



PURE EXPOSURE TO THE  
URANIUM COMMODITY

INVESTOR PRESENTATION

July

2023

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# Yellow Cake

## **Buy and hold strategy**



We purchase uranium and hold for the long-term

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



No exploration, development or operating risk

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



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

## **Inventory stored in safe jurisdictions**



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

## **Low-cost structure**



Outsourced operating model  
Targeting annual operating costs of <1% of NAV

# Uranium market update

June 2023



## Spot Market Overview<sup>(1,2)</sup>

- Activity in the global spot market declined slightly during June, with UxC reporting a total of 3.4 Mlbs. transacted as compared to 3.8 Mlbs. during May 2023. Total spot market volume for the year now stands at 27.0 Mlbs. The UxC U<sub>3</sub>O<sub>8</sub> Price ended May at US\$54.60 /lb. but then rose to US\$56.20 /lb. by 26 June, an increase of 2.9%
- The Sprott Physical Uranium Trust (“SPUT”) remained inactive during June with the uranium fund reporting no purchasing during the month. SPUT has acquired a total of 200,000 lbs. during the March-June period and now holds a total of 61.75 Mlbs.

## Long-Term Pricing<sup>(1)</sup>

- The three longer term uranium price indicators showed upward movement during June as the 3-yr Forward price increased to US\$62.00 /lb. (May - US\$60.50 /lb.) while the 5-yr Forward Price reported at US\$67.00 /lb. (May - US\$65.50 /lb.) The Long-Term Price rose slightly reaching US\$56.00 /lb. at the end of June (May - US\$55.00 /lb.)

## Spain<sup>(3)</sup>

- Reuters reports that Spain’s conservative opposition People’s Party, leading in recent polls ahead of the 23 July national election, plans to reverse the current nuclear phase-out policy of the ruling Socialist Party
- The existing nuclear policy calls for the phase-out of Spain’s seven nuclear reactors (7,123 Mwe supplying 21% of the country’s electricity) commencing in 2027. PP leader, Alberto Nunez Feijoo is quoted as stating that “It will be a policy of my government to reverse the planned decommissioning and extend the life of our nuclear power plants.”

Sources:

- 1) UxC Weekly; “UxC Price Indicators”; 26 June 2023
- 2) Sprott.com; “Daily and Cumulative Pounds of Uranium (U<sub>3</sub>O<sub>8</sub>) Acquired by Trust”; 12 July 2023
- 3) Reuters; “Spain’s election frontrunners plan U-turn in nuclear power phase out”; 26 June 2023

# Uranium market update

## June 2023



### India<sup>(1)</sup>

- India's Prime Minister, Narendra Modi and U.S. President, Joe Biden released a joint statement following talks in Washington supporting the important role of nuclear power in global decarbonisation efforts. The two leaders reported that negotiations are ongoing between Nuclear Power Corporation of India Ltd. (NPCIL) and Westinghouse Corporation for the construction of six AP-1000 reactors while further discussions are being held regarding small modular reactors in India

### The U.S. Department of Energy<sup>(2)</sup>

- The US Department of Energy, Energy Information Administration released its latest edition of its Uranium Marketing Report, which contains a broad spectrum of data relating to owner and operators of U.S. civilian nuclear power reactors (civilian owner/operators, or COOs), nuclear fuel purchases, and usage during CY2022. U.S. nuclear utilities purchased a total of 40.5 Mlbs.  $U_3O_8$  during 2022, a decrease of more than 13% from the 2021 level of 46.7 Mlbs. The weighted average price rose from US\$33.91 /lb. in 2021 up to US\$39.08 /lb. in 2022. Principal supplying origin countries included Canada (27.4%), Kazakhstan (24.7%), Russia (11.8%), Uzbekistan (11%) and Australia (8.9%). Russian-origin uranium acquired by U.S. utilities was reported at 8.1 Mlbs. in 2020, declining by 41% over the two year period
- During 2022, 15% of the uranium delivered was purchased under spot contracts at a weighted-average price of US\$40.70 /lb. while the remaining 85% was purchased under long-term contracts at a weighted-average price of US\$38.81 /lb. At the end of 2022, the maximum uranium deliveries for 2023 through 2032 under existing purchase contracts totalled 223 Mlbs., while unfilled uranium market requirements for the same period totalled 179 Mlbs.

### South Korea<sup>(3)</sup>

- Korea Hydro & Nuclear Power ("KHNP") announced on 26 June that it held a groundbreaking ceremony at the construction site of Units 3 & 4 at the Shin Hanul nuclear power plant on South Korea's eastern shore. The ceremony, joining together related national government ministries, local lawmakers, company officials, and residents, saw the official commencement of early site preparation activities prior to full-scale construction of the facility's two APR-1400 PWRs
- Construction of Shin Hanul 3 & 4, which had been suspended by previous South Korean President Moon Jae-in in 2017, was allowed to resume in July 2022 under the energy policy of current President Yoon Seok-yeol. The planned 2.8 GWe expansion of the Shin Hanul NPP is currently undergoing construction permit review by South Korea's Nuclear Safety and Security Commission

#### Sources:

- World Nuclear News; "Biden, Modi affirm commitment to nuclear as Kovid plans intensify"; 23 June 2023
- U.S. Department of Energy, Energy Information Administration; "2022 Uranium Marketing Annual Report"; 13 June 2023
- UxC Weekly; Vol 37 No 26; "News Brief"; 26 June 2023

# Uranium market update

June 2023



## U.S. Congress<sup>(1)</sup>

- As of the end of June, the U.S. Congress was considering legislation which would prohibit the importation of Russian-sourced nuclear fuel for domestic consumption. The Prohibiting Russian Uranium Imports Act of 2023 (H.R. 1042), introduced 14 February 2023, was favourably reported as amended by Energy and Commerce Committee Chair Cathy McMorris (Republican-Washington state) to the entire House of Representatives, following a 29-21 vote in the Committee (24 May 2023). H.R. 1042 incorporates the provisions of a similar Senate bill (“Reduce Russian Uranium Imports Act” S. 763) introduced by Senators Barasso (R-WY) and Manchin (D-WV)
- The proposed Act is yet to be taken up by the House. The Act states that 90 days after enactment, no unirradiated low-enriched uranium that is produced in the Russian Federation may be imported into the United States. The proposed legislation provides for the further importation if “no alternative viable source of low-enriched uranium is available to sustain the continued operation of a nuclear reactor or a United States nuclear energy company” subject to annual quantity limits for the years 2023-2027. However, any waiver issued shall terminate no later than 1 January 2028

## The UK<sup>(2)</sup>

- In a major victory for the UK government, the UK High Court ruled on June 22 to dismiss a legal challenge brought by anti-nuclear groups seeking to stymie the Sizewell C nuclear plant in England. During a two-day hearing in London, lawyers for the campaigners argued the government irrationally concluded the power station site would be clear of nuclear material by 2140, when rising sea levels and storm surges could flood the site before it has been decommissioned and decontaminated. However, High Court Judge David Holgate ruled that the government’s decision to approve the project was lawful and conformed with its stated objectives

## Sweden<sup>(2)</sup>

- On June 20, Sweden’s Parliament approved a modification to the nation’s energy policy from an objective of 100% renewable electricity generation to 100% fossil-free electricity generation by 2045. The modification allows for the inclusion of nuclear power in energy targets, and could pave the way for nuclear capacity expansions. “This creates the conditions for nuclear power,” said Swedish Finance Minister Elisabeth Svantesson as quoted by Reuters. “We need more electricity production, we need clean electricity and we need a stable energy system.”
- Following Sweden’s election of a new government in September 2022, the government quickly moved to dissolve the nation’s Ministry of Environment in an effort to cut the red tape associated with accelerating new nuclear capacity. In October 2022, the government signalled its intention to push state-owned utility Vattenfall to build new nuclear capacity and investigate the potential to restart Units 1 & 2 of the Ringhals nuclear power plant. The government also stressed efforts to implement regulations that support the deployment of SMRs in Sweden

Sources:

1) U.S. Congress Website; H.R.1042 – Prohibiting Russian Uranium Imports Act; May 2023

