

26 April 2023



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

QUARTERLY OPERATING UPDATE

Yellow Cake, a specialist company operating in the uranium sector holding physical uranium for the long term, is pleased to report its performance for the quarter ended 31 March 2023 (the “Quarter”).

Highlights

- Yellow Cake successfully completed an oversubscribed share placing of 15 million shares on 7 February 2023, which raised gross proceeds of approximately £61.8 million (US\$74.3 million) (the “Placing”).
- Following the completion of the Placing, Yellow Cake informed JSC National Atomic Company Kazatomprom (“Kazatomprom”) that it had elected to purchase 1,350,000 lb of U₃O₈ at a price of US\$48.90/lb, or US\$66.0 million in aggregate, as part of Yellow Cake’s 2022 uranium purchase option under its agreement with Kazatomprom (the “Framework Agreement”). The Company expects delivery to take place in the second half of 2023. On completion of the purchase, Yellow Cake will hold 20.16 million lb of U₃O₈.
- Yellow Cake retains its full option to purchase up to an additional US\$100 million of U₃O₈ in 2023 under the Framework Agreement.
- Increase in the spot price over the Quarter of 5.5% from US\$48.00/lb¹ to US\$50.65/lb², resulted in a corresponding increase in the value of U₃O₈ held by Yellow Cake over the Quarter from US\$902.7 million as at 31 December 2022³ to US\$952.5 million⁴ as at 31 March 2023.
- Estimated net asset value as at 31 March 2023 of £4.23 per share⁵ or US\$1,035.3 million, comprising 18.81 million lb of U₃O₈ valued at a spot price of US\$50.65/lb² and cash and other current assets and liabilities of US\$82.8 million.
- Increase in estimated net asset value per share over the Quarter of 2% from £4.15 per share⁶ as at 31 December 2022 to £4.23 per share⁵ as at 31 March 2023, as a result of the increase in the uranium price, partly offset by the appreciation of Sterling over the Quarter.

¹ Daily spot price published by UxC, LLC on 31 December 2022.

² Daily spot price published by UxC, LLC on 31 March 2023.

³ Based on the daily spot price of US\$48.00/lb published by UxC, LLC on 31 December 2022 and 18,805,601 lb U₃O₈ held by the Company as at 31 December 2022.

⁴ Based on the daily spot price of US\$50.65/lb published by UxC, LLC on 31 March 2023 and 18,805,601 lb U₃O₈ held by the Company as at 31 March 2023.

⁵ Estimated net asset value per share as at 31 March 2023 is calculated assuming 202,740,730 ordinary shares in issue less 4,636,331 shares held in treasury, the Bank of England’s daily USD/ GBP exchange rate of 1.2364 and the daily spot price published by UxC, LLC on 31 March 2023.

⁶ Estimated net asset value per share as at 31 December 2022 is calculated assuming 187,740,730 ordinary shares in issue less 4,636,331 shares held in treasury, the Bank of England’s daily USD/ GBP exchange rate of 1.2039 and the daily spot price published by UxC, LLC on 31 December 2022.

- Yellow Cake's estimated proforma net asset value on 25 April 2023 was £4.46 per share or US\$1,095.1 million, assuming 20.16 million lb of U₃O₈ valued at a spot price of US\$53.50/lb⁷ and cash and other current assets and liabilities⁸.
- Yellow Cake's operations, financial condition and ability to purchase and take delivery of U₃O₈ from Kazatomprom, or any other party, remain unaffected by the geopolitical events in Ukraine. All U₃O₈ to which the Company has title and has paid for, is held at the Cameco storage facility in Canada and the Orano storage facility in France.

Andre Liebenberg, CEO of Yellow Cake, said:

“We continue to deliver on our strategy. In the first quarter we completed another oversubscribed share placing, raising over £60 million which we immediately used to secure a further 1.35 million pounds of uranium from Kazatomprom as part of our framework agreement. Once we take delivery later this year, our total uranium holdings will exceed 20 million pounds, giving our shareholders a substantial opportunity to participate in the continued strong pricing environment. Our confidence in the outlook for uranium is unchanged. In the first quarter, the price of uranium has continued to rise, in contrast to other commodities, highlighting the low correlation of the uranium price to other asset classes. More significantly, there is a considerable positive shift in global sentiment towards nuclear, with governments worldwide recognising the need for clean base-load capacity. We continue to see rising demand, driven in part by higher contracting activity, which coupled with constrained supply, leads us to believe that this marks a generational opportunity for investors in uranium.”

