

26 April 2019



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

QUARTERLY OPERATING UPDATE

Yellow Cake, a specialist company operating in the uranium sector with a view to holding physical uranium for the long term, is pleased to report its performance for the quarter ended 31st March 2019.

Highlights

- Estimated net asset value at 31st March 2019 of £2.24 per share or US\$224.1 million (pre-placing), comprising 8.44 million lbs of physical uranium (U_3O_8) valued at a spot price of US\$25.88 /lb ⁽¹⁾ and other net assets.

Post period events

- Successful completion of £25.9 million placing (US\$33.9 million) on 16th April 2019.
- Placing proceeds to be applied to the purchase of 1.175 million lbs uranium from NAC Kazatomprom JSC (“Kazatomprom”) at a price of US\$25.88 /lb through the partial exercise of Yellow Cake’s option under a ten-year framework agreement.
- Yellow Cake retains the option to purchase additional volumes of uranium from Kazatomprom of up to approximately US\$69.6 million in value during 2019 and up to US\$100 million of uranium in each of the subsequent eight years, pursuant to the framework agreement.
- Total holding of U_3O_8 of 9.62 million lbs (including the additional purchase) acquired at an average cost of US\$21.68 /lb.
- Total increase in value of U_3O_8 held by Yellow Cake (including the additional purchase) of 19.4% to US\$248.9 million ⁽¹⁾ relative to the aggregate acquisition cost of US\$208.5 million.

Andre Liebenberg, CEO of Yellow Cake, said:

“Our confidence in the long-term outlook for uranium is unchanged despite the short-term uncertainty created by the Section 232 investigation in the U.S. We see robust market fundamentals regardless of the outcome of the Section 232 investigation, where rising demand and constrained supply, together with the steady run-off of long-term contracts has created a positive price environment. The recent pullback in the uranium price provided us with a good opportunity to acquire additional uranium at a competitive price. Demand from institutional investors in the offering was strong, highlighting continued investor interest in uranium, and we thank them for their continued support.”

(1) Based on the average of the month-end spot prices published by Ux Consulting Company, LLC and TradeTech.

Uranium market developments and outlook

The global spot uranium price rose further to US\$28.90 /lb U₃O₈ at the end of January 2019, having ended CY2018 at US\$28.50 /lb U₃O₈. However, February and March saw the price weaken incrementally finishing the quarter at US\$25.75 /lb U₃O₈ ⁽²⁾.

While trading volumes during the first quarter of 2019 remained above those experienced during the first quarter of 2018, aggressive sellers entered the spot market in mid-March offering progressively lower offer prices in order to complete transactions prior to quarter end.

UxC reported total quarterly spot market volumes at 18.4 million lbs U₃O₈, up by one-third from the comparable period in 2018, when 13.8 million lbs U₃O₈ were transacted. Uranium producers and trading entities were the identified buyers, while nuclear utilities reduced their near-term purchasing programs due to ongoing market uncertainty stemming primarily from the Section 232 investigation in the United States.

Section 232 of the Trade Expansion Act of 1962 authorises the U.S. Secretary of Commerce to “conduct comprehensive investigations to determine the effects of any article on the national security of the United States.” In response to a formal petition filed by two U.S. uranium producers, the U.S. Department of Commerce (USDOC) initiated an investigation in July 2018 to assess the impacts of the importation of foreign-source uranium.

The USDOC submitted its report and recommendations to the Trump Administration on 15th April 2019. The White House has 90 days to respond to the report and either take “no action” or take its own course of action which could take the form of tariffs or quotas.

The uncertainties surrounding the potential outcome of the Section 232 investigation have caused U.S. nuclear utilities to moderate their uranium purchasing programmes until completion of the 232 process, which may not conclude before mid-July.

Nevertheless, the global uranium market is expected to remain in slight deficit during 2019 as anticipated demand (UxC Base Case – 195 million lbs U₃O₈) exceeds forecast primary production (142 million lbs U₃O₈) supplemented by secondary uranium supplies and inventory drawdowns (49 million lbs U₃O₈).

Cameco reconfirmed its plans to keep the McArthur River Mine (18.0 million lbs U₃O₈/year) on care and maintenance and to purchase 7 to 9 million lbs U₃O₈ in the spot market during 2019 in order to meet delivery commitments for the current year ⁽³⁾.

