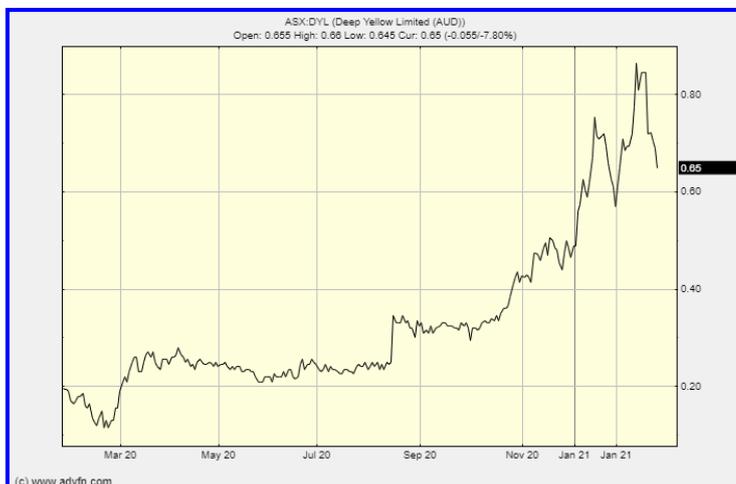


Uraniumletter INTERNATIONAL

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Investment Alert – February 24, 2021

www.deeptyellow.com.au



Deep Yellow Limited (A\$ 0.65)

ASX	: DYL
OTCQX Best Market	: DYLLF
H+L prices (12 months)	: A\$ 0.887– 0.105
Issued shares	: 254.3 million
Fully diluted	: 308.3 million
Market capitalization	: A\$ 178.3 million (US\$ 141.0 million)

2021 share price target: A\$ 1.50

INVESTMENT ALERT

► **Deep Yellow** completes A\$ 40.8 million fund raising to complete Definitive Feasibility Study of **Tumas Project** in **Namibia**

On **February 24, 2021**, **Deep Yellow** confirmed the successful completion of a A\$ 40.8 private placement (before costs), which has put the Company in a strong financial position making it better able to execute on the multiple potentially wealth create activities being under consideration.

The strengthening of **Deep Yellow's** flagship **Tumas Project** comes at an appropriate time with a busy 18 months ahead as the Company completes the **Tumas DFS**, continue exploration across the **Reptile** and **Nova** projects and advance targeted M & A opportunities.

Additionally, the Company is confident in raising a further \$ 2 million from the SPP which will allow eligible shareholders to participate in this capital raising.

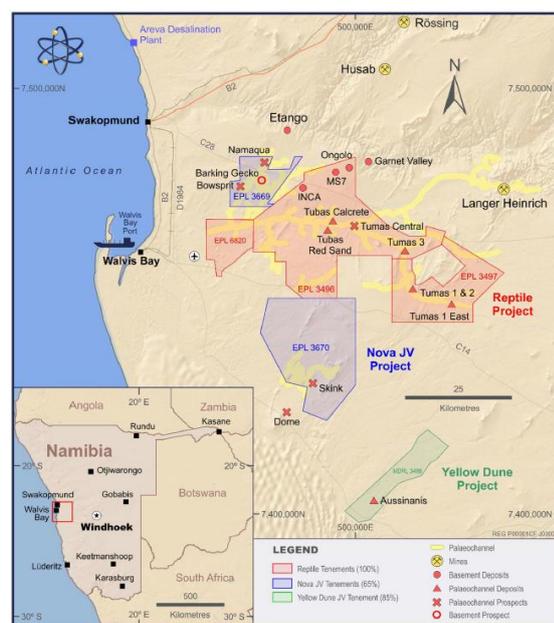
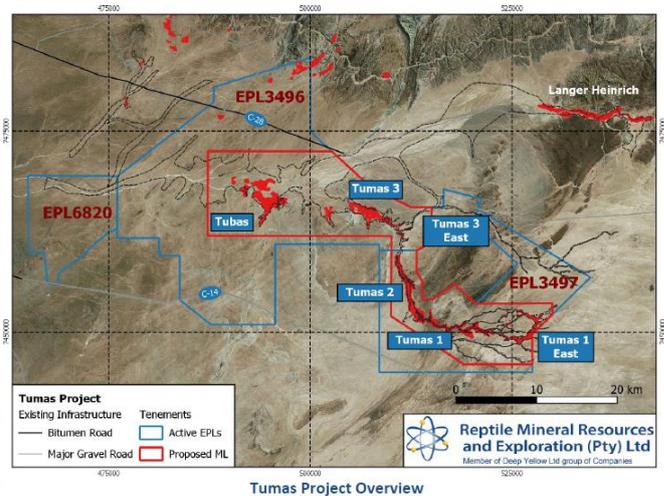


Figure 1: EPLs 3496, 3497 showing Tumas deposits and main prospect locations over palaeochannels.

