pronouncements as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union, and the AIM Rules of the London Stock Exchange.

Use of our report

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our review work has been undertaken so that we might state to

the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Date: 11 December 2019

RSM UK Audit LLP

Chartered Accountants

25 Farringdon Street

London

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Condensed Statement of Financial Position

		As at 30 September 2019 (unaudited) USD '000	As at 30 September 2018 (unaudited) USD '000	As at 31 March 2019 (audited) USD '000
	Notes			
ASSETS:				
<u>Non-current assets</u>				
Investment in uranium	3	246,660	230,872	217,366
Total non-current assets		246,660	230,872	217,366
<u>Current assets</u>				
Trade and other receivables		45	26	16
Cash and cash equivalents	4	8,802	9,828	8,750
Total current assets		8,847	9,854	8,766
Total assets		255,507	240,726	226,132
LIABILITIES:				
<u>Non-current liabilities</u>				
Uranium derivative liability	5	(2,691)	(3,016)	(2,799)
Total non-current liabilities		(2,691)	(3,016)	(2,799)
<u>Current liabilities</u>				
Trade and other payables		(595)	(251)	(384)
Total current liabilities		(595)	(251)	(384)
Total liabilities		(3,286)	(3,267)	(3,183)
NET ASSETS		252,221	237,459	222,949
<u>Equity</u>				
<i>Attributable to the equity owners of the company</i>				
Share capital	6	1,164	1,007	1,007
Share premium	6	224,438	192,248	192,248
Retained earnings		26,619	44,204	29,694
TOTAL EQUITY		252,221	237,459	222,949

Condensed Statement of Comprehensive Income

		1 April 2019 to 30 September 2019 (unaudited) USD '000	Restated* 18 January 2018 to 30 September 2018 (unaudited) USD '000	Restated* 18 January 2018 to 31 March 2019 (audited) USD '000
	Notes			
Uranium related (loss)/profit				
Fair value movement of investment in uranium		(1,115)	52,717	39,211
Fair value movement of uranium derivative liability		108	(3,016)	(2,799)
Total uranium related (loss)/profit		(1,007)	49,701	36,412
Expenses				
Public offering expenses		(547)	(2,583)	(2,589)
Commission on purchase of uranium	7	(152)	(1,782)	(1,782)
Other procurement and market consultancy fees	7	(499)	(217)	(709)
Other operating expenses		(918)	(285)	(1,018)
Total expenses		(2,116)	(4,867)	(6,097)
Bank interest income		93	13	27
Loss on foreign exchange		(45)	(643)	(648)
(Loss)/profit before tax attributable to the equity owners of the company		(3,075)	44,204	29,694
Tax expense		-	-	-
Total comprehensive (loss)/income for the period after tax attributable to the equity owners of the company		(3,075)	44,204	29,694
<i>Basic and diluted (loss)/earnings per share attributable to the equity owners of the company (USD)</i>	9	(0.04)	0.58	0.39

* Certain prior period comparatives have been reclassified for consistency with the current period presentation. For the period ended 30 September 2018, the components of the "total uranium-related profit" of USD 49,701,000 have been separately disclosed above this sub-total for consistency with the presentation in the audited financial statements for the period ended 31 March 2019. For the periods ended 30 September 2018 and 31 March 2019, "Commission on purchase of uranium" and "Other procurement and market consultancy fees" have been presented separately, having previously been disclosed as a single line item called "Procurement and market consultancy fees". These reclassifications had no effect on the net result, Statement of Financial Position or Statement of Cash Flows for either period.

Condensed Statement of Changes in Equity

Attributable to the equity owners of the company

	Notes	Share 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		-	-	44,204	42,204
Transactions with owners:					
Shares issued	6	1,007	200,449	-	201,456
Share issue costs	6	-	(8,201)	-	(8,201)
As at 30 September 2018		1,007	192,248	44,204	237,459
Total comprehensive loss after tax for the period		-	-	(14,510)	(14,510)
As at 31 March 2019		1,007	192,248	29,694	222,949
Total comprehensive loss after tax for the period		-	-	(3,075)	(3,075)
Transactions with owners:					
Shares issued	6	157	33,609	-	33,766
Share issue costs	6	-	(1,419)	-	(1,419)
As at 30 September 2019		1,164	224,438	26,619	252,221

