



PURE EXPOSURE TO THE  
URANIUM COMMODITY

# INVESTOR PRESENTATION

Shares Presentation  
November 2020

# 2020

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# Investment case for Yellow Cake

Yellow Cake provides investors with pure exposure to the uranium commodity price

Yellow Cake holds and stores physical uranium in regulated storage facilities

The Company does not have any mining resources or operating assets

Yellow Cake does not speculate on the underlying uranium price, but creates a vehicle for investors to take their own commodity price views



# Low cost structure and ability to grow

- Yellow Cake has a low cost structure by outsourcing transactional activities to specialist service providers (accounting, IT, secretarial)
- The company has a strategic contract with Kazatomprom which allows it to significantly grow its physical holdings of uranium
  - Kazatomprom is the world's largest and lowest cost producer of uranium<sup>(1)</sup>
  - The contract allows Yellow Cake to purchase up to US\$100m p.a. until 2027
  - Purchases under the contract are transacted at the spot price

## Source

- (1) World Nuclear Association, World Uranium Mining Production (August 2019)
- (2) All photos courtesy of Kazatomprom



# Yellow Cake's inventory is stored in regulated facilities in Canada and France



Storage contracts

Supply framework agreement



Cameco

- BLIND RIVER, CANADA



orano

- MALVÉSI, FRANCE



KAZATOMPROM  
NATIONAL ATOMIC COMPANY

- KAZAKHSTAN

# Yellow Cake operating history

## Strategy

To buy and hold physical uranium and to deliver maximum exposure to expected resurgence in the uranium market



**IPO: July 2018**  
 Raised US\$200m  
 Purchased 8.1Mlb U<sub>3</sub>O<sub>8</sub>  
 at US\$21.01 /lb

**August 2018**  
 Purchased 350klb U<sub>3</sub>O<sub>8</sub>  
 at US\$23.30 /lb

**April 2019**  
 Raised US\$33.9m

**June 2019**  
 Purchased 1.175Mlb U<sub>3</sub>O<sub>8</sub>  
 at US\$25.88 /lb

**January 2020**  
 Yellow Cake announces  
 share buyback programme

**July 2020**  
 Yellow Cake sells 300klb U<sub>3</sub>O<sub>8</sub>  
 for US\$33.20/ lb  
 Announces larger US\$10m  
 share buyback programme  
 Yellow Cake earns US\$1m  
 for location swap

**Current total holding of U<sub>3</sub>O<sub>8</sub>**  
 – 9.32Mlb acquired at an average price of US\$21.71 /lb

# Yellow Cake's balance sheet and net asset value

On 5 November 2020, the ordinary shares of Yellow Cake closed on the LSE at a value of GBP1.93 per share, which represents a 23% discount to the net asset value of GBP2.51 per share

<b>Investment in Uranium</b>		<b>Units</b>	
Uranium oxide in concentrates ("U <sub>3</sub> O <sub>8</sub> ")	(A)	lbs	9,316,385
U <sub>3</sub> O <sub>8</sub> fair value per pound <sup>(1)</sup>	(B)	US\$/lb	29.55
U <sub>3</sub> O <sub>8</sub> fair value	(A) x (B) = (C)	US\$ m	275.3
Derivative financial liability as at 30 September 2020	(D)	US\$ m	(3.1)
Cash and other net current assets/(liabilities) as at 30 September 2020	(E)	US\$ m	5.9
Cash utilised for share purchases since 30 September 2020	(F)	US\$ m	(1.0)
Net asset value in US\$ m	(C) + (D) + (E) + (F) = (G)	US\$ m	277.0
Exchange Rate <sup>(2)</sup>	(H)	USD/GBP	1.3139
Net asset value in £ m	(G) / (H) = (I)	£ m	210.8
Number of shares in issue less shares held in treasury <sup>(3)</sup>	(J)		84,059,331
<b>Net asset value per share</b>	<b>(I) / (J)</b>	<b>£/share</b>	<b>2.51</b>

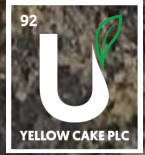
Source:

(1) Fair value is based on the weekly price published by UxC, LLC on 2 November 2020

