

21 October 2024



Yellow Cake plc ("Yellow Cake" or the "Company")

QUARTERLY OPERATING UPDATE

Yellow Cake, a specialist company operating in the uranium sector, holding physical uranium (U_3O_8) for the long term and engaged in uranium-related commercial activities, is pleased to report its performance for the quarter ended 30 September 2024 (the "Quarter").

Highlights

Market Highlights

- Over the Quarter, the spot price decreased by 4.4% from US 85.50/lb^[1] on 28 June 2024 to US 81.75/lb^[2] on 30 September 2024. After the Quarter-end, the uranium spot price steadily increased to US 83.25/lb.^[3]
- Global uranium spot market activity appears to be rising as financial entities, trading companies, nuclear utilities, and possibly uranium production companies enter the near-term market to secure material as prices stabilise. As uranium production in Kazakhstan continues to face a spectrum of challenges including sulfuric acid availability, upward cost pressure, and transportation-related hurdles, Kazatomprom has signalled that further downgrading of production guidance for 2025 may occur, which could impact spot market purchasing activity during the fourth quarter.
- Utility term contracting remains subdued, especially in the United States, as utilities pursue waivers under the recently enacted Russian nuclear fuel ban legislation while the term uranium price continues to strengthen. Increasing commitments for deliveries in the long-term (post 2026/2027) may be expected, especially as utilities assess the potential market impacts of the hyperscale data centre developers.

Company Highlights

- The value of Yellow Cake's uranium holdings decreased by 4.4% over the Quarter from US 1,853.8 million as at 30 June 2024 to US 1,772.5 million as at 30 September 2024, as a result of the corresponding decrease in the uranium spot price.
- Estimated net asset value per share decreased by 10.1% over the Quarter from £6.86 per share^[4] as at 30 June 2024 to £6.17 per share^[5] as at 30 September 2024. This is primarily as a result of the effect of the 4.4% decrease in the uranium price over the Quarter on the Group's total uranium holding, combined with sterling appreciation.
- Yellow Cake's estimated net asset value on 18 October 2024 was £6.46 per share or US 1,828.5 million, based on a spot price of US 83.25/lb and cash and other current assets and liabilities^[6].
- All U_3O_8 to which Yellow Cake 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:

"Though the uranium spot price remains subdued from its January highs, we remain very optimistic about the medium term sector fundamentals. Demand for uranium is growing driven by improving awareness of the need for nuclear power as part of the future energy mix, while nuclear is also seen as critical to supporting the artificial intelligence boom and the development of hyperscale data centers. Microsoft, for example, recently signed an agreement with Constellation Energy to purchase energy from the Three Mile Island Unit 1 nuclear plant in Pennsylvania. Amazon announced three new agreements to support the development of nuclear energy projects, including the construction of several new Small Modular Reactors. We are also seeing a fundamental global shortage of uranium while in the US governmental actions including the total ban on Russian nuclear fuel imports, subject to potential waivers through 2027, and Chinese uranium products being added to the increased import tariff list potentially impacting availability. These factors have exacerbated the already tight global uranium supply shortage, with primary mine supply of 140 million pounds some way behind fast-growing global annual demand of over 180 million pounds to fuel the world's nuclear reactors. We believe this presents an excellent opportunity for investors to increase their exposure to the commodity."

Uranium Market Developments and Outlook

Uranium Market Developments

Global Uranium Market

During the Quarter, the spot market for uranium exhibited moderate volatility. The spot price, which was US 85.50/lb at the end of June, decreased to US 82.00/lb by the end of July and further declined to US 79.00/lb by the end of August. The spot price recovered slightly to US 81.75/lb by the end of September, remaining below the 2023 year-end level of US 91.00/lb. The transactional volume for the Quarter was 12.0 million pounds, slightly below the previous quarter volume of 12.3

million pounds, bringing the aggregate spot market volume for the nine months to September 2024 to 34.2 million pounds.^[7]

Two of the three longer-term uranium price indicators showed limited volatility during the Quarter. The three-year forward price started the Quarter at US 94/lb, declined to US 91/lb by the end of August, and then recovered to US 94/lb by the end of September. Similarly, the five-year forward price, which was US 101/lb at the end of June, decreased to US 98/lb in August and then strengthened back to US 101/lb by the end of the Quarter. The long-term price continued to increase, beginning the Quarter at US 79/lb and ending September at US 81/lb. This term price indicator has risen by almost 20% since the end of 2023 when it was reported at US 68/lb.^[8]

Nuclear Generation / Uranium Demand

China's State Council approved the construction of 11 nuclear reactors across five sites located in Jiangsu, Shandong, Guangdong, Zhejiang, and Guangxi. The estimated total investment in the 11 reactors amounts to 220 billion yuan (US 31 billion), with construction times expected to be five years. China General Nuclear Power Corporation received approvals for six reactors, China National Nuclear for three reactors, and State Power Investment Corporation for the remaining two units. The State Council has approved a total of 31 reactors over the period 2022-2024 and is expected to approve ten reactors per year over the next three to five years.^[9]

