



PURE EXPOSURE TO THE  
URANIUM COMMODITY

INVESTOR PRESENTATION

December

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

## November 2023



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

- Activity in the global spot market increased slightly during November with UxC reporting a total of 4.9Mlbs. transacted as compared to 4.5Mlbs. during October 2023. Total spot market volume for the year now stands at 53.0Mlbs.
- While spot market volume remained fairly modest during November, the spot uranium price strengthened significantly having reached US\$80.25 /lb. on 20 November, a level not recorded since early 2008. The spot market price ended November at US\$81.00 /lb., an increase of US\$7.00 /lb. from the end of October (+9.5%)

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

- The three longer term uranium price indicators showed further upward movement during November as the 3-yr Forward price rose from US\$75.00 /lb. up to US\$79.00 /lb., while the 5-yr Forward Price increased by a comparable amount ending November at US\$84.00 /lb. The Long-Term Price showed a more modest increase reaching US\$66.00 /lb. at the end of November, an increase of US\$1.00 /lb. from the end of October

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

- Cameco (49%) and Brookfield Asset Management / Renewable Partners (51%) announced the completion of the acquisition of Westinghouse Electric Company (7 November), with a final enterprise value of US\$8.2 bn
- Cameco reported that to finance its share of the transaction (US\$2.1 bn), the company used US\$1.5 bn of cash and drew the full amount of both US\$300m tranches of the term loan put in place concurrently with the execution of the acquisition agreement
- The announcement went on to state that: “Westinghouse has a stable and predictable core business generating durable cash flows. Like Cameco, Westinghouse has a long-term contract portfolio, which positions it well to compete for growing demand for new nuclear reactors and reactors services, as well as fuel supplies and services needed to keep the global fleet operating safely and reliably.”

#### Sources:

1) UxC Weekly; “UxC Price Indicators”; 4 December 2023

2) Cameco Press Release; “Cameco and Brookfield Acquisition of Westinghouse Electric Company Creating a Powerful Platform for Strategic Growth”; 7 November 2023

# Uranium market update

November 2023



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

- Kazatomprom released its 3Q23 Operations and Trading Update, which reported a slight decline in Kazakh uranium production for the first nine months of the year (2023 – 39.8Mlbs. compared to 2022 – 40.2Mlbs), but reconfirming the 2023 guidance at 53.3 – 55.9Mlbs. However, the world’s largest producer of uranium cautioned that “issues associated with limited access to certain key materials, such as sulfuric acid, remain persistent, and might potentially have a negative impact on 2024 production.”
- The company reported that as of the first half of 2023, 58% of all shipments of uranium from Kazakhstan to Western countries were shipped through the Trans-Caspian International Transport Route (“TITR”) and that it is expected that for the full year of 2023 the total share of TITR shipments of Kazakhstan’s shipments to Western countries will amount up to 71%

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

- Norsk Kjernkraft submitted a proposal to Norway’s Ministry of Oil and Energy for an assessment into the construction of a power plant based on multiple small modular reactors in the municipalities of Aure and Heim. Once approved by the government agency, the environmental impact assessment phase could begin
- In June, Norsk Kjernkraft signed a letter of intent with TVO Nuclear Service, a consulting company wholly owned by the Finnish utility Teollisuuden Voima Oyj, to jointly investigate the suitability and effectiveness of the development of nuclear power in Norway

## Sri Lanka<sup>(3)</sup>

- The Cabinet of Ministers of Sri Lanka approved a sweeping reform bill (Electricity Act) providing for the unbundling and restructuring of the Ceylon Electricity Board (“CEB”), the nation’s provider of electricity. The CEB has included nuclear power from 2030 under scenarios in its long-term energy plans

### Sources:

- 1) Kazatomprom Press Release; “Kazatomprom 3Q23 Operations and Trading Update”; 1 November 2023
- 2) World Nuclear News; “SMR power plant proposed in Norway”; 3 November 2023
- 3) World Nuclear News; “Sri Lankan government has plans for nuclear, minister says”; 21 November 2023

# Uranium market update

November 2023



## The Philippines / The U.S.<sup>(1)</sup>

- The United States and the Philippines executed a 123 Agreement addressing nuclear cooperation between the two countries. The Philippine government has committed to pursuing nuclear power especially SMRs within the country as peak energy demands are forecast to nearly quadruple by 2040
- Philippine President, Ferdinand Marcos, stated that the country envisions nuclear energy becoming a component of the Philippine energy mix by 2032

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

- The European Parliament adopted its official position on the proposed Net-Zero Industry Act (“NZIA”), which is designed to support Europe's manufacturing output in technologies needed for decarbonization. The MEPs included nuclear fission and fusion amongst the list of 17 technologies addressed by the legislation
- The NZIA sets a target for Europe to produce 40% of its annual deployment needs in net zero technologies by 2030 and to capture 25% of the global market value for these technologies

## COP28<sup>(3)</sup>

- During the World Climate Action Summit of the 28th Conference of the Parties to the U.N. Framework Convention (“COP28”), more than 20 countries led by the United States, France, Japan Republic of Korea, United Arab Emirates and the United Kingdom, launched the Declaration to Triple Nuclear Energy. The Declaration “recognizes the key role of nuclear energy in achieving global net-zero greenhouse gas emissions by 2050 and keeping the 1.5-degree goal within reach.”

### Sources:

- 1) World Nuclear News; “Nuclear accord signed between USA and Philippines”; 17 November 2023
- 2) World Nuclear News; “MEPs fully include nuclear in Net-Zero Industry Act”; 22 November 2023
- 3) U.S. Department of State; “At COP28, Countries Launch Declaration to Triple Nuclear Energy Capacity by 2050, recognizing the Key role of Nuclear Energy in Reaching Net Zero”; 1 December 2023

# Proforma net asset value as at 11 December 2023



| Investment in Uranium   |                        | Units           |                |
|---|------------------------|-----------------|----------------|
| Uranium oxide in concentrates ("U <sub>3</sub> O <sub>8</sub> ") <sup>(1)</sup> | (A)                    | lbs.            | 21,682,318     |
| U <sub>3</sub> O <sub>8</sub> fair value per pound <sup>(2)</sup>               | (B)                    | US\$ /lb.       | 82.30          |
| U <sub>3</sub> O <sub>8</sub> fair value  | (A) x (B) = (C)        | US\$ mm         | 1,784.5        |
| Cash and other net current assets / (liabilities) <sup>(3)</sup>                | (D)                    | US\$ mm         | 33.3           |
| <b>Net asset value in US\$ mm</b>   | <b>(C) + (D) = (E)</b> | <b>US\$ mm</b>  | <b>1,817.8</b> |
| Exchange rate <sup>(4)</sup>  | (F)                    | USD/GBP         | 1.2551         |
| Net asset value in £ mm   | (E) / (F) = (G)        | £ mm            | 1,448.3        |
| Number of shares in issue less shares held in treasury <sup>(5)</sup>           | (H)                    |                 | 216,856,447    |
| <b>Net asset value per share</b>  | <b>(G) / (H)</b>       | <b>£ /share</b> | <b>6.68</b>    |

Source:

1) Comprises 20.16Mlbs. U<sub>3</sub>O<sub>8</sub> held as at 11 December 2023, plus 1.53Mlbs. U<sub>3</sub>O<sub>8</sub> which the Company has committed to purchase in H1 2024

2) UxC, LLC on 11 December 2023

3) Cash and other current assets and liabilities of US\$12.7m as at 30 September 2023, plus net placing proceeds of US\$120.6m received 2 October 2023, less cash consideration of US\$100.0m to be paid to Kazatomprom following delivery of 1.53Mlbs. U<sub>3</sub>O<sub>8</sub> in H1 2024.