(2) The Bank of England's daily exchange rate of 1.3139 on 5 November 2020

(3) Number of shares as of 5 November 2020

# Industry context supporting the Yellow Cake investment thesis<sup>(1)</sup>



Nuclear power is a reliable base load source of electricity

Nuclear power is increasingly being recognised as a contributing technology to a low-carbon future

Uranium demand is growing, driven by the global nuclear build programme

A sustained period of low prices has resulted in supply cuts, which has been exacerbated by the onset of COVID-19

The long period of low prices has also resulted in little investment going into future new production

The supply side is very concentrated making global supply vulnerable to shock such as the COVID-19 pandemic

Source:

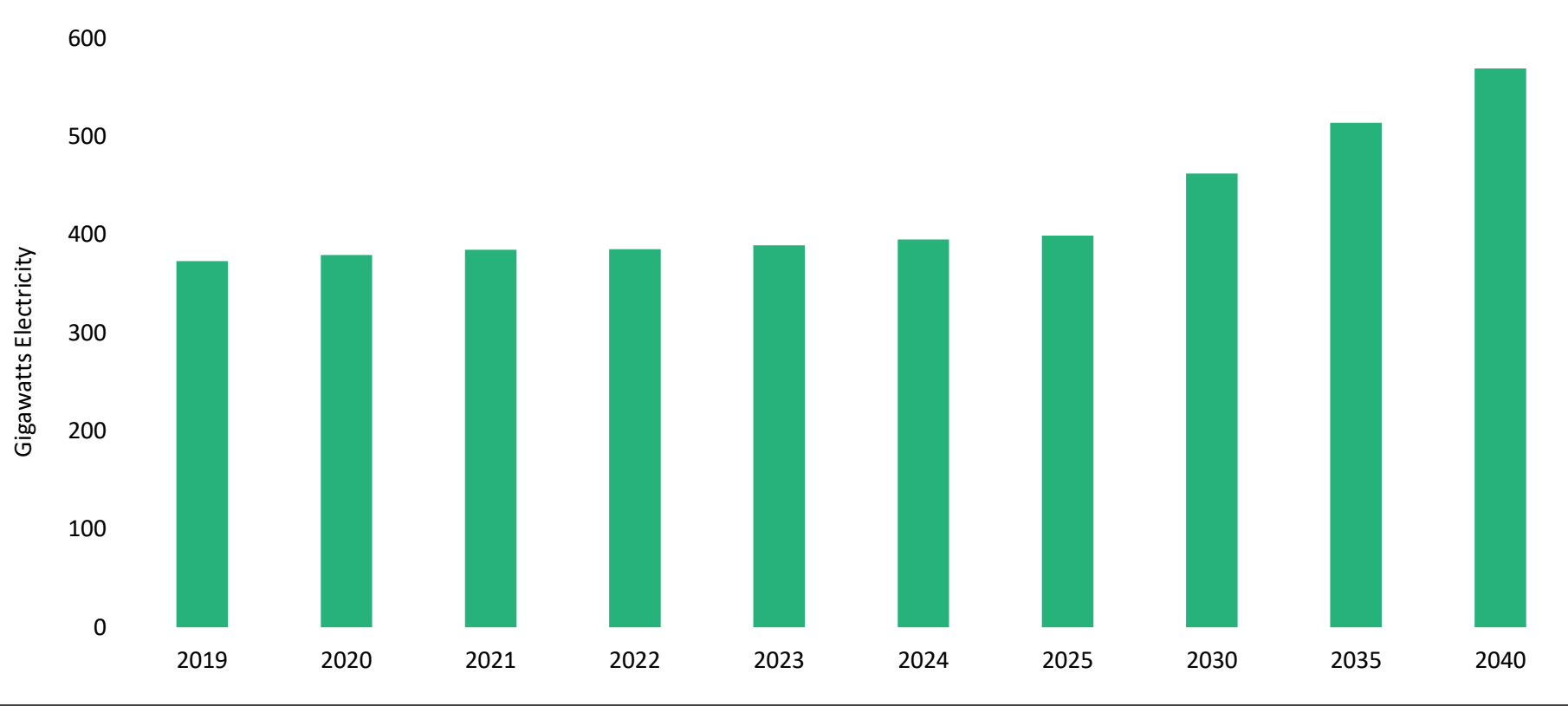
(1) World Nuclear Association 2020





# Nuclear demand growth

Global nuclear generating capacity to 2040<sup>(1)</sup>



Source  
(1) World Nuclear Association Fuel Report 2019. Reference case projections to 2040

