

26 November 2018



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

Interim Financial Report for the period ended 30 September 2018

Successful completion of IPO, 30%¹ increase in value of uranium inventory

Yellow Cake, a specialist company operating in the uranium sector, is pleased to announce its maiden interim financial report for the period ended 30 September 2018.

Highlights

- Successful USD 200 million (GBP 151 million) capital raise in an oversubscribed IPO on the London Stock Exchange
- Steady improvement in the market for U₃O₈, with the spot price increasing from USD 22.85/ lb² to USD 27.35/ lb³ in the period from IPO to the end of September
- Purchase of 8,091,385 lb U₃O₈ from National Atomic Company Kazatomprom JSC (“Kazatomprom”) at IPO on 5 July 2018, at a price of USD 21.01/ lb under a ten-year framework agreement (“Framework Agreement”)
- Purchase of an additional 350,000 lb by Yellow Cake from Kazatomprom on 23 August 2018 at a price of USD 23.30/ lb
- Total holding is 8,441,385 lb of U₃O₈, acquired at an average cost of USD 21.10/ lb against a spot price as at the end of September 2018 of USD 27.35/ lb³
- Value of underlying U₃O₈ has increased by 30% to USD 230.9 million as at the end of September 2018 relative to acquisition cost of USD 178.2 million. Since the end of September, the U₃O₈ spot price has increased further to its current level of USD 29.15/ lb⁴, increasing the value of Yellow Cake’s U₃O₈ inventory to USD 246.1 million which is a 38% uplift to the acquisition cost
- Net profit after tax of USD 44.2 million for the period ended 30 September 2018
- Net Asset Value of GBP 2.39 (USD 3.12)⁵ per share as at 30 September 2018
- Since the end of September 2018, Net Asset Value has increased to GBP 2.49 (USD 3.16)⁵ per share as at 31 October 2018

¹ As at 30 September 2018

² Weekly spot price published by Ux Consulting Company, LLC on 9 July 2018

³ Month-end spot price published by Ux Consulting Company, LLC on 24 September 2018

⁴ Weekly spot price published by Ux Consulting Company, LLC on 19 November 2018

⁵ Net Asset Value is calculated based on net assets including the derivative financial liability per the Statement of Financial Position divided by the number of shares in issue

Andre Liebenberg, CEO of Yellow Cake, said;

“The beginning of Yellow Cake’s life on the public markets has been incredibly rewarding. Following our oversubscribed IPO and purchases totalling over 8.4 million lb of U₃O₈ from Kazatomprom as part of our ten-year Framework Agreement, an improving uranium spot price has recently seen the value of our inventory increase by 38%⁶, in line with the thesis we presented to investors at the time of our IPO. We continue to believe the market for physical U₃O₈ holds potential for further growth, driven by both reduced global output from uranium mines and increasing uranium demand from markets such as China and Japan.”

⁶ As at 19 November 2018

ENQUIRIES:

Yellow Cake plc

Andre Liebenberg, CEO

Carole Whittall, CFO

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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 trading of U₃O₈, 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 8.44 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.

Chairman's Statement

A successful IPO

We were delighted with the successful listing of Yellow Cake plc on the London Stock Exchange in July. After raising c. USD 200 million (c. GBP 151 million) in an oversubscribed IPO, the Company used these proceeds to purchase 8.1 million lb of U₃O₈ from Kazatomprom, at a price of USD 21.01/ lb under our ten-year Framework Agreement.

Subsequently, and in accordance with the strategy set out at IPO, Yellow Cake purchased an additional 350,000 lb of U₃O₈ from Kazatomprom on 23 August 2018 at a price of USD 23.30/ lb. This was markedly below the current uranium spot price. This purchase brought the Company's total holding of U₃O₈ to 8.44 million lb, acquired at an average cost of USD 21.10/ lb against a spot price at the end of September of USD 27.35/ lb, representing an increase in value of around 30%. Since then, the spot price has increased to USD 29.15/ lb⁷.

The IPO was a resounding success. I would like to thank everyone associated with the raise for their hard work. What became apparent during the process was that investors in Yellow Cake were impressed with our business model, strategic vision, management team and governance structure. Your Board is committed to delivering on the strategy to provide investors the opportunity to gain exposure to the long term expected rise in the price of uranium.