2) UxC Weekly; Vol 37 No 26; “News Brief”; 26 June 2023

# Proforma net asset value as at 17 July 2023



Investment in Uranium		Units	
Uranium oxide in concentrates (“U <sub>3</sub> O <sub>8</sub> ”) <sup>(1)</sup>	(A)	lbs.	20,155,601
U <sub>3</sub> O <sub>8</sub> fair value per pound <sup>(2)</sup>	(B)	US\$ /lb.	55.75
U <sub>3</sub> O <sub>8</sub> fair value	(A) x (B) = (C)	US\$ mm	1,123.7
Cash and other net current assets / (liabilities) <sup>(3)</sup>	(D)	US\$ mm	16.8
<b>Net asset value in US\$ mm</b>	(C) + (D) = (E)	US\$ mm	1,140.5
Exchange rate <sup>(4)</sup>	(F)	USD/GBP	1.3082
Net asset value in £ mm	(E) / (F) = (G)	£ mm	871.8
Number of shares in issue less shares held in treasury <sup>(5)</sup>	(H)		198,136,085
<b>Net asset value per share</b>	<b>(G) / (H)</b>	<b>£ /share</b>	<b>4.40</b>

Source:

- 1) As at 17 July 2023, Yellow Cake held 18,805,601 lbs. U<sub>3</sub>O<sub>8</sub>. Pro-forma adjustments include the addition of 1,350,000 lbs. of U<sub>3</sub>O<sub>8</sub> to Yellow Cake's holdings that the Company has committed to purchase from Kazatomprom at a price of US\$48.90 /lb. (US\$66.0m in aggregate) in the second half of 2023
- 2) UxC, LLC 17 July 2023
- 3) Cash and other current assets and liabilities of US\$82.8 million as at 31 March 2023, less cash consideration of US\$66.0 million to be paid to Kazatomprom following delivery of 1.35 Mlbs. of U<sub>3</sub>O<sub>8</sub> in H2 2023.
- 4) The Bank of England's daily exchange rate on 17 July 2023
- 5) Net asset value per share is calculated assuming 202,740,730 ordinary shares on issue less 4,604,645 shares held in treasury

# Yellow Cake corporate summary



## Corporate overview

Last share price <sup>(1)</sup>	£4.09
NAV per share <sup>(2)</sup>	£4.40
Market cap (mm) <sup>(1)</sup>	£811.2
Shares outstanding less those held in treasury (mm)	198.1
Shares held in treasury (mm) <sup>(2)</sup>	4.6
52 week high	£4.40
52 week low	£3.43

## Analyst coverage and rating



Buy



Buy

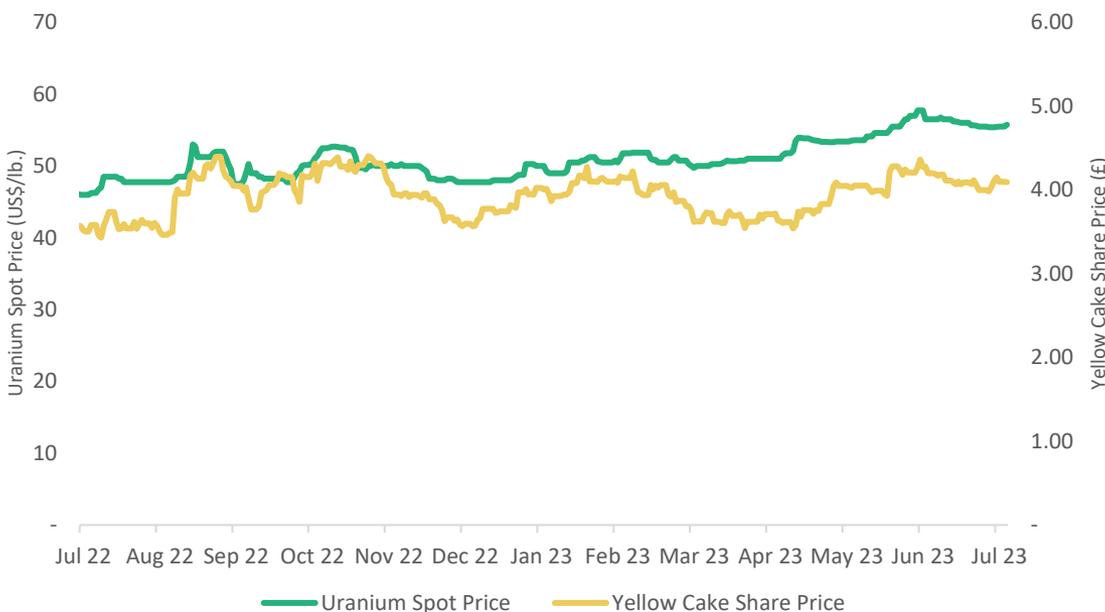


Buy



Buy

## GBP share price and uranium price L12M<sup>(1,3)</sup>



## Blue chip shareholder register



**Kopernik**  
Global Investors, LLC

**BLACKROCK**

**JD Squared**

**MMCAP Fund**



**ALPS Advisors**

**HARGREAVES  
LANSDOWN**



**URANIUM  
ROYALTY CORP**

**GLOBAL X**  
by Mirae Asset

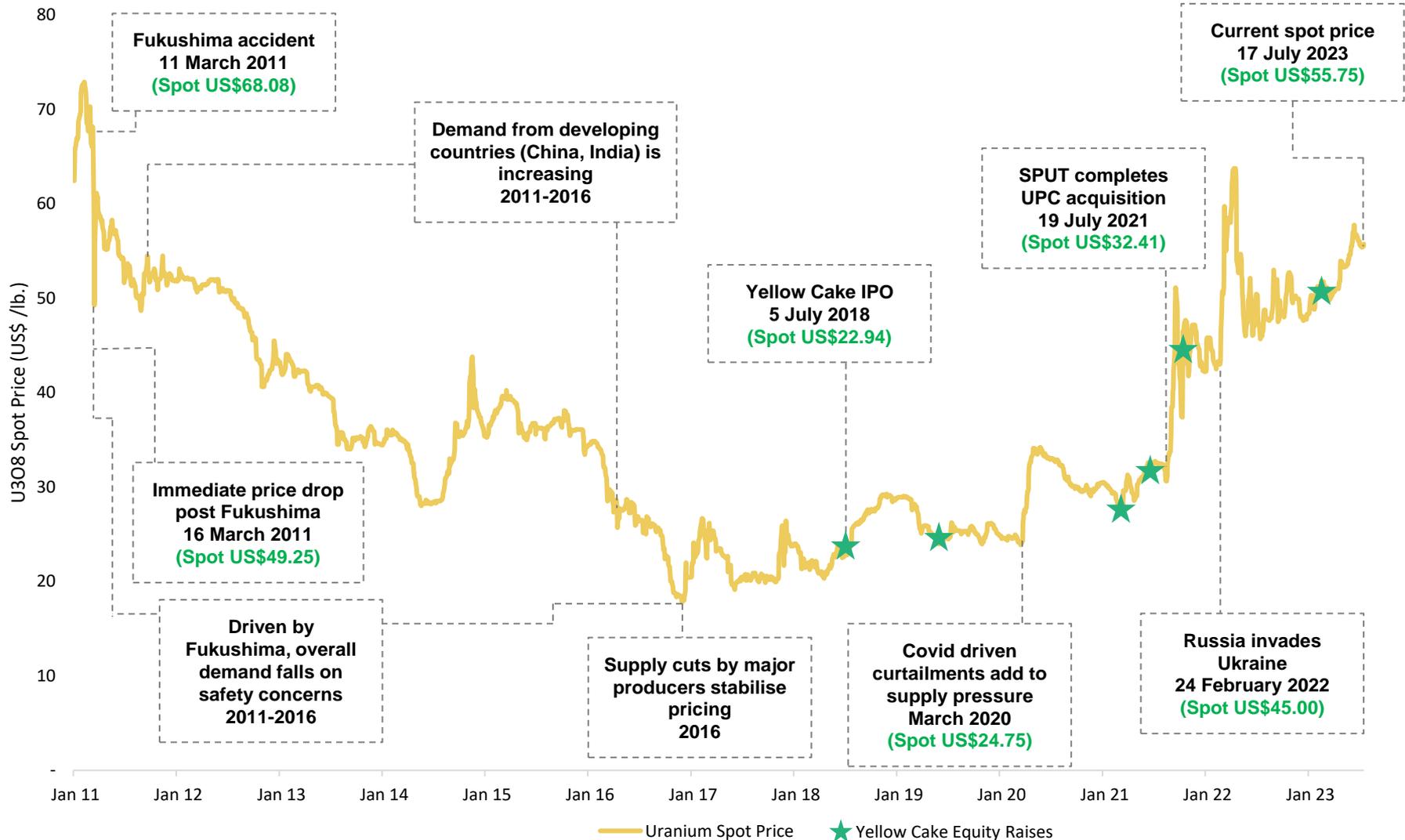
Source:

1) Cap IQ on 17 July 2023

2) Yellow Cake's estimated net asset value on 17 July 2023. See calculation on page 5

3) UxC, LLC 17 July 2023

# U<sub>3</sub>O<sub>8</sub> spot price has recovered to levels at the time of the Fukushima accident<sup>(1,2)</sup>



Source:

- 1) UxC, LLC, "Historical Daily Broker Average Price", 17 July 2023
- 2) McKinsey, "Uranium Commodity Perspective", December 2022

# Decarbonisation

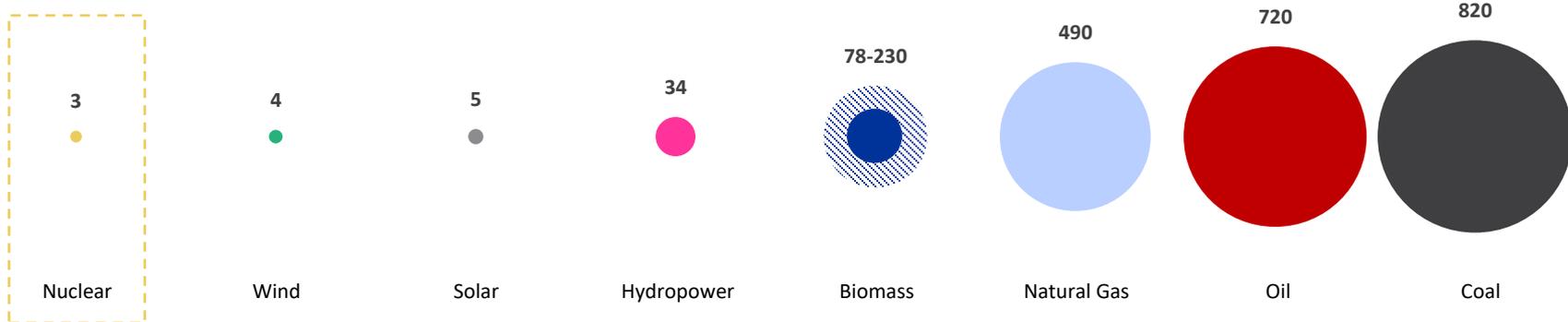
Climate change and energy transition supporting nuclear growth

# Climate change and energy transition supporting nuclear growth



Nuclear power generates the least CO<sub>2</sub> equivalent emissions compared to all other power sources

CO<sub>2</sub> equivalent emissions per GWh over the lifecycle of a power plant (tonnes)<sup>(1)</sup>



Note: Range of emissions from biomass depend on material being combusted

- Not only does nuclear generate >99% less CO<sub>2</sub> equivalent emissions than non-renewable power sources (natural gas, oil, and coal), but it also generates the least amount of emissions when considering other renewable power sources traditionally considered environmentally friendly (wind and solar)

Source:

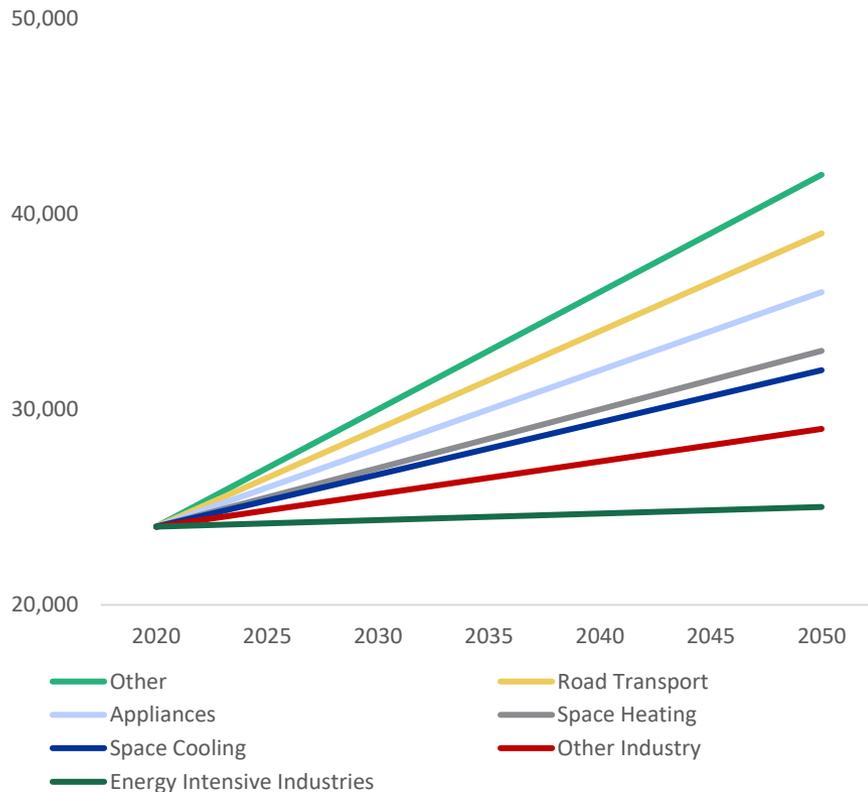
1. Our World in Data, "Safest Sources of Energy", 2020

# Global demand for nuclear increasing towards 2050

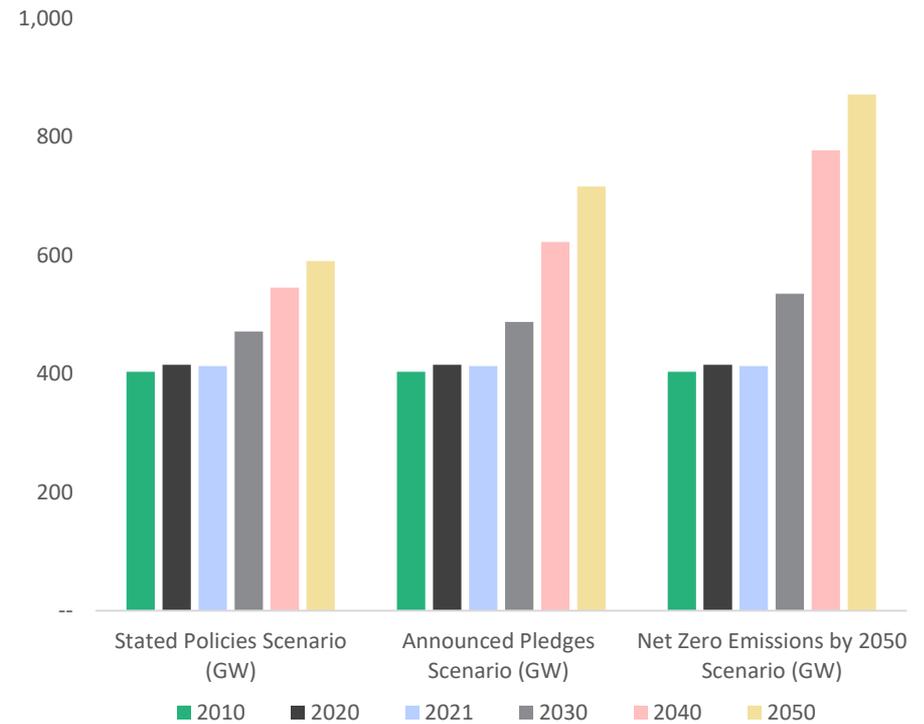


Market conditions and policies are shifting views on natural gas and limiting its role, while underlining the potential for nuclear power to cut emissions and strengthen electricity security<sup>(1)</sup>

**Global electricity consumption (TWh)<sup>(1)</sup>**



**Global nuclear energy demand scenarios (GW)<sup>(1)</sup>**



Source:  
1) World Energy Outlook, November 2022



## Uranium demand growth

Reactor build programs, life extensions, and small modular reactor developments

# Reactor build programs and life extensions driving uranium demand



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

China	India	Russia	UAE
23 reactors under construction, 45 planned	8 reactors under construction, 12 planned	3 reactors under construction, 25 planned	3 operating reactors, 1 reactor under construction

Investment in nuclear power	Operable reactors <sup>(1)</sup>	Reactors under construction <sup>(1)</sup>	Planned reactors <sup>(1)</sup>	Proposed reactors <sup>(1)</sup>
World Nuclear Reactor Fleet	436	59	100	323
Chinese Reactor Fleet	55	23	45	154

Source:

1) World Nuclear Association, World Nuclear Power Reactors & Uranium Requirements (July 2023)