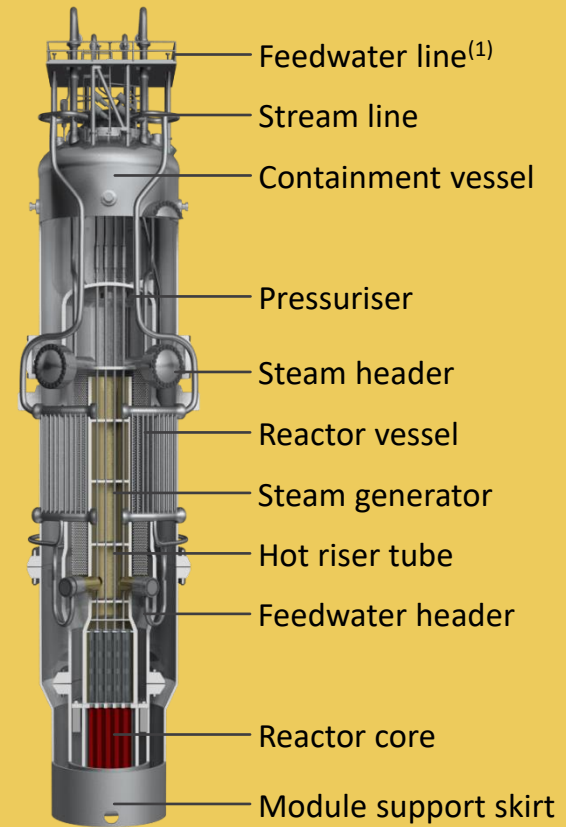
# Growing interest in small modular reactors

SMRs generate up to 300MW of electricity and are more flexible and more affordable than large reactors<sup>(2)</sup>

SMRs are ideal for smaller grids and remote locations

Significant investment is going into SMRs from national governments such as US, Canada, China and UK as well as from global companies<sup>(2)</sup>

There are currently 4 SMRs operating in 9 countries, 3 SMRs under construction and 14 SMRs that are well developed nearing deployment<sup>(2)</sup>

