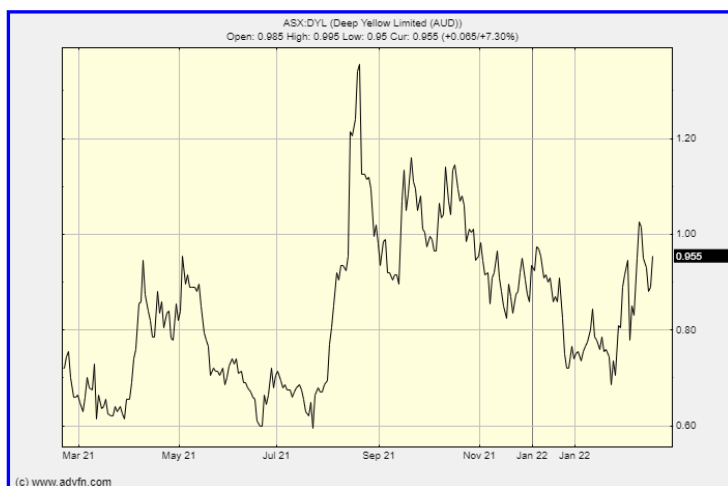


Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Investment Alert – March 18, 2022

www.deeptyellow.com.au



Deep Yellow Limited (A\$ 0.95)

ASX	:	DYL
OTCQX Best Market	:	DYLLF
H+L prices (12 months)	:	A\$ 1.37 – 0.585
Issued shares	:	387.0 million
Market capitalization	:	A\$ 352.4 million (US\$ 258.7 million)

2022 share price target: A\$ 1.50

INVESTMENT ALERT

► Half-Year Financial Report involves continuing advancement of **Tumas Project** scheduled for DFS completion in the 2022 December quarter

On 15 March 2022, **Deep Yellow** reported its 31 December 2021 Half-Year Financial Report for the six months ended 31 December 2021, which involved continuing the advancement of the Company's flagship **Tumas Project** on which a **Definitive Feasibility Study** ("DFS") commenced February 2022 and remains on schedule for completion in the 2022 December quarter.

Deep Yellow has a two-pronged growth strategy involving the growing of 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.

► Significant increase in forecast Project economic outcomes using the PFS model assumptions and the updated Ore Reserves

- o Life of Mine (Production) increased to 25.75 years from 11.5 years
- o Operating Margin (EBITDA) (U₃O₈ @ US\$65/lb & V₂O₅ @ US\$7/lb) up 114% from US\$1,035M to US\$ 2,215M
- o Project NPV8.6: Post tax and ungeared up from US\$207M to US\$412M
- o Project IRR: Post tax, ungeared and real, up from 21% to 23%
- o All-in Sustaining Costs (AISC) down from US\$30.69/lb U₃O₈ to US\$30.37 (for the first 20 years of production)

► REVIEW AND RESULTS OF OPERATIONS

Key achievements:

- Infill resource upgrade drilling program completed on **Tumas 3** and **1 East deposits**, with a total of 1,473 holes for 24,942m.
- Measured and Indicated Mineral Resource increased significantly at **Tumas 1, 2, 3** and **1 East**, to 98.7Mlb at 266ppm eU3O8.
- **Tumas** Probable Ore Reserves increased by an impressive 121% to 68.4Mlb U3O8 at 345ppm using a 150ppm U3O8 cut-off with three deposits increasing Life of Mine beyond the 20-year target for the Project.
- **Tumas** Definitive Feasibility Study progressing well and on schedule for completion in latter half of CY2022.
- Thorough review of the **Omahola Basement Project** resources completed, resulting in the upgrade of resources to JORC (2012). Upgraded Mineral Resource Estimate (MRE) includes a Measured, Indicated and Inferred Resource base of 125.3Mlb at 190ppm U3O8 using 100ppm cut-off. (see **Uraniumletter's Investment Alert** report of 8 March 2022).

http://www.metalcommodities-ip.com/wp-content/uploads/2015/10/DEEP_YELLOW_SPU_IA_8March2022.pdf