Condensed Statement of Cash Flows

		1 April 2019 to 30 September 2019 (unaudited) USD '000	18 January 2018 to 30 September 2018 (unaudited) USD '000	18 January 2018 to 31 March 2019 (audited) USD '000
	<i>Notes</i>			
Cash flows from operating activities				
(Loss)/profit for the financial period		(3,075)	44,204	29,694
<i>Adjustments for:</i>				
Fair value of investment in uranium	3	1,115	(52,717)	(39,211)
Fair value of uranium derivative liability	5	(108)	3,016	2,799
Foreign exchange losses		45	403	403
Interest income		(93)	(13)	(27)
Cash used in operating activities before changes in working capital		(2,116)	(5,107)	(6,342)
<i>Changes in working capital:</i>				
Increase in trade and other receivables		(27)	(263)	(253)
Increase in trade and other payables		215	256	389
Cash used in operating activities		(1,928)	(5,114)	(6,206)
Interest received		93	13	27
Net cash flow used from operating activities		(1,835)	(5,101)	(6,179)
Cash flows from investing activities				
Acquisition of uranium	3	(30,409)	(178,155)	(178,155)
Net cash used in investing activities		(30,409)	(178,155)	(178,155)
Cash flows from financing activities				
Proceeds from issue of shares	6	33,766	201,457	201,457
Issue costs paid	6	(1,419)	(8,373)	(8,373)
Net cash generated from financing activities		32,347	193,084	193,084
Net increase in cash and cash equivalents during the period		103	9,828	8,750
Cash and cash equivalents at the beginning of the period		8,750	-	-
Effect of exchange rate changes		(51)	-	-
Cash and cash equivalents at the end of the period		8,802	9,828	8,750

Notes to the Condensed Interim Financial Statements

For the period from 1 April 2019 to 30 September 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 U₃O₈. The strategy of the Company is to invest in long-term holdings of U₃O₈ and not to actively speculate with regards to short-term changes in the price of U₃O₈.

The Company was admitted to list on the London Stock Exchange AIM market ("AIM") on 5 July 2018, raising approximately GBP 151 million (c. USD 200 million) before expenses through an oversubscribed placing and subscription of 76,166,630 ordinary shares.

On 12 April 2019, the Company placed 12,000,000 new ordinary shares with existing and new institutional investors and certain of the Company's directors subscribed for 39,086 new ordinary shares, raising approximately GBP 25.9 million before expenses (c. USD 33.8 million).

2. Summary of significant accounting policies

Basis of preparation

The unaudited condensed interim financial statements for the six months ended 30 September 2019 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting." This report should be read in conjunction with the Company's annual financial statements for the period ended 31 March 2019, available on the Company's website (www.yellowcakeplc.com), which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The audited financial information for the period ended 31 March 2019 is based on the statutory accounts for the financial period ended 31 March 2019. The auditors reported on those accounts: their report was unqualified and did not contain statements where the auditor is required to report by exception.

The accounting policies adopted and methods of computation followed in the condensed interim financial statements are consistent with those applied in the preparation of the Company's annual financial statements for the period from 18 January 2018 to 31 March 2019 and are expected to be applied to the Company's annual financial statements for the year ending 31 March 2020.

The unaudited condensed interim financial statements do not constitute statutory accounts within the meaning of Section 105 of the Companies (Jersey) Law 1991.

New and revised standards

At the date of approval of these condensed interim 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 twelve months from the date of approval of the condensed interim 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 these condensed interim financial statements.

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 USD 2,799,000 as at 31 March 2019.

Judgements

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

3. Investment in uranium

	Cost USD '000	Fair Value Movement USD '000	Fair Value USD '000
As at 18 January 2018	-	-	-
Acquisition of U ₃ O ₈	178,155	-	178,155
Change in fair value	-	52,717	52,717
As at 30 September 2018	178,155	52,717	230,872
Acquisition of U ₃ O ₈	-	-	-
Change in fair value	-	(13,506)	(13,506)
As at 31 March 2019	178,155	39,211	217,366
Acquisition of U ₃ O ₈	30,409	-	30,409
Change in fair value	-	(1,115)	(1,115)
As at 30 September 2019	208,564	38,096	246,660

The value of the Company's investment in U₃O₈ is based on the month end spot price for U₃O₈ of USD 25.65/ lb as published by UxC LLC on 30 September 2019 (30 September 2018: USD 27.40/ lb, 31 March 2019: USD 25.75/ lb).

Acquisition of uranium

The Company has purchased a total of 9,616,385 lb of U₃O₈ at an average price of USD 21.69/lb. The total cash consideration for the purchases was USD 208,564,000 made up as follows:

- Purchase of 8,091,385 lb U₃O₈ from Kazatomprom at IPO on 5 July 2018 for a cash consideration of USD 170,000,000 under a 10-year Framework Agreement (the “Initial Purchase”).
- A second purchase of 350,000 lb from Kazatomprom for a cash consideration of USD 8,155,000.
- A third purchase of 1,175,000 lb from Kazatomprom on 31 May 2019 under the Framework Agreement for a cash consideration of USD 30,409,000.

The following table provides an analysis of the Company’s investment in U₃O₈ at 30 September 2019 by location since incorporation:

Location	Quantity <i>lbs</i>	Fair Value <i>USD '000</i>
Canada	9,616,385	246,660
Total	9,616,385	246,660

4. Cash and cash equivalents

Cash and cash equivalents as at 30 September 2019 were banked with Citi Bank Europe plc in a fixed interest account with full access. Balances at the end of the period were USD 8,646,341 and GBP 126,161, a total of USD 8,801,771 equivalent (30 September 2018: USD 808,191 equivalent, 31 March 2019: USD 8,749,546 equivalent).

