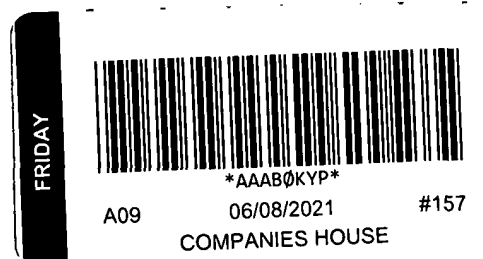


CGN Global Uranium Limited

Registered number: 09142456

Financial statements for the year ended 31 December 2020



CGN GLOBAL URANIUM LIMITED

COMPANY INFORMATION

DIRECTORS

Fei He
Jian Huang
Zukai Tan

REGISTERED NUMBER

09142456

REGISTERED OFFICE

First Floor,
50 St Andrew's Street,
Cambridge
Cambridgeshire
CB2 3AH

INDEPENDENT AUDITOR

BDO LLP
55 Baker Street
London
W1U 7EU

CGN GLOBAL URANIUM LIMITED

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CGN GLOBAL URANIUM LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their Strategic Report for CGN Global Uranium Limited for the year ended 31 December 2020.

Principal activities

The principal activities of the company continue to be the marketing, sales and trading of uranium.

Key performance indicators

The company uses turnover growth, operating profit margin and profit before tax to monitor its business performance.

Review of the business and future developments

The company's turnover amounted to \$313,908,000 (2019: \$218,800,000).

The company's operating profit margin amounted to 5.1% (2019: 2.9%).

The company's profit before tax amounted to \$9,593,000 (2019: \$2,374,000).

During 2020, the market price continued to trend higher due to lower global uranium production from the COVID-19 Pandemic. The draw-down of remaining market inventories has supported high uranium prices through 2020. The company's revenue represents significant growth and the company had continued with profits during the year. However, the market situation of oversupply in long term hasn't been turned around and is likely to provide us tough challenges in subsequent years.

During the period under review the company focused on risk management and cautious operation, building its customer base by entering into contracts for the purchase and sale of uranium.

The company intends to further expand its customer base within the industry with a view to continuing growth in all areas of its business. The price trend of uranium in 2020 has strong signs of extending into 2021.

The impact of uncertainties due to both the COVID-19 coronavirus and the United Kingdom exiting the European Union

The Directors' view on the impacts of the COVID-19 coronavirus and Brexit are disclosed on page 3.

The principal risks and uncertainties facing the business relate to liquidity and the market price of uranium. A characteristic of the industry is that sales and purchase commitments maybe entered into several years before deliveries are made and this can put pressure on the company's liquidity. This risk is mitigated by careful cash management, detailed cash flow forecasting and timing purchases and sales to optimise cash flows.

The uranium market hasn't showed clear price direction during 2020 despite the positive market fundamentals. The basic trend has not changed. Pricing mechanisms which provide predictability with limited exposure to price movements allow the company to manage the risk of future market price movements.

We do not believe there are any other significant risks and uncertainties facing our business, other than those normally encountered within our industry.

Section 172 (1) Statement

The directors have acted in a way that they considered, in good faith, to be most likely to promote the success of CGN Global Uranium Limited (the 'company') for the benefit of its sole member, and in doing so had regard, amongst other matters, to:

CGN GLOBAL URANIUM LIMITED

STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

- the likely consequence of any decision in the long term;
- the interests of the company's employees;
- the need to foster the company's business relationships with suppliers, customers and others;
- the impact of the company's operations on the community and the environment;
- the desirability of the company maintaining a reputation for high standards of business conduct;
- and to act fairly between members of the Company.

The Directors also took into account the views and interests of a wider set of stakeholders, and all engaging organisations.

Considering this broad range of interests is an important part of the way the Board makes decisions; however, in balancing those different perspectives it won't always be possible to deliver everyone's desired outcome.

How does the board engage with stakeholders?

The board will sometimes engage directly with certain stakeholders on certain issues, but the size and distribution of our stakeholders of this company means that stakeholder engagement often takes place at an operational level.

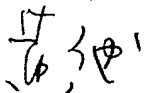
In addition, to ensure a more efficient and effective approach, certain stakeholder engagement is led at CGN group level, in particular where matters are of group-wide significance or have the potential to impact the reputation of the CGN group.

