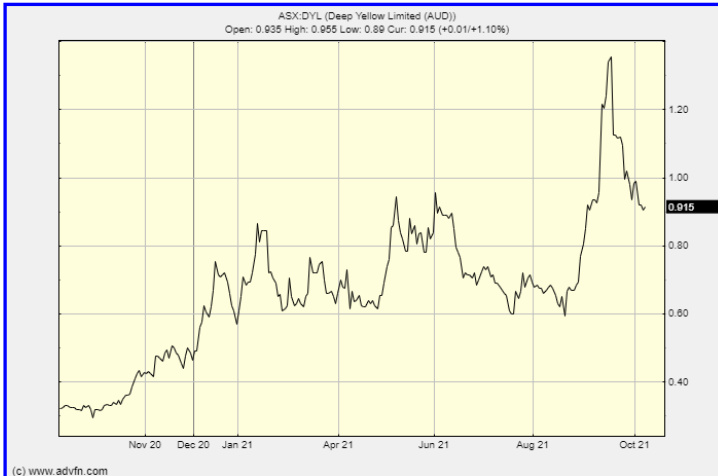


Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Investment Alert – October 8, 2021

www.deeptyellow.com.au



Deep Yellow Limited (A\$ 0.90)

ASX	: DYL
OTCQX Best Market	: DYLLF
H+L prices (12 months)	: A\$ 1.37 – 0.28
Issued shares	: 328.0 million
Fully diluted	: 382.8 million
Market capitalization	: A\$ 305.9 million (US\$ 223.2 million)

2021/2022 share price target: A\$ 1.50

INVESTMENT ALERT

- ▶ Major Ore Reserve Milestone achieved for **Tumas DFS**
- ▶ **Reptile** basement target offers resource upgrade opportunity

On October 5, 2021, **Deep Yellow** reported a significant milestone successfully delivering an impressive 121% to **68.4 million pounds U₃O₈ at 345 ppm using a 150 ppm U₃O₈ cut-off** increase to the updated **Ore Reserve Estimate (ORE)** for the **Tumas Project** in **Namibia** on EPL 3496 and 3497.

The Company completed a successful **Pre-Feasibility Study** on the **Tumas Project** and commenced the **Definitive Feasibility Study (DFS)** as announced to ASX in February 2021.

The deposits held 100% by **Deep Yellow** through its wholly owned subsidiary **Reptile Uranium Namibia** are covered by Mining Lease Application (MLA) 237.

Key focus of the drill program was to achieve the major milestone upgrading the **Tumas** LOM operation to 20+ years.



Table 1: Tumas Project Expanded Ore Reserves

Classification	U ₃ O ₈ Cut-off ppm	Tonnes Mt	U ₃ O ₈ ppm	U ₃ O ₈ Metal Mlb
Proved	150	0.0	0	0.0
Probable	150	89.8	345	68.4
Total	150	89.8	345	68.4

The PFS utilised only part of the known resources at **Tumas** and defined a **Probable Ore Reserve base of 31Mlb U₃O₈ at 344ppm, using a cut-off grade of 150ppm. The size of the Ore Reserve was sufficient for an 11.8-year Life of Mine (LOM) operation** and identified a project with positive viability parameters and clear potential to meet the Company's publicly stated investment criteria.

A key focus area of the **DFS** was to increase and upgrade the **Tumas Mineral Resources** and update the Tumas ORE, upon which the DFS would be based, to ensure a LOM greater than 20 years. Following the successful resource upgrade drilling program as previously announced, this major ORE milestone has been achieved.