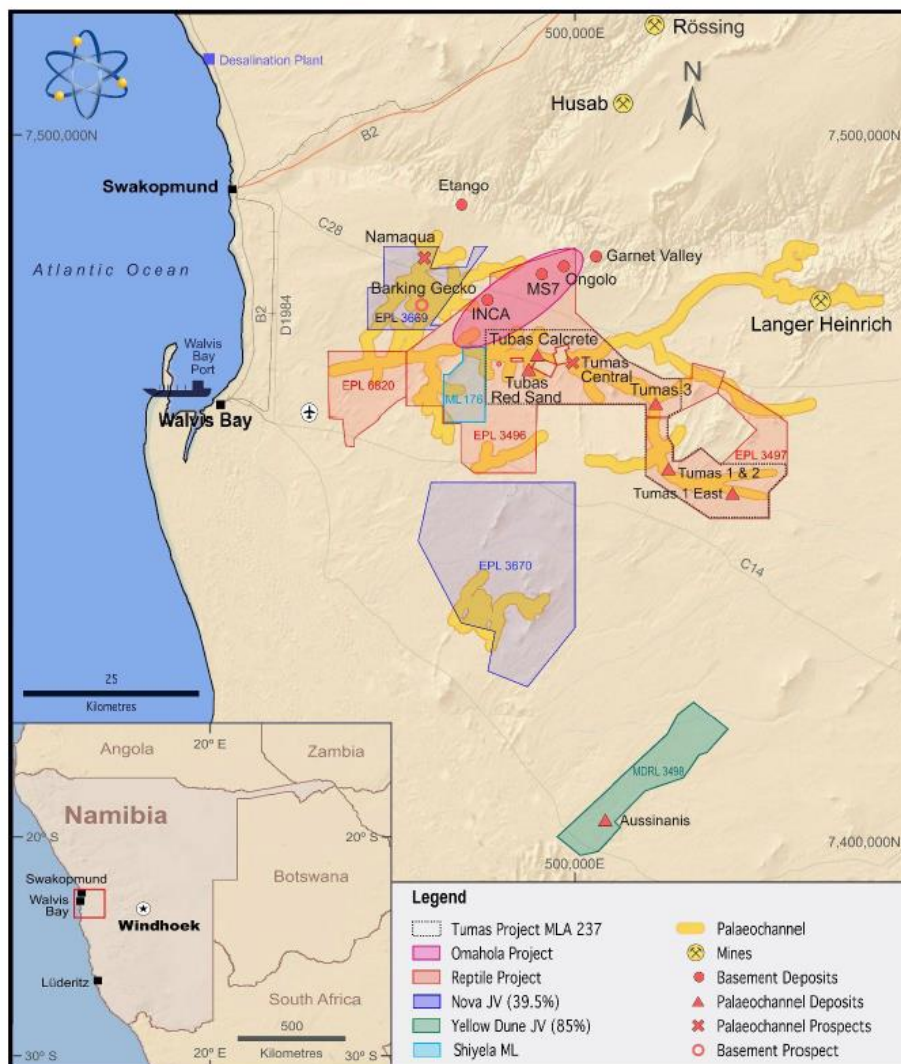


Figure 1: Namibian location map showing position of the projects.

Finance

Interim Consolidated Statement of Financial Position		
(in A\$ million)	31 Dec. 2021	30 June 2021
Assets		
Current assets	72.54	53.21
Non-current assets	44.67	44.66
Total assets	117.21	97.87
Liabilities		
Current liabilities	0.93	1.10
Non-current liabilities	0.05	0.47
Total liabilities	0.98	1.57
Shareholders' equity	116.23	96.30
Cash and cash equivalents at 31 December 2021	71.98	

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 **98.7 million pounds U₃O₈ grading 268 ppm U₃O₈**.

The maiden Indicated Mineral Resource of 19.6 million eU₃O₈ at 245 ppm is sufficient to support the key objectives of Tumas' DFS to achieve a minimum 20-year Life of Mine.

Importantly, with the Company's stated Exploration Target, thereby considering that only approximately 65% of the existing **Tumas 1E** Mineral Resource has been tested, 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**.

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** has already been featured by me as a **Special Situation** since October 2018 and included in my Shortlist of uranium investment recommendations.

Having eight-folded from a 2020 low of A\$ 0.11 to a current price of A\$ 0.95, representing a current market valuation of approximately US\$ 258.7 million, including a cash position of A\$ 71.98 million, **Deep Yellow**, in my view, is substantially undervalued, thereby considering a Definitive Feasibility Study to be expected in the 2022 December quarter based on the outcomes underpinning the favourite PFS model assumptions.

My 2022 share price target is A\$ 1.50.