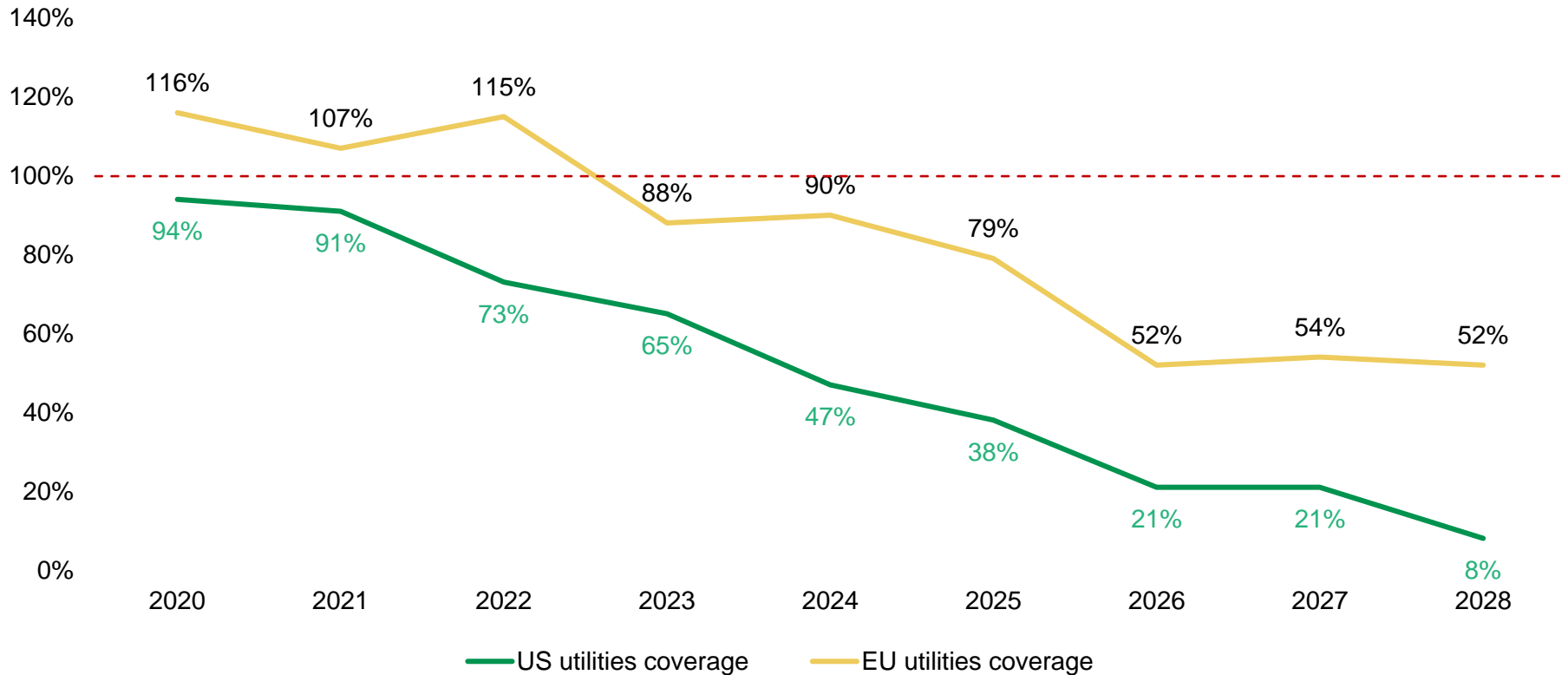


Source:  
(1) Nuscale  
(2) WNA, Small Nuclear Reactors October 2020

# Long-term contracts need to be replaced

Contract covering has the potential to create a rapid tightening of the spot market

Future contracted coverage rates of US and European utilities



Source

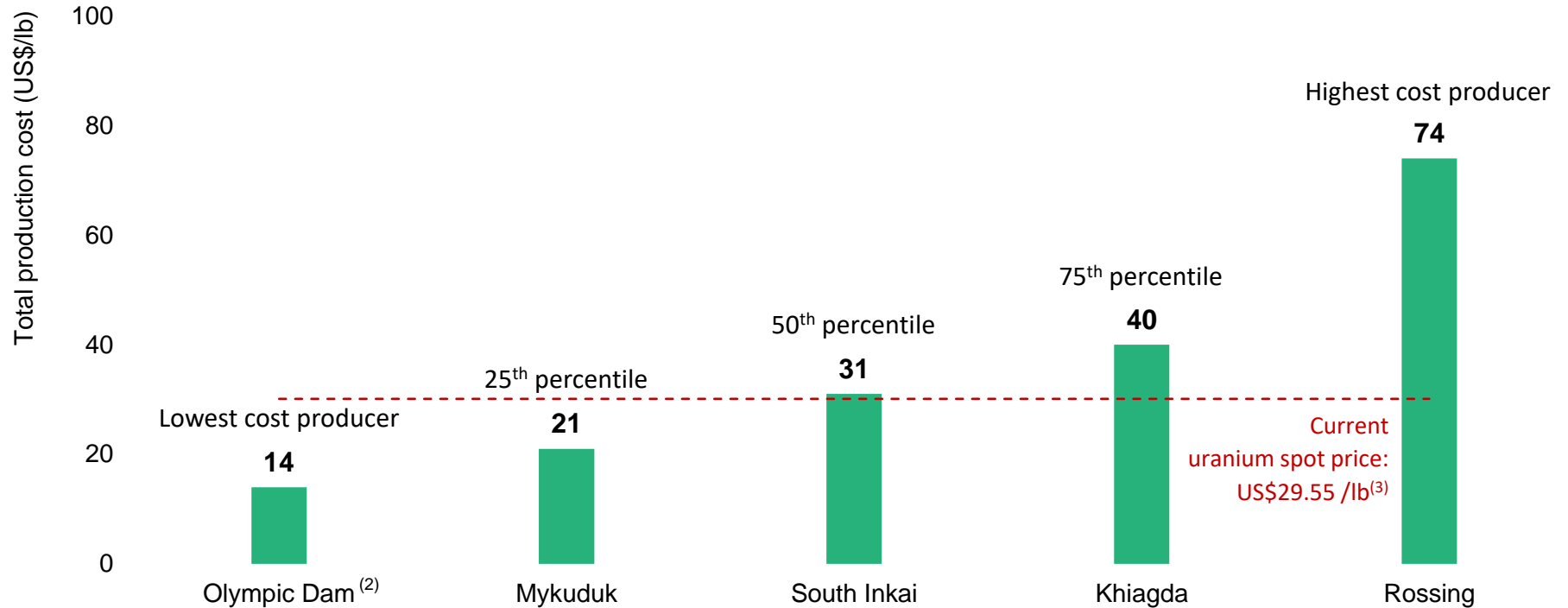
(1) US Energy Information Administration: 2019 Uranium Marketing Annual Report (May 2020)