# Countries re-engaging nuclear power



Rather than declining, western demand for nuclear power is stable to growing through reactor life extensions and new construction



- Five operating reactors with another planned, will take nuclear contribution to 60%
- On 16 February, Finland's government issued operating license extensions until the end of 2050 for Units 1 & 2 at the Loviisa nuclear plant, which had previously been set to expire in 2027 and 2030



- Due to a long-standing policy based on energy security, 70% of France's electricity is from nuclear energy
- March 2023, President Macron's office announced funding for six EPR-2 PWRs across the country, a US\$50bn proposal for the nation's new-build reactor program will be presented to the government by the end of 2023



- February 2023, Japan's Cabinet approved nuclear reactors to operate beyond the current 60-year statutory limit
- Government aims to restart additional 7 reactors by this summer



- In 2021, Netherlands announced plans to build two nuclear reactors by 2035, which should supply up to 13% of the country's total electricity production
- The government has earmarked US\$5.3bn in funding, and construction is expected to commence in 2028



- Nuclear power plants accounted for 29.6% of South Korea's total power generation in 2022, with the government aiming for 32.4% by 2030
- South Korea restarted construction of idled project



- Swedish state run utility, Vattenfall, is considering adding up to 2,800 MWe to the Ringhals nuclear power plant's current capacity of 2,190 Mwe
- The company is also advancing plans for several SMRs, each with an output power between 300 MWe to 400 MWe

Sources:

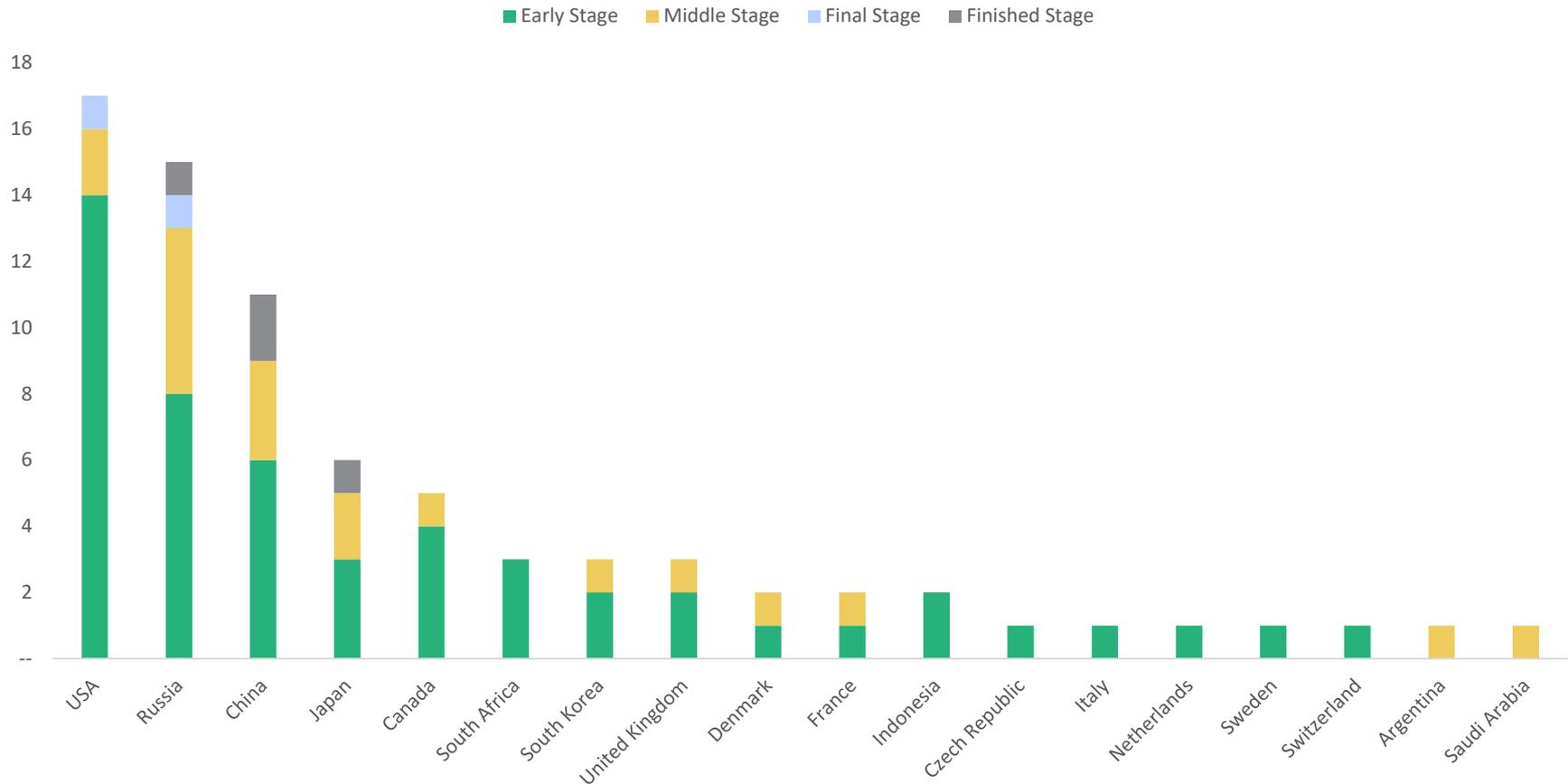
Reuters, "Netherlands plans to build two nuclear power plants by 2035", December 2022; UxC Weekly, Vol 37, No 10; UxC Weekly, Vol 37, No 8; UxC Weekly, Vol 37, No 5

# Small modular reactors are becoming a reality



SMR market value could reach US\$1 trillion by 2050

**76 SMR designs are being developed globally across 18 countries<sup>(1)</sup>**



Source:

1) Barclays Research, European Utilities – “New Horizons: New Nuclear: A \$1trn SMR Market and Fusion Revolution”, 8 March 2023



## Energy security

Energy independence and security of energy supply now becoming increasingly important

# Energy independence and security of energy supply now becoming increasingly important

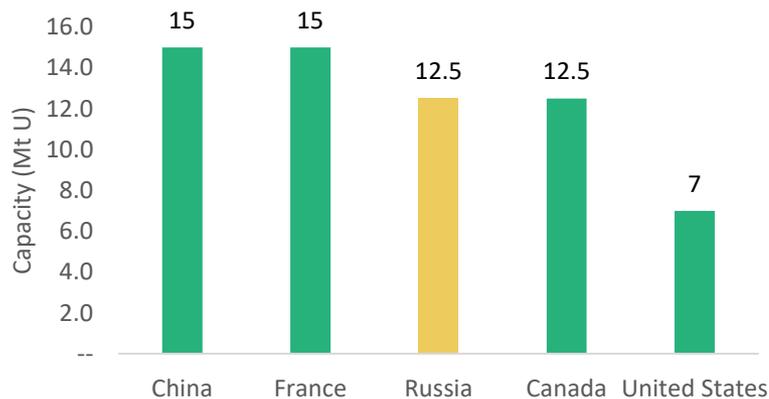


Russia is a key player in both conversion and enrichment

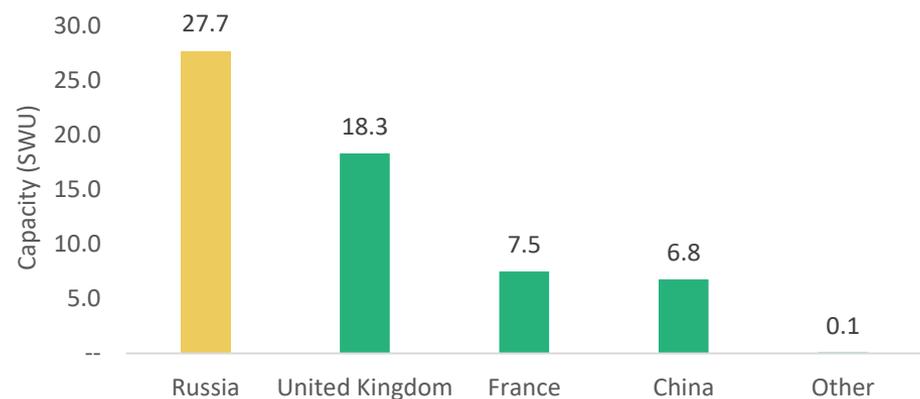
Front-end nuclear cycle overview <sup>(1)</sup>



Global conversion capacity <sup>(2)</sup>



Global enrichment capacity <sup>(3)</sup>



Source:

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

# Impact of the Russian invasion of Ukraine



- Western nuclear utility dependency on Russian nuclear fuel highlighted
- Sanctions have to date not yet been imposed on Russian nuclear fuel, but growing number of nuclear utilities are “self sanctioning”
- “Deglobalisation” of the nuclear fuel market, with many utilities now looking for western sources of nuclear fuel
- The initial utility focus has been on uranium conversion / enrichment but focus shifting to natural uranium concentrates ( $U_3O_8$ )
- Long-Term contracts at “sustainable” price levels are required in order to expand western nuclear fuel supply sources
- There is likely to be a transition period (2022-2025/2026) before sufficient non-Russian nuclear fuel is available

# Sanctions pressure is building on Russian nuclear fuel



## Legislation restricting U.S. nuclear fuel imports<sup>(1)</sup>

- As of the end of June, the U.S. Congress was considering legislation which would prohibit the importation of Russian-sourced nuclear fuel for domestic consumption
- The “Prohibiting Russian Uranium Imports Act of 2023”, introduced on 14 February 2023, was favourably reported as amended by Cathy McMorris (Energy and Commerce Committee Chair, Republican – Washington State) to the House of Representatives, following a 29-21 vote in the Committee
- The Act incorporates the provisions of its predecessor, the “Reduce Russian Uranium Imports Act” and is yet to be taken up by the house
- The Act states that 90 days after enactment, no unirradiated low-enriched uranium that is produced in the Russian Federation may be imported into the United States (only allowing imports in the case of shortages in the transition years of 2023-2027)

## European parliament continuing to consider sanctions on Russian nuclear fuel<sup>(2,3,4)</sup>

- Despite a vote on 2 February to enact a full embargo on all imports of fossil fuels and uranium from Russia, ultimately a uranium embargo was not included in the European Parliament’s latest package of sanctions announced on 25 February (Hungary opposed sanctions due to utilisation of Russian-built reactors and fuel)
- The five opponents to finalising the uranium embargo are: Hungary, Slovakia, Bulgaria, Finland, and the Czech Republic. All being countries with Russian-built reactors, for which there is no ex-Russia fuel alternative at present

Source:

1) U.S. Congress Website; H.R.1042 – Prohibiting Russian Uranium Imports Act; May 2023

2) World Nuclear News, “European Parliament calls for Russia sanctions to include nuclear”, 3 February 2023

3) European Commission, “EU agrees 10<sup>th</sup> package of sanctions against Russia”, 25 February 2023

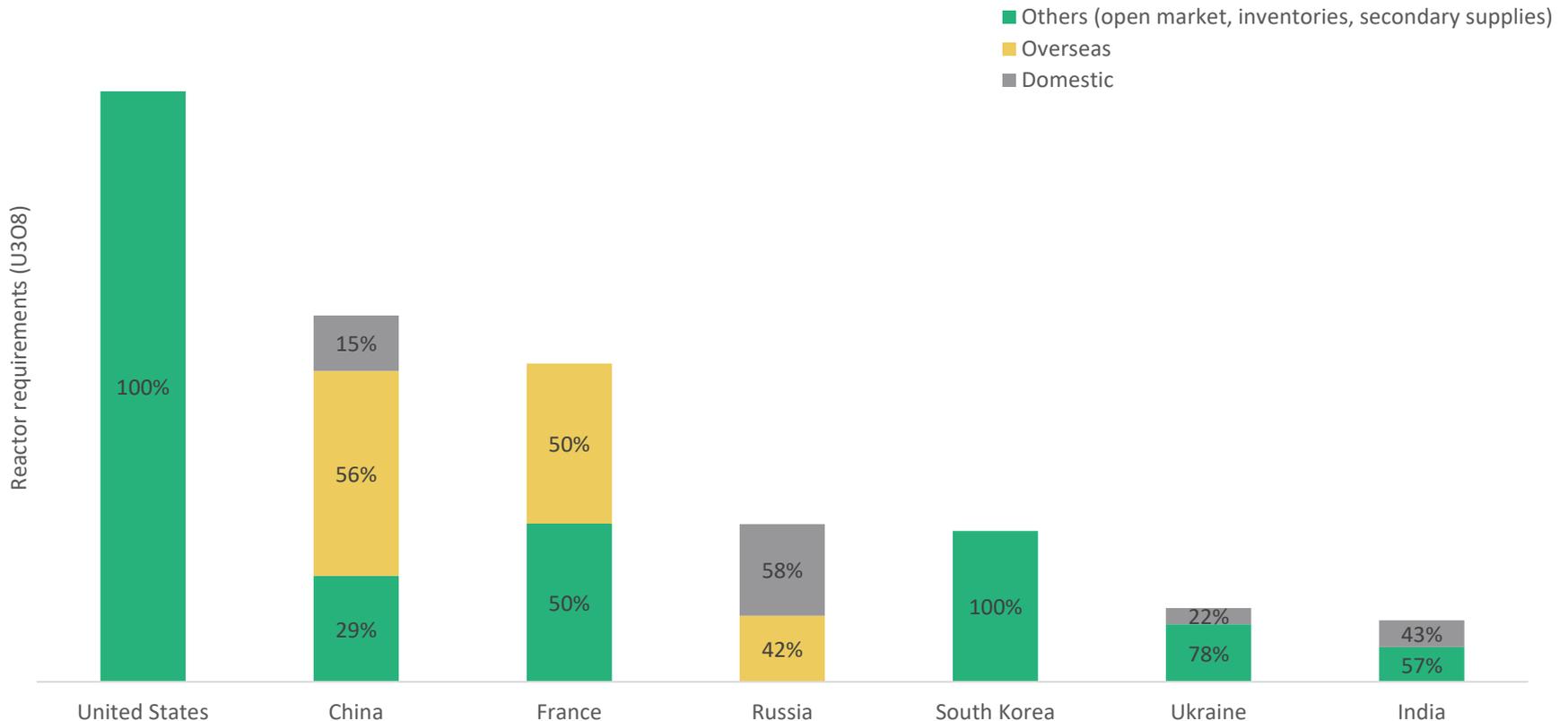
4) Politico, “Russian nuclear fuel: The habit Europe just can’t break”, 23 February 2023

# Global utilities are exposed to escalating geopolitical risk of natural uranium supply



The United States, the largest consuming country, is currently at its lowest annual uranium production level in more than 70 years. Domestic suppliers are generally idled and commercial inventory is decreasing

**Total reactor related requirements and origin of uranium 2H 2022 ( $U_3O_8$ )<sup>(1)</sup>**



Source:  
1) MineSpans (December 2022)

# U.S. Government purchased uranium at a 30% premium to the spot market price in order to secure strategic supply



## U.S. Federal Reserve purchasing summary of strategic uranium supplies<sup>(1,2)</sup>

- U.S. Department of Energy (“DOE”) National Nuclear Security Administration is establishing a federal reserve of domestically produced uranium
- The weighted average sales price from the process (excluding Peninsula which declined to release its sales price) was US\$61.98 /lb. U<sub>3</sub>O<sub>8</sub>, which represents a 30% premium over the mid-December UxC spot price of US\$47.75 /lb. from when the purchases were first announced

### U.S. federal reserve purchases<sup>(1,2)</sup>

Company	Uranium Sold (lbs. U <sub>3</sub> O <sub>8</sub> )	Sale Price (US\$ /lb.)
Energy Fuels	300,000	US\$61.67
Uranium Energy	300,000	US\$59.50
Ur-Energy	100,000	US\$64.47
EnCore Energy	100,000	US\$70.50
Peninsula Energy	300,000	N/A (“above prevailing spot price and terms”)

Source:

1) Mining Newswire, “Three US Firms Win Contracts to Supply Uranium Strategic Reserve”, December 2022