World's top 10 listed uranium exploration/development companies						
focused on traditional countries (by market valuation)						
	Country focus	Trade symbol	Share price March 17 2021	Share price Year-end 2021	Change to Year-end 2021 in %	Market valuation (US\$ million)
NexGen Energy	1) Canada	TSX.V NXE	C\$ 6.95	C\$ 5.54	25	3,331.1
Denison Mines	Canada	TSX DML	C\$ 2.06	C\$ 1.74	18	1,678.1
Boss Energy	2) Australia	ASX BOE	A\$ 2.42	A\$ 2.25	8	690.9
Fission Uranium	Canada	TSX FCU	C\$ 0.99	C\$ 0.78	27	668.8
Iso Energy	Canada	TSX.V ISO	C\$ 4.86	C\$ 3.74	30	518.8
Encore Energy *	3) USA	TSX.V EU	C\$ 1.62	C\$ 1.60	1	482.2
UEX	Canada	TSX UEX	C\$ 0.40	C\$ 0.37	8	217.9
Consolidated Uranium	4) USA	TSX.V CUR	C\$ 2.73	C\$ 2.87	-5	186.4
Laramide Resources	USA/Australia	TSX LAM	C\$ 0.79	C\$ 0.71	11	158.4
Anfield Energy	5) USA	TSX.V AEC	C\$ 0.13	C\$ 0.10	30	51.9
Total market capitalization						7,984.5
* featured as a Special Situation and included in the 2022 Shortlist of investment recommendations						
1) holds 53% in <u>Iso Energy</u> from spin-off						
2) name change from <u>Boss Resources</u> effective November 26, 2020; also nickel-copper project in <u>Sweden</u> and gold project in <u>Senegal</u>						
3) entered into a binding agreement effective September 1, 2020 to acquire all of <u>Westwater Resources'</u> United States uranium assets; announced on September 7, 2021 a definitive arrangement agreement whereby the Company will acquire <u>Azarga Uranium</u>						
4) announced on July 15, 2021 a definitive asset purchase agreement with <u>Energy Fuels</u> to acquire a portfolio of conventional uranium projects located in <u>Utah</u> and <u>Colorado</u> for consideration of US\$ 8 million over a period of 3 years and 19.9% in outstanding CUR common shares						
5) also precious metals development						

World's top 10 listed uranium exploration/development companies						
focused on emerging countries (by market valuation)						
	Country focus	Trade symbol	Share price March 17 2022	Share price Year-end 2021	Change to Year-end 2021 in %	Market valuation (US\$ million)
Global Atomic *	1) Niger	TSX.V GLO	C\$ 4.60	C\$ 4.19	10	804.6
Lotus Resources	2) Malawi	ASX LOT	A\$ 0.33	A\$ 0.31	5	390.8
Deep Yellow *	Namibia	ASX DYL	A\$ 0.91	A\$ 0.86	6	352.4
Bannerman Energy	3) Namibia	ASX BMN	A\$ 0.23	A\$ 0.27	-15	283.9
GoviEx *	Niger/other African countries	TSX.V GXJ	C\$ 0.41	C\$ 0.36	13	235.2
Berkeley Emergia	5) Spain	ASX BKY	A\$ 0.40	A\$ 0.23	74	178.3
Forsys Metals	Namibia	TSX FSY	C\$ 0.86	C\$ 0.85	1	167.8
Elevate Uranium	4) Namibia	ASX EL8	A\$ 0.55	A\$ 0.47	17	143.3
Aura Energy	6) Mauritania	AIM AEE	13.60	13.50	1	57.7
Blue Sky Uranium *	7) Argentina	TSX BSK	C\$ 0.30	C\$ 0.20	50	55.6
Total market capitalization						2,669.6
* featured as a Special Situation and included in the 2022 Shortlist of investment recommendations						
1) also 49% interest in operating zinc project in <u>Turkey</u>						
3) name change from <u>Bannerman Resources</u> effective July 13, 2021						
2) acquired 85% stake in major uranium project in <u>Malawi</u> from <u>Paladin Energy</u> ; also cobalt project in NSW Australia						
4) name change from <u>Marenica Energy</u> effective June 8, 2021						
5) On <u>November 19, 2021</u> , the Company announced it has received notification from the <u>Ministry for Ecological Transition and the Democratic Challenge ("MITCO")</u> that it has rejected the Authorization for construction of its <u>Salamanca</u> deposit						
6) also world-class vanadium and battery project in <u>Sweden</u>						
7) uranium-vanadium project						