

31 October 2022



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 30 September 2022 (the “Quarter”).

Highlights

- Estimated net asset value as at 30 September 2022 of £4.50 per share¹ or US\$920.6 million, comprising 18.81 million lb of U₃O₈ valued at a spot price of US\$48.25/lb² and cash and other current assets and liabilities of US\$13.2 million.
- Decrease in the spot price over the Quarter of 4.5% from US\$50.50/lb³ to US\$48.25/lb², resulting in a corresponding decrease in the value of U₃O₈ held by Yellow Cake over the Quarter from US\$949.7 million⁴ as at 30 June 2022 to US\$907.4 million⁵ as at 30 September 2022.
- Increase in estimated net asset value per share over the Quarter of 3.8% from £4.34 per share⁶ as at 30 June 2022 to £4.50 per share¹ as at 30 September 2022.
- Yellow Cake’s estimated net asset value on 28 October 2022 was £4.71 per share or US\$1,001.4 million, assuming 18.81 million lb of U₃O₈ valued at a spot price of US\$52.55/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:

“The supply demand characteristics that have driven the steady rise in the uranium price in 2022 remain as relevant today as they were in 2018, and continue to make for a compelling investment case. These strong and consistent market fundamentals have been further boosted by major geopolitical and environmental forces that have only served to strengthen the case for holding uranium. Not least, the now widely held acceptance that global decarbonisation to fight the devastating effects of climate change cannot happen without security of

¹ Estimated net asset value per share as at 30 September 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 1.1170 and the daily spot price published by UxC, LLC on 30 September 2022.

² Daily spot price published by UxC, LLC on 30 September 2022.

³ Daily spot price published by UxC, LLC on 30 June 2022.

⁴ Based on the daily spot price of US\$50.50/lb published by UxC, LLC on 30 June 2022 and 18,805,601 lb U₃O₈ held by the Company as at 30 June 2022.

⁵ Based on the daily spot price of US\$48.25/lb published by UxC, LLC on 30 September 2022 and 18,805,601 lb U₃O₈ held by the Company as at 30 September 2022.

⁶ Estimated net asset value per share as at 30 June 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 1.2143 and the daily spot price published by UxC, LLC on 30 June 2022.

⁷ Daily spot price published by UxC, LLC on 28 October 2022.

⁸ Estimated net asset value per share as at 28 October 2022 is calculated assuming 187,740,730 ordinary shares in issue, less 4,636,331 shares held in treasury, a USD/ GBP exchange rate of 1.1612 and the daily spot price published by UxC, LLC on 28 October 2022 and cash and other current assets and liabilities of US\$13.2 million as at 30 September 2022.

supply in energy alternatives, and that nuclear power is a key part of the solution. Governments worldwide are now adapting to this new reality, as we've seen most recently in the US with the Inflation Reduction Act. The latest nuclear power growth forecasts by the International Atomic Energy Agency make this even clearer. Under its high-case scenario, world nuclear power generating capacity is forecast to more than double by 2050. The world is already consuming more uranium than it produces. Yellow Cake is well positioned to continue to drive shareholder value for the long term."

Uranium Market Developments and Outlook

Nuclear Power Developments

The European Union Parliament voted to include both natural gas and nuclear power as green investments under the Taxonomy Complementary Climate Delegated Act ("CDA"). On 6 July, the EU Parliament rejected a motion to veto the CDA, thus allowing the sustainable finance taxonomy to enter force on 1 January 2023.⁹

On 16 August 2022, US President Joseph Biden signed into law the Inflation Reduction Act of 2022 which incorporates far reaching support/subsidies for clean energy, including nuclear power. The legislation establishes production tax credits (up to US\$ 0.015/kWh of electricity generated by nuclear) as well as investment tax credits for new nuclear power plants, including advanced reactor designs. The program includes US\$700 million for the development/production of High-Assay Low-Enriched Uranium ("HALEU") necessary for advanced reactors which is currently solely available from Russian sources (H.R. 5376 – Inflation Reduction Act of 2022; 117th Congress (2021-2022)).