2) UxC Weekly, Vol 36, No 51

## Contracting

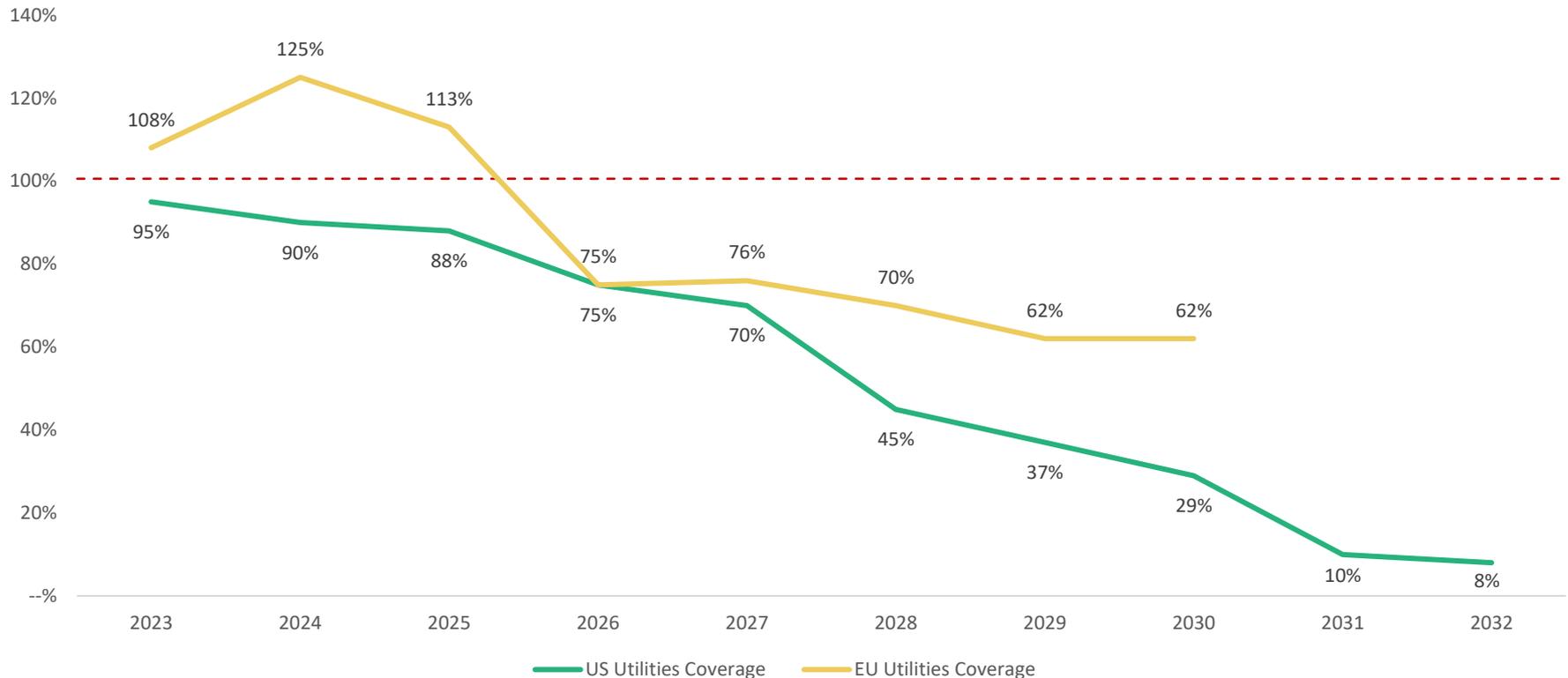
Long term contracting has increased significantly, but is not yet close to replacement levels

# Long-term contracts are being replaced



Increased term contracting activity during 2022 was one factor leading to the spot price rise

Future contracted coverage rates of US and European utilities<sup>(1,2)</sup>



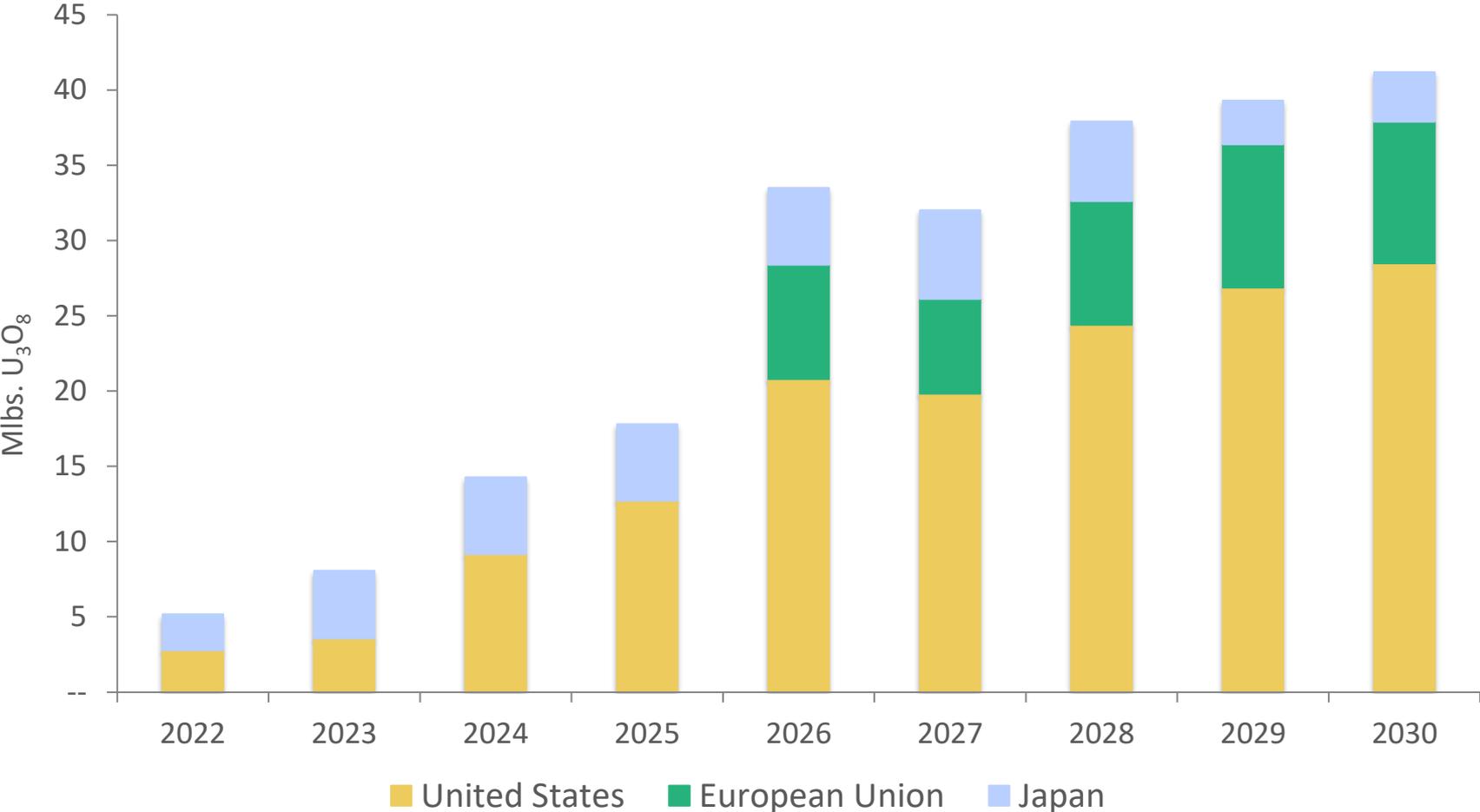
Source:

- 1) US Energy Information Administration: Maximum anticipated uranium market requirements of owners and operators of U.S. civilian nuclear power reactors, 2023-2032, at end of 2022 (June 2023)
- 2) Euratom Supply Agency Annual Report 2021 (2022)