The Board considers and discusses information from across the organisation to help it understand the impact of the company's operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance, as well as information covering areas such as key risks, and legal and regulatory compliance. This information is provided to the board through reports sent in advance of each board meeting, and through in-person presentations.

As a result of these activities, the board has an overview of engagement with stakeholders, and other relevant factors, which enables the directors to comply with their legal duty under section 172 of the Companies Act 2006.

The purpose of CGN Global Uranium Limited to act as a trading company. Due to the nature of the Company, no decisions were made by the Directors during the reporting period which required them to have regard to the matters set out in section 172 of the Companies Act 2006.

This report was approved by the board on 31/05/2021 and signed on its behalf.



Jian Huang
Managing Director

CGN GLOBAL URANIUM LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Registered number:
09142456

The directors present their report and the financial statements for the year ended 31 December 2020.

RESULTS DONATIONS AND DIVIDENDS

The profit for the period, after taxation, amounted to \$7,768,000 (2019: \$1,934,000).

The directors do not recommend the payment of a dividend (2019: \$nil).

There are no donations had been made in the current year.

DIRECTORS

The directors who served during the period were:

Fei He	Appointed	01/05/2016			
Jian Huang	Appointed	20/07/2017			
Zukai Tan	Appointed	02/04/2021	Jun Zhou	Resigned	26/03/2021

FUTURE DEVELOPMENTS

The company expects to expand its customer base within the industry with a view to increasing growth in all areas of its business.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

CGN GLOBAL URANIUM LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2020

Registered number:
09142456

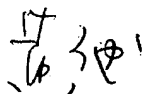
THE IMPACT OF UNCERTAINTIES DUE TO COVID-19 CORONAVIRUS AND BREXIT ON OUR BUSINESS

In terms of the impact on our business as a result of the current outbreak of COVID-19, it is not currently believed that this will have negative impacts to the business : trading contracts have been signed with counterparties, and all the transactions had been completed electronically with no concerns having been raised under the impact of COVID-19 coronavirus from any parties. We strongly believe that the potential impact of COVID-19 on our business will be minimum. We are strictly following the UK government's guidance during this outbreak and have taken steps to keep our staff as safe as possible. Regarding the impact of Brexit, after assessment, we believe that the impact to our business is insignificant, because Brexit mainly affects businesses on physically importing and exporting goods. However, the trading model of CGN Global Uranium Limited is to complete goods delivery through book transfer, and the VAT rate is zero. Other service suppliers are all based in the UK. If they were to be affected by Brexit, the impact on us is likely to be small depending on the service and range provided by them.

AUDITOR

The auditor, BDO LLP, will be proposed for appointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on and signed on its behalf.



Jian Huang

Managing Director

DIRECTORS' RESPONSIBILITIES STATEMENT

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CGN GLOBAL URANIUM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CGN GLOBAL URANIUM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CGN GLOBAL URANIUM LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of CGN Global Uranium Limited ("the Company") for the year ended 31 December 2020 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes of Equity, Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

CGN GLOBAL URANIUM LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CGN GLOBAL URANIUM LIMITED (continued)

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

CGN GLOBAL URANIUM LIMITED

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Making enquiries of Management including obtaining and reviewing supporting documentation, concerning the Group's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and assessing whether they were aware of any instances of non-compliance with such;
 - detecting and responding to the risks of fraud on management override of controls and assessing whether they have knowledge of any actual, suspected or alleged fraud; and
- Obtaining an understanding of management's internal controls that are relevant to the audit.
- Performing targeted journal entry testing based on identified characteristics the audit team considered could be indicative of fraud.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Shabbir Somani

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Shabbir Somani (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

3 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CGN GLOBAL URANIUM LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 \$000	2019 \$000
Turnover	3	313,908	218,800
Cost of sales		(296,070)	(210,916)
Gross profit		<u>17,838</u>	<u>7,884</u>
Administrative expenses		(1,877)	(1,530)
Operating profit	4	<u>15,961</u>	<u>6,354</u>
Interest receivable and similar income		16	7
Interest payable and similar charges	7	(6,384)	(3,987)
Profit on ordinary activities before taxation		<u>9,593</u>	<u>2,374</u>
Taxation on profit on ordinary activities	8	(1,825)	(440)
Profit for the financial period		<u><u>7,768</u></u>	<u><u>1,934</u></u>
Other comprehensive income:			
Items that will not be reclassified to profit or loss:		-	-
Total comprehensive income for the period		<u><u>7,768</u></u>	<u><u>1,934</u></u>

There were no recognised gains and losses for 2020 and 2019 other than those included in the income statement.