The United Nations Economic Commission for Europe ("UNECE") released a study of the impacts of climate change titled "Roadmap to Carbon Neutrality for Europe, North America and Central Asia". The report identifies a range of technology and policy solutions for the region to attain carbon neutrality by 2050, despite the current energy and geopolitical crises. Noting that over 80% of the primary energy mix in the UNECE is fossil fuel based, the group calls for the accelerated phase-out of unabated fossil fuels and the scale-up of electrification of all sectors with emphasis on renewable energy and nuclear power. Under the base Carbon Neutrality scenario, nuclear energy doubles by 2050 (20% of total global electricity generation) while under the Carbon Neutrality innovation scenario, nuclear power provides 30% of total global electricity generation amounting to 874 Gwe of installed nuclear capacity of which 450 Gwe is projected to be Small Modular Reactors¹⁰.

On 26 September 2022, the International Atomic Energy Agency ("IAEA") released its latest annual forecast of nuclear power capacity extending through to 2050¹¹. In its high case scenario, the IAEA envisions world nuclear generating capacity more than doubling to 873 Gwe by 2050 (representing an incremental 81 Gwe above the 2021 forecast), compared with current levels of around 390 Gwe.

Global Uranium Market

UxC LLC ("UxC") reported a July month-end U₃O₈ Price of US\$46.75/lb, a decrease of US\$2.25/lb compared to the June 2022 month-end price (US\$49.00/lb). Daily price volatility was modest with the daily UxC U₃O₈ spot price reaching a high of US\$50.50/lb on 1 July 2022 and a low point of US\$45.75/lb on 15 July 2022. Spot uranium generally traded in a narrow range of US\$46.00/lb to US\$47.00/lb throughout the two week period between 11 and 26 July 2022. Spot market volumes in July 2022 totalled 2.5 million lb¹², a decrease of almost 25% compared to the June 2022 aggregate of 3.3 million lb.¹³

During August 2022, the uranium spot market slowed markedly with total volumes reported at 0.9 million lb transacted in only 8 deals.¹⁴ Spot uranium price volatility moderated noticeably as the Daily UxC U₃O₈ Spot Price

⁹ Bloomberg Green. "EU Lawmakers Remove Last Hurdle to Label Gas, Nuclear as Green"; 6 July 2022.

¹⁰ UNECE; "Carbon Neutrality by 2050 is Still Achievable Despite Energy Crisis, According to New UN Report"; 19 September 2022.

¹¹ International Atomic Energy Agency; "IAEA Projections for Nuclear Power Growth Increase for Second Year Amid Climate, Energy Security Concerns"; 26 September 2022.

¹² Ux Weekly vol 36 no 31. 1 August 2022.

¹³ Ux Weekly vol 36 no 26. 27 June 2022.

¹⁴ Ux Weekly vol 36 no 35. 29 August 2022.

began the month at US\$48.50/lb before declining slightly to US\$47.75/lb (4 August) and remained at that level to 22 August, increasing thereafter to finish the month at US\$53.00/lb.

Activity in the spot market showed a slight improvement during September 2022 as volumes rose from the previous month's level up to a reported 3.8 million lb bringing the total for the year to date to 47.1 million lb¹⁵, significantly lower than the aggregate purchased in the comparable period in 2021 of 75.4 million lb.¹⁶ The spot price declined to below US\$50.00/lb by mid-September before finishing the month at US\$48.50/lb.

Principally in response to global economic conditions, the Sprott Physical Uranium Trust ("SPUT") significantly moderated its spot market purchasing during the quarter reporting the acquisition of only 1,750,000 lb U₃O₈ over the July-September period, as compared to 3,400,000 lb U₃O₈ during Q2 2022 and 12,190,000 lb U₃O₈ during Q1 2022. As of the end of September 2022, SPUT held a total of 58.6 million lb U₃O₈. During the third calendar quarter 2022, SPUT traded at a discount for 61 days and at a premium for 2 days.¹⁷

Longer term uranium price indicators showed minimal volatility during the third quarter. The Ux Long-Term price remained stable at US\$50.00/lb during July and August before declining by US\$1.00/lb at the end of September to US\$49.00/lb. The Ux3-year Forward price began the quarter at US\$54.50/lb before easing by \$0.75/lb at the end of July 2022 but then increasing to US\$54.50/lb over August and September. The 5-year Forward price ended June 2022 at US\$57.25/lb and then fell US\$0.25/lb to end July 2022 at \$57.00/lb and finally ending the quarter at US\$58.25/lb U₃O₈.