Table 2: Tumas Project Updated Ore Reserves by Deposit

Tumas Probable Ore Reserve Estimates							
Area	U ₃ O ₈ Cut-off ppm	Maiden Reserve			Updated Reserve		
		Tonnes	U ₃ O ₈	U ₃ O ₈ Metal	Tonnes	U ₃ O ₈	U ₃ O ₈ Metal
		Mt	ppm	Mlb	Mt	ppm	Mlb
Tumas 1&2	150	13.9	292	9.0	14.5	272	8.94
Tumas 1 East	150				29.5	267	17.35
Tumas 3	150	26.9	371	22.0	46.3	412	42.11
Total	150	40.9	344	31.0	89.9	345	68.40

The rounding in the above table is an attempt to represent levels of precision implied in the estimation process which may result in apparent errors of summation in some columns.

The 64.1 Mlb U₃O₈ will be produced from 89.8 Mt of ore at an average grade of 345 ppm U₃O₈, containing 68.4 Mlb U₃O₈ over a total LOM of 27.5 years (25.75 production years).

Commencing on the major DFS milestone **Deep Yellow** Managing Director Mr. John Borshoff commented: "A major risk milestone for **Tumas** has been overcome and we are very pleased with the results, which have confirmed Tumas as a long life of mine operation and demonstrated great potential to develop the Project into a tier-one uranium deposit.

"Importantly, significant potential remains to grow Tumas through upgrading remaining Inferred Resources and further exploration of Tumas Palaeochannel, with approximately 40% yet to be fully tested, providing Deep Yellow with exceptional, additional optionality for optimisation of the DFS, which is expected to be completed in the latter part of CY2022".