Market momentum

The investment market appetite for the Yellow Cake IPO supported our thesis that uranium prices were structurally undervalued and that this was an opportune time to invest in physical U₃O₈. Yellow Cake's Net Asset Value was GBP 2.39 per share as at the end of September, compared to the IPO price of GBP 2.00 per share. Since then, Net Asset Value has increased to GBP 2.49 per share as at the end of October.

We expect wider market dynamics to continue supporting a recovery in the price of uranium. Nuclear power remains the least expensive low-carbon power option in terms of cost per MWh. According to the World Nuclear Association ("WNA"), nuclear power is also one of the lowest sources of lifecycle carbon emissions per MWh, producing lower carbon emissions than both Solar and Biomass energy sources. Amidst a growing global demand for energy, nuclear power is expected to be a key aspect of the global energy mix. At current uranium prices, there is expected to be a growing mine supply gap.

Yellow Cake continues to adhere to the core principles and strategy set out at IPO: buying and holding U₃O₈ in a market where we still believe uranium spot price is fundamentally and structurally mispriced. Investors have already seen a positive return from the Company, and we believe that, with these underlying market fundamentals, there is still significant potential for upside in the spot price of U₃O₈.

We welcome all our new shareholders and thank you for your support.

The Lord St John of Bletso – Chairman

⁷ Weekly spot price published by Ux Consulting Company, LLC on 19 November 2018.

Chief Executive's Statement

Strategy

Yellow Cake was established to offer investors long term exposure to the underlying uranium price and the uranium market generally, without the operating risks associated with exploration, development, mining or processing. Through our relationship with Kazatomprom we have access to uranium on demand, in volume and on an undisturbed pricing basis. We have a low-cost outsourced business model. We also have access to additional revenue opportunities, including royalty streams, through the experience and skills of our strategic partner, Uranium Royalty Corporation.

Our principal strategy remains long term "buy and hold", with no hedging or leverage.

Uranium Market Developments and Outlook

The U₃O₈ spot market demonstrated notable price strengthening during the period. After reporting a yearly low point of USD 20.50/ lb in April, the spot price rose to USD 27.35/ lb U₃O₈ at the end of September and has since risen to USD 29.15/ lb U₃O₈⁸.

Monthly spot market transactions averaged slightly more than 5.0 million lb U₃O₈ during the January to June period, but rose significantly during the July to September period to an all-time high quarterly volume, resulting in 69.7 million lb of U₃O₈ transacted in the year to the end of September, including Yellow Cake's own purchases. The monthly level of transactions during July totalled 15.3 million lb of U₃O₈ (including 8.1 million lb purchased by the Company), which was the highest monthly quantity on record, followed by 11.8 million lb U₃O₈ in August (including 0.4 million lb purchased by the Company), the second highest monthly volume on record.

Critical market factors included the purchasing of physical product by investment entities, especially Yellow Cake plc; announcements by Kazakhstan that annual uranium output continues to be reduced to a target level 20% below previously planned 2018-2020 production⁹ and Cameco extending the suspension of operations at the McArthur River/Key Lake facility (18 million lb U₃O₈/ year) for an indeterminate period. In addition to the McArthur River suspension, Cameco also announced their intention to implement market purchases totalling 11-15 million lb U₃O₈ through 2019 in order to meet existing contractual delivery commitments.¹⁰

In the United States, the U.S. Department of Commerce ("USDOC") initiated an investigation¹¹ into the national security aspects of high levels of foreign uranium importation in support of commercial nuclear reactor operations. Two U.S. uranium production companies have requested government-mandated purchase requirements equating to 25% of annual domestic uranium consumption (11-12 million lb U₃O₈/ year) in order to support an economically-viable domestic nuclear fuel cycle. The

⁸ Weekly spot price published by Ux Consulting Company, LLC on 19 November 2018.

⁹ Announcement by Kazatomprom of 20% reduction in production initially made 4 December 2017 and then reiterated at industry conferences on 18 April 2018 (World Nuclear Fuel Cycle), 4 June 2018 (World Nuclear Fuel Market) and 5 September 2018 (World Nuclear Association Annual Symposium).

¹⁰ Cameco initially announced a 10 month shut-down of McArthur River/Key Lake on 8 November 2017. On 26 July 2018, Cameco announced the indefinite suspension of McArthur River/ Key Lake operations as well as its plans to make additional market purchases of 2-4 million lbs in 2018 and a further 9-11 million lbs in 2019.