The Russian Federation published a draft planning document outlining the country's nuclear power expansion plan to 2042. Designed to support the government's plan for nuclear power to provide 25% of the country's electricity by 2045, Rosatom's General Director, Alexei Likhachev, stated that the new general scheme provides for the construction of 28 GW of new nuclear generating capacity by 2042, consisting of 37 new reactors, including replacement reactors at several current sites and 11 new nuclear power plants.^[10]

Italy has initiated an evaluation of reintroducing nuclear power. Previously, the country operated four commercial reactors, but a national referendum following the 1986 Chernobyl nuclear accident resulted in a total nuclear phase-out, with the last two operating reactors, Caorso and Trino Vercellese, closing in 1990. Italy's National Integrated Energy and Climate Plan, submitted to the European Commission in early July, sets out potential nuclear power goals ranging from 11% of generating capacity up to as much as 20-22% (16 GWe) of total capacity by 2050.^[11]

Indonesia's Energy and Mineral Resources Ministry reports that nuclear power has been included in the country's 2033 National Electricity General Plan. The Ministry's Director General of New Renewable Energy and Energy Conservation stated in a panel discussion that nuclear power can be implemented in 2033. A proposed new government bureau, the Nuclear Energy Program Implementation Organization, would oversee the development of nuclear power in Indonesia.^[12]

Eastern European countries plan to develop at least twelve nuclear reactors with a total budget of about €130 billion. The principal objectives of these programmes are to achieve carbon neutrality and reduce dependence on Russian gas imports.^[13]

The government of South Africa intends to progress its proposed expansion of commercial nuclear power. The country's Minister of Energy and Electricity plans to pursue approvals for funding to construct 2,500 MW of nuclear capacity, likely to be located at the proposed Thyspunt site in the Eastern Cape's Nelson Mandela Bay hub.^[14] Separately, government approval has been granted for a 20-year operating life extension for Unit 1 of South Africa's two-reactor nuclear power plant, Koeberg. The South African utility, ESKOM, applied for the extension of the initial 40-year license in 2021.^[15]

Constellation Energy will restart the 835 MWe Three Mile Island Unit 1 reactor after a five-year shutdown. The company has reached a 20-year power off-take agreement to supply electricity to Microsoft in support of the company's planned hyperscale data centre development. Operating as the Crane Clean Energy Center, the reactor is expected to re-enter commercial service in 2028 after refurbishment. Constellation plans to apply for an operating license that would allow the plant to operate until at least 2054.^[16]

Oracle announced plans to develop a hyperscale data centre incorporating three Small Modular Reactors ("SMRs"). While the location and schedule for the data centre were not disclosed, the data centre would be "north of a gigawatt" and already has building permits for the associated SMRs.^[17]

After the Quarter-end, Amazon announced that they had signed three new agreements to support the development of nuclear energy projects, including the construction of several new SMRs, with companies across Washington, Virginia and Pennsylvania.^[18]

South Korea's Nuclear Safety and Security Commission has issued construction licenses for Korea Hydro & Nuclear Power for the development of Units 3 and 4 of the Shin Hanul Nuclear Power Plant. The APR1400 reactors had previously been scheduled to enter commercial operation by 2022 and 2023, but construction was halted under the previous President's nuclear phase-out policy. The two units are now scheduled for operations commencing in 2032 and 2033.^[19]

A group of the world's largest banks announced their support for expanding commercial nuclear power. During New York Climate Week, the group, which includes 14 major banks such as Barclays, Bank of America, Citi, Morgan Stanley, BNP Paribas, Goldman Sachs, Segra Capital Management, and Société Générale, stated that they would endeavour to provide capital resources to the industry in response to the COP29 declaration to triple global nuclear power by 2050 to meet net zero carbon goals.^[20]

The US Department of Energy released the results of a recent analysis concluding that 60 to 95 GWe of new nuclear generating capacity could be sited at existing and recently retired nuclear power plant sites. The report evaluated all 54 operating and 11 recently retired nuclear power plant sites in 31 states. Early indications suggest that 41 operating and retired nuclear power plant sites have sufficient room to host one or more large light-water reactors totalling 60 GW of new capacity, increasing to 95 GW if sites included SMRs.^[21]