(2) Euratom Supply Agency Annual Report 2019 (30 June 2020)

# Supply

Significant portion of supply is loss making at current spot price

2018 estimated total production costs<sup>(1)</sup> (US\$/lb)



Source  
 (1) Company analysis based on SRK Consulting Global Operating Cost Curve for Primary Uranium Production, Section 232 Investigation of Uranium Imports dated 16 January 2018  
 (2) Low cost due to uranium being a by-product of copper production  
 (3) UxC LLC price 2 November 2020

# Global supply cuts

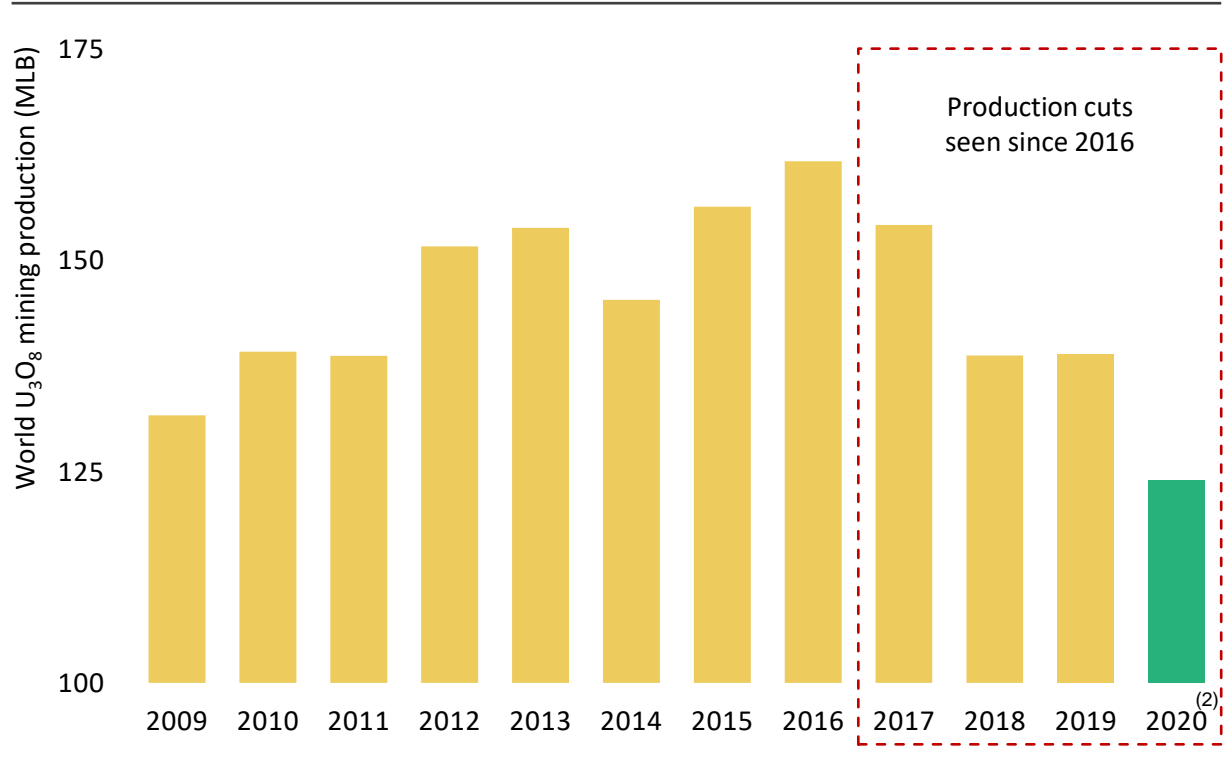
Producers have made significant supply cuts, exacerbated by COVID-19

