

Yellow Cake PLC

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Yellow Cake considers share buy-backs as uranium market remains subdued

Uranium specialist Yellow Cake PLC (LON:YCA) will consider a buy-back of its shares if the current discount to its net asset value persists.

The AIM-listed business has just published an estimated net asset value of US\$252mln (£197mln) compared to a market value of £168mln.

Yellow Cake's NAV was based largely on a stockpile of 9.62 million lbs of physical uranium (U3O8) valued at a spot price of US\$25.65/ lb.

"With our share price trading well below NAV, this presents an opportunity for us to acquire additional exposure to uranium at a discount to the spot price, through a share buyback programme.

"The Board will consider this if the significant discount persists," said chief executive Andre Liebenberg.

Over the quarter to September, the value of the company's uranium assets rose by 4% even though prices have been affected by the decision of President Trump to order a review of the nuclear fuel supply chain.

Recommendations from the US Nuclear Fuels Working Group are expected in mid-November.

Liebenberg added: "Trading activity in the uranium market remains subdued as we await the findings of the US Nuclear Fuels Working Group.

"Though this uncertainty continues to weigh on the uranium price in the near term, we are positive about the medium and long term outlook for uranium."

Eventually, Liebenberg expects more normal levels of term contracting, in particular from US utilities that have been deferring purchases.

The recent decision by the world's largest producer Kazatomprom to extend production caps will also remove nearly 15 million pounds of uranium from the market in 2021.

That is 10% of estimated future global supply, said Liebenberg.

"We remain confident in our strategy and investment proposition."

Price: 214.5

Market Cap: £187.91 m

1 Year Share Price Graph



Share Information

Code: YCA

Listing: AIM

52 week High Low
234.75 136

Sector: General mining & base metals

Website: www.yellowcakeplc.com

Company Synopsis:

A specialist company operating in the uranium sector, created to purchase and hold uranium oxide. Global markets offer limited options for gaining exposure to the uranium price.

Yellow Cake is a uranium focused company offering direct exposure to the spot uranium price without exploration, development, mining or processing risk.

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