# Unfilled uranium requirements



United States / European Union / Japan (31 Dec 2021)<sup>(1)</sup>



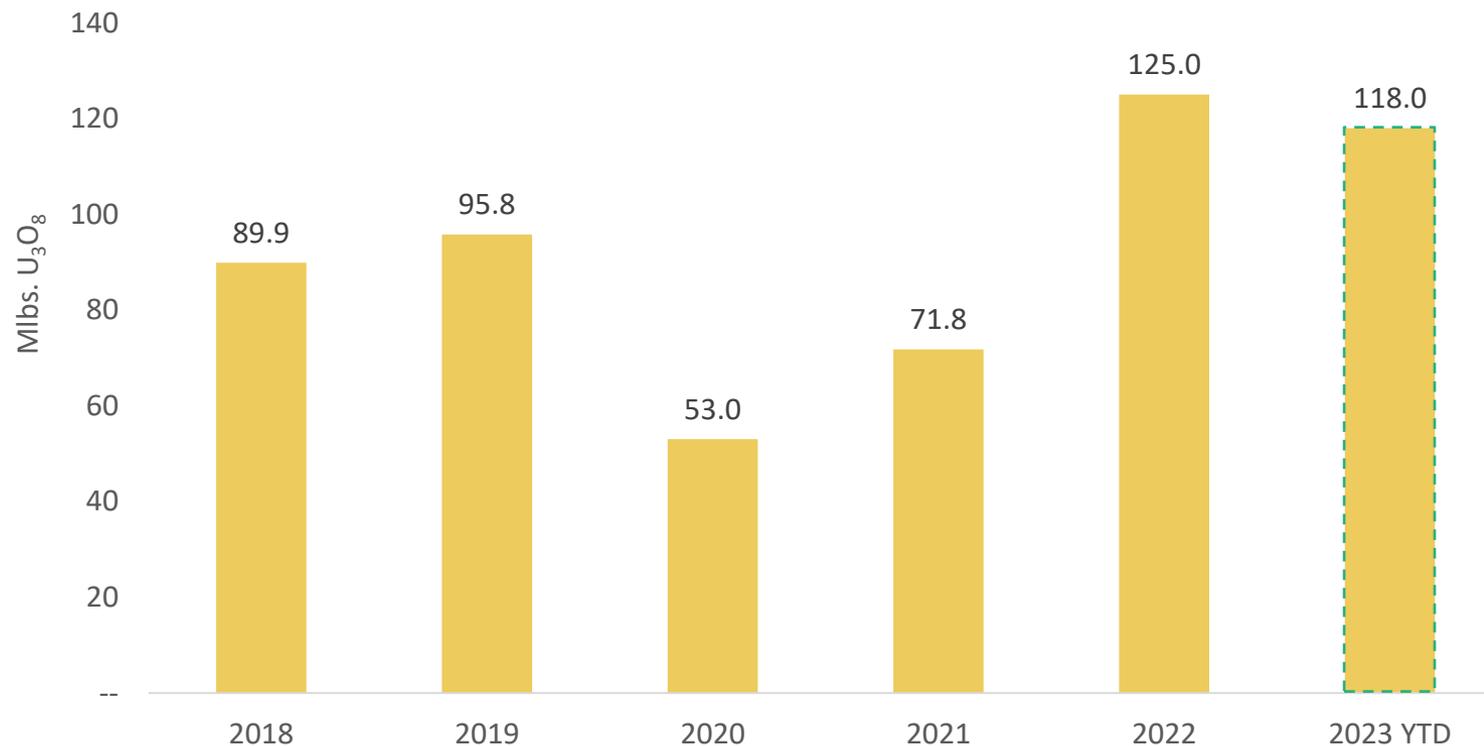
Source:  
1) USDOE-EIA / Euratom / TradeTech

# Long term contracting has increased significantly, but is not yet close to replacement levels



2023 is likely to see continued increases in term contracting activity relative to the previous three years. Term contracting identified for 2023 is already approaching the 2022 level

Term market buying trend - 2023<sup>(2)</sup>



Sources:

1) 2022 Uranium Term Contracting Review, February 2023

2) UxC Weekly; Vol 37 No 29; 17 July 2023

# Supply

The supply side is being challenged to meet growing demand

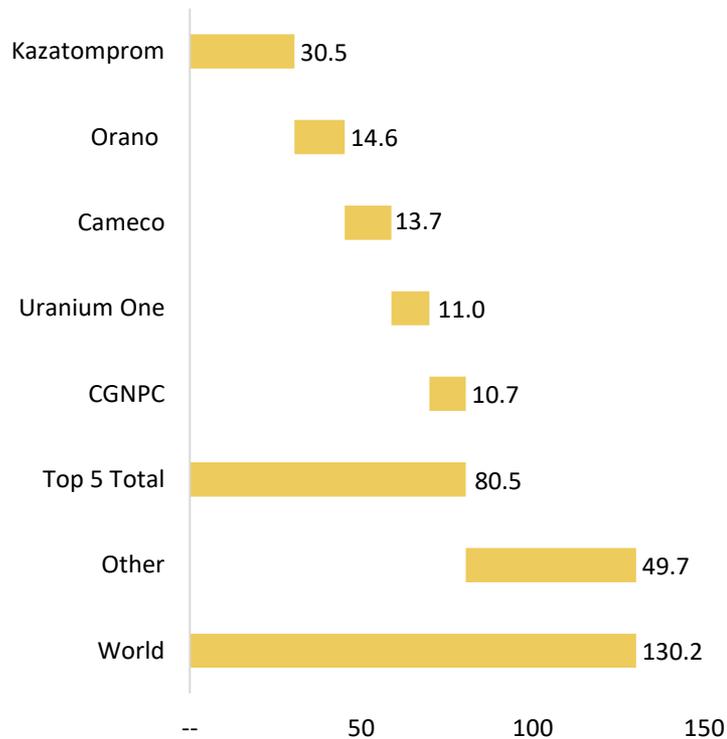
# Global uranium supply side is concentrated



U<sub>3</sub>O<sub>8</sub> production is concentrated, with the top 5 companies producing 59% of the total supply in 2021<sup>(1)</sup>

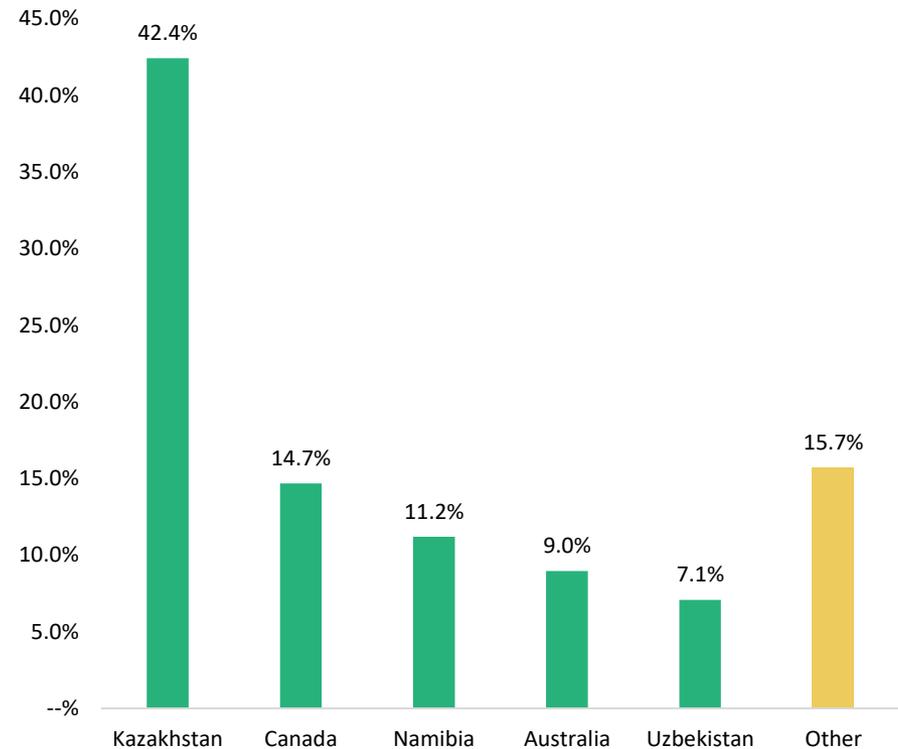
## Global production by company

(Mlbs. U<sub>3</sub>O<sub>8</sub>, 2022)



## Production by country<sup>(1)</sup>

(%, 2022)



Source:

1) MineSpans Q4 2022

# Excess inventory overhang is over



## Global uranium inventories continue to reduce<sup>(1)</sup>

- Financial entities sequestering material
- Yellow Cake and SPUT have acquired 68.3 Mlbs. of  $U_3O_8$  since Yellow Cake's IPO in July 2018<sup>(2,3,4,5)</sup>
- Chinese utilities continue to procure uranium which is held off market for future use
- India purchasing  $U_3O_8$  for its strategic stockpile of uranium for future reactor fuel needs
- Utilities in the U.S., Europe, and Japan have drawn down stockpiled material
- Japanese utilities have loaned material to producers and intermediaries. Borrowings will need to be repaid at a future date with newly-produced material
- Carry-trades have continued to remove material from the spot market. Some carry-trades entail deliveries as far out as the late 2020s. Notably, anything carried on books for future delivery is already committed