UxC reports that long-term uranium contracting volumes has increased through 2022 reaching approximately 80 million lb U₃O₈ at the end of September 2022¹⁵, compared to about 53 million lb in the comparable period of 2021¹⁶.

UxC completed its bi-annual assessment of global uranium inventories and concluded that "after seven years of tracking global inventories, it is now clear that the era of excessive inventories overhanging the nuclear fuel markets is emphatically behind us."¹⁸

Nuclear Generation / Uranium Demand

On 19 July 2022, the United Kingdom government launched the "Nuclear Fuel Fund", a £75 million fund which "will seek to award grants to projects that can increase the UK's domestic nuclear fuel sector, reducing the need for foreign imports and creating the material used in nuclear power stations to generate electricity – with funding going towards designing and developing new facilities."¹⁹

Russian nuclear supplier, ROSATOM, announced on 20 July 2022 that the pouring of the "first concrete" for Egypt's initial nuclear power plant, the El-Dabaa Nuclear Power Plant Unit 1 (VVER-1200 design) had commenced.²⁰

Japanese Prime Minister, Fumio Kishida, has called for a comprehensive review of that country's nuclear power programme including reactor restarts, reactor operating license extensions, new reactor technologies and possible new-build units. Japan's Energy Minister, Yasutoshi Nishimura, stated that additional reactors must be restarted to ensure stable power supply for summer 2023. Furthermore, Japan's Minister of Industry plans to bring seven additional reactors back online by next summer which would result in a total of 17 operating nuclear reactors in Japan. Of the seven proposed restarts, four of the units have already received national and local approval to operate but are awaiting the completion of mandated safety upgrades and modifications.²¹

According to Wang Shoujun, President of the Chinese Nuclear Society, "installed capacity of nuclear power under operation is expected to reach 70 million kW by 2025 from the current 55.8 million kW and nuclear power is expected to account for 10 percent of China's total power generation by 2035, compared to 5 percent in 2021." Furthermore, according to China Daily, "as China continues pushing forward the goals of peaking carbon

¹⁵ Ux Weekly vol 36 no 40. 3 October 2022.

¹⁶ Ux Weekly vol 35 no 40. 4 October 2021.

¹⁷ Source: Sprott.com; "Daily and Cumulative Pounds of Uranium (U3O8) Acquired by Trust".

¹⁸ Ux Weekly; "The Era of Inventory Overhang is Over"; 5 September 2022.

¹⁹ UK Government Press Release, "Government fund to accelerate nuclear fuel supply opens"; 19 July 2022.

²⁰ ROSATOM Press Release; "Main Construction Phase for El-Dabaa Nuclear Power Plant Project Begins in Egypt"; 20 July 2022.

²¹ Nippon.com; "Japan to Restart 7 More Nuclear Reactors"; 24 August 2022.

emissions by 2030 and achieving carbon neutrality by 2060, with more attention focused on energy security, it is believed that the nuclear power sector will see massive opportunities in the years to come.”²²

The U.S. Department of Energy completed a comprehensive study assessing a coal-to-nuclear transition strategy “Investigating Benefits and Challenges of Converting Retiring Coal Plants into Nuclear Plants”. The assessment found that 157 retired coal plant sites and a further 237 operating coal plant sites could be potential candidates for a coal-to-nuclear transition. The study found that 80% of those coal sites are good candidates to host advanced reactors smaller than 1.0 Gwe.²³

South Korea has added nuclear power to that country’s taxonomy on sustainable activities. This was a change from the previous administration’s stance on nuclear power, which had been excluded from the taxonomy. The policy change is expected to hasten the restart of construction of Units 3 & 4 of the Shin Hanul nuclear power plant which had been suspended under the previous anti-nuclear president, Moon Jae-in.²⁴