The International Atomic Energy Agency ("IAEA") released the 44th edition of its annual forecast of installed nuclear generating capacity, examining two scenarios: a low case and a high case. At the end of 2023, there were 413 nuclear power reactors in operation totalling 371.5 GWe, with 59 reactors (61.1 GWe) under construction. During 2023, five new nuclear reactors (5 GWe) were connected to the grid, while five reactors (6 GWe) were retired. The high case scenario envisions current global commercial nuclear power capacity of 372 GWe increasing by 2.5 times, reaching 950 GWe by 2050. IAEA Director General Rafael Mariano Grossi stated that the new IAEA projections reflect increasing acknowledgment of nuclear power as a clean and secure energy supply, as well as increasing interest in SMRs to meet climate goals and foster sustainable development.^[22]

Uranium / Nuclear Fuel Supply

Cameco reported second-quarter 2024 results showing increased production, rising from 8.8 million pounds during the first six months of 2023 to 12.9 million pounds year-on-year as McArthur River continued to ramp-up. The company reported that while forecast total uranium deliveries in 2024 remained at 32-34 million pounds, additional term contract commitments during the quarter now show an annual average of about 29 million pounds during the 2024-2028 period, up from the 28 million pounds per year reported as of the end of the March quarter.^[23]

Kazatomprom, the world's largest uranium producer, announced that the Mineral Extraction Tax ("MET") rate applicable to uranium production had been modified by the national government. The tax base for MET on uranium is determined by the weighted average price for uranium from public price reporting sources for the corresponding reporting period, multiplied by the amount of uranium mined and a MET rate of 6%. Under the modified tax regime, the 2025 MET rate will increase to 20% from the current 10% rate, compared to 2023. Kazakhstan's production of uranium is expected to reach 10,000 tonnes in 2025, up from 8,000 tonnes in 2023.

9% for that year. However, commencing in 2026, uranium production will be taxed on a sliding scale, taking into account the annual production volume at a specific production facility, with rates up to 18% for facilities producing up to and including 10.4 million pounds, and an additional tax applied, based on the weighted average U₃O₈ price, of up to 2.5% if the price exceeds US 110/lb.^[24]

Kazatomprom released its second-quarter 2024 operations and trading update, reporting total uranium production of 28.32 million pounds for the first six months of 2024, a 5% increase compared to the first six months of 2023. The company secured sufficient sulfuric acid to meet aggregate production at the minus 20% level relative to Subsoil Use Agreements. Production guidance for 2024 was adjusted upwards from 54.6-57.2 million pounds to 58.5-61.1 million pounds. Kazatomprom stated that the production increase would be used to replenish uranium inventories.^[25] Production costs rose significantly during the first half of 2024 compared to the same period of 2023 due to the increase in the Mineral Extraction Tax coupled with the cost of sulfuric acid. All-in sustaining cash cost (attributable C1 + capital cost) rose by 45% year-over-year, reporting at US 28.06/lb for the first six months of 2024.^[26]

Kazatomprom announced that 2025 production would fall well short of previous guidance as sulfuric acid availability and construction schedules lagged. Meirzhan Yussupov, CEO, stated that amid continued success in long-term contracting activity, Kazatomprom had initially intended to ramp up its 2025 production to 100% of Subsoil Use Agreement levels. However, uncertainty around sulfuric acid supplies for 2025 needs and delays in construction works at newly developed deposits resulted in a need to re-evaluate 2025 plans. Total Kazakh uranium production for 2025 has been reset at 65.0-68.9 million pounds compared to the previous guidance of 79.3-81.9 million pounds.^[26]

Market Outlook

Global uranium spot market activity appears to be rising as financial entities, trading companies, nuclear utilities, and possibly uranium production companies enter the near-term market to secure material as prices firm. Total transactional volume for 2024 may reach or slightly exceed 50 million pounds, which would generally reflect the 2023 level. As uranium production in Kazakhstan continues to face a spectrum of challenges including sulfuric acid availability, upward cost pressure, and transportation-related hurdles, Kazatomprom has signalled that further downgrading of production guidance for 2025 may occur, which could impact spot market purchasing activity during the fourth quarter. Utility term contracting remains subdued, especially in the United States, as utilities pursue waivers under the recently enacted Russian nuclear fuel ban legislation while the term uranium price continues to strengthen. Increasing commitments for deliveries in the long-term (post 2026/2027) may be expected, especially as utilities assess the potential market impacts of the hyperscale data centre developers.

Net Asset Value

Yellow Cake's estimated net asset value on 30 September 2024 was £6.17 per share or US 1,796.0 million, consisting of 21.68 million lb of U₃O₈ valued at a spot price of US 81.75/lb^[27] and cash and other current assets and liabilities of US 23.5 million^[28].