Supply side responses have been the major theme of the market since 2016

- Cameco’s shut down of Rabbit Lake in 2016, and suspension at McArthur River in 2018
- Kazatomprom’s announcement in 2017 of a 20% production reduction for three years
- Paladin suspension at Langer Heinrich in May 2018

Recent announcements of Cigar Lake suspension and Kazatomprom production curtailments related to COVID-19

Primary Production<sup>(1)</sup>



Source

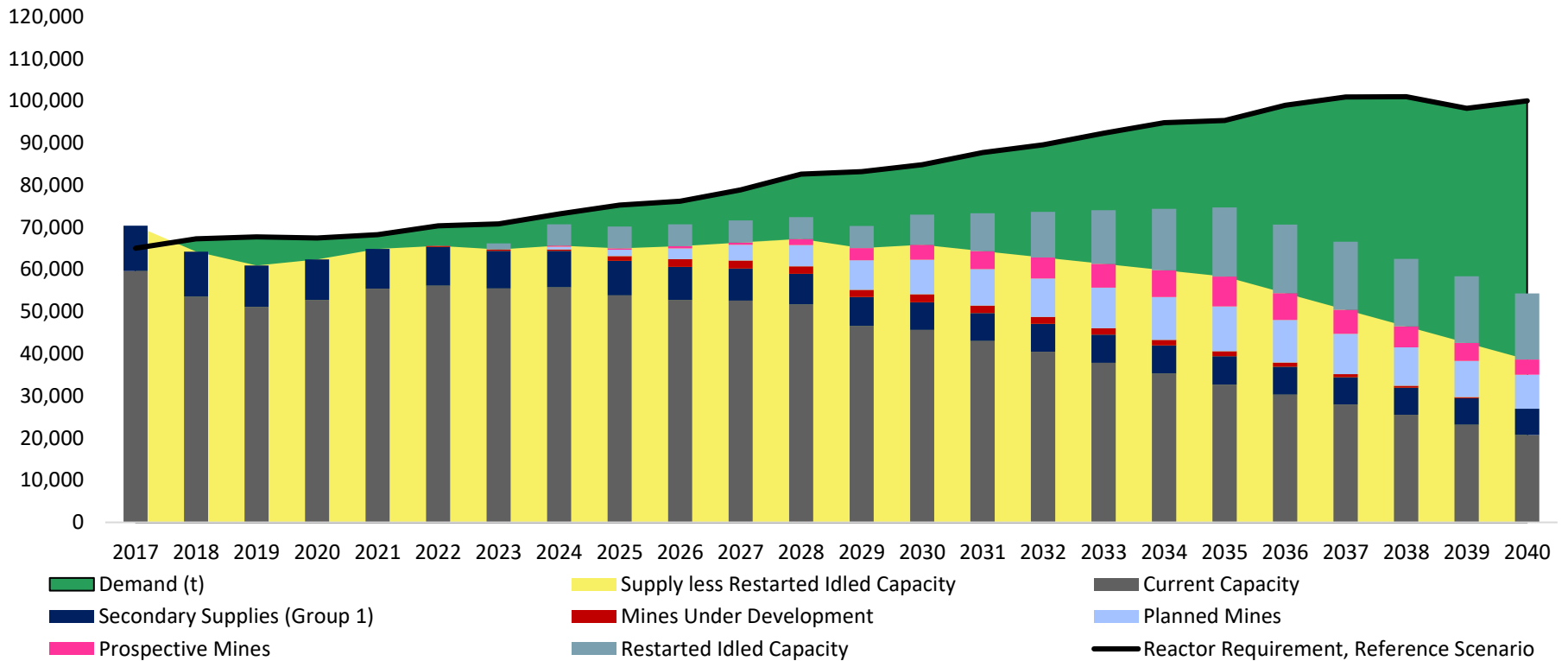
(1) World Nuclear Association, World Uranium Mining Production (August 2019)

