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Special Situation – April 2020 Update

www.deepyellow.com.au

Deep Yellow Limited (A$ 0.24)

ASX	: DYL
OTCQX Best Market	: DYLLF
H+L prices (12 months)	: A$ 0.45 – 0.11
Issued shares	: 244.9 million
Fully diluted	: 307.1 million
Market capitalization	: A$ 58.8 million (US$ 37.1 million)

2020 share price target: A$ 0.90

Company Profile

Deep Yellow is an advanced-stage uranium exploration company with a cornerstone suite of projects in **Namibia**, **Africa,** providing approximately 5% of world uranium mining output. Namibia has a long, well regarded history of safety and effectively developing and regulating its considerable uranium mining industry, with its first commercial uranium mine begun operating in 1976.

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 the Husab/Rössing deposits and 40 km southwest of the Langer Heinrich deposits.

Deep Yellow has a two-pronged growth strategy involving the growing of existing uranium resources in **Namibia** and has already made a significant new discovery called **Tumas 3** on the 100%-owned **Reptile Project** in March 2017, followed up with a revised resource expanded by 32% to **31.2 million pounds grading 377 ppm U_3O_8 in July 2018.** In parallel, the Company will pursue accretive counter cyclical acquisitions to create a multi-project uranium platform.

On April 14, 2020, **Deep Yellow** reported its quarterly activities report for the period ended March 31, 2020, including the successful completion of an infill drilling program at **Tumas 3** with 246 holes drilled for 5,154 metres. The drilling focused on converting 50% of the existing Inferred Resource base to eventual Indicated Resource status.

An updated Tumas 3 Mineral Resource Estimate is expected in early May.