Yellow Cake Estimated Net Asset Value as at 30 September 2024			
		Units	
Investment in Uranium			
Uranium oxide in concentrates ("U ₃ O ₈ ")	(A)	lb	21,682,318
U ₃ O ₈ fair value per pound ²⁷	(B)	US /lb	81.75
U ₃ O ₈ fair value	(A) x (B) = (C)	US m	1,772.5
Cash and other net current assets/(liabilities) ²⁸	(D)	US m	23.5
Net asset value in US m	(C) + (D) = (E)	US m	1,796.0
Exchange Rate ^[29]	(F)	USD/GBP	1.3413
Net asset value in £ m	(E) / (F) = (G)	£ m	1,339.0
Number of shares in issue less shares held in treasury ^[30]	(H)		216,856,447
Net asset value per share	(G) / (H)	£/share	6.17

Yellow Cake's estimated net asset value on 18 October 2024 was £6.46 per share or US 1,828.5 million, based on 21.68 million lb of U₃O₈ valued at a spot price of US 83.25/lb^[31] and cash and other current assets and liabilities of US 23.5 million as at 30 September 2024.

Yellow Cake Estimated Net Asset Value as at 18 October 2024			
		Units	
Investment in Uranium			
Uranium oxide in concentrates ("U ₃ O ₈ ")	(A)	lb	21,682,318
U ₃ O ₈ fair value per pound ³¹	(B)	US /lb	83.25
U ₃ O ₈ fair value	(A) x (B) = (C)	US m	1,805.1
Cash and other net current assets/(liabilities) ^[32]	(D)	US m	23.5
Net asset value in US m	(C) + (D) = (E)	US m	1,828.5
Exchange Rate	(F)	USD/GBP	1.3052
Net asset value in £ m	(E) / (F) = (G)	£ m	1,401.0
Number of shares in issue less shares held in treasury ^[33]	(H)		216,856,447
Net asset value per share	(G) / (H)	£/share	6.46

ENQUIRIES:

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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") and adding 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 21.68 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.

[1] Daily spot price published by UxC, LLC on 28 June 2024.

[2] Daily spot price published by UxC, LLC on 30 September 2024.

[3] Daily spot price published by UxC, LLC on 18 October 2024.

[4] Estimated net asset value as at 30 June 2024 of US 1,880.7 million comprises 21.68 million lb of U₃O₈ valued at the daily spot price of US 85.50/lb published by UxC, LLC on 28 June 2024 and cash and other current assets and liabilities of US 26.9 million. Estimated net asset value per share as at 30 June 2024 is calculated assuming 221,440,730 ordinary shares in issue less 4,584,283 shares held in treasury on that date and the Bank of England's daily USD/GBP exchange rate of 1.2642 on 28 June

2024.

- [5] *Estimated net asset value as at 30 September 2024 of US 1,796.0 million comprises 21.68 million lb of U₃O₈ valued at the daily spot price of US 81.75/lb published by UxC, LLC on 30 September 2024 and cash and other current assets and liabilities of US 23.5 million. Estimated net asset value per share as at 30 September 2024 is calculated assuming 221,440,730 ordinary shares in issue less 4,584,283 shares held in treasury on that date and the Bank of England's daily USD/GBP exchange rate of 1.3413 on 30 September 2024.*
- [6] *Estimated net asset value as at 18 October 2024 of US 1,828.5 million comprises 21.68 million lb of U₃O₈ valued at the daily spot price of US 83.25/lb published by UxC, LLC on 18 October 2024 and cash and other current assets and liabilities of US 23.5 million as at 30 September 2024. Estimated net asset value per share as at 18 October 2024 is calculated assuming 221,440,730 ordinary shares in issue less 4,584,283 shares held in treasury on that date and a USD/GBP exchange rate of 1.3052.*
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- [9] *Bloomberg News, "China Makes 31 Billion Nuclear Push With Record Approvals," 19 August 2024.*
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- [11] *World Nuclear News, "Italy could get 22% of electricity from nuclear by 2050," 2 July 2024.*
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- [17] *Datacenterdynamics.com, "Oracle to build nuclear SMR-powered gigawatt data center," 11 September 2024.*
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- [24] *Kazatomprom Press Release, "Kazatomprom informs on Changes to Mineral Extraction Tax Rate," 10 July 2024.*
- [25] *Kazatomprom Press Release, "Kazatomprom 2Q24 Operations and Trading Update," 1 August 2024.*
- [26] *Kazatomprom Press Release, "Kazatomprom 1H24 Financial Results and 2025 Production Plan Update," 23 August 2024.*
- [27] *Daily spot price published by UxC, LLC on 30 September 2024.*
- [28] *Cash and cash equivalents and other net current assets and liabilities as at 30 September 2024.*
- [29] *Bank of England's daily USD/GBP exchange rate as at 30 September 2024.*
- [30] *Estimated net asset value per share on 30 September 2024 is calculated assuming 221,440,730 ordinary shares in issue less 4,584,283 shares held in treasury on that date.*
- [31] *Daily spot price published by UxC, LLC on 18 October 2024.*
- [32] *Cash and other current assets and liabilities as at 30 September 2024.*
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