The notes on pages 13 to 22 form part of these financial statements.

CGN GLOBAL URANIUM LIMITED

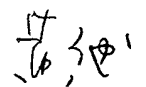
Registered number:
09142456

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

Notes		2020 \$000	2019 \$000
Fixed assets			
Tangible assets	9	51	11
		<u>51</u>	<u>11</u>
Current assets			
Stocks	10	227,894	185,940
Debtors: Amounts falling due within one year	11	37,788	14,762
Cash at bank and in hand		17,438	20,504
		<u>283,120</u>	<u>221,206</u>
Creditors: Amounts falling due within one year	13	(147,693)	(129,378)
Net current assets		<u>135,427</u>	<u>91,828</u>
Total assets less current liabilities		<u>135,478</u>	<u>91,839</u>
Creditors: Amounts falling due after more than one year	14	(119,072)	(83,201)
Net assets		<u><u>16,406</u></u>	<u><u>8,638</u></u>
Capital and reserves			
Called up share capital	16	3,000	3,000
Profit and loss account		13,406	5,638
		<u><u>16,406</u></u>	<u><u>8,638</u></u>

The notes on pages 13 to 22 form part of these financial statements.

The financial statements were approved and authorised for issue by the board and were signed on its behalf


Jian Huang

Managing Director

CGN GLOBAL URANIUM LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2020

	Share capital	Retained earnings	Total equity
	\$000	\$000	\$000
Brought forward 1 January 2019	3,000	3,704	6,704
Profit for the period	-	1,934	1,934
At 31 December 2019	<u>3,000</u>	<u>5,638</u>	<u>8,638</u>
Profit for the period	-	7,768	7,768
At 31 December 2020	<u>3,000</u>	<u>13,406</u>	<u>16,406</u>

The notes on pages 13 to 22 form part of these financial statements.

CGN GLOBAL URANIUM LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 \$000	2019 \$000
Operating activities		
Profit before tax	7,768	1,934
Finance costs	6,384	3,987
Finance income	(16)	(7)
Tax charge	1,825	440
Adjustments for:		
Depreciation of tangibles fixed assets	5	17
(Increase)/Decrease in stocks	(41,954)	(95,251)
(Increase)/Decrease in debtors	(23,026)	(7,441)
Increase/(Decrease) in creditors	10,588	929
Corporation tax paid/received	(588)	(96)
Net cash generated from operating activities	<u>(39,208)</u>	<u>(95,488)</u>
Investing activities		
Purchase of tangible fixed assets	(46)	(9)
Interest received	16	7
Net cash from investing activities	<u>(30)</u>	<u>(2)</u>
Financing activities		
Proceeds from bank loan	43,361	113,289
Interest paid	(7,189)	(3,987)
Net cash generated in financing activities	<u>36,172</u>	<u>109,302</u>
Decrease in cash in the year	<u>3,066</u>	<u>13,812</u>
Cash and cash equivalents at the beginning of period	<u>20,504</u>	<u>6,692</u>
Cash and cash equivalents at the end of period	<u>17,438</u>	<u>20,504</u>

CGN GLOBAL URANIUM LIMITED

Notes to the financial statements for the year ended 31st December 2020

1. ACCOUNTING POLICIES

1.1 General information

CGN Global Uranium Limited (the "company") is a private company limited by shares, incorporated and domiciled in the United Kingdom (England and Wales). These financial statements are prepared for this entity only.

The address of the registered office and principal place of business is 50 St Andrew's Street, Cambridge, CB2 3AH, United Kingdom, and the nature of the entity's operations and principal activities is the sale of uranium.

The financial statements have been presented in US dollars as this is the currency of the primary economic environment in which the entity operates.

Monetary amounts included in these financial statements are rounded to the nearest thousand \$.

1.2 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies

The following principal accounting policies have been applied:

1.3 Going concern

The directors have prepared the financial statements on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The directors have reviewed cash flow forecasts for a period of not less than 12 months from the date of the audit opinion. Based on their discussions with the relevant shareholders, the directors have a reasonable expectation that these shareholders will continue to provide such financial support as will be necessary to enable the Company to meet its liabilities as they fall due for the foreseeable future and have therefore concluded that it is appropriate to prepare these financial statements on a going concern basis, having also considered the impact of Covid-19 as disclosed in the Directors' Report.