⁷ Daily spot price published by UxC, LLC on 25 April 2023.

⁸ Estimated net asset value per share as at 25 April 2023 is calculated assuming 202,740,730 ordinary shares in issue, less 4,636,331 shares held in treasury, a USD/ GBP exchange rate of 1.2408 and the daily spot price published by UxC, LLC on 25 April 2023. For purposes of estimating proforma net asset value, cash and other current assets and liabilities is calculated as US\$82.8 million as at 31 March 2023, less a cash consideration of US\$66.0 million to be paid to Kazatomprom following delivery of 1.35 million lb of U₃O₈ in H2 2023.

Uranium Market Developments and Outlook

Global Uranium Market

The daily uranium spot price, as reported by UxC, stood at US\$48.00/lb⁹ at the end of December 2022, increasing by almost 6% during the month of January to reach US\$50.75/lb U₃O₈ by month-end. The spot price then traded in a narrow range through February (US\$50.85/lb U₃O₈) and March (US\$50.65/lb U₃O₈), due to relatively limited market demand.

Transactional activity in the spot market continued to moderate during the January-March timeframe. UxC reported total spot market volume approximated 12.6 Mlb U₃O₈¹⁰ for the Quarter compared to slightly above 13.0Mlb U₃O₈ in the last quarter of 2022. Spot market purchasing by the Sprott Physical Uranium Trust (“SPUT”) fell markedly during the quarter with the uranium fund acquiring a total of 2.38 Mlb U₃O₈, including a single purchase of 100,000 lb in March.¹¹

Longer term uranium price indicators remained fairly stable throughout the Quarter as the Ux 3-yr Forward price ended December at US\$56.50/lb U₃O₈ before rising to US\$57.00/lb U₃O₈ during January and the 5-yr Forward price strengthened from US\$60.00/lb to US\$61.00/lb U₃O₈ during January, with both indicators unchanged at the end of March. The Ux Long-Term Price began the year at US\$51.00/lb U₃O₈, increasing to US\$52.00/lb U₃O₈ in January before stabilizing at US\$53.00/lb U₃O₈ during February and March. During the Quarter, term uranium contracting volume aggregated 51.7 Mlb U₃O₈ (utility only), comparable to the reported level in the first quarter of 2022 which was reported as more than 55 Mlb.¹²

UxC released its annual review of the uranium spot market (“2022 Uranium Spot Market Review”) on 30 January 2023. The global nuclear fuel consulting firm reported that spot price volatility intensified compared to 2021 due to multiple geopolitical issues that unfolded throughout the year especially the “social unrest” in Kazakhstan in January 2022 and the Russian invasion of Ukraine in February 2022. The uranium spot price peaked in mid-April at US\$63.75/lb, its highest level since 2011 but finished 2022 at US\$48.00/lb, representing an increase of US\$6.00/lb from the beginning of CY2022 (a 14% increase). Regarding annual spot market volume, CY2022 reported transactions totalling 60.8 million lb, as compared to the 2021 level of 102.4 million lb.

Looking forward into CY2023, UxC observed that “As new production is now even more important and utilities may need to cover unexpected needs, the expectation is that this will result primarily in additional utility focus on new term contracting. However, additional contracting activity could also flow back into the spot market, which would add to demand that is expected to be heavily driven by the activity of financials.”¹³

A new round of sanctions was placed on Russian entities and citizens by the United States, the European Union and the United Kingdom with effect from 24 February 2023. The sanctions included several nuclear-related organisations identified as supporting the Russian military, while the UK sanctions included senior executives from Russia’s state-owned nuclear company, Rosatom.¹⁴

Nuclear Generation / Uranium Demand

In January 2023, the Belgian federal government announced that agreement had been reached to extend the operating life of both the Doel-4 and Tihange-3 reactors which had been scheduled for final shut-down in 2025. Both reactors will now be allowed to operate a further ten years.¹⁵

⁹ Daily spot price published by UxC, LLC on 31 December 2022.

¹⁰ Ux Weekly Ux Weekly vol 37 no 14, 3 April 2023.

¹¹ Sprott.com; “Daily and Cumulative Pounds of Uranium (U₃O₈) Acquired by Trust”; 31 March 2023.

¹² Ux Weekly; “UxC Market Statistics”; 28 March 2022.

¹³ Ux Weekly; “2022 Uranium Spot Market Review”; 30 January 2023.

