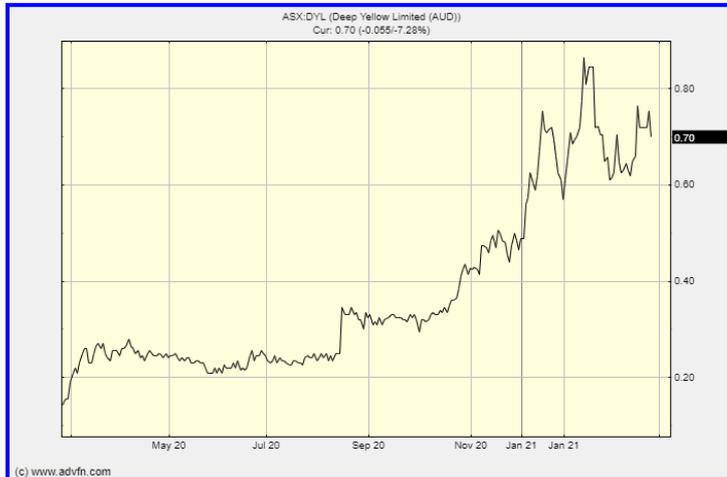


Uraniumletter INTERNATIONAL

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Investment Alert – March 23, 2021

www.deeptyellow.com.au



Deep Yellow Limited (A\$ 0.71)

ASX : DYL
OTCQX Best Market : DYLLF

H+L prices (12 months) : A\$ 0.89– 0.11

Issued shares : 254.3 million
Fully diluted : 308.3 million

Market capitalization : A\$ 228.6 million
(US\$ 175.4 million)

2021 share price target remains: A\$ 1.50

INVESTMENT ALERT

► Deep Yellow raises A\$ 2.0 million from heavily oversubscribed Share Purchase Plan

On March 23, 2021, **Deep Yellow** announced that its **Share Purchase Plan** offered a maximum of ~3.08 shares (subject to rounding) at an issue price of A\$ 0.65 to raise up to A\$ 2.0 million (before costs), received valid application for a total of 11.42 million shares, a total ~A\$ 7.42 million.

Accordingly, in accordance with the terms of the Share Purchase Plan, the Company will conduct a pro-rata scale-back of applications, with the number of Shares rounded down to reflect a whole number of Shares to ~3.08 million.

This means eligible shareholders who applied to participate in the Share Purchase Plan will receive 28.9457% of the valid application amount they applied for.

It is expected that the Shares will be issued and allotted on March 29, 2021.

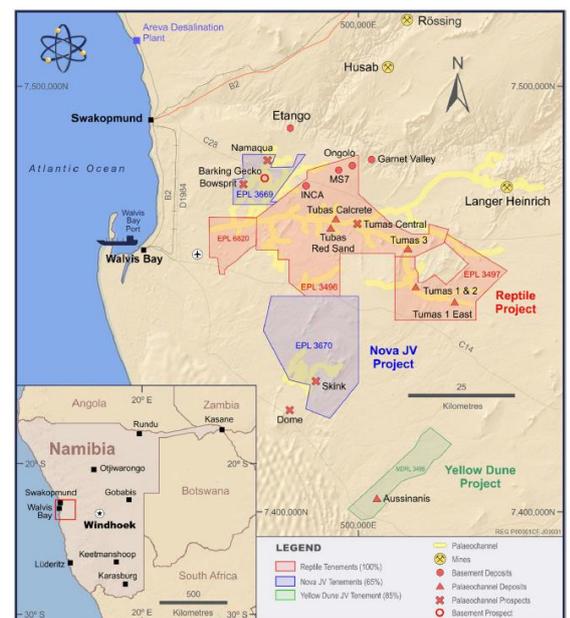


Figure 1: EPLs 3496, 3497 showing Tumas deposits and main prospect locations over palaeochannels.

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

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



Company Profile

Deep Yellow is an advanced-stage uranium exploration company in pre-development phase with a cornerstone suite of projects in **Namibia, Africa**, which provided approximately 10% of world uranium mining output in 2019.

The Company holds 4 key contiguous Exclusive Prospecting Licences (EPLs) covering 1,590 km² within the heart what is a world recognized, prospective uranium province of high significance.

The tenements are strategically located amongst the major uranium mines of this region – 20 km south of GGN's of China Husab/Rössing deposits and 40 km southwest of Paladin's Langer Heinrich mine.

Deep Yellow has a two-pronged growth strategy involving the growing of existing uranium resources in **Namibia**.

The primary objective of Deep Yellow's strategy is to establish a multi-platform production in aggregate of 5-10 million pounds U₃O₈ per annum, with the expectation of each project achieving a minimum 2-3 million pounds per annum production capacity.

On February 10, 2021, **Deep Yellow** announced the completion of a highly positive **Pre-Feasibility (PFS)** on the **Tumas Project**. The PFS focused on a **Langer-Heinrich-style open-pit mining operation utilising a purpose-built processing facility with a design capacity of 3 million pounds eU₃O₈ per annum.**

The **Tumas Project PFS** confirms technical and economic viability of the Project delivering the following key outcomes:

- Utilises only 50% of the total Mineral Resources available on **Tumas Project**
- After further resource definition drilling, converted Inferred Mineral Resources to Indicated Mineral Resources at a conversion rate of 95%
- Established a maiden Ore Reserve at a 63% conversion rate from Indicated Mineral Resources to Probable Reserves
- Assumed a fixed uranium price of US\$ 65/lb in line with TradeTech forecasts

- Confirmed or improved on the **Tumas Scoping Study** assumptions with key results including:
 - 11.5 years Life of Mine (LOM) - post-tax, ungeared NPV8.6(nominal) of US\$ 207 M (A\$ 276 M)
 - 2.5 Mlb U₃O₈ pa average LOM production
 - post tax, real, ungeared IRR 21.1%
 - C1 Costs US\$ 27.3/lb after by-product vanadium credit
 - total initial CAPEX US\$ 98 M per 1 Mlb design capacity

► **TUMAS PFS TAKEAWAYS**

The **Tumas PFS** has been successfully concluded and is summarised as follows:

Probable Reserves	U ₃ O ₈ Cut-off	Tonnes	U ₃ O ₈	U ₃ O ₈ Metal
	ppm	Mt	ppm	Mlb
Tumas 1 & 2	150	13.9	292	9.0
Tumas 3	150	26.9	371	22.0
Total	150	40.9	344	31.0

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Tumas Project Overview

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, followed by the heavily oversubscribed SPP raising of A\$ 2.0 million as a token of the overall significantly improved uranium investment sentiment, in my view, **Deep Yellow**, at a current market valuation of US 175.4 million remains substantially undervalued.

I remain my 2021 share price target at A\$ 1.50.