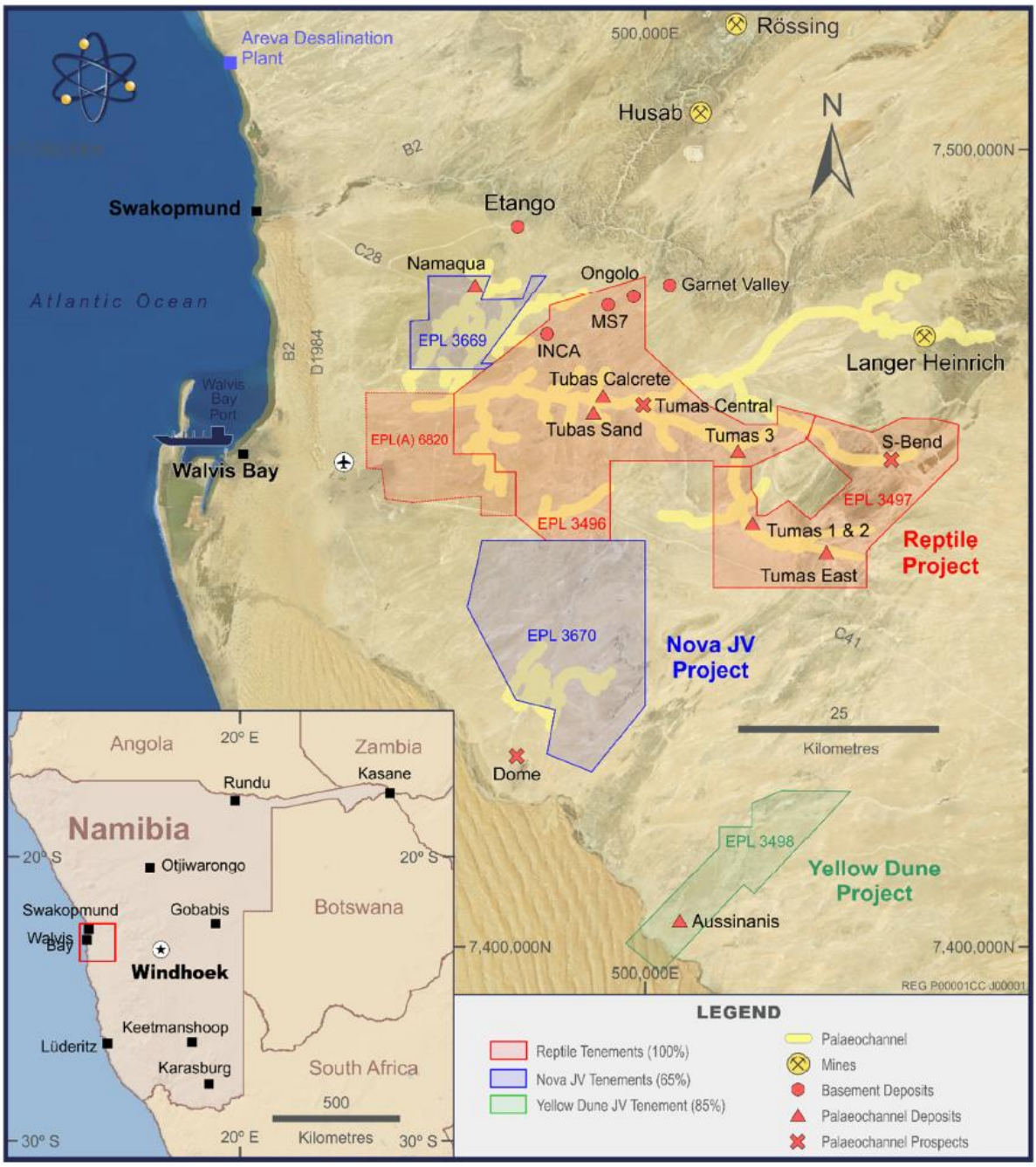


Figure 1: *Showing* ***Reptile Project*** *(EPLs 3496, 3497) with Tumas Deposits and main prospect locations over palaeochannels and* ***Nova JV Project*** *(EPLs 3669,3670)*

Highlights of the activities reported are:

► **Commencement of the Tumas PFS following the successful completion late January of the Tumas Scoping Study**

► **Tumas PFS progressing well with positive results being achieved:**

- o 117 metres diamond drilling completed, collecting 460kg of mineralised core sample material this quarter
- o 14 groundwater bores completed for the required hydrogeological baseline study
- o First-pass metallurgical test work showing encouraging results that confirm the validity of the beneficiation and leach parameters assumed in the Scoping Study, with further confirmatory work underway

► **Successful completion of infill drilling program at Tumas 3 with 246 holes drilled for 5,154 metres**

► **Drilling focussed on converting 50% of the existing Inferred Resource base to eventual Indicated Resource status.** Key results include:

o Drilling confirms continuity of mineralisation across the 2.5 km tested within the 7 km long **Tumas 3** deposit

o Importantly, 85% of the 246 holes drilled returned greater than 100 ppm U_3O_8, with an overall 4.5 metres average thickness at an average grade of 364 ppm U_3O_8

o Results provide a high level of confidence that the conversion rate from Inferred to Indicated JORC resource status to complete the PFS can be achieved

► **An updated Tumas 3 Mineral Resource Estimate is expected in early May**

► **Following a complete review of operations, current workstreams were adjusted to safeguard key assets against COVID-19. The revised work program will preserve the Company's strong balance sheet, whilst maintaining and advancing core objectives**

Overview of Projects

➢ Reptile Project, Namibia (EPLs 3496, 3497) – 100% owned

• Tumas Pre-Feasibility Study

Deep Yellow continued to execute and advance core workstreams of the Company's dual-pillar growth strategy. The primary objective of the strategy is to establish a multi-platform, low-cost, global uranium company with multiple mines producing in aggregate 5-10 Mlb per annum, with the expectation of each project achieving a minimum 2-3 Mlb per annum production capability.

In January 2020, **Deep Yellow** announced the successful completion of the **Tumas Scoping Study** (**Study**), which assessed the development potential of the Tumas palaeochannel calcrete uranium project and delivered highly encouraging results, which provided confidence for the Board to approve, with immediate effect, the commencement of a formal PFS at Tumas.

The Study led to **Deep Yellow** refining and upgrading the key objectives (outlined below) of the organic pillar of the growth strategy. These objectives will provide clear guidelines as the threshold measures for determining success of the **Tumas PFS**:

- **Potential life-of-mine greater than 20 years.**
- **Cash costs of sub US$30/lb. U_3O_8**
- **Capital requirements of US$115 million to US$130 million per 1 Mlb U_3O_8 per annum design capacity,**
- **Minimum internal rate of return (IRR) of 20%.**

The **Tumas PFS** commenced in late January. Outlined below is a progress update on key PFS workstreams:

• Successful completion of an infill drilling program focused on upgrading the **Tumas 3 Resource** from an Inferred to Indicated JORC status.