¹⁴ TradeTech InFocus; “New Sanctions Declared on Russia as War in Ukraine Passes One-Year Milestone”; Nuclear Market Review; 24 February 2023.

¹⁵ World Nuclear News; “Accord reached on extending operation of Belgian units”; 10 January 2023.

The Swedish government is evaluating a proposal to amend the current nuclear law which limits the number of operating reactors to ten and which prohibits the building of new reactors at existing nuclear power plant sites. The proposal also states that necessary regulations should be adopted facilitating the construction and operation of small modular reactors (“SMR”) within the Nordic country.¹⁶

In January 2023, the French Senate approved a draft bill designed to accelerate procedures related to the construction of new nuclear facilities near existing nuclear sites and to the operation of existing facilities. In addition, the approved text removes the objective of reducing the nuclear share of France’s electricity to 50% by 2035 and provides that the share of electricity production contributed by nuclear will be “more than 50%” by 2050.¹⁷

South Korea has taken the decision to pursue restarting construction of two 1,400 Mwe reactors (Shin Hanul 3 and 4) located in the coastal county of Uljin (southeast of Seoul). Construction activities were suspended in 2017 in accordance with the previous administration’s nuclear phase-out policy which has been reversed by the recently elected government. South Korea now plans for nuclear to generate more than 30 percent of the country’s electricity by 2030.¹⁸

Japanese public opinion has moved towards support of restarting nuclear reactors in that country. One of Japan’s leading newspapers, the Asahi Shimbun, reported the results of a national survey conducted 18-19 February which showed 51% of respondents favoured resuming operations while 42% favoured leaving the reactors offline. Previous public polling showed only 30% support for reactor operations.¹⁹

Public support for nuclear power continues to increase in Europe. A recent public opinion poll conducted by the Som Institute at Gothenburg University reported that support for nuclear power in Sweden has reached a record high of 56%, up from 42% in 2022.²⁰ A public opinion poll in the UK found a 25% increase in net support for new nuclear power since June 2021 while support in Switzerland remains stable with about half of the surveyed persons in favour of maintaining the current reactor fleet, while 45% favour the construction of new reactors (43% support a legal ban on new construction).²¹

The US Department of Energy released an initial report entitled “Pathways to Commercial Liftoff” which sets forth a preliminary roadmap for the commercialisation of clean energy technologies including nuclear power. This department-wide initiative provides “the private sector and other industry partners a valuable, engagement-driven resource on how and when certain technologies-beginning with clean hydrogen, advanced nuclear, and long duration energy storage-can reach full scale deployment.” The report concludes that cumulative investment must increase from approximately US\$40 billion to US\$300 billion by 2030 across those technology areas with continued acceleration until 2050. The implementation plan envisions an additional 200 Gwe of advanced nuclear power by 2050 which would include current nuclear technology (Gen III+) as well as Gen IV reactors utilising novel fuels such as high assay-low-enriched uranium (“HALEU”), small modular reactors and micro reactors.²²

The European Commission published its proposed “Net-Zero Industry Act (NZIA) in mid-March, a component of the EU’s Green Deal Industrial Plan. The proposed legislation lists technologies that the EC believes will make a significant contribution to decarbonisation which include: solar; wind; batteries and storage; heat pumps and geothermal energy; electrolyzers and fuel cells; biogas/biomethane; carbon capture, utilisation, storage and grid technologies; sustainable alternative fuels technologies, and; advanced technologies to produce energy from nuclear processes with minimal waste from the fuel cycle, small modular reactors and related best-in-class fuels.²³ In subsequent negotiations, parties agreed that countries with commercial nuclear power programmes could reduce their green hydrogen targets for industries by up to a fifth by 2030 if they mainly use nuclear

16 World Nuclear News; “Changes to Swedish law proposed to enable nuclear new build”; 12 January 2023.

17 World Nuclear News; “French Senate adopts bill on accelerating nuclear new build”; 25 January 2023.

18 Yonhap News Agency; “S. Korea to resume construction of Shin Hanul 3 and 4 nuclear reactors this year”; 31 January 2023.

19 World Nuclear News; “Poll finds record support for Japanese reactor restarts”; 21 February 2023.

20 BNN Bloomberg News; “Swedes’ Support for Nuclear Power Hits Highest Since Fukushima”; 29 March 2023.

21 World Nuclear News; “Polls find strong support for nuclear in UK and Switzerland”; 10 March 2023.

22 US DOE press release; “DOE Releases New Reports on Pathways to Commercial Liftoff to Accelerate Clean energy Technologies”; 21 March 2023.