4) The Bank of England's daily exchange rate on 11 December 2023

5) Estimated proforma net asset value per share on 11 December 2023 is calculated assuming 221,440,730 ordinary shares in issue, less 4,584,283 shares held in treasury on that date

# Yellow Cake corporate summary



## Corporate overview

|   |          |
|---|----------|
| Last share price <sup>(1)</sup>                     | £5.95    |
| NAV per share <sup>(2)</sup>                        | £6.68    |
| Market cap (mm) <sup>(1)</sup>                      | £1,290.3 |
| Shares outstanding less those held in treasury (mm) | 216.9    |
| Shares held in treasury (mm) <sup>(2)</sup>         | 4.6      |
| 52 week high  | £5.95    |
| 52 week low   | £3.53    |

## Analyst coverage and rating



Buy



Buy



Buy

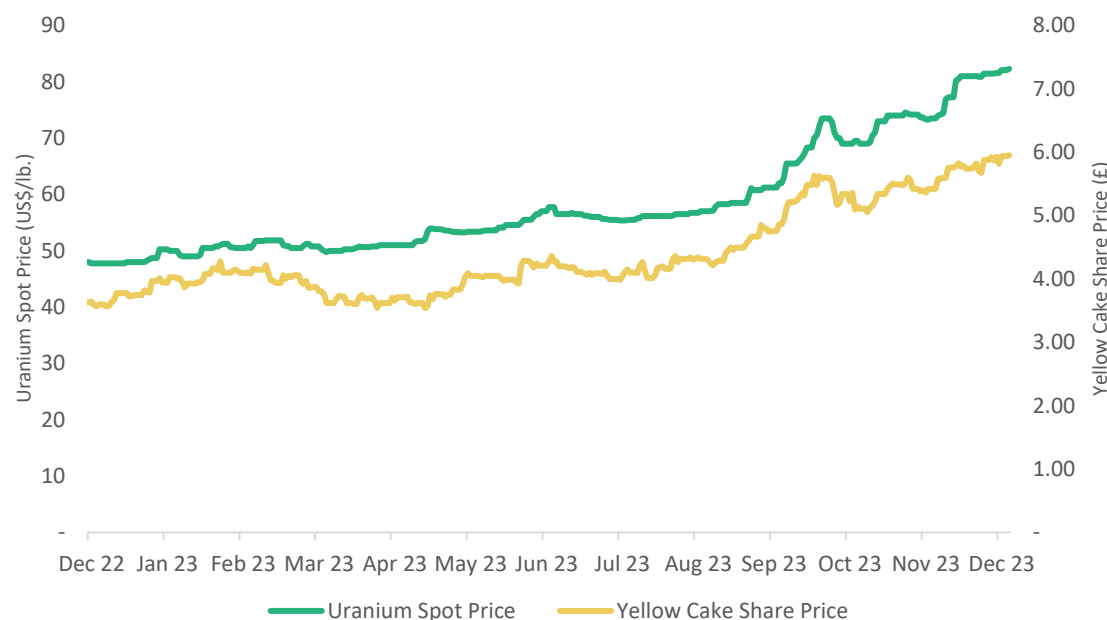


Buy



Hold

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



## Blue chip shareholder register



**Kopernik**  
Global Investors, LLC



ALPS Advisors

MMCAP Fund

GLOBAL X



by Mirae Asset  
**URANIUM**  
ROYALTY CORP

JD Squared

HARGREAVES  
LANSDOWN

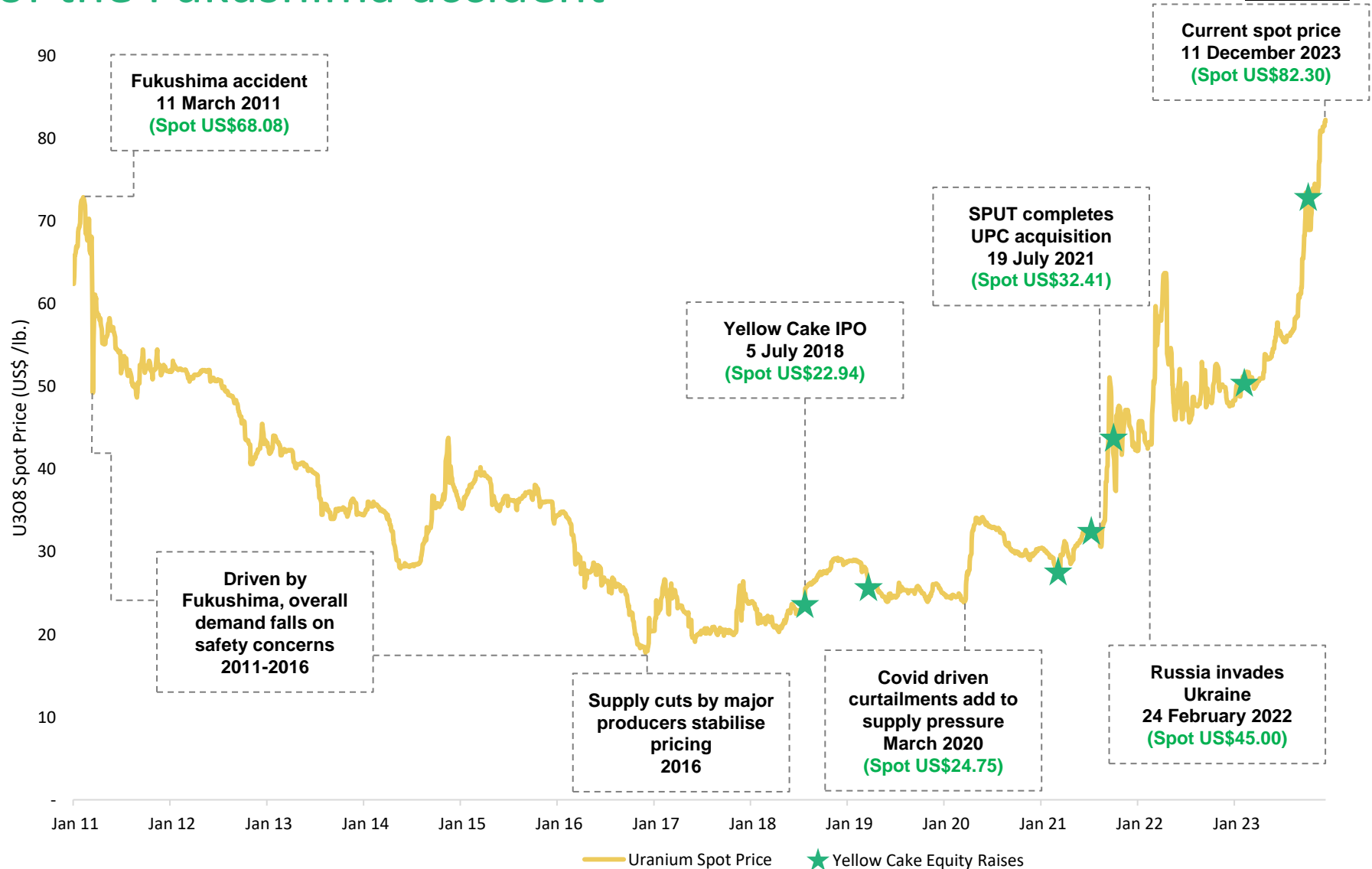
Source:

1) Cap IQ on 11 December 2023

2) Yellow Cake's estimated net asset value on 11 December 2023. See calculation on page 6

3) UxC, LLC 11 December 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", 11 December 2023

2) McKinsey, "Uranium Commodity Perspective", December 2022

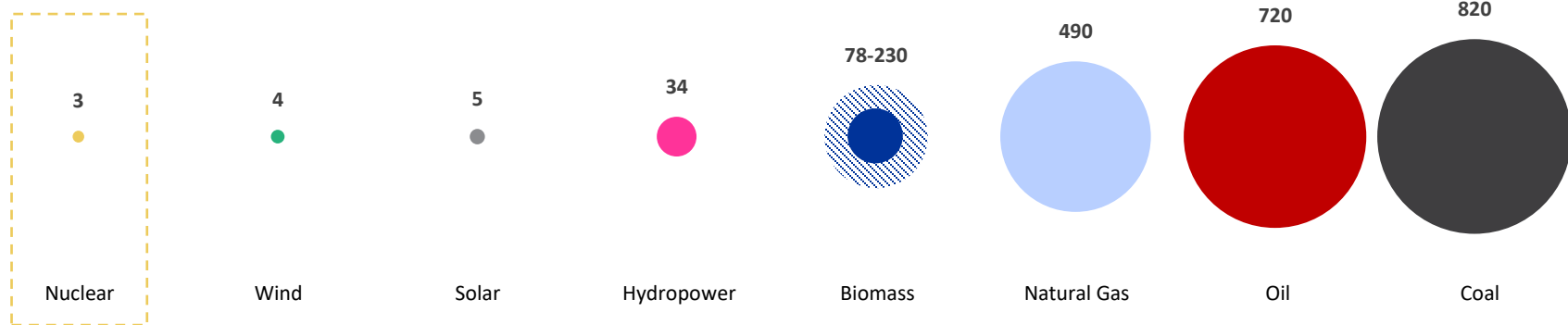
# Decarbonisation

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

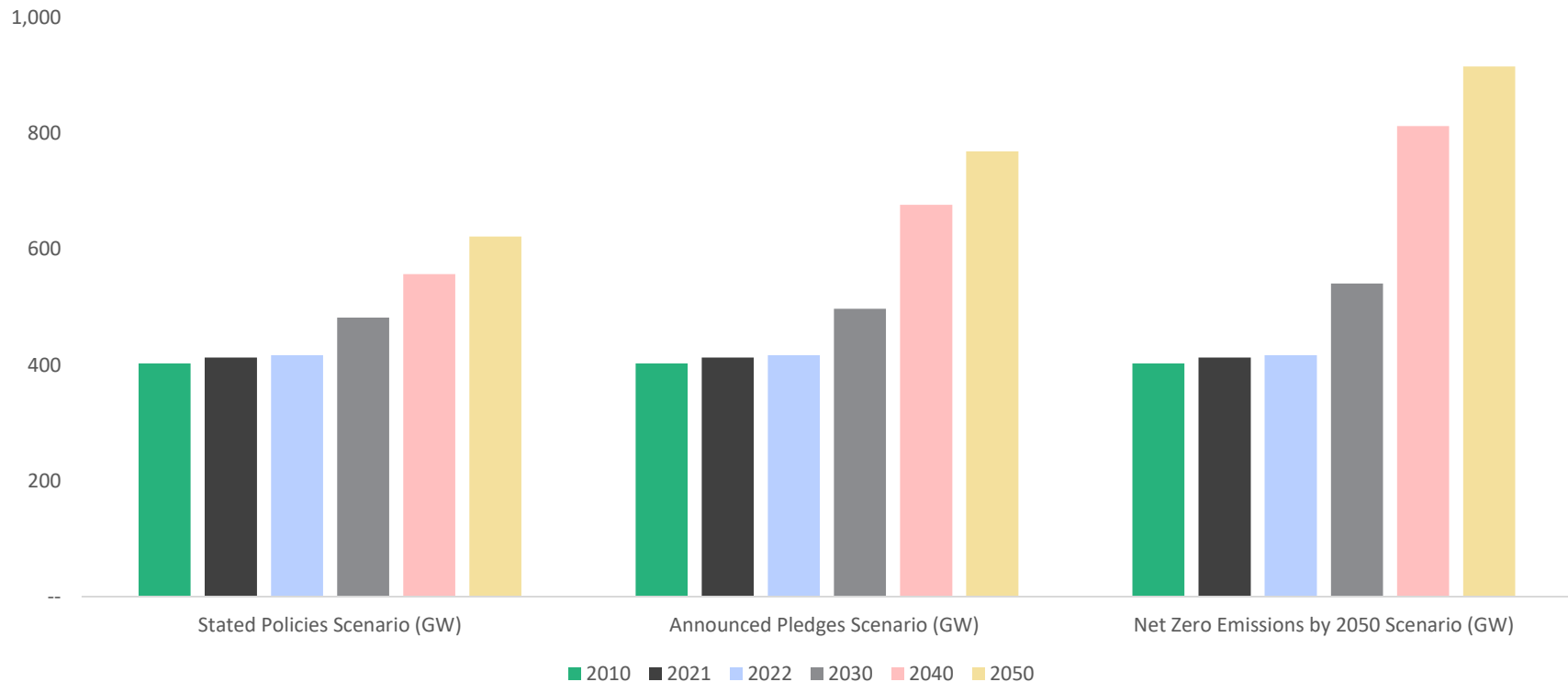
- Not only does nuclear generate >99% less CO<sub>2</sub> equivalent emissions than non-renewable power sources (natural gas, oil, and coal), but it also generates the least amount of emissions when considering other renewable power sources traditionally considered environmentally friendly (wind and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

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



Source:

1) World Energy Outlook, October 2023

## 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

26 reactors  
under construction,  
42 planned

## India

8 reactors  
under construction,  
12 planned

## Russia

3 reactors  
under construction,  
25 planned

## UAE

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                              | 62   | 111                             | 318                              |
| Chinese Reactor Fleet       | 55                               | 26   | 42                              | 154                              |

Source:

1) World Nuclear Association, World Nuclear Power Reactors & Uranium Requirements (November 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:

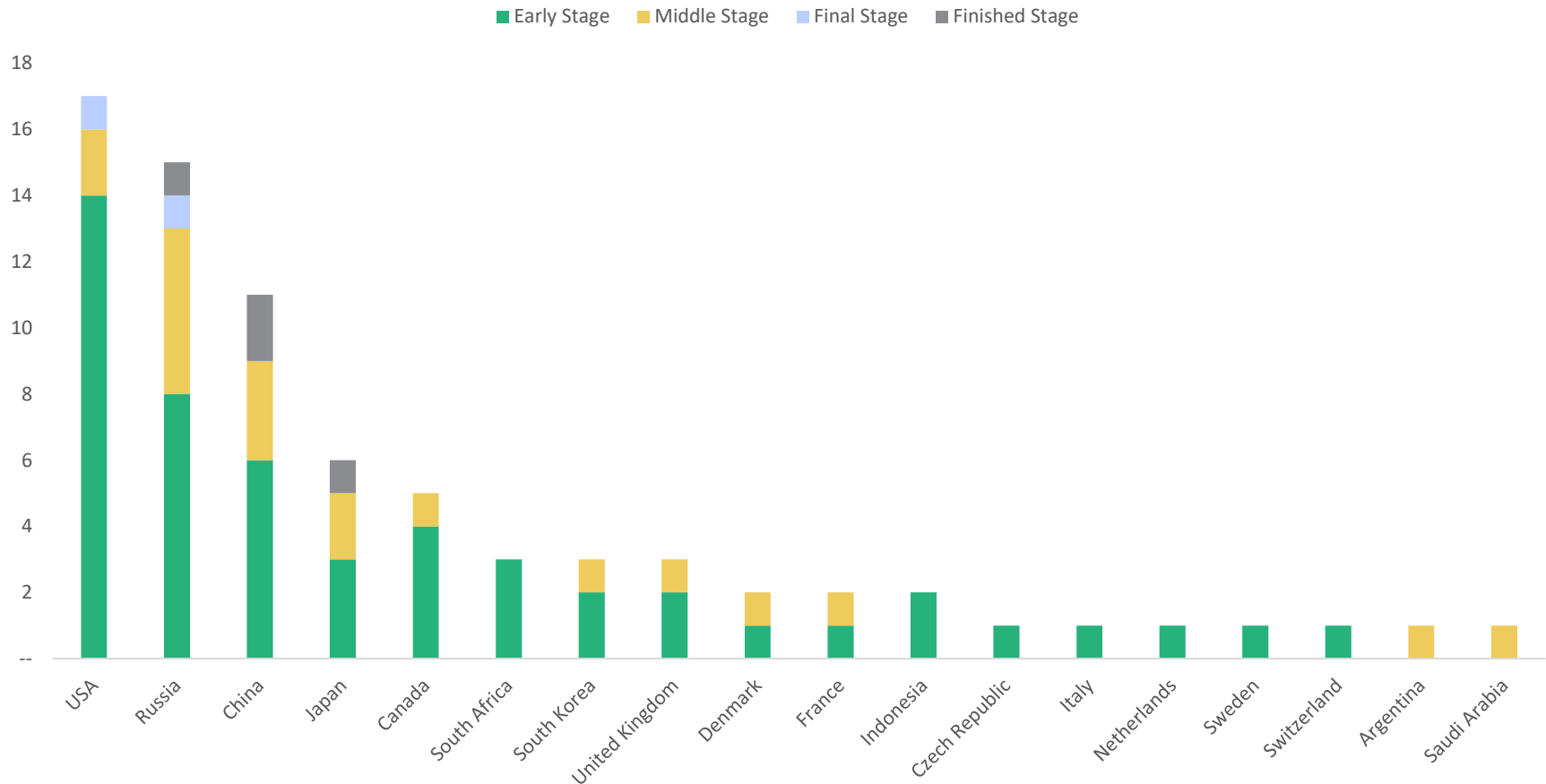
Reuters, "Netherlands plans to build two nuclear power plants by 2035", December 2022; UxC Weekly, Vol 37, No 10; UxC Weekly, Vol 37, No 8; UxC Weekly, Vol 37, No 5

# 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

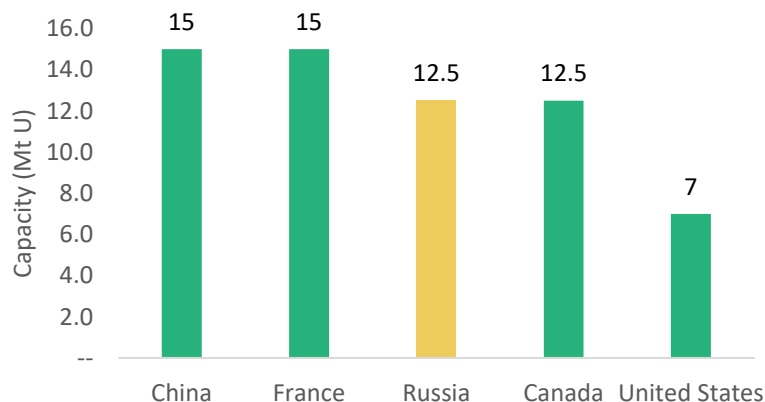


Russia is a key player in both conversion and enrichment

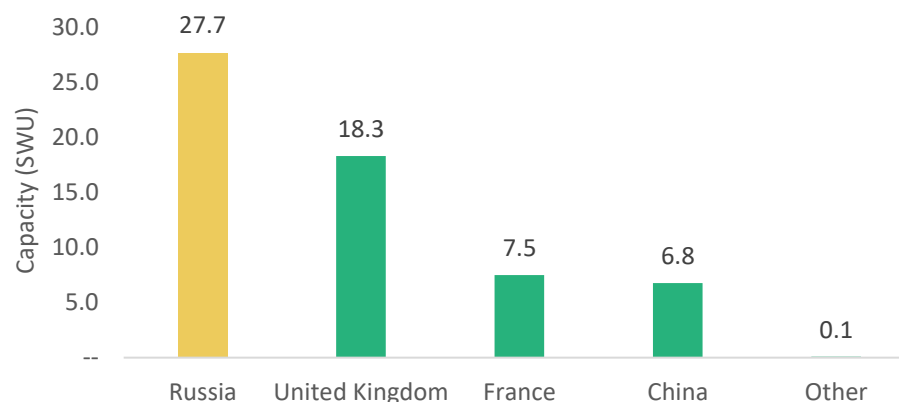
## Front-end nuclear cycle overview <sup>(1)</sup>