• Five RC composite samples from the **Tumas Project** area comprising approximately 5 kg each have been collected, transported and subsequently received in Perth for preliminary metallurgical test work in the March and June quarters (see preliminary results below).

• Continued the triple-tube diamond drilling program and completed collection of 1,050 kg of mineralised core samples for metallurgical test work and mineralogical studies to be commenced in following quarter (Note: 590 kg of this core sample material were collected and delivered to Perth during the December quarter which will be utilised for further test work (primarily beneficiation and leaching).

• Commenced data gathering surveys to establish essential baseline data for ground water, flora/fauna, air quality and radiological aspects for incorporation into the Environmental Impact Assessment. 14 groundwater bores for 612 metres were completed during the quarter adding to the 6 monitoring bores already in place to support the hydrogeological studies required for the PFS.

Preliminary metallurgical test work results conducted on the RC composite samples have confirmed the validity of the beneficiation and leach assumptions used in the Scoping Study.
The beneficiation results to date demonstrate the potential to achieve:

• The mass rejection ratio (35%) assumed in the Scoping Study and a beneficiation barren stream, at that rejection ratio or above, with a very low uranium grade (below 20 ppm U_3O_8).

• Beneficiation recovery at or above the 97.5% assumed in the Scoping Study.

► The leach results to date are regarded as positive demonstrating:

• Leach extraction greater than that assumed for the Scoping Study (95%).
• Leach residence times significantly lower than those assumed for the Scoping Study.
• Leach reagent conditions assumed for the Scoping Study are sufficient to achieve the assumed extraction.

This work, using composite samples from RC drilling, was designed to give early guidance for the more detailed test work to follow. The test work will now be expanded to test these outcomes using composite samples derived from the diamond core material.
The diamond drill core material will provide more representative samples of the mineralisation at the **Tumas 3** deposit and suitable to provide information for the generation of the PFS design criteria.

► Tumas 3 Infill Drilling Program Completed *(Post Quarter)*

As announced on April 1, 2020, **Deep Yellow** completed a resource infill drilling program at the **Tumas 3** deposit with 246 holes completed for 5,154 metres. The drill program was concentrated in the centre 2.5 km core of the 7 km long deposit.

Previous drilling at **Tumas 3** was on 100 metres by 100 metres spacing. The infill program was carried out infilling to 50 metres spaced lines, offset on 100 metres spaced centres, achieving an overall diamond shaped drill hole spacing of 70 metres by 70 metres, which is deemed sufficient for Indicated Resource determination.

210 holes, or 85% of the 246 holes drilled, returned greater than 100 ppm e, at an U_3O_8 average grade of 364 ppm eU_3O_8 over an average thickness of 4.5 metres. Of greater interest and importance is that 157 holes, or 64% of the 210 mineralised holes intersected greater than 200 ppm eU_3O_8, with an average grade of 568 ppm eU_3O_8 over an average thickness of 5.9 metres.

The positive results from this drill program closely reflect the statistics of previous drilling programs completed at **Tumas 3** and indicate that a resource conversion of Inferred to Indicated JORC status much greater than the 40% to 50% initially anticipated will be achieved.
A detailed updated Mineral Resource Estimate of the Tumas 3 resource is expected to be completed in early May.

Figure 2 shows the area of infill drilling, outlining hole locations and grade thickness distribution (GT= eU_3O_8 ppm x Metre Thickness). Importantly, Figure 2 also highlights that the drill program was successful in confirming previously identified high-grade areas.
All equivalent uranium values (eU_3O_8) from the infill drilling are based on down-hole radiometric gamma logging carried out by a fully calibrated Auslog gamma logging system and were reported in the ASX announcement released on 1 April 2020.

► Conclusions

The **Tumas 3 PFS** is progressing very well. Key workstreams are advancing on numerous fronts, with early results indicating that the Scoping Study assumptions remain valid.

The results from the successful infill drilling program have provided the Company with a better definition of the uranium mineralisation at **Tumas 3** and a high-level of confidence that the required resource upgrade to support the PFS currently underway will be achieved. The results have also reinforced the Company's positive expectation for the deposit and the highly encouraging prospectivity of the Tumas palaeochannel system. Importantly, the **Tumas 3** uranium mineralisation remains open along strike and available for future resource infill drilling when required.

The Tumas PFS, notwithstanding the impact to the work schedule from COVID 19 restrictions, remains on track for completion in the December 2020 quarter.