23 World Nuclear News; “Nuclear “partially” included in EU’s Net-Zero Industry Act”; 16 March 2023.

power-rather than fossil fuels for producing the remainder of their hydrogen and remain on track to meet their overall renewable goals.²⁴

Uranium Supply

On 17 March 2023, Kazatomprom announced CY2022 production results and 2023 outlook. Total uranium production declined slightly during 2022 recording 55.2 Mlb compared to 56.7 Mlb in 2021 (3% decrease). However, Kazatomprom group uranium sales volumes fell by only 1% year-on-year while the average realised sales price rose by 31% to US\$43.46/lb compared to USD33.11/lb for 2021. Kazatomprom anticipates aggregate uranium production to be in the range of 53.3–55.9 Mlb for CY2023 with the decline in production “due to continued delays and/or limited access to certain key materials, including sulphuric acid, and equipment impacting the wellfield commissioning schedule in 2022.” Furthermore, “Wellfield development, procurement and supply chain issues, including inflationary pressure on production materials and reagents, are expected to continue throughout 2023, impacting the Company’s financial metrics.” Finally, “the Company continues to target ongoing inventory level of approximately six to seven months of annual attributable production. The Company may purchase uranium from the spot market, while continuing to monitor market conditions for opportunities to optimise its inventory.”²⁵

Cameco Corporation held its 4Q 2022 Conference Call on 9 February 2023. Corporate executives characterised CY2022 as a “transformative year” both for the company as well as the nuclear power industry. Regarding uranium market fundamentals, Cameco reported that global utility uncovered (yet-to-be-contracted) uranium requirements total approximately 2.3 billion lb U₃O₈ to 2040 while there now exists a structural primary and secondary uranium supply gap commencing in the near-term. Based on positive market fundamentals coupled with significant long-term contracting, Cameco is abandoning its previous planned restriction of mine operations and now plans to ramp-up McArthur River to 18.0 Mlb/year and maintain comparable output at Cigar Lake. Ramp-up of the McArthur River Mine continues to progress with annual output reaching 15.0 Mlb in 2023 (2022 – 1.1 M lb) before reaching 18.0 Mlb in 2024.²⁶

On 8 February 2023, Cameco announced the finalisation of the pending long-term uranium/conversion services agreement with the Ukrainian nuclear power company, Energoatom. Under the terms of the agreement, Cameco will provide 100% of Energoatom’s uranium hexafluoride (UF₆) requirements for reactors located at the Rivne, Khmelnytskyi and South Ukraine Nuclear Power Plants. The contract also incorporates an option for the fuel requirements of Zaporizhzhia NPP “after its complete de-occupation” by the invading Russian military. The agreement extends for a 12-year period from 2024 to 2035 and will total about 40.1 Mlb U₃O₈. In the event that the six-reactor site at Zaporizhzhia returns to Ukrainian control, a further 27.2 Mlb U₃O₈ could be added by 2035. Another agreement executed by the two parties provides for the sale of Ukrainian-produced uranium which is mined by the domestic Mining and Processing Plant (SkhidGZK) to “Canada.”²⁷ WNA uranium production data shows that the Ukrainian facility has been producing 2.0-2.1 Mlb U₃O₈/year.

Nuclear Power Forecasts

On 30 January 2023, BP released its “Energy Outlook – 2023 Edition” which examines energy trends and uncertainties associated with the expected energy transition over the next 30 years. Major updating to the previous Energy Outlook incorporates impacts of the Russia-Ukraine War as well as the adoption of the Inflation Reduction Act in the US. The report assesses three main scenarios: Accelerated, Net Zero and New Momentum. The global energy conglomerate envisions wind and solar accounting for all or most of the growth in electricity generation stating, “the role of electricity increases substantially and broadly uniformly across all three scenarios, with electricity consumption increasing by around 75% by 2050.” Regarding the future role of nuclear

24 BNN Bloomberg News; “EU Agrees Nuclear Has Role in Meeting Ambitious Climate Goal”; 30 March 2023.

25 Kazatomprom Press Release; “Kazatomprom 2022 Full-Year Operating and Financial Results”; 17 March 2023.

26 Cameco Corporation Press Announcement; Fourth Quarter 2022 Conference Call; 9 February 2023.

27 Energoatom Press Release; “Energoatom and Cameco Sign Agreements to Secure Stable Supplies of Nuclear Fuel”; 19 March 2023.

power in the energy transition, BP states that “nuclear power generation increases by around 80% by 2050 in Accelerated and more than doubles in Net Zero.”²⁸

Uranium Market Outlook

As stated in the previous quarterly review and reflective of expected market activity over the next quarter, the spot price trend during the second quarter of 2023 is likely to continue to be dictated by global economic conditions affecting near-term purchasing decisions by financially oriented market participants. Therefore, in the absence of more fundamental market factors being exerted, it appears likely that spot market activity will remain modest with a narrow trading range through mid-year.