1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;

CGN GLOBAL URANIUM LIMITED

Notes to the financial statements for the year ended 31st December 2020 (continued)

1. ACCOUNTING POLICIES (continued)

1.4 Revenue (continued)

- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows: The estimated useful lives range as follows:

Fixtures & fittings	-	5	years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

1.6 Operating leases: Lessee

Rentals paid under operating leases are charged to the Income Statement on a straight line basis over the period of the lease.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average cost method basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

1.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

CGN GLOBAL URANIUM LIMITED

Notes to the financial statements for the year ended 31st December 2020 (continued)

1. ACCOUNTING POLICIES (continued)

1.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.10 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income statement.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.12 Finance costs

Finance costs are charged to the Income statement over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

CGN GLOBAL URANIUM LIMITED

Notes to the financial statements for the year ended 31st December 2020 (continued)

1. ACCOUNTING POLICIES (continued)

1.13 Borrowing costs

All borrowing costs are recognised in the Income statement in the period in which they are incurred.

1.14 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amount of the assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence at the time when the decisions are made, and based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects both current and future periods.

The critical accounting judgements that the directors have made in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

Judgements

Slow and obsolete stock provisions are reviewed on a line by line basis and appropriate provisions are recorded as necessary.

All debtors are credit checked and receive credit rating reviews; debtors aged in 90 days plus are provided for in bad debts.

Impairment testing is carried out for all tangible assets at the year end date or where there is an indication that impairment exists. For the purposes of impairment testing, the carrying amounts of the tangible assets are reviewed and an impairment loss is recognised where the carrying amounts exceed the assets recoverable amount.

CGN GLOBAL URANIUM LIMITED

Notes to the financial statements for the year ended 31st December 2020 (continued)

2. Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Estimates

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

3. ANALYSIS OF TURNOVER

	2020 \$000	2019 \$000
Sale of Uranium - UK	26,556	26,674
Sale of Uranium – Europe	127,637	22,902
Sale of Uranium – Rest of the world	159,715	169,224
	<u>313,908</u>	<u>218,800</u>

4. OPERATING PROFIT

Operating profit is stated after charging:

	2020 \$000	2019 \$000
Depreciation	36	17
Foreign exchange differences	21	8
Operating lease rentals	64	56
Fees payable to the Company's auditor for the audit of the Company's annual accounts	25	21

5. EMPLOYEES

Staff costs, including directors' remuneration, were as follows:

	2020 \$000	2019 \$000
Wages and salaries	469	452
Social security costs	146	91
Pension costs	65	30
	<u>680</u>	<u>573</u>

The average monthly number of employees, including the directors, during the period was as follows:

	2020 No.	2019 No.
Administration	<u>5</u>	<u>5</u>

CGN GLOBAL URANIUM LIMITED**Notes to the financial statements for the year ended 31st December 2020
(continued)****6. DIRECTORS' REMUNERATION**

	2020 \$000	2019 \$000
Directors' emoluments	<u>332</u>	<u>204</u>

The highest paid director received remuneration of \$331,594 (2019: \$204,000)
Key management personnel comprise only the Company directors.

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2020 \$000	2019 \$000
Interest payable on loans from related parties	5,870	3,987
Interest payable on loans from external parties	<u>514</u>	<u> </u>
	<u>6,384</u>	<u>3,987</u>

8. TAXATION

	2020 \$000	2019 \$000
Total current tax	<u>1,745</u>	<u>373</u>
Origination and reversal of timing differences	<u>80</u>	<u>67</u>
	<u>1,825</u>	<u>440</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the period is lower than the standard rate of Corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 \$000	2019 \$000
Profit on ordinary activities before tax	<u>9,593</u>	<u>2,374</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	1,822	451
Effects of:		
Expenses not deductible for tax purposes	-	(13)
Adjustments in relation to deferred tax	3	2
Total tax charge for the year	<u>1,825</u>	<u>440</u>

CGN GLOBAL URANIUM LIMITED

Notes to the financial statements for the year ended 31st December 2020 (continued)