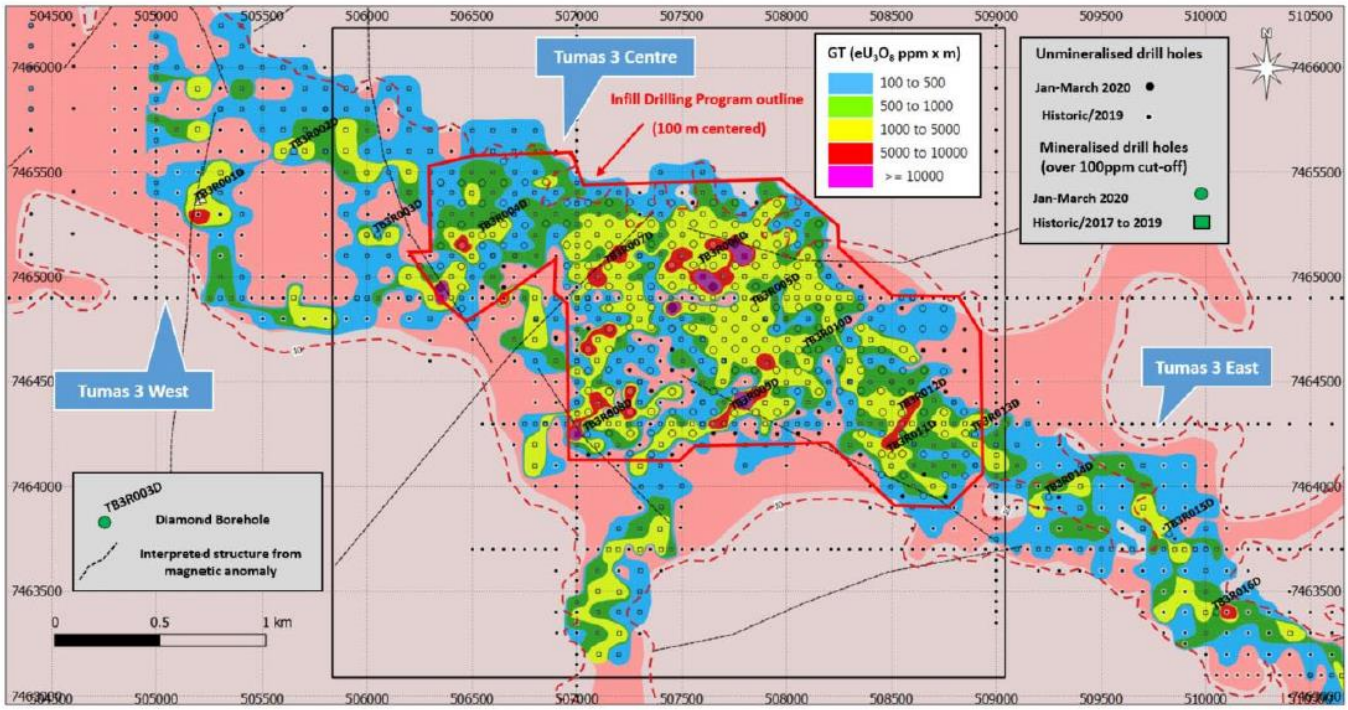


Figure 2: Tumas 3, Infill drilling: drill hole locations and grade thickness (GT) contours.

► NOVA JV, Namibia – 65% ownership

JOGMEC is currently earning a 39.5% equity interest in the **Nova JV**, with $ 4.5 million required to be spent over a four-year period. The balance of the earn in obligation is expected to be fulfilled during calendar year 2020 for which budget approval is expected by mid-April.

Work on the **Nova JV** is focussing on follow-up drill testing on both the previously identified basement-related uranium targets (Rössing/Husab style deposits) and the palaeochannel/calcrete-associated uranium targets (Langer Heinrich style deposits).

Exploration of the basement targets on EPL 3669 has identified a promising zone of uranium anomalism at Barking Gecko and some prospectivity at Turtle's Neck. Prospect locations are shown on Figure 3.

Although grade and thickness of the mineralisation encountered at Barking Gecko is mostly low-level, some of the higher grade and thicker intersections encountered require follow-up drilling. Field work during the quarter concentrated on ground surveys following up these positive results, with the objective of establishing targets and drill hole locations for deeper follow-up drilling scheduled for July and August 2020.