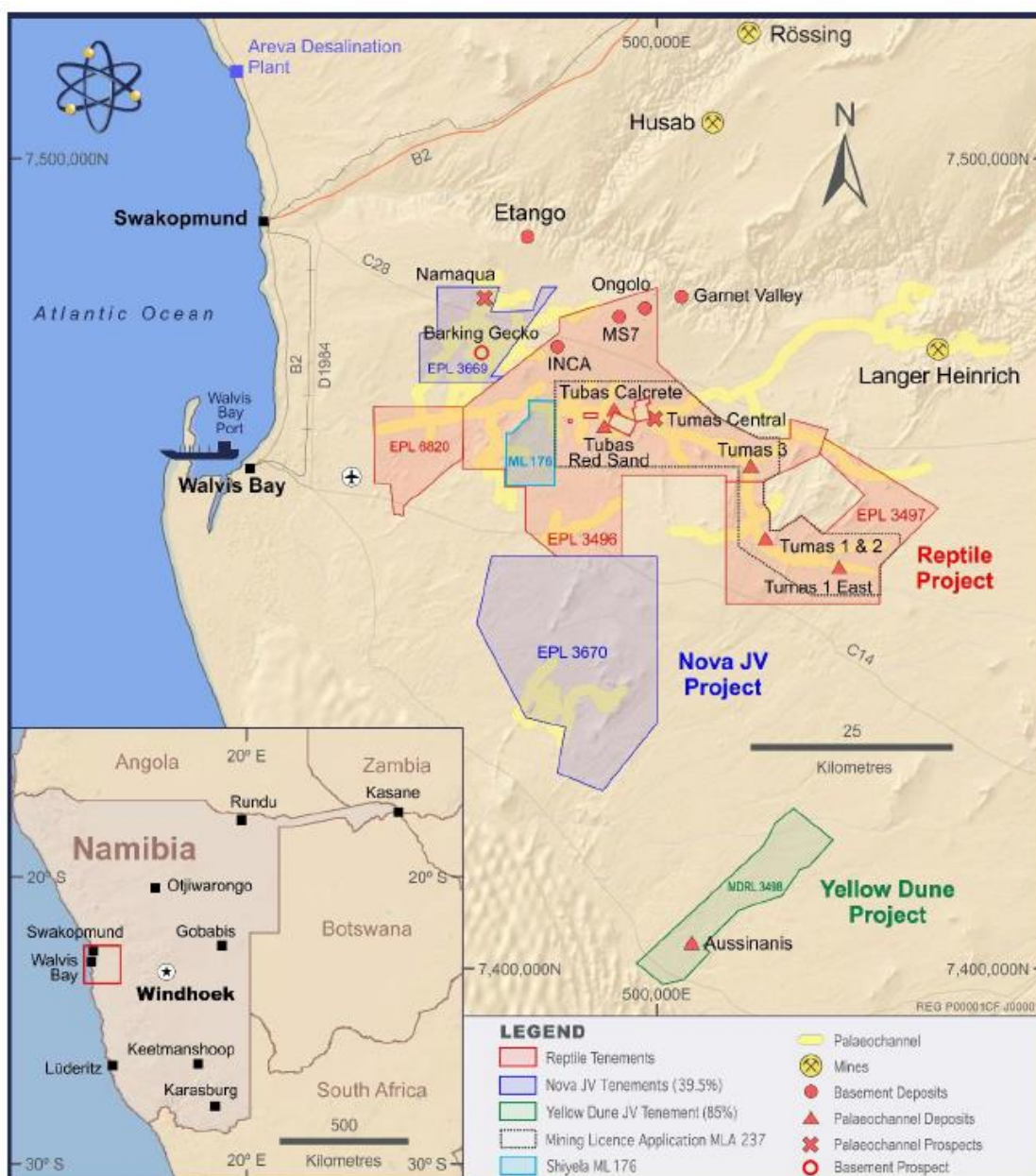


Figure 1: EPLs 3496, 3497 showing Tumas Deposits with MLA 176 and main prospect locations over palaeochannels.

► Implications for the DFS:

The significant increase in **Ore Reserves** for the **Tumas Project** has very clear and positive implications for the ongoing DFS, which include:

- Development criteria for a 20+ year LOM has been established at throughput and production rates assumed for the PFS (a maximum of either 3.75Mt pa throughput or 3.0Mlb pa of U_3O_8);
- Extended LOM is likely to materially increase the NPV for the Project and may also increase the IRR;
- Mine schedules developed in this update indicate that for the first 20 years of production, 68.7Mt of ore may be processed at a grade of 398 ppm U_3O_8 , resulting in production of 56.5Mlb U_3O_8 (2.82Mlb U_3O_8 pa average);
- In the subsequent 5.75 years of operation (in the unlikely event that no further higher grade reserves are identified) 21.1Mt of ore may be processed at a grade of 175ppm U_3O_8 , resulting in production of a further 7.6Mlb U_3O_8 (1.33Mlb U_3O_8 pa average);

- In addition to this, at the end of the 25.75 years of production, a further 17.0Mt of low grade ore at an average grade of 131ppm U₃O₈ will remain stockpiled and may be treated profitably, should economic conditions allow; and
- Exploration of the remaining 40% of prospective Tumas palaeochannel is expected to reveal additional resources and an eventual LOM operation of over 30 years cannot be discounted.

A shallow RC drilling program of 7,100 metres and 200 holes commenced 5 October and is aimed at identifying new mineralisation areas outside existing deposits for follow-up drilling.

Investment Comments:

Deep Yellow has a two-pronged growth strategy involving the growing of existing uranium resources in **Namibia**. The country has an excellent jurisdiction and infrastructure for development and mining. It is ranked 4th among the world's top 10 uranium countries and the highest ranked African country.

Since 2017 successful exploration over the highly prospective **Tumas Palaeochannel** has resulted in a remarkable four-fold increase in the resource base of the deposit type.

The total Tumas updated ore reserves by deposit stands now at 68.40 Mlb.

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.**

Having a strong cash balance of A\$ 52.4 million as at June 30, 2021, and 51 million, and 50 cent options remaining exercisable, **Deep Yellow**, in particular compared to the valuation of US-focused stand by producers and advanced development companies, from my point of view, at a current market valuation of US\$ 223.2 million, remains substantially undervalued.

My extended 2021/2022 share price target mains at A\$ 1.50.