As anticipated, term contracting remained at a relatively high level during the Quarter driven by transactions involving Energoatom (Ukraine) covering forward nuclear fuel requirements with Western sources. In addition, Yellow Cake understands that uranium suppliers and nuclear utilities continue to discuss forward uranium contracting, especially in the United States, but firm contracting appears to have subsided somewhat entering the second quarter of 2023.

28 “BP Energy Outlook – 2023 edition”; 30 January 2023.

Net Asset Value

Yellow Cake's estimated net asset value on 31 March 2023 was £4.23 per share or US\$1,035.3 million, consisting of 18.81 million lb of U₃O₈, valued at a spot price of US\$50.65/lb²⁹ and cash and other current assets and liabilities of US\$82.8 million.³⁰

Yellow Cake Estimated Net Asset Value as at 31 March 2023			
		Units	
Investment in Uranium			
Uranium oxide in concentrates ("U ₃ O ₈ ")	(A)	lb	18,805,601
U ₃ O ₈ fair value per pound ⁽²⁹⁾	(B)	US\$/lb	50.65
U ₃ O ₈ fair value	(A) x (B) = (C)	US\$ m	952.5
Cash and other net current assets/(liabilities) ⁽³⁰⁾	(D)	US\$ m	82.8
Net asset value in US\$ m	(C) + (D) = (E)	US\$ m	1,035.3
Exchange Rate ⁽³¹⁾	(F)	USD/GBP	1.2364
Net asset value in £ m	(E) / (F) = (G)	£ m	837.4
Number of shares in issue less shares held in treasury ⁽³²⁾	(H)		198,104,399
Net asset value per share	(G) / (H)	£/share	4.23

Yellow Cake's estimated proforma net asset value on 25 April 2023 was £4.46 per share or US\$1,095.1 million, based on 20.16 million lb of U₃O₈ valued at a spot price of US\$53.50/lb³³ and cash and other current assets and liabilities of US\$82.8 million as at 31 March 2023, less a cash consideration of US\$66.0 million to be paid to Kazatomprom following delivery of 1.35 million lb of U₃O₈ in H2 2023.

Yellow Cake Estimated Proforma Net Asset Value as at 25 April 2023			
		Units	
Investment in Uranium			
Uranium oxide in concentrates ("U ₃ O ₈ ")	(A)	Lb	20,155,601
U ₃ O ₈ fair value per pound ⁽³³⁾	(B)	US\$/lb	53.50
U ₃ O ₈ fair value	(A) x (B) = (C)	US\$ m	1,078.3
Cash and other net current assets/(liabilities) ⁽³⁴⁾	(D)	US\$ m	16.8
Net asset value in US\$ m	(C) + (D) = (E)	US\$ m	1,095.1
Exchange Rate	(F)	USD/GBP	1.2408
Net asset value in £ m	(E) / (F) = (G)	£ m	882.6
Number of shares in issue less shares held in treasury ⁽³⁵⁾	(H)		198,104,399
Net asset value per share	(G) / (H)	£/share	4.46

29 Daily spot price published by UxC, LLC on 31 March 2023.

30 Cash and cash equivalents and other net current assets and liabilities as at 31 March 2023.

31 Bank of England's daily USD/ GBP exchange rate as at 31 March 2023.

32 Net asset value per share on 31 March 2023 is calculated assuming 202,740,730 ordinary shares in issue less 4,636,331 shares held in treasury on that date.

33 Daily spot price published by UxC, LLC on 25 April 2023.

34 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 million lb of U₃O₈ in H2 2023.

35 Net asset value per share on 25 April 2023 is calculated assuming 202,740,730 ordinary shares in issue, less 4,636,331 shares held in treasury on that date.

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ABOUT YELLOW CAKE

Yellow Cake is a London-quoted 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 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 ten-year Framework Agreement for the supply of U₃O₈ with Kazatomprom, the world’s largest uranium producer. Yellow Cake currently holds 18.81 million pounds of U₃O₈, all of which is held in storage in Canada and France.

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.