The Turtle's Neck target identified by semi-regional drilling will also be tested by follow-up drilling planned for later this year.

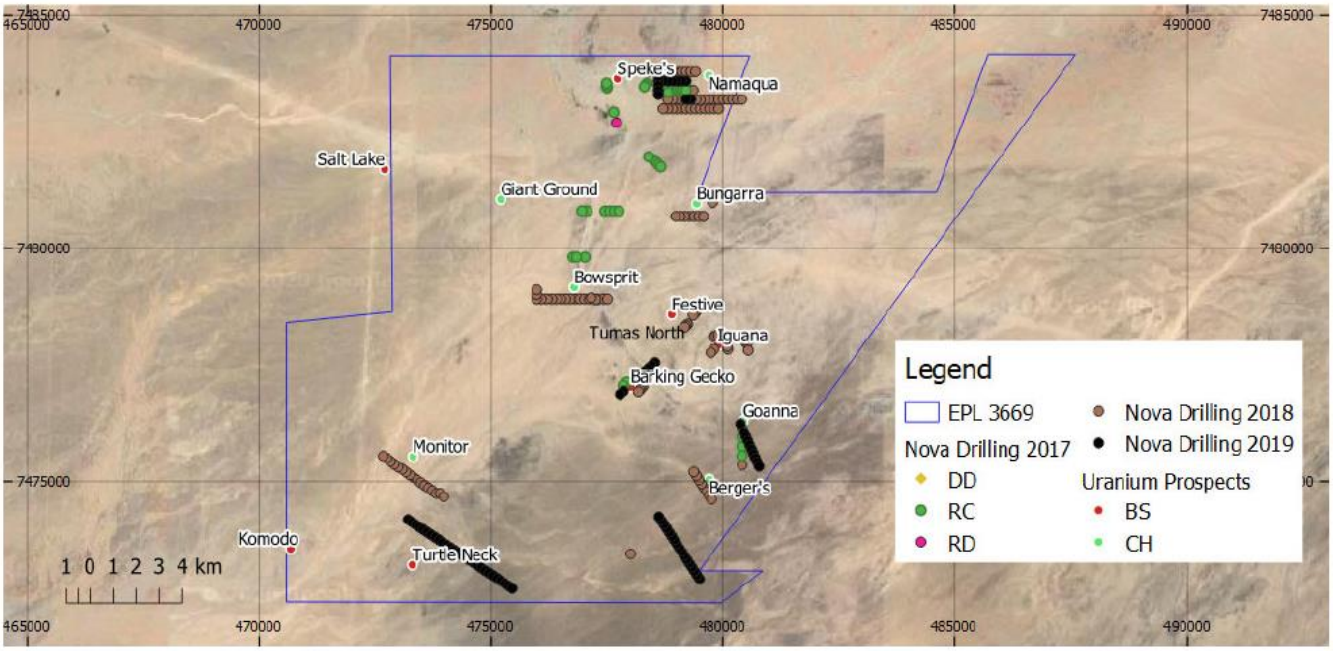


Figure 3: *Nova JV, EPL3669: Prospect locations, with tenement and drill collars.*

CORPORATE

In April 2020, **Deep Yellow** completed a full review of the Company's activities focussing on adjusting current workstreams to safeguard the Company's key assets against the growing uncertainty and volatility caused by the COVID-19 pandemic.

The revised work programs will include the continued development of key activities of the **Tumas PFS,** carrying out critical exploration at the **Nova JV Project**, with finalisation of the **JOGMEC** earn-in obligation awaiting approval in mid-April and lastly, proceeding with more selected M&A with care not to lose sight of opportunities that could arise in the meantime.

Key Milestones

Project	Activities	Calendar Year: 2H19	1H20	2H20	2021
Reptile	Resource Upgrade Drilling	●		●	●
	Ongoing Palaeochannel Testing				
	Scoping Study	●			
	Reserve Statements		●		●
	Pre-Feasibility Study			●	
	Optimisation Studies				
M&A	Targeting 2 to 3 Projects		●	●	

● Expected Completion

Management

John Borshoff, B.Sc. Geology), Managing Director, CEO, is an experienced mining executive and geologist with more than 30 years of uranium industry experience. He spent more than a decade at the start of his career as a senior geologist and manager of the Australian activities of German uranium miner Uranerz. In 1993, following the withdrawal of Uranerz from Australia, Mr Borshoff founded Paladin Energy. He built the company from a junior explorer into a multi-mine uranium producer with a global asset base and valuation of more than US$5 billion at its peak. Mr. Borshoff was appointed Managing Director in October 2016.