9. TANGIBLE FIXED ASSETS		Fixtures & fittings \$000
Cost of valuation		
As at 1 January 2020		111
Additions		45
Disposals		-
At 31 December 2020		156
Accumulated Depreciations		
As at 1 January 2020		100
Depreciation		5
Disposals		-
At 31 December 2020		105
Net book value		
At 31 December 2019		11
At 31 December 2020		51
10. STOCKS		
	2020 \$000	2019 \$000
Goods for resale	<u>227,894</u>	<u>185,940</u>
Stocks to the value of \$296,070,000 were recognised as expenses in the year (2019: \$210,916,000). During the year, the value of \$228,000 as impairment of stock was reversed to the Statement of Comprehensive Income (2019: \$228,000 recognised).		
11. DEBTORS		
	2020 \$000	2019 \$000
Due within one year		
Trade receivable	37,006	14,635
Prepayments and accrued income	780	119
Deferred tax (Note 12)	-	-
VAT	2	8
	<u>37,788</u>	<u>14,762</u>

CGN GLOBAL URANIUM LIMITED**Notes to the financial statements for the year ended 31st December 2020
(continued)****12. DEFERRED TAX**

	2020	2019
	\$000	\$000
As at 1 January 2020	-	64
Deferred tax assets utilised in 2020	-	(64)
As at 31 December 2020	<u>-</u>	<u>-</u>

The deferred tax asset is made up of unutilised tax losses carried forward and has been calculated at 19%. It had been mainly utilised during 2019.

13. CREDITORS: Amounts falling due within one year

	2020	2019
	\$000	\$000
Loans	134,053	126,224
Trade creditors	11,995	2,416
Corporation Tax	1,518	277
Accruals and deferred income	10	331
Other	<u>117</u>	<u>130</u>
	<u>147,693</u>	<u>129,378</u>

14. CREDITORS: Amounts falling due after more than one year

	2020	2019
	\$000	\$000
Loans	<u>119,072</u>	<u>83,201</u>

15. LOANS

Analysis of the maturity of loans is given below:

	2020	2019
	\$000	\$000
Amounts falling due within one year		
Loans from related parties	<u>134,053</u>	<u>126,224</u>
Amounts falling due 1-2 years		
Loans from related parties	<u>119,072</u>	<u>83,201</u>

CGN GLOBAL URANIUM LIMITED**Notes to the financial statements for the year ended 31st December 2020
(continued)****16. SHARE CAPITAL**

The company has one class of ordinary shares which carry voting rights but no right to fixed income.

	2020	2019
	\$000	\$000
Allotted, called up and fully paid		
3,000,000 Ordinary shares of \$1 each	<u>3,000</u>	<u>3,000</u>

17. ANALYSIS OF CHANGES IN NET DEBT

	At 1 Jan 2020	Cash flows	Other non-cash changes*	At 31 Dec 2020
	\$000	\$000	\$000	\$000
Cash and cash equivalents				
Cash at bank and in hand	20,504	(3,066)		17,438
Borrowings	(209,425)	(43,361)	(339)	(253,125)
Total	(188,921)	(46,427)	(339)	(235,687)

* Represents bank charges and debt issue cost during the year

18. RELATED PARTY TRANSACTIONS

CGNM UK Ltd.	2020	2019
	\$000	\$000
Fellow companies share the same ultimate parent entity		
Related Party transactions during the period are in relation to Business and Management share service charges at 10% mark up on office cost including VAT.	12	13

CGN GLOBAL URANIUM LIMITED

Notes to the financial statements for the year ended 31st December 2020 (continued)

China Uranium Development Company Limited	2020	2019
	\$000	\$000
Parent company	0	78

Related Party transactions during the period are in relation to storage fee paid to CUDC including VAT.

Swakop Uranium (Pty) Ltd.	2020	2019
	\$000	\$000
Fellow companies share the same ultimate parent entity		
Related Party transactions during the period are in relation to Purchase of 180k lbs Uranium in 2020. Purchase of 50k lbs Uranium in 2019	8,599	2,291

19. CONTROLLING PARTY

The company's parent is CGN Mining Company Limited, a company incorporated in Cayman Island, listed on the Hong Kong stock exchange and in turn is a 64.82% owned subsidiary of China Uranium Development Company Limited. China General Nuclear Power Corporation is the ultimate parent of the Company and controlling entity. The financial statements of the above companies are not available to the public.

20. OPERATION LEASE COMMITMENT

Non-cancellable operating lease rentals are payable as follows	2020	2019
	\$000	\$000
In one year or less	47	71
Between two and five years	121	60
Over 5 years		155
	<u>168</u>	<u>286</u>

21. POST BALANCE SHEET EVENTS

There are no post balance sheet events

22. Profit & Loss account

The reserve represents the cumulative profits and losses of the company after the payment of Dividends.