¹¹ U.S. Department of Commerce initiated the 232 Petition investigations on 18 July 2018.

USDOC has until 15 April 2019 to submit its findings and recommendation to the United States Administration, which then must issue a final determination within 90 days.

The reactor restart program in Japan continues to progress with nine reactors now operating and a further six units approved for operations by the Nuclear Regulatory Authority. Subject to all governmental requirements being satisfied, Japanese utilities anticipate a total of 32 reactors could be operating by 2026-2027.

The Chinese commercial nuclear power program continues to expand with a total of 43 operating reactors (40.7 Gigawatt Electrical (“GWe”)) as of August 2018, and an additional 15 units (16.3 GWe) under active construction. The current official plan is to reach total installed nuclear generating capacity of 150 GWe by 2035.

In November 2018, Kazatomprom listed its Global Depositary Receipts (“GDR”) on the London Stock Exchange and ordinary shares and GDRs on the Astana International Exchange. The IPO of Kazatomprom will not impact our long-term uranium supply agreement. Kazatomprom is the largest, and one of the lowest cost uranium producers in the world and we expect it to generate further interest and introduce new investors to the uranium market. We welcome this news and believe it is a positive development for the sector.

Looking forward, we expect current market trends to continue as investments in physical uranium, nuclear fuel trader purchasing and producer buying dominate the near-term market.

Andre Liebenberg – Chief Executive Officer

Chief Financial Officer's Report

Our first set of interim financials reflects a progressive appreciation in the value of the Yellow Cake's U₃O₈ inventory.

It is my pleasure to report the following unaudited condensed financial statements for the interim period ended 30 September 2018, beginning with some highlights:

- An increase in the value of the Company's uranium holding of USD 52.7 million from USD 178.2 million to USD 230.9 million
- Net profit after tax of USD 44.2 million
- Net IPO proceeds of USD 193.1 million of which USD 178.2 million was applied to purchasing U₃O₈
- Cash of USD 9.8 million at 30 September 2018

Uranium related profit

Yellow Cake enjoyed a net unrealised gain of USD 49.7 million during the interim period, comprising an increase in the fair value of its inventory of USD 52.7 million less the fair value of a derivative financial liability of USD 3 million related to the Kazatomprom repurchase option (detailed in note 5).

This gain is attributable to the steady increase in the underlying price of U₃O₈ which ended the interim period at USD 27.35/lb. Yellow Cake acquired 8,091,385 lb of U₃O₈ at a price of USD 21.01/lb on 5 July 2018 and a further 350,000 lb of U₃O₈ at a price of USD 23.30/lb on 23 August 2018 from Kazatomprom.

Operating Performance

We are pleased to report net profit after tax for the interim period of USD 44.2 million.

Expenses for the interim period of USD 4.9 million comprised the following one-time costs:

- USD 2.6 million in costs related to Yellow Cake's initial public offering; and
- USD 1.8 million in service fees payable to 308 Services Limited in relation to the initial purchase by Yellow Cake of U₃O₈ for a consideration of USD 178.2 million

Operating costs of a recurring nature were comprised of:

- Administration costs (comprising operating and salary costs) of USD 0.3 million; and
- Additional services fees paid to 308 Services Limited of USD 0.2 million in respect of the period from 5 July 2018 to 30 September 2018.

Foreign exchange losses of USD 0.6 million arose primarily due to the impact of exchange rate movements on certain receivables (a portion of IPO proceeds) which were denominated in Sterling.

Net profit after tax of USD 44.2 million includes the derivative financial liability of USD 3 million related to the Kazatomprom repurchase option.

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

Balance Sheet and Cash Flow

Yellow Cake received net proceeds from its initial public offering of USD 193.1 million of which USD 178.2 million was applied to purchasing U₃O₈.

The value of Yellow Cake's U₃O₈ inventory increased by 30% to USD 230.9 million at the end of the period compared with the acquisition cost of USD 178.2 million.

As at 30 September 2018, Yellow Cake had cash of USD 9.8 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 interim financial report for the period ended 30 September 2018 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 interim financial 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 interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing and presenting the interim financial report in accordance with the AIM Rules of the London Stock Exchange.