Rudolf Brunovs, B.Bus. (Accounting), Chairman, is a highly experienced Chartered Accountant and Director with more than 35 years of experience in business. He is a former audit partner of the international accounting firm Ernst & Young and for 12 years held the position of Managing Partner. He was also a member of the Minerals and Energy Division within Ernst & Young. He has been a Director of Lions Eye Institute, a major WA based not for profit organisation, for more than 10 years.

Gillian Swaby, B. Bus. (Accounting), Executive Director, is an experienced mining executive with a broad skillset across a range of corporate, finance and governance areas. She has spent more than 30 years working with natural resources companies in numerous roles including Chief Financial Officer, Company Secretary, Director and corporate advisor. Ms Swaby had a key role in managing the company's growth through mine development, operation, acquisition and exploration. She has been a director of Deep Yellow for 13 years. During the past three years Ms Swaby has also served as a Director of Comet Ridge and Birimian.

Mark Pitts, B.Bus., CFO, Company Secretary, is a Chartered Accountant with more than 30 years' experience in business administration, statutory reporting and corporate compliance. He is a partner in the advisory firm Endeavour Corporate where he provides company secretarial, accounting, finance and compliance services to publicly listed companies in the resources sector, including Deep Yellow. Mr Pitts has previously worked at a senior management level in a variety of commercial and consulting roles across a range of industries and started his career at accounting firm KPMG.

Christophe Urtel, Bachelor of Science (Geology) with Engineering Technology, Director, has close to 20 years of experience in the natural resources sector and is currently Group Head of Corporate Development for Anglo American. Prior to joining Anglo American he was Head of Strategy and Capital (EMEA) for the commodity trader Noble Group, a Fund Manager at Laurium LP and an Executive Director in J.P. Morgan's Principal Investment franchise in London, responsible for natural resources investments.

Mervyn Greene, Masters in Mathematics, Bachelor in Engineering and Masters of Business Admintsration, Director, is an experienced investment banker and entrepreneur who has been working in investment markets in Africa, Europe and the United States for more than 30 years. His most recent experience has focused on private equity investment in a range of sectors, including property and he currently serves as Managing and Museum Director of EPIC. From 1997 – 2005 Mr Greene was the London-based partner of Irwin Jacobs Greene, one of Namibia's premier stockbroking, private equity and corporate finance advisory firms.

Justin Reid, B.Sc. (Geology), M.BA., Director, is a geologist and capital markets executive with more than 20 years of experience focused exclusively in the mineral resources sector. He has held a number of senior executive roles, including President, CEO and Director of Sulliden Gold, until its acquisition of Rio Alto Mining in 2014, He is now CEO of Troilus Gold a development stage resource company focusing in Northern Quebec and remains an advisor to Sulliden.

Finance

In early July 2019, **Deep Yellow** completed a successful fundraising of A$ 11.29 million before costs with an institutional placement and Share Purchase Plan to advance the Company's **Reptile Project** and determine, in a two-staged manner, the economic feasibility of the **Tumas channel uranium deposit**.

As at December 31, 2019, the Company had cash and cash equivalents of A$ 14.1 million.

Investment Comments:

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

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 U_3O_8 grading 303 ppm U_3O_8.**
An updated Tumas 3 Mineral Resource Estimate is expected in early May.

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 U_3O_8 in the grade range of 300 to 500 ppm U_3O_8.**

The positive results achieved so far at the **Reptile Project** justify advancing the Project by completing the **Tumas 3 PFS**, which is currently underway. Completion is expected in the **December 2020 quarter**.

The timing of the **Scoping Study** and **PFS** is structured such that, if these studies prove positive, there is sufficient time to complete a **Definitive Feasibility Study to align with the potential development of the Reptile Project around the target period of 2023/24.**

Deep Yellow and its partners entered into a strategic agreement with **JOGMEC** of Japan in the **Nova Joint Venture** which adjoins the Company's **Reptile Project** where significant uranium resources have been defined and reported. **JOGMEC** and can earn a 39.5% interest in the Project through expenditure of A$ 4.5 million within 4 years.