5. Uranium derivative liability

As part of the Initial Purchase mentioned in note 3 above, the purchase price was 2.5% below the spot price, resulting in the Company receiving a discount of approximately USD 4.3 million. 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 U₃O₈ at the prevailing uranium spot price less an aggregate discount of approximately USD 6.5 million (the “Repurchase Option”). The Repurchase Option can only be exercised if the U₃O₈ spot price exceeds USD 37.50/ lb for a period of 14 consecutive days, starting three years from 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 USD 2,691,000 as at 30 September 2019 (31 March 2019: USD 2,799,000, 30 September 2018: USD 3,016,000) based on the expected option payoff using a Monte Carlo simulation.

A valuation date price of USD 25.65/ lb, annual volatility of 25.00% and two-year US risk-free rate of 1.63% were used to simulate spot price as at 4 July 2021, after which monthly volatility of 7.00% and monthly US risk-free rate of 0.14% 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 30 September 2019.

6. Share capital

Authorised:

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

Issued and fully paid:

Ordinary shares

	<i>Number</i>	<i>GBP '000</i>	<i>USD '000</i>
Opening share capital	-	-	-
Issued at 18 January 2018	10,000	0.1	0.1
Issues 5 July 2018	76,166,630	762	1,007
Share capital as at 30 September 2018	76,176,630	762	1,007
Share capital as at 31 March 2019	76,176,630	762	1,007
Issued 12 April 2019	12,039,086	120	157
Share capital as at 30 September 2019	88,215,716	882	1,164

Share premium

	<i>GBP '000</i>	<i>USD '000</i>
Opening share premium	-	-
Proceeds of issue of shares	151,591	200,449
Share issue costs	(6,207)	(8,201)
Share premium as at 30 September 2018	145,384	192,248
Share premium as at 31 March 2019	145,384	192,248
Proceeds of issue of shares	25,764	33,609
Share issue costs	(1,331)	(1,419)
Share premium as at 30 September 2019	169,817	224,438

On 12 April 2019 a total of 12,039,086 additional ordinary shares were issued at GBP 2.15 per share. The Company incurred listing expenses comprising of commissions and professional adviser fees totalling USD 1,965,778 of which USD 1,419,206 have been taken to the share premium account. The remaining costs of USD 546,572 have been recognised in the statement of comprehensive income.

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

7. Procurement and market consultancy fees

In consideration for the services rendered by 308 Services Limited, the Company paid a commission of 0.5% of the consideration paid for the purchase of U₃O₈ on 31 May 2019 amounting to USD 152,045.

Additional fees of USD 499,284 payable to 308 Services Limited were also incurred during the period (30 September 2018: USD 217,134, 31 March 2019: USD 708,735).

8. Related party transactions

During the period, the Company incurred USD 77,568 (30 September 2018: USD 87,147, 31 March 2019: USD 155,083) of administration fees payable to Langham Hall Fund Management (Jersey) Limited (“Langham Hall”). Alexandra Nethercott-Parkes is an employee of Langham Hall and has served as a Non-Executive Director of the Company since 18 July 2019 for which she has received no Directors’ fees. As at 30 September 2019 there were no amounts due to Langham Hall (30 September 2018: USD nil, 31 March 2019: USD nil).

The key management personnel are the Directors (there are no other employees) and their aggregate remuneration during the period was USD 278,500 (30 September 2018: USD 95,233, 31 March 2019: USD 292,733).

The following Directors’ own ordinary shares in the Company:

Name	Number of ordinary shares	% of share capital
The Lord St John of Bletso*	26,302	0.03%
Sofia Bianchi	18,838	0.02%
The Hon Alexander Downer	29,925	0.03%
Alexandra Nethercott-Parkes	-	0.00%
Alan Rule	18,837	0.02%
Andre Liebenberg	73,207	0.08%
Carole Whittall	11,302	0.01%
Total	178,411	0.20%

* The Lord St John of Bletso’s shares are held through African Business Solutions Limited, in which he holds 100% of the Ordinary Shares.

While the Non-Executive Directors hold shares in the Company, the holdings are considered sufficiently small so as not to impinge on their independence.

9. (Loss)/earnings per share

	1 April 2019 to 30 September 2019 (unaudited) USD ‘000	18 January 2018 to 30 September 2018 (unaudited) USD ‘000	18 January 2018 to 31 March 2019 (audited) USD ‘000
(Loss)/profit for the period (USD ‘000)	(3,075)	44,204	29,694
Weighted average number of shares	87,492,055	76,176,630	76,176,630
(Loss)/earnings per share since incorporation (USD)	(0.04)	0.58	0.39

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

10. Events after the period end

There are no material events to be disclosed.