Tumas Overview

- The Tumas Project comprises of Tumas 1, Tumas 1 East, Tumas 2, Tumas 3, Tumas 3 East and Tubas deposits
- Located in the Company's 100% owned Reptile tenements in Namibia
- Exploration since early 2017 has been very successful, increasing the resources over threefold at an impressive discovery cost of 11.5cents/lb (A\$)
 - Total Tumas calcrete resource base of 110Mlb eU₃O₈ at a 100ppm cut-off grade
 - 52.6Mlb eU₃O₈ at 245ppm are of the Indicated JORC category and occur in the Tumas 1, 2 and 3 deposits
- To date, only 50% of the total mineral resource base and 50% of the highly prospective 125km Tumas palaeochannel system has been tested
- Geology of the mineralisation is similar to that mined at the Langer Heinrich operation which is very well understood by the Deep Yellow team



Establishing a Tier-One Uranium Operation

- Led by a standout management team, Deep Yellow continues to advance its dual-pillar growth strategy, to deliver a 5-10Mlb low cost, multi-platform global uranium operation
- Highly-successful Tumas PFS has outlined a project with excellent economics and significant growth upside
- Tumas DFS to commence immediately, focusing on enhancing and further optimising the PFS development option
- Deep Yellow is confident the DFS will achieve the stated 20-year LOM objective
- Project portfolio located in an established uranium mining jurisdiction with a long history of continuous uranium mining and export
- Nova JV continuing exploration focus on highly-prospective Barking Gecko project
- Well-defined M&A execution strategy, with ongoing assessment of advanced opportunities
- Nuclear energy becoming the moral imperative, with positive momentum building globally
- Deep Yellow aims to provide security and certainty of uranium supply into a growing market



Continued Assessment of M&A Opportunities

- Ongoing evaluation of M&A throughout 2020/21
- Focused on acquiring 2-3 projects to establish a pipeline for development from 2024 – 2035+
- Continued assessment and due-diligence on several advanced opportunities
- Through the extensive uranium experience and success of the Company's management and technical team, the process of evaluating opportunities differentiates Deep Yellow from its peers
 - Exploration and development success of the Reptile project highlights the team's ability to maximise value
- Sector consolidation will assist in delivering the Company's strategic goal of establishing a multi platform, 5-10Mlb pa, low-cost uranium producer



Investment Comments:

Deep Yellow has a two-pronged growth strategy involving the growing of existing uranium resources in **Namibia**, which country is ranked 4th among the world's top 10 uranium countries and the highest ranked African country.

Innovative operation undertaken by **Deep Yellow** over the past three years has resulted in a remarkable three-fold increase in the resource base of the deposit type within the highly prospective **Tumas** palaeochannel to **92.5 million pounds U₃O₈ grading 303 ppm U₃O₈**.

The total Measured and Indicated Resource at Tumas 1, 2 and 3 stands at 37.2 Mlb at 337 ppm eU₃O₈, well above what is required for completion of the Tumas Pre-Feasibility Study

Importantly, with the Company's stated Exploration Target there remains strong upside for further discovery with supportable expectations that this calcrete-associated uranium in **Mineral Resource could be increased to between 100 million pounds and 150 million pounds U₃O₈ in the grade range of 300 to 500 ppm U₃O₈**.

The completion of a highly positive **PFS** confirms technical and economic viability of the **Tumas Project**, as a result of which the Board has approved proceeding directly to a **DFS to align with the potential development of the Reptile Project around the target period of 2023/24**.

Considering the successful A\$ 40.8 million placement, as a token of the overall significantly improved uranium investment sentiment, in my view, **Deep Yellow** remains substantially undervalued.

Having seven-folded from a 2020 low of A\$ 0.11 to a current price of A\$ 0.83, representing a market valuation of approximately US\$ 141 million, considering the overall significantly improved uranium investment sentiment, I consider **Deep Yellow** still to be substantially undervalued.

I have increased my 2021 share price target from A\$ 0.90 to A\$ 1.50.