Rated as **Namibia**'s top-ranked exploration/development company by market valuation, based on the quality and further expansion potential of its prospective **Reptile Project, Deep Yellow,** supported by cash equivalents of A$ 14.1 million as at December 31, 2019, in my view**,** at a current market valuation of approximately US$ 37.1 million, offers a high investment leverage potential.

My 2020 share price target remains A$ 0.90.

World's top listed uranium exploration/development companies focused on emerging countries *(by market valuation)*

		Country focus	*Trade symbol*		*Share price April 21 2020*	*Share price Year-end 2019*	Change Year-end 2019 in %	*Market valuation (US$ million)*
Global Atomic *	*1)*	Niger	TSX.V	GLO	C$ 0.58	C$ 0.48	21	59.9
GoviEx *		Niger/other African countries	TSX.V	GXU	C$ 0.17	C$ 0.16	3	51.4
Deep Yellow *		Namibia	ASX	DYL	A$ 0.25	A$ 0.29	-14	38.6
Berkeley Energia		Spain	ASX	BKY	A$ 0.20	A$ 0.22	-9	31.8
Bannerman Resources		Namibia	ASX	BMN	A$ 0.04	A$ 0.04	0	29.4
Lotus Resources	*2)*	Malawi	ASX	LOT	A$ 0.06	A$ 0.05	20	24.3
Forsys Metals		Namibia	TSX	FSY	C$ 0.20	C$ 0.12	63	23.1
Plateau Energy Metals	*3)*	Peru	TSX.V	PLU	C$ 0.22	C$ 0.26	-15	13.3
Total market capitalization								**271.8**

* *featured as a* ***Special Situation*** *and included in the 2019 Shortlist of investment recommendations*

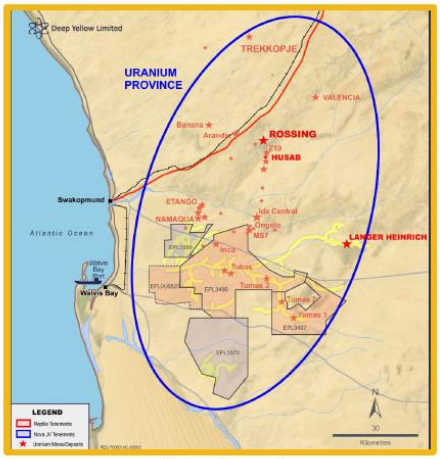
1) also 49% interest in operating zinc project in Turkey

2) acquired 85% stake in major uranium project in Malawi from Paladin Energy; also cobalt project in NSW Australia

3) uranium-lithium project; main focus on lithium

Namibia: a Standout Uranium Destination

- Large, proven uranium province with exceptional prospectivity
- Province contains 1.5Blb U_3O_8 Measured and Indicated Resources
  - With additional 350Mlb U_3O_8 Inferred resources
- Large capacity, long-life mining operations
  - Rössing – 11Mlb/pa design
  - Husab – 15Mlb/pa design
  - Langer Heinrich – 5Mlb/pa design
- Since 1974 Namibia has produced 320Mlb U_3O_8
- World's 4th largest uranium producer
- Responsible for ~6% of global uranium output
- Highly-supportive jurisdiction
- Excellent infrastructure for development and mining



Namibian uranium province

Namibia began operating its first commercial uranium mine in 1976 and has emerged to the world's 4th ranked uranium producer. The country has three significant mines capable of producing 10% of world mining output. However, from 2012 Namibia's production fell from 4,500 tonnes to 2,994 tonnes in 2015, before recovering to 3,654 tonnes in 2016, 4,224 tonnes in 2017, and 5,524 tonnes in 2018, of which 3,028 tonnes from **Husab**.

Namibia has three significant mines, **Husab, Rössing** and **Langer Heinrich.**
In the late 1950s much interest was shown in **Rössing**. **Rio Tinto** discovered numerous uranium occurrences and in 1966 took the rights over the low-grade Rössing deposit, 65 km inland from Swakopmund.

Two other significant deposits found in early exploration were **Trekkopje**, a calcrete deposit 80 km NE of Swakopmund and near **Rössing**, and **Langer Heinrich**, a calcrete deposit discovered in 1973 by **Gencor**, 80 km inland from Walvis Bay and 50 km southeast of Rössing.