### 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



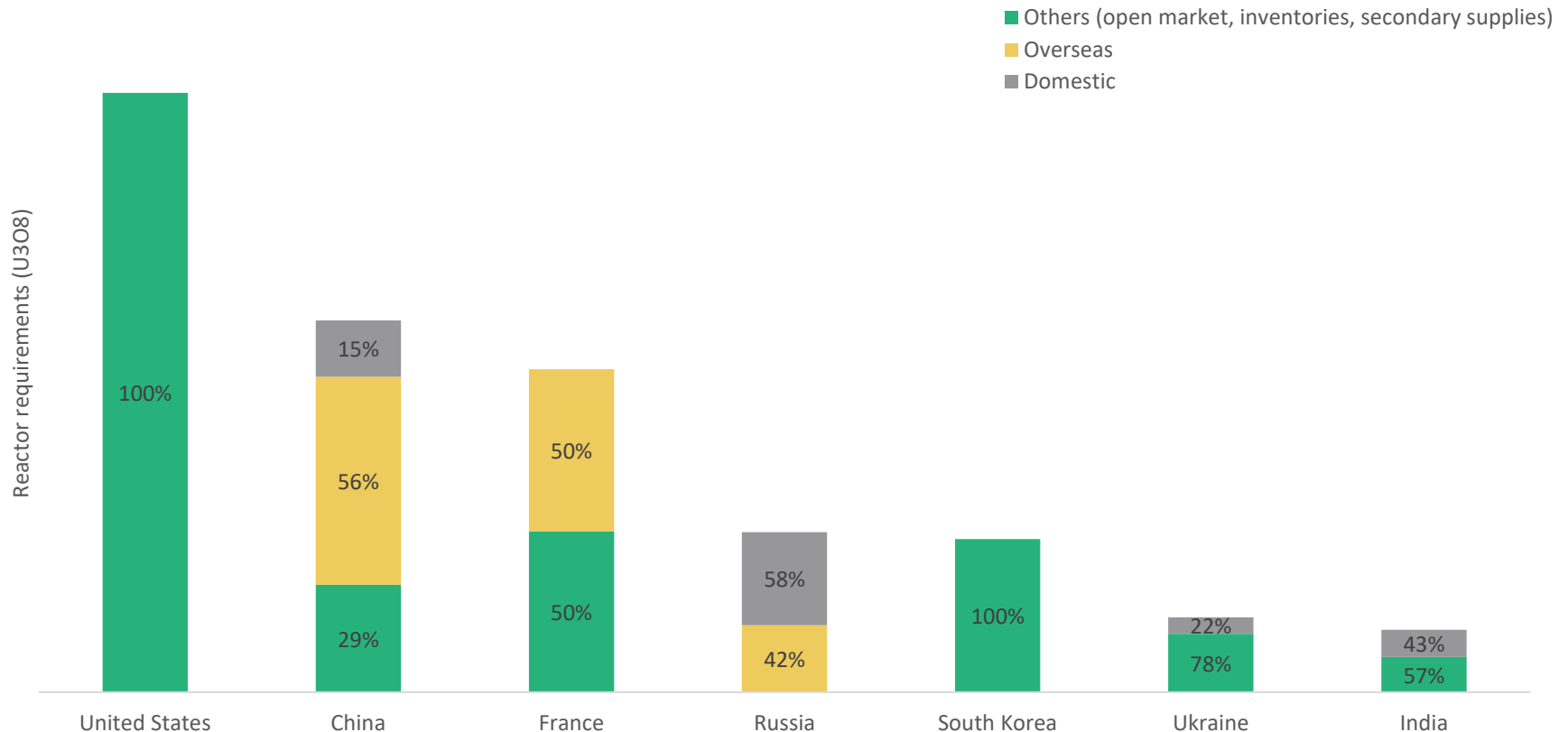
- Western nuclear utility dependency on Russian nuclear fuel highlighted
- Sanctions have to date not yet been imposed on Russian nuclear fuel, but growing number of nuclear utilities are “self sanctioning”
- “Deglobalisation” of the nuclear fuel market, with many utilities now looking for western sources 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

# 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)

## Contracting

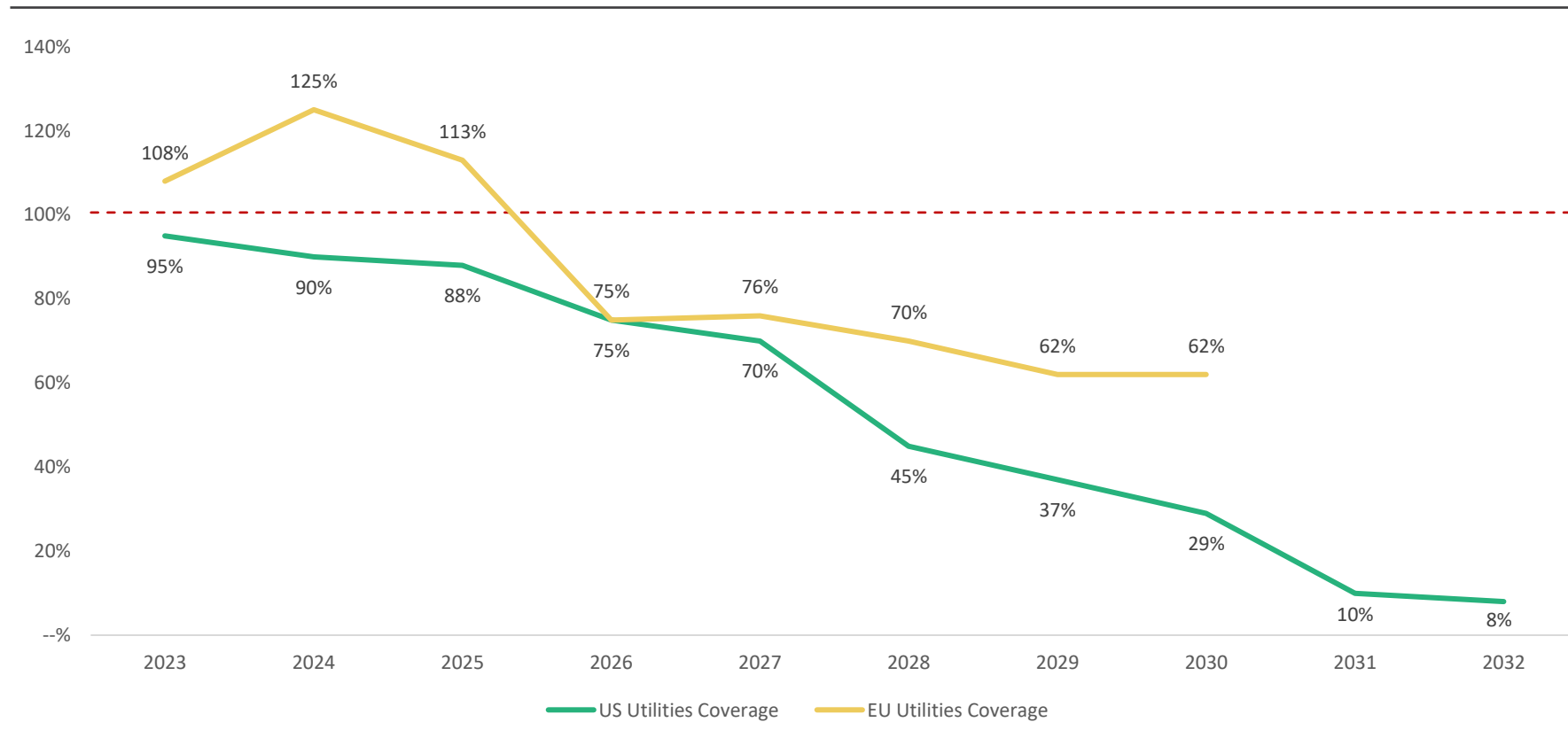
Long term contracting has increased significantly, but is not yet close to replacement levels