As disclosed in note 2, the annual financial statements of the Group will be 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 interim 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 interim 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 interim financial report for the period ended 30 September 2018 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: 25 November 2018

RSM UK Audit LLP

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

Condensed Statement of Financial Position

As at 30 September 2018

	<i>Notes</i>	<i>USD '000</i>
ASSETS:		
<u>Non-current assets</u>		
Investment in uranium	3	230,872
Total non-current assets		230,872
<u>Current assets</u>		
Trade and other receivables		26
Cash and cash equivalents	4	9,828
Total current assets		9,854
Total assets		240,726
LIABILITIES:		
<u>Non-current liabilities</u>		
Derivative financial liability	5	(3,016)
Total non-current liabilities		(3,016)
<u>Current liabilities</u>		
Accruals		(251)
Total current liabilities		(251)
Total liabilities		(3,267)
NET ASSETS		237,459
<u>Equity</u>		
<i>Attributable to the equity owners of the company</i>		
Share capital	6	1,007
Share premium	6	192,248
Retained earnings		44,204
TOTAL EQUITY		237,459

Condensed Statement of Comprehensive Income
For the period 18 January 2018 to 30 September 2018

	<i>Notes</i>	<i>USD '000</i>
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Uranium related profit		
Net fair value movement of investment in uranium		49,701
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Expenses		
Initial public offering expenses		(2,583)
Services fees	8	(1,999)
Operating expenses		(190)
Salary expense		(95)
Total expenses		(4,867)
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Bank interest income		13
Loss on foreign exchange		(643)
<i>Profit before tax attributable to the equity owners of the company</i>		<i>44,204</i>
Tax expense		-
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Profit and total comprehensive income for the period after tax attributable to the equity owners of the company		44,204
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<i>Basic and diluted earnings per share (USD)</i>	10	1.69

Condensed Statement of Changes in Equity

For the period 18 January 2018 to 30 September 2018

Attributable to the equity owners of the company

	<i>Notes</i>	Share capital <i>USD '000</i>	Share premium <i>USD '000</i>	Retained earnings <i>USD '000</i>	Total equity <i>USD '000</i>
As at 18 January 2018		-	-	-	-
Total comprehensive income for the period		-	-	44,204	44,204
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

Condensed Statement of Cash Flows

For the period 18 January 2018 to 30 September 2018

	<i>Notes</i>	<i>USD '000</i>
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<u>Cash flows from operating activities</u>		
Profit for the financial period		44,204
<i>Adjustments for:</i>		
Fair value of investment in uranium	3	(52,717)
Fair value of derivative financial liability	5	3,016
Foreign exchange losses		403
Interest income		(13)
		(5,107)
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<i>Changes in working capital:</i>		
Increase in trade and other receivables		(263)
Increase in trade and other payables		256
Cash used in operating activities		(5,114)
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Interest received		13
Net cash flow generated from operating activities		(5,101)
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<u>Cash flows from investing activities</u>		
Acquisition of uranium	3	(178,155)
Net cash used in investing activities		(178,155)
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<u>Cash flows from financing activities</u>		
Proceeds from issue of shares	6	201,457
Issue costs paid	6	(8,373)
Net cash generated from financing activities		193,084
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Net increase in cash and cash equivalents during the period		9,828
Cash and cash equivalents at the beginning of the period		-
Effect of exchange rate changes		-
Cash and cash equivalents at the end of the period		9,828
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Notes to the Condensed Interim Financial Statements

For the period ended 30 September 2018

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) through an oversubscribed placing and subscription of 76,166,630 ordinary shares.

2. Summary of significant accounting policies

Basis of preparation

The annual financial statements of the Company will be prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board.

The unaudited condensed interim financial statements for the period 18 January 2018 to 30 September 2018 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting.” Consequently, these financial statements do not include all of the information required for full financial statements.

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

As this is the Company’s first reporting period, no comparative figures have been disclosed.

The principal accounting policies adopted are set out below.

New and revised standards

At the date of approval of these 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.

Foreign currency translation

Functional and presentation currency

The financial statements are presented in United States Dollars (“USD”) which is also the functional currency of the Company.

Foreign currency translation

Transactions denominated in foreign currencies are translated into USD at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into USD at the rate of exchange ruling at the reporting date. Foreign exchange gains or losses arising on translation are recognised through profit or loss in the statement of comprehensive income.