### Sources:

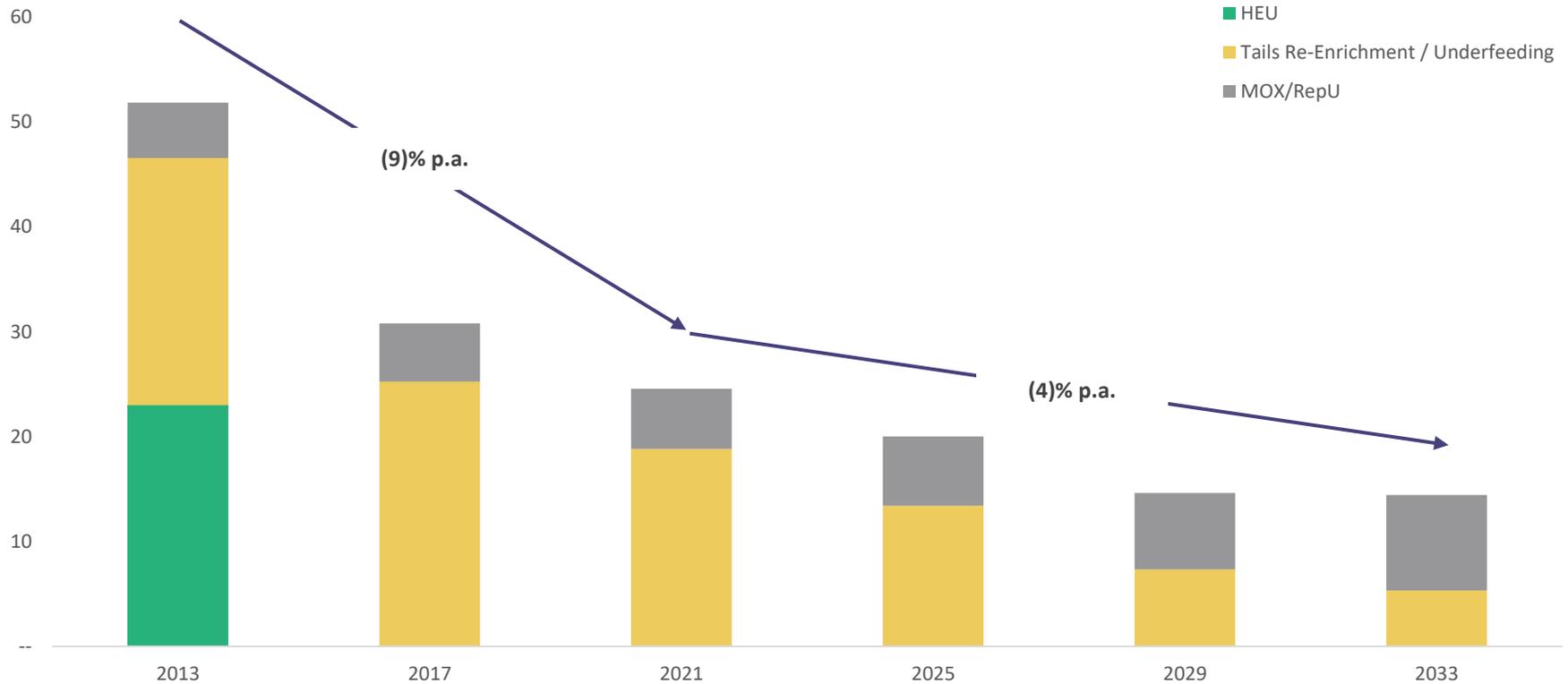
1. Sprott Physical Uranium Trust, "Daily and Cumulative Pounds of Uranium ( $U_3O_8$ ) Acquired by Trust", July 2023
2. Uranium Participation Corporation, "Uranium Purchases and Estimated Net Asset Value at June 30 2018", 5 July 2018
3. Yellow Cake, "Quarterly Operating Update", 2 February 2023
4. Yellow Cake, "Exercise of Kazatomprom 2022 Option", 9 February 2023
5. UxC September 2022

# Declining secondary supply



Secondary supply is expected to decline by 4% p.a. until 2033 due to decreases of available excess enrichment capacity

Secondary uranium supplies, 2013-2033 (Mlbs.  $U_3O_8$ ) <sup>(1)</sup>

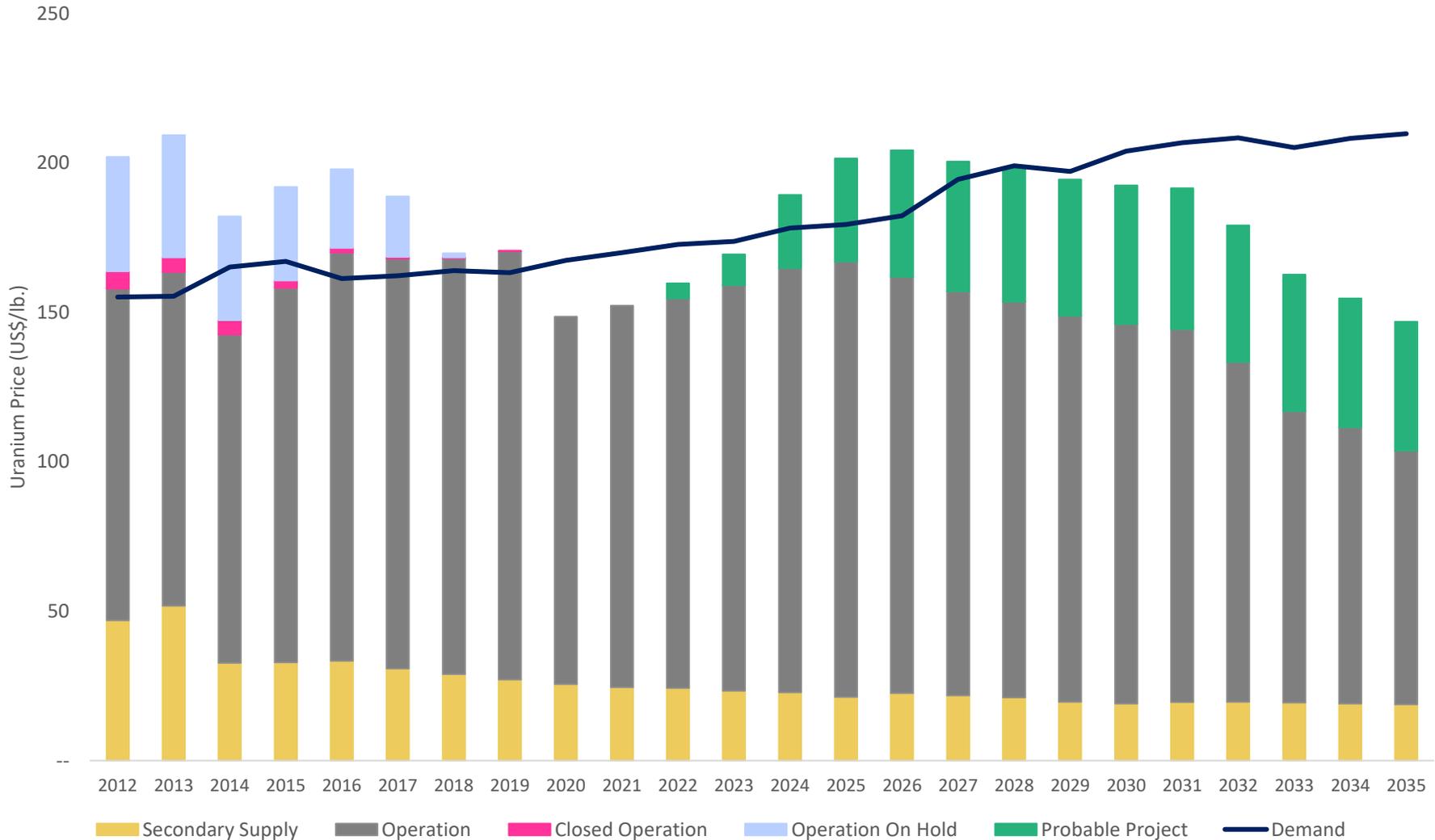


Source:  
1. Minespans (December 2022)

# Supply / demand balance

There is a growing supply deficit

# The supply side is being challenged to meet growing demand<sup>(1)</sup>



Source:  
1) MineSpans (May 2022)

# Summary

# Yellow cake is well positioned to benefit from current market trends



- Nuclear energy provides low emission power generation that is critical to decarbonisation
- Globally, demand for uranium is increasing due to aggressive nuclear plant build programs, reactor life extensions, and small modular reactor developments
- Western countries have been dependent on Russian uranium, conversion, and enrichment historically but are now shifting away towards ex-Russian supply
- Term contracting activity has increased significantly in 2022 and is likely to remain at an elevated level
- There is a growing uranium supply deficit as producing mines enter their “end of life”, secondary supply declines, and excess inventory has been drawn down
- **Having secured over 20.0 Mlbs. in  $U_3O_8$  inventory and benefitting from an ongoing framework agreement with Kazatomprom that provides access to US\$100m in further material per year (including 2023), Yellow Cake is well positioned to benefit from market tailwinds**