Germany has taken the decision to maintain operations at three reactors, Isar-2, Neckarwestheim-2 and Emsland, until mid-April 2023 rather than shut down and decommission the units by December 2022 as previously slated.²⁵

Saudi Arabia’s Ministry of Energy announced on 26 September 2022 that it has initiated a study focused on licensing that country’s first nuclear power plant. The government is working with the IAEA to develop a national nuclear energy programme under the Milestones Approach, progressing to Phase 3 of the programme which includes contracting, licensing, and construction of a nuclear power plant. Saudi Arabia distributed a formal request for proposals in June 2022 to China, France, South Korea and the United States for the possible construction of two 1400 Mwe reactors.²⁶

Uranium Supply

Paladin Energy Limited (“**Paladin**”) announced that its idled Langer Heinrich Uranium Mine in Namibia would return to production with initial output to be achieved during the March quarter of 2024. Citing an improving uranium market, Paladin stated that “the decision to restart production at the Langer Heinrich Mine is supported by strong uranium market fundamentals and continued progress on uranium marketing activities including the execution of a binding contract for the previously announced Tender Award.” Paladin advised that the total project capital expenditure had increased to US\$118 million on a 100% project basis (previous guidance of US\$87 million) “primarily driven by recent inflationary pressures across the project supply chain, brought forward power and water infrastructure works and increased owner’s team costs.”²⁷

Cameco held its Second Quarter Conference Call on 27 July 2022. While the company reported a slight delay in the start-up of McArthur River / Key Lake due to the availability of critical materials, equipment and necessary skills, overall corporate production continued to rise significantly to 4.7 million lb during the first six months of 2022 compared to 1.3 million lb during the comparable period of 2021. The latest 2022 outlook forecasts total uranium production (Cameco share) reaching up to 10.9 million lb (Cigar Lake – 9.5 million lb / McArthur River – up to 1.4 million lb).

Kazatomprom reported that uranium output for the first six months of 2022 totalled 26.2 million lb, a reduction of 4% year-on-year due to the impact of COVID-19 on wellfield development in 2021. Regarding future uranium production plans, due to successful term contracting activities, the Company now plans to increase uranium production in 2024 by adding 5.2-7.8 million lb above the previously planned level.²⁸

In relation to geopolitical events, Kazatomprom stated that “these events have not had a material impact on the Group’s operations to date although the resulting market uncertainty has caused significant volatility in the tenge exchange rate, uranium spot prices and traded price of the Company’s securities.” Regarding shipments via the Port of St. Petersburg, Kazatomprom stated that “a significant proportion of the Company’s products are

22 China Daily.com.cn; “Nuclear power’s role in green goals grows”; 10 August 2022.

23 USDOE; “DOE Report Finds Hundreds of Retiring Coal Plant Sites Could Convert to Nuclear”; 13 September 2022.

24 Ux Weekly; “Nuclear Power added to South Korea’s Sustainable Finance Taxonomy”; 26 September 2022.

25 Deutsche Welle – DW; “Germany extends lifetime of remaining nuclear plants”; 17 October 2022.

26 Ux Weekly; “Saudi Arabia Commences Licensing Study for First Commercial Nuclear Power Plant”; 3 October 2022.

27 Paladin Energy Press Release; “The Langer Heinrich Mine to return to production”; 19 July 2022.

28 Kazatomprom Press Release; “Operating and Financial Review – Six Months ended 30 June 2022”; 19 August 2022.

exported on a well-established primary route through Russia to the Port of St. Petersburg, which presents a specific set of risks associated with transit through the territory of Russia, shipping insurance, and the delivery of cargo by sea vessels. Kazatomprom continues to monitor the growing list of sanctions on Russia and the potential impact they could have on the transportation related to the supply of its products to customers worldwide. To date, no issues or restrictions on the Company's activities related to the supply of its products to customers worldwide. The Company's Trans-Caspian route, which has been successfully used as an alternative route since 2018, helps to mitigate the risk of the primary being unavailable, for any reason." ²⁸