Investments in uranium

Acquisitions of U₃O₈ are initially recorded at cost net of transaction costs incurred and are recognised in the Company’s statement of financial position on the date the risks and rewards of ownership pass to the Company.

After initial recognition, investments in U₃O₈ are measured at fair value based on the most recent month-end spot price for U₃O₈ published by Ux Consulting Company.

IFRS lacks specific guidance in respect of accounting for investments in uranium. As such the Directors of the Company have considered the requirements of International Accounting Standard 1 “Presentation of Financial Statements” and International Accounting Standard 8 “Accounting Policies, Changes in Accounting Estimates and Errors” to develop and apply an accounting policy. The Directors of the Company consider measuring the investment in U₃O₈ at fair value provides information that is most relevant to the economic decision-making of users. This is consistent with International Accounting Standard 40 Investment Property, which allows for assets held for long-term capital appreciation to be presented at fair value.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. The Company shall offset financial assets and financial liabilities if the Company has a legally enforceable right to set off the recognised amounts and intends to settle on a net basis.

The carrying amount of the Company’s financial assets and financial liabilities are a reasonable approximation of their fair values due to the short-term nature of these instruments.

Financial assets

The Company's financial assets comprise loans and receivables. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less any provision for impairment.

Cash and cash equivalents comprise cash in hand and short-term deposits in banks with an original maturity of 3 months or less.

Financial liabilities

The Company's financial liabilities comprise trade and other payables. They are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

The Company also recognised a derivative financial liability in the scope of IFRS 9. This financial instrument is recognised at fair value and value changes are recognised in profit and loss. Fair value has been determined based on the expected option payoff using a Monte Carlo simulation produced by an independent financial valuation company.

Share capital

The Company's ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognised in equity as a deduction from proceeds of the share issue.

Share-based payments

Where the Company issues equity instruments to external parties as consideration for services received, the statement of comprehensive income is charged with the fair value of the goods and services received, except where services are directly attributable to the issue of shares, in which case the fair value of such amounts is recognised in equity as a deduction from share premium.

Taxation

As the Company is managed and controlled in Jersey it is liable to be charged to tax at a rate of 0% under schedule D of the Income Tax (Jersey) Law 1961 as amended.

Expenses

Expenses are accounted for on an accruals basis.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Board of Directors of the Company.

The Company is organised into a single operating segment being the holding of U₃O₈ for long-term capital appreciation.

Critical accounting judgments and estimation uncertainty

The preparation of financial statements requires management to make judgments, 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 derivative financial liability. These assumptions are set out in note 5 and the carrying value of the derivative financial liability is USD 3,016,000 as at 30 September 2018.

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	Fair Value Movement	Fair Value
	USD '000	USD '000	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

The fair value of the Company's investment in U₃O₈ is based on the month end spot price for U₃O₈ as published by Ux Consulting Company on 24 September 2018.

A net unrealised gain of USD 49.7 million has been recognised in the Condensed Statement of Comprehensive Income, comprising an increase in the fair value of inventory of USD 52.7 million less the fair value of a derivative financial liability of USD 3.0 million related to the Kazatomprom repurchase option.

Acquisition of uranium

During the period ended 30 September 2018, the Company purchased 8,441,385 lb of U₃O₈ at an average price of USD 21.10/ lb. The total cash consideration for the purchases was USD 178,155,000.

The Company purchased 8,091,385 lb U₃O₈ from Kazatomprom at IPO on 5 July 2018 for a cash consideration of USD 170,000,000 (the “Initial Purchase”) under a ten-year Framework Agreement. The Company subsequently purchased an additional 350,000 lb from Kazatomprom on 23 August 2018 for a cash consideration of USD 8,155,000.

The following table provides an analysis of the Company’s investment in U₃O₈ by location:

Location	Quantity <i>lbs</i>	Fair Value <i>USD ‘000</i>
Canada	8,441,385	230,872
Total	8,441,385	230,872

4. Cash and cash equivalents

Cash and cash equivalents at 30 September 2018 were banked with Santander International in a fixed interest account with full access. Balances at the end of the period were USD 9,020,186 and GBP 619,731 (USD 808,191 equivalent).