# 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>



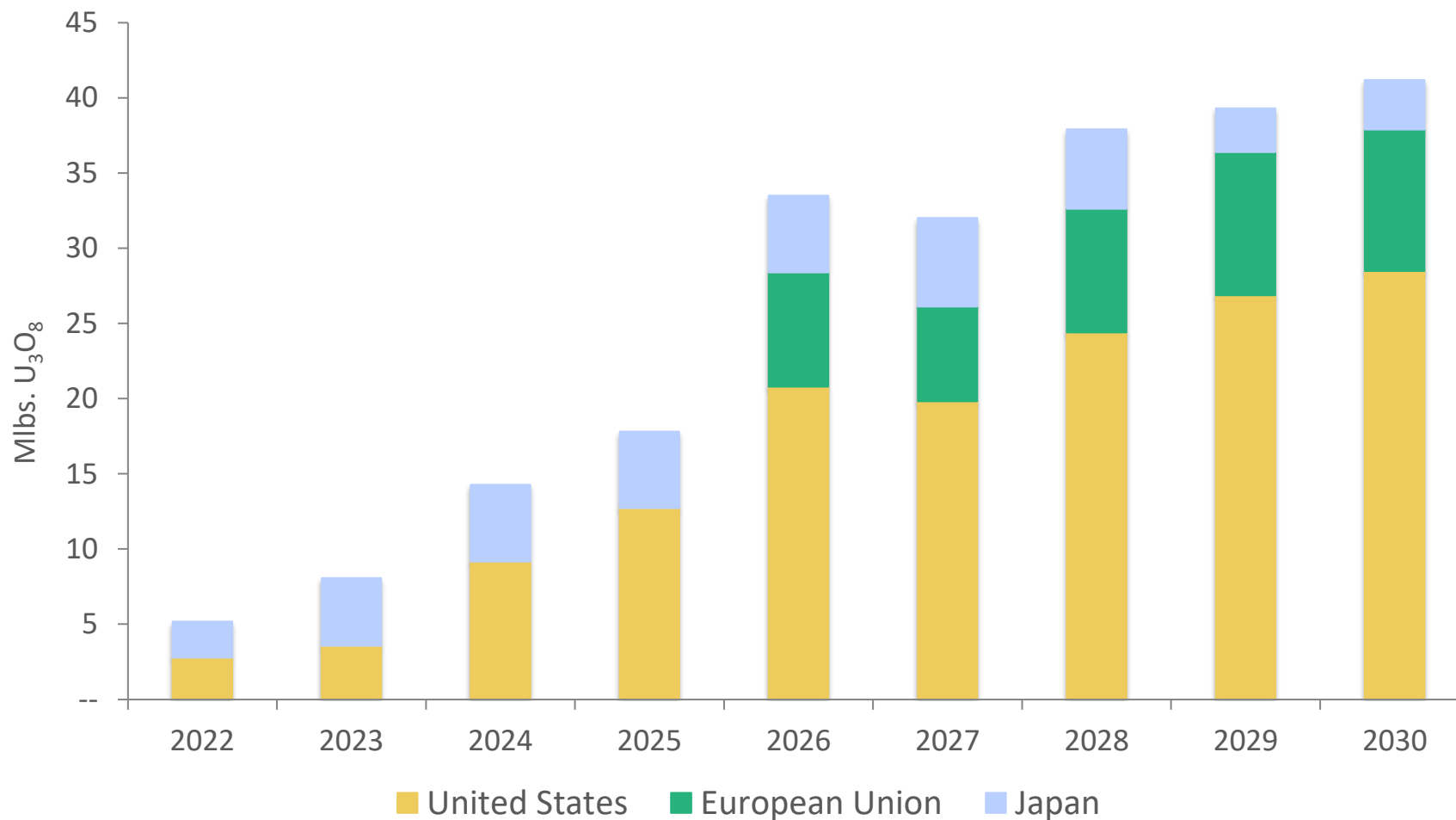
Source:

- 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>



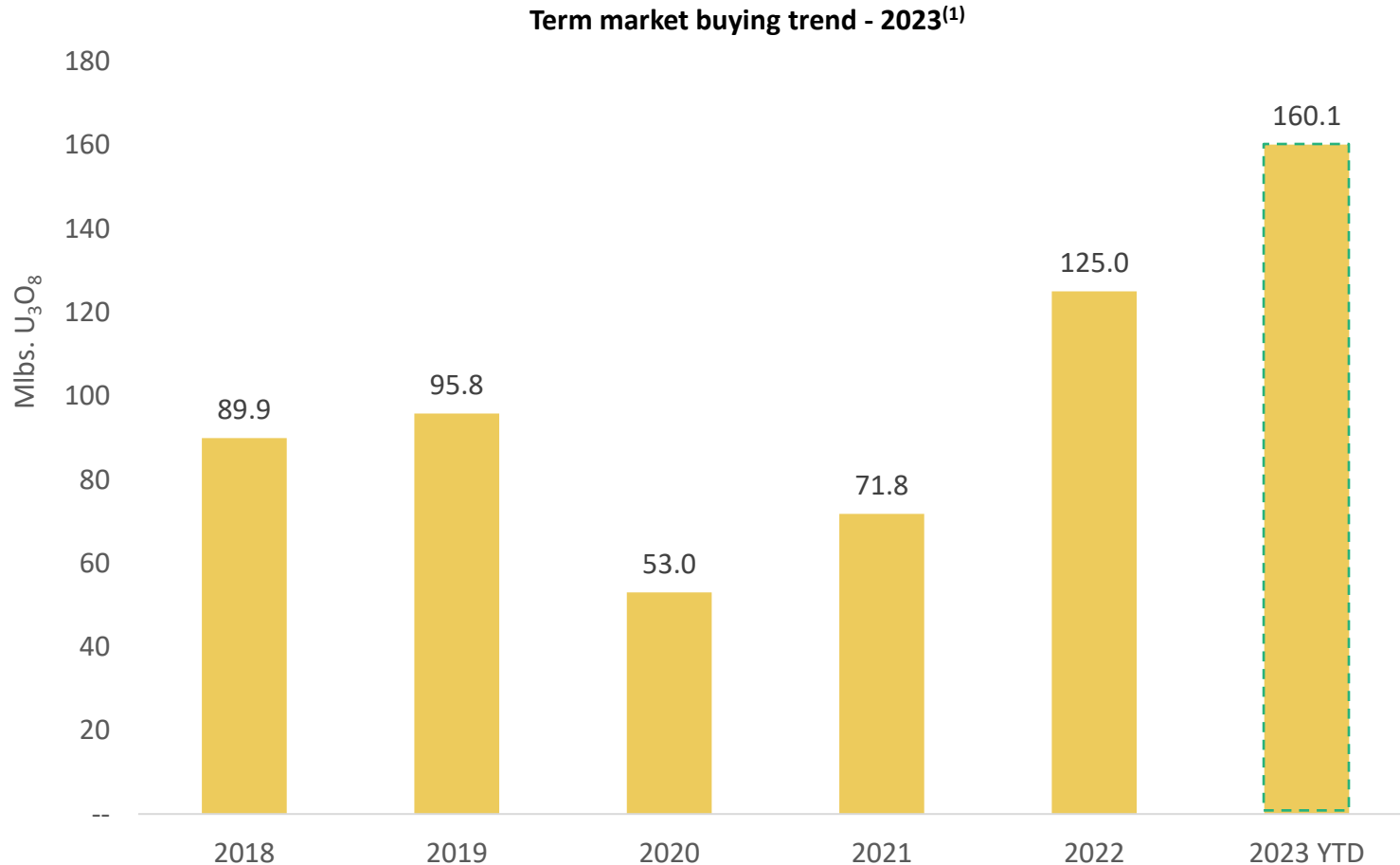
Source:

1) USDOE-EIA / Euratom / TradeTech

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



- Term contracting identified for 2023 has already exceeded the total for 2022



Sources:

1) UxC Weekly Publications, January 2019 - December 2023

# Supply

The supply side is being challenged to meet growing demand

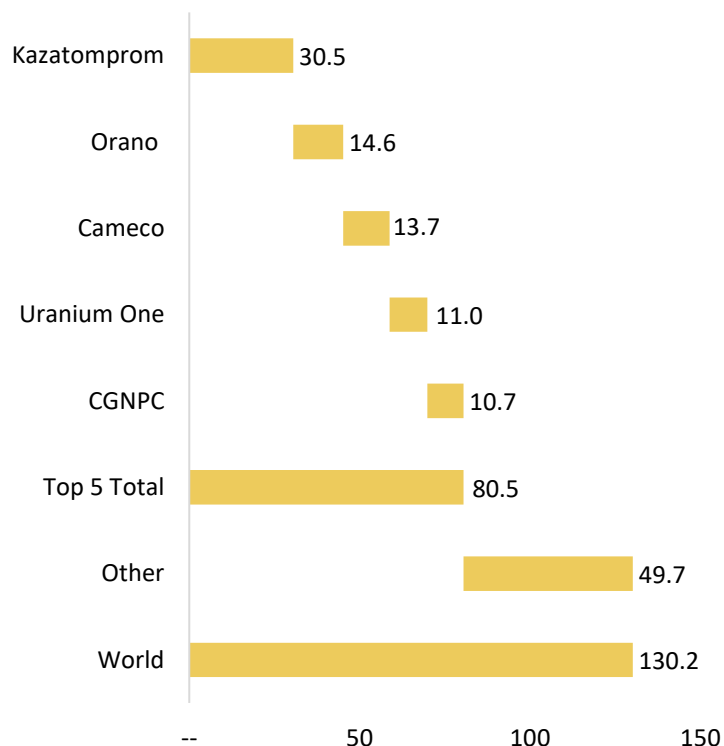
# Global uranium supply side is concentrated



$U_3O_8$  production is concentrated, with the top 5 companies producing 59% of the total supply in 2021<sup>(1)</sup>

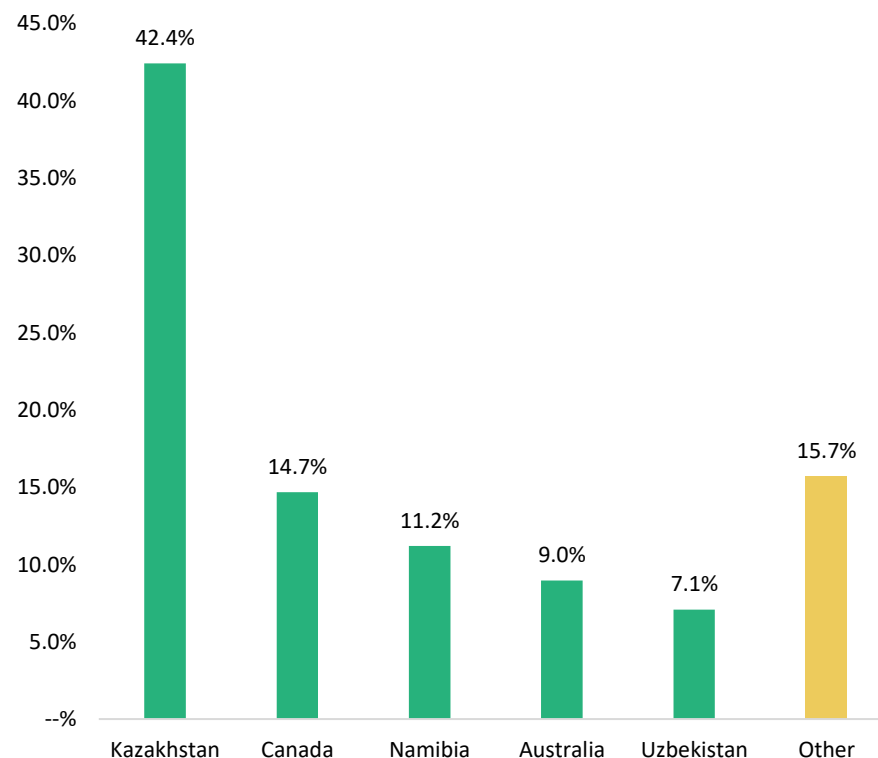
## Global production by company

(Mlbs.  $U_3O_8$ , 2022)



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

(%, 2022)



Source:

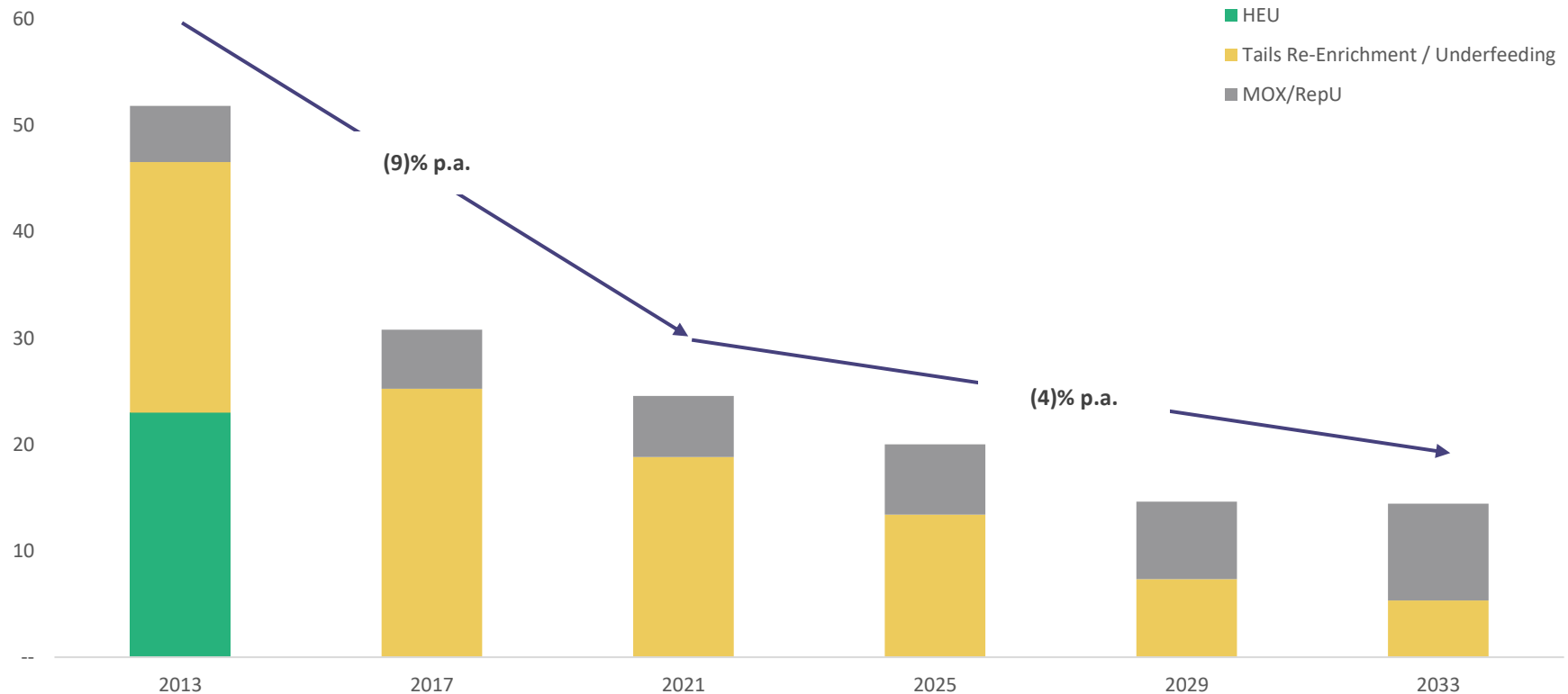
1) MineSpans Q4 2022

# 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>



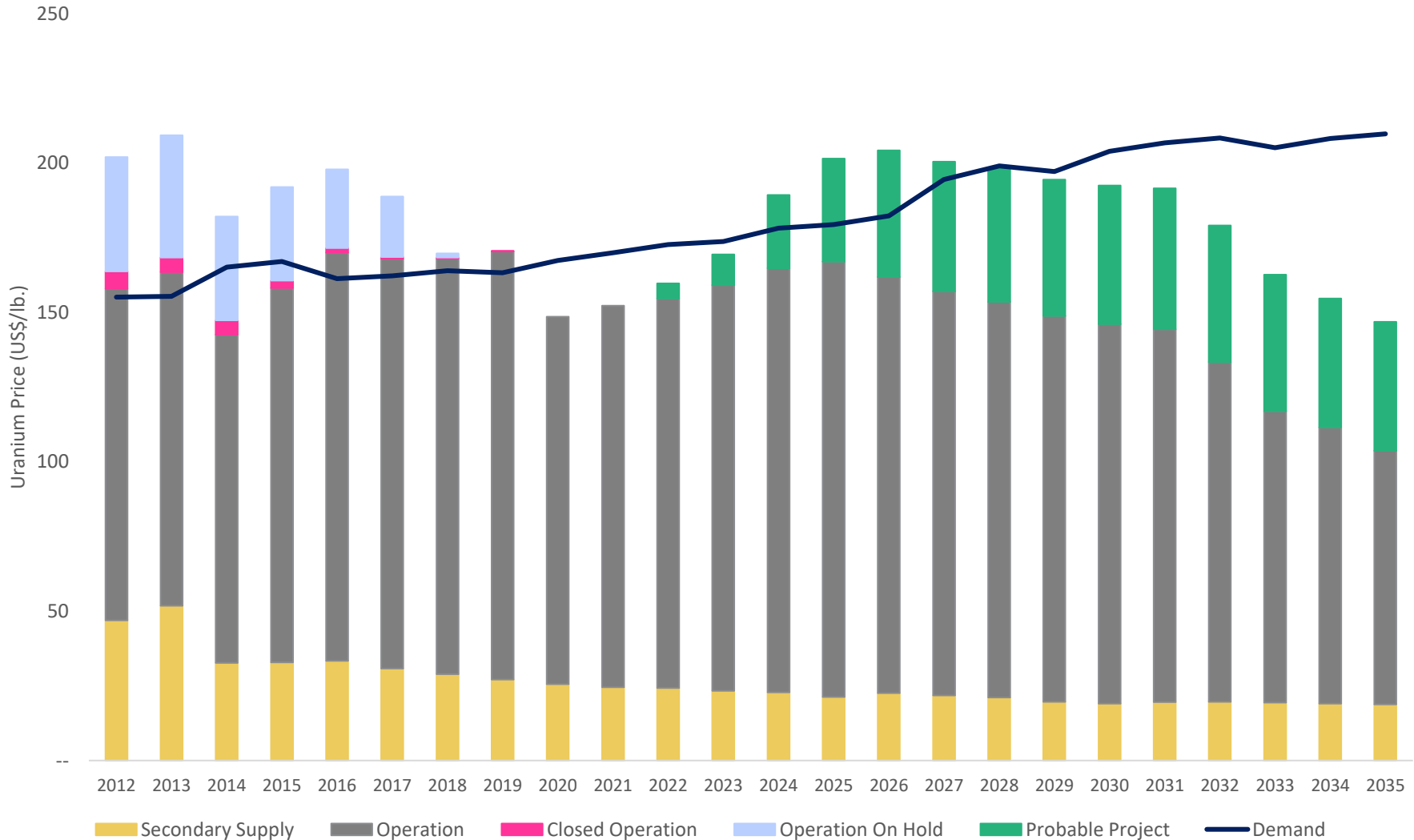
Source:

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 2023 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 21.6Mlbs. 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, Yellow Cake is well positioned to benefit from market tailwinds**