Global Uranium Market Outlook

UxC's review of the third quarter spot market noted that "if spot demand sees any meaningful increase in the months ahead, the spot price could be susceptible to greater upward price pressure with fewer inventories available in the market." ²⁹

In a recent industry presentation, UxC senior executive, Anna Bryndza, commented that nuclear fuel markets (uranium / conversion / enrichment) were already in recovery prior to 2022 and that the Russian invasion of Ukraine provided a "catalyst expediting transitions in each front end market". Furthermore, the nuclear power/uranium demand side has "firmed up and outlook for nuclear power has notably improved." Regarding the uranium sector, Bryndza observed that uranium market was "on the mend" and "Spot & Long-Term uranium prices are starting to delink" as the spot price was showing an increased correlation to the financial market and that the long-term price "sees recovery in 2022, which is reflective of longer-term market fundamentals and a return to a production-driven market." ³⁰

Based upon these market observations coupled with the reduction of "mobile" near-term uranium inventories as reported by UxC (above), in Yellow Cake's opinion, the uranium markets, both spot and term, are poised to continue strengthening in the near-term as demand factors and financial entity interest in the market accelerates.

²⁹ Ux Weekly; "Third Quarter Spot Uranium Market Update"; 26 September 2022.

³⁰ "Geopolitics Overtakes the Markets"; International Uranium Fuel Seminar; 18 October 2022.

Net Asset Value

Yellow Cake's estimated net asset value on 30 September 2022 was £4.50 per share or US\$920.6 million, consisting of 18.81 million lb of U₃O₈, valued at a spot price of US\$48.25/lb³¹ and cash and other current assets and liabilities of US\$13.2 million.³²

Yellow Cake Estimated Net Asset Value as at 30 September 2022			
		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 ⁽³¹⁾	(B)	US\$/lb	48.25
U ₃ O ₈ fair value	(A) x (B) = (C)	US\$ m	907.4
Cash and other net current assets/(liabilities) ⁽³²⁾	(D)	US\$ m	13.2
Net asset value in US\$ m	(C) + (D) = (E)	US\$ m	920.6
Exchange Rate ⁽³³⁾	(F)	USD/GBP	1.1170
Net asset value in £ m	(E) / (F) = (G)	£ m	824.1
Number of shares in issue less shares held in treasury ⁽³⁴⁾	(H)		183,104,399
Net asset value per share	(G) / (H)	£/share	4.50

Yellow Cake's estimated net asset value on 28 October 2022 was £4.71 per share or US\$1,001.4 million, based on 18.81 million lb of U₃O₈ valued at a spot price of US\$52.55/lb³⁵ and cash and other current assets and liabilities of US\$13.2 million.³²

Yellow Cake Estimated Net Asset Value as at 28 October 2022			
		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 ⁽³⁵⁾	(B)	US\$/lb	52.55
U ₃ O ₈ fair value	(A) x (B) = (C)	US\$ m	988.2
Cash and other net current assets/(liabilities) ⁽³²⁾	(D)	US\$ m	13.2
Net asset value in US\$ m	(C) + (D) = (E)	US\$ m	1,001.4
Exchange Rate	(F)	USD/GBP	1.1612
Net asset value in £ m	(E) / (F) = (G)	£ m	862.4
Number of shares in issue less shares held in treasury ⁽³⁶⁾	(H)		183,104,399
Net asset value per share	(G) / (H)	£/share	4.71

31 Daily spot price published by UxC, LLC on 30 September 2022.

32 Cash and cash equivalents and other net current assets and liabilities as at 30 September 2022.

33 Bank of England's daily USD/ GBP exchange rate as at 30 September 2022.

34 Net asset value per share on 30 September 2022 is calculated assuming 187,740,730 ordinary shares in issue less 4,636,331 shares held in treasury on that date.

35 Daily spot price published by UxC, LLC on 28 October 2022.

36 Net asset value per share on 28 October 2022 is calculated assuming 187,740,730 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.