5. Derivative financial liability

The Company received a discount of USD 4,250,000 from Kazatomprom on the Initial Purchase mentioned in note 3 above. In exchange for this discount, the Company provided to Kazatomprom an option to repurchase up to 25% of the Initial Purchase volume at the prevailing spot price less an aggregate discount of USD 6,525,000 (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 the date at which the Company took delivery of the Initial Purchase inventory (the initial public offering date) and expiring on 30 June 2027.

The Company has the option to purchase at the spot price 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 September 2027.

The value of the option granted to Kazatomprom has been determined at USD 3,016,000 as at 30 September 2018, based on the expected option payoff using a Monte Carlo simulation.

A valuation-date spot price of \$27.40 per lb, volatility of 25.7% and the 3-year US risk-free rate of 2.9% were used to simulate spot price as at 4 July 2021 (date at which the option may first be exercised). Monthly volatility of 7.24% and a monthly US risk-free rate of 0.2% were used to simulate monthly prices to 30 June 2027. The derivative financial liability is classified within level 2 of the fair value hierarchy as at 30 September 2018.

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 shares	-	-	-
Issued 18 January 2018	10,000	0.1	0.1
Issued 5 July 2018	76,166,630	762	1,007
Share capital as at 30 September 2018	76,176,630	762	1,007

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	(6,187)	(8,201)
Share premium as at 30 September 2018	145,404	192,248

The Company was incorporated with an authorised share capital of GBP 10,000 divided into 10,000 ordinary shares of GBP 1.00 each. On incorporation, 100 ordinary shares of GBP 1.00 each were issued fully paid to the subscribers of the Company's memorandum of association. Such shares were then subsequently transferred to Bacchus Capital Advisers Limited, the Company's investment advisor.

On 8 June 2018, the Company's 100 existing ordinary shares of GBP 1.00 each were sub-divided into 10,000 ordinary shares of GBP 0.01 each.

On 26 June 2018, the Company resolved with effect from admission to AIM to increase the authorised share capital of the Company to GBP 100,000,000, divided into 10,000,000,000 Ordinary Shares of GBP 0.01 each.

Following the Company's listing on AIM on 5 July 2018 a total of 76,166,630 additional ordinary shares were issued at GBP 2.00 per share. The Company incurred listing expenses comprising of commissions and professional adviser fees totalling USD 10,783,760 of which USD 8,201,221 have been taken to the share premium account. The remaining costs of USD 2,582,539 have been recognised as Initial public offering fees in the statement of comprehensive income.

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

7. Share-based payments

On admission to AIM the Company issued 60,275 ordinary shares to certain advisers to the Company in lieu of cash payments for services rendered. The fair value of the services received was USD 160,000 which has been recognised in Initial public offering expenses in the statement of comprehensive income.

In addition, the Company issued 486,770 ordinary shares to Bacchus Capital, the Company's investment advisor in settlement of services provided in relation to the Company's admission to AIM. The fair value of these services of USD 969,315 has been recognised in initial public offering expenses in the statement of comprehensive income.

8. Services Fees

In consideration for the services rendered by 308 Services Limited, the Company has agreed to pay a commission of 1.0% of the consideration paid for the first purchase of U₃O₈ amounting to USD 1,781,550. Additional fees of USD 217,134 payable to 308 Services Limited were also incurred during the period.

9. Related party transactions

During the period the Company incurred USD 87,147 of administration fees payable to Langham Hall Fund Management (Jersey) Limited. Christopher Peter Marshall, who served as a director in the period, is the Managing Director of Langham Hall Fund Management (Jersey) Limited and was a Non-executive director of the Company from 18 January 2018 to 18 June 2018 for which he received no directors fees. As at 30 September 2018 there were no amounts due to Langham Hall Fund Management (Jersey) Limited.

The key management personnel are the directors and as there are no other employees, their remuneration is represented by salary expenses in the Condensed Statement of Comprehensive Income.

10. Earnings per share

Profit for the period (USD '000)	44,204
Weighted average number of shares	26,185,717
Earnings per share	1.69

The table above shows the earnings per share based on the weighted average number of shares in issue since the IPO on 5 July 2018. The total shares in issue at the reporting date was 76,176,630 and the earnings per share using this figure would be USD 0.58.

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

11. Events after the period end

There are no material events to be disclosed.