Rössing was formed in 1970 and was owned for 68.6% by **Rio Tinto**, before the Namibian government approved the takeover of this controlling position by **China National Uranium Corporation** (**CNUC**). The remaining 31.4% is owned by **Uranium Foreign Investment** – 15%, **Industrial Development Cooperation of South Africa** – 10% and **Namibian Government** – 3%. The Company has mined the deposit from 1976 as a large-scale open pit in very hard rock.

In July 2019, **Rio Tinto** completed the sale of its entire interest in the **Rössing uranium mine** to **China National Uranium Corporation (CNUC)** for an initial cash payment of US$ 6.5 million plus a contingent payment of up to US$ 100 million.

In March 2020, **Rössing** suspended normal mining operations at a safety measure in light of the Covid-19 pandemic.

Swakop Uranium started development of the **Husab mine** in February 2013 and production commenced at the end of 2016, with 192 tU in that year and was forecasted to ramp up to 5,500 tU by year 2020, with most of this being supplied to **China** and up to 20% being marketed internationally by **CGN Global Uranium** in the **UK**. Swakop Uranium is now 90% owned by **Taurus Minerals** and 10% by **Epangelo**. Taurus is 60% owed by China's **CGN Uranium Resources** (CGN – URC) and 40% by **Africa Development Fund**, set up by **China Development Bank** in 2007.

Zhonghe Resources (Namibia) Development is a Namibian registered company founded in 2008 by **China Uranium Corporation** (**SinoU**) – 58%, a wholly-owned subsidiary of **China National Nuclear Corporation** (**CNNC**) and a private company, **Namibia-China Mineral Resources Investment and Development** (**Nam-China**) – 42%.

Zhonghe was looking at alaskite northeast of Swakopmund, close to Rössing, with a view to open-pit mining and heap leaching a low-grade (0.02%U) uranium deposit to produce about 600 tU a year.
Resources are believed to be 6,000 – 12,000 tU.
In 2014, **Zhonghe** was one of 6 uranium producers listed by the Ministry of Mines and Energy.

In April 2011, the Namibian Government announced that its state-owned mineral exploration company **Epangelo Mining** was looking for exclusive control over new strategic minerals developments, including uranium. However, this does not apply retrospectively or amount to naturalization of existing mines or leases. **Paladin Energy** and **Kalahari** have both expressed confidence that their assets are not at risk of expropriation.

Over 2011-12 a **Strategic Environmental Assessment** was undertaken over the whole uranium provincial inland from **Swakopmund** and **Walvis Bay**. This addressed all the projects and is to result in a **Strategic Environmental Management Plan** to be implemented by the government and individual project companies.

Namibia Uranium Production – tonnes U

		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Rössing	CNUC	3449	3519	3083	2641	2289	2043	1308	1057	1569	1790	2102
Langer Heinrich	Paladin	919	1108	1419	1437	1960	2098	1947	1937	1893	1294	394
Husab	Swakop								0	192	1140	3028
Trekkopje	Orano	0	0	0	0	251	186	0	0	0	0	0
Total					4078	4500	4327	3255	2994	3654	4224	5524

World Top 10 uranium producing countries

	Production in tonnes U 2018	2018 in % world total	Production in tonnes U 2017	2016	2015	2014	2013	2010	2010 in % world total
Kazakhstan	21,705	41	23,321	24,575	23,800	23,127	22,451	17,803	33
Canada	7,001	13	13,116	14,039	13,325	9,134	9,331	9,783	18
Australia	6,517	12	5,882	6,315	5,672	5,001	6,350	5,900	11
Namibia	5,525	10	4,224	3,315	2,993	3,255	4,323	4,496	8
Niger	2,911	5	3,449	3,477	4,116	4,057	4,518	4,198	8
Russia	2,904	5	2,917	3,004	3,055	2,990	3,135	3,562	7
Uzbekistan (est)	2,404	5	2,404	2,404	2,385	2,400	2,400	2,400	4
China (est)	1,885	4	1,885	1,616	1,616	1,500	1,500	827	2
Ukraine (est)	1,180	2	550	1,005	1,200	926	922	850	2
USA	582	1	940	1,125	1,256	1,919	1,792	1,660	3
Top-10 total	**52,614**	**98**	**58,688**	**60,875**	**59,418**	**54,309**	**56,722**	**51,479**	**96**
Others	884	2	774	1,137	1,100	1,908	2,648	2,192	4
Total world production tU	**53,498**	**100**	**59,462**	**62,012**	**60,518**	**56,217**	**59,370**	**53,671**	**100**

source: WNA