(2) Ux LLC – 2020 uranium production guidance. 2019 U<sub>3</sub>O<sub>8</sub> Production Review, May 2020

# Growing future supply gap

Underinvestment in exploration and development is leading to a potential future supply gap<sup>(1)</sup>

Supply/demand imbalance (U<sub>3</sub>O<sub>8</sub> tU)



Source  
 Company estimate, analyst research  
 (1) "The Nuclear Fuel Report - Global Scenarios for Demand and Supply Availability 2019-2040 (September 2019)"

# Yellow Cake

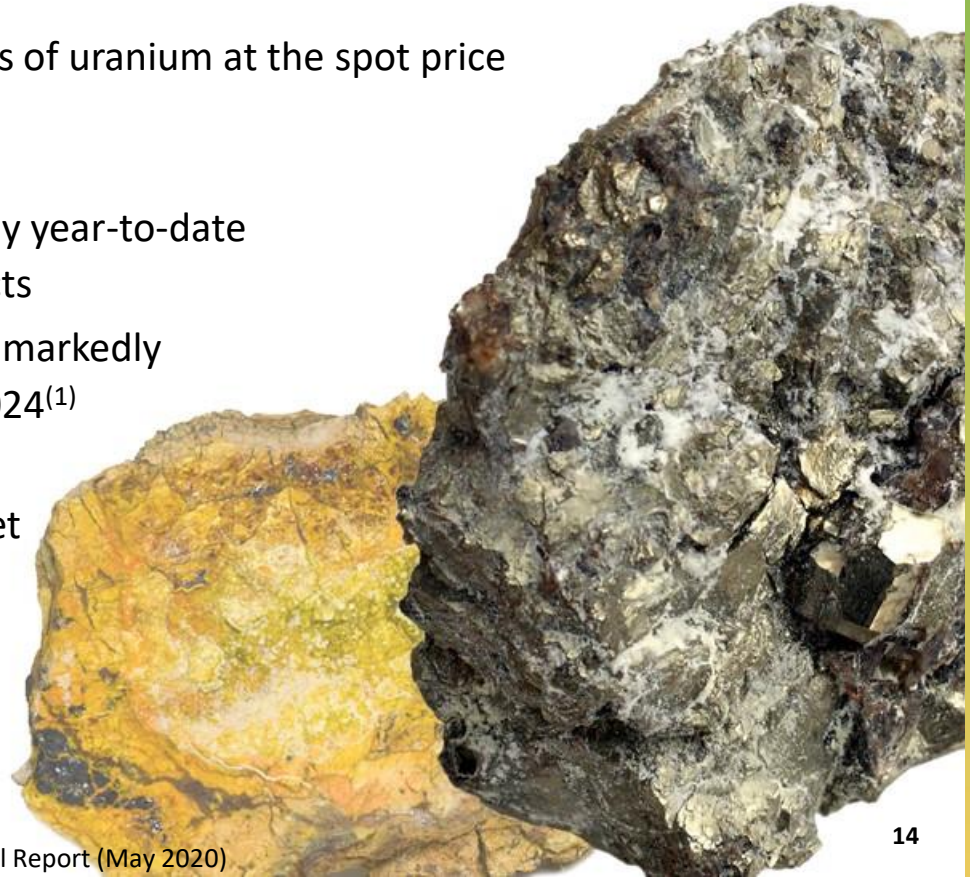
## Investment highlights and outlook

### Yellow Cake

- Yellow Cake provides pure exposure to the uranium price, without any operating or technical risks
- The Company has a low cost structure
- Yellow Cake has access to significant quantities of uranium at the spot price

### Market Outlook

- The uranium spot price has performed strongly year-to-date on the back of COVID-19 related supply impacts
- Uranium contract coverage in the US declines markedly from 2022-2023, down to less than 50% by 2024<sup>(1)</sup>
- Immediately prior to the COVID 19 pandemic, US utilities were entering the long term market and we expect utilities to re-enter the term market in the near term
- We continue to see more risk to the uranium supply side than the demand side



Source

(1) US Energy Information Administration: 2019 Uranium Marketing Annual Report (May 2020)