Kazatomprom has stated that planned 2019 uranium output in Kazakhstan (59.3 million lbs U₃O₈) will represent only a slight increase over 2018 levels but remain at more than 20% below previously planned production rates ⁽³⁾.

On 13th March, Chinese officials announced that the country needed to add no fewer than eight reactors per year to its commercial fleet through to 2030 in order to meet installed nuclear capacity targets and reduce reliance on coal-fired electricity generation. China connected seven reactors to the national grid in 2018.

India continues to progress its civilian nuclear programme which currently operates 22 reactors (6.2 Gwe). India expects to increase its operating capacity to 22.5 Gwe by 2031. During the 11th International Forum AtomExpo 2019 (Sochi, Russia, April 2019), India's Secretary of the Department of Energy, K.N. Vyas, stated that the country will soon have 12 more reactors in operation. In May 2017, the Indian Parliament approved the construction of ten new units.

Looking ahead to the second calendar quarter of 2019, spot market activity is expected to be determined, in part, by the status of the 232 investigation and the form and timing of the White House response. However, there remains a general expectation that prices will have an upside

(2) Month-end spot price published by Ux Consulting Company, LLC.

(3) World Nuclear Fuel Cycle 2019 conference, 11th April 2019.

bias as utilities make discretionary purchases and, importantly, financial buyers look to re-engage the market.

Net Asset Value

Yellow Cake's estimated net asset value at 31st March 2019 was £2.24 per share⁽⁴⁾ or US\$224.1 mm, consisting of 8,441,385 lbs of U₃O₈ valued at a spot price of US\$25.88 /lb⁽⁵⁾, a derivative financial liability of US\$2.8 million⁽⁶⁾ and other net assets of US\$8.4 million⁽⁷⁾.

As at close on 25th April 2019, the Company's share price was £2.12 per share, which represents a 5% discount to the above estimated net asset value of £2.24 per share.

Post Period Events

Share placing

Subsequent to the quarter end, Yellow Cake successfully completed the placing of 12,000,000 new ordinary shares with existing and new institutional investors at a price of £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 £25.9 million (approximately US\$33.9 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 16th April 2019.

Approximately US\$30.4 million (approximately £23.2 million) of the placing proceeds have been applied to the purchase of uranium as described below.

Purchase of additional uranium

On 12th April 2018, Yellow Cake exercised its option under the Kazatomprom framework agreement to acquire 1.175 million lbs uranium from Kazatomprom at a price of US\$25.88 /lb.

The total cost of this U₃O₈ purchase amounts to US\$30,409,000, to be paid in cash following delivery and transfer of the U₃O₈ into Yellow Cake's name. The U₃O₈ will be delivered to and stored at Cameco Corporation's Port Hope / Blind River facility in Ontario, Canada.

Following completion of this transaction the Company will own c.9.62 million lbs of uranium.

(4) Net asset value per share is calculated assuming 76,176,630 ordinary shares in issue and the Bank of England's daily exchange rate of 1.3141 on 1st April 2019.

(5) Based on the average of month-end spot prices published by Ux Consulting Company, LLC and TradeTech.

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

(7) Includes cash and cash equivalents of US\$8.7 million.

ENQUIRIES:

Yellow Cake plc

Andre Liebenberg, CEO
Tel: +44 (0) 153 488 5200

Carole Whittall, CFO

Nominated Adviser and Joint Broker: Numis Securities Limited

John Prior
James Black
Tel: +44 (0) 207 260 1000

Matthew Hasson
Paul Gillam

Joint Broker: Berenberg

Matthew Armitt
Tel: +44 (0) 203 207 7800

Detlir Elezi

Financial Adviser: Bacchus Capital Advisers

Peter Bacchus
Tel: +44 (0) 203 848 1640

Richard Allan

Media & Investors: Powerscourt

Peter Ogden
Tel: +44 (0) 779 3 85 8211

Niall Walsh

ABOUT YELLOW CAKE

Yellow Cake is a London-listed company, headquartered in Jersey which offers pure exposure to the uranium spot price. This is achieved through its strategy to buy and hold physical uranium in storage in North America. It may also seek to add value through the acquisition of uranium royalties and streams. Yellow Cake seeks to generate returns to shareholders through the appreciation of the value of its holding in a rising uranium price environment. The business is differentiated from its peer through a materially lower cost base and an agreement to access supply from Kazatomprom, the world's biggest uranium producer. Yellow Cake currently holds 8.44 million lbs of uranium.

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.