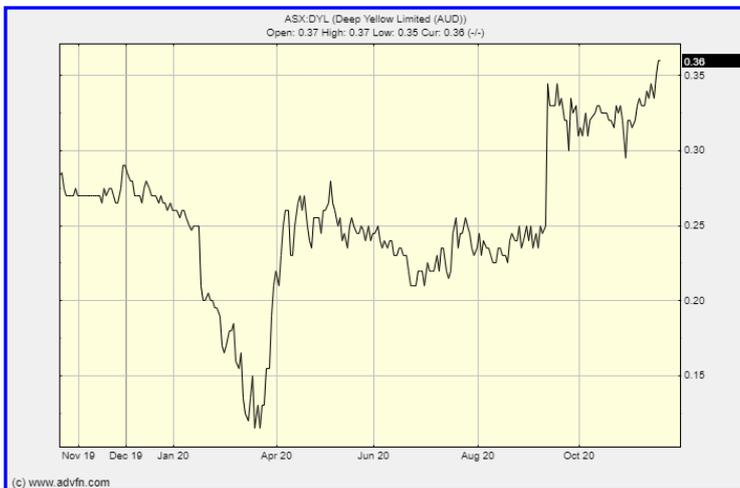


Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Special Situation – November 2020 Update www.deeptyellow.com.au



Deep Yellow Limited (A\$ 0.36)

ASX	: DYL
OTCQX Best Market	: DYLLF
H+L prices (12 months)	: A\$ 0.37– 0.11
Issued shares	: 245.1 million
Fully diluted	: 308.3 million
Market capitalization	: A\$ 88.2 million (US\$ 74.3 million)

2021 share price target: A\$ 0.90

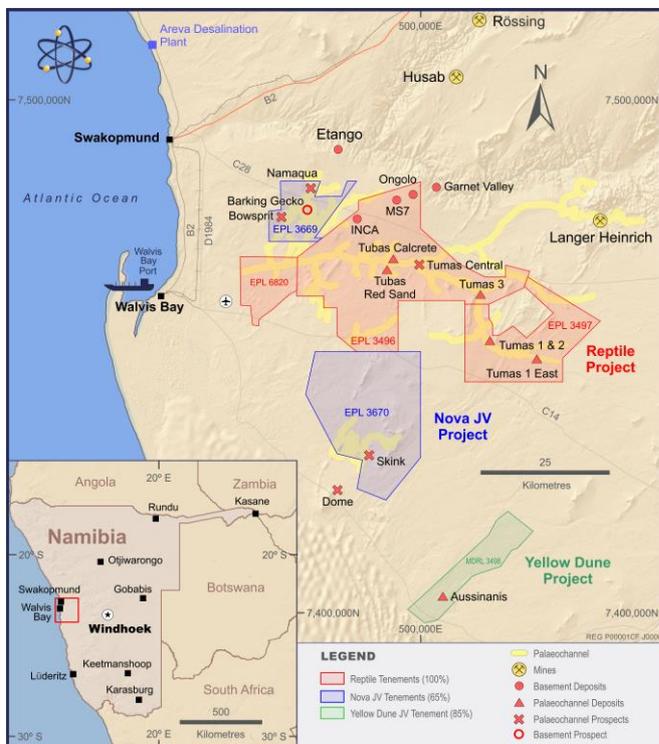
Company Profile

Deep Yellow is an advanced-stage uranium exploration company with a cornerstone suite of projects in **Namibia, Africa**, providing approximately 20% 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 total Measured and Indicated Resource at Tumas 1,2 and 3 stands at 37.2 million pounds U₃O₈ at 337 ppm eU₃O₈.



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.

Overview of Projects

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

The Company executes and advances 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 calccrete 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. U₃O₈**
- **Capital requirements of US\$ 115 million to US\$ 130 million per 1 Mlb U₃O₈ per annum design capacity,**
- **Minimum internal rate of return (IRR) of 20%.**

▶ **Highlights** quarterly activities report for the period ending **30 September 2020**:

First phase of the Tumas 3 RC drilling program completed, with 92% of 38 holes drilled returning grades greater than 100 ppm eU₃O₈ over 1 metre hole T3I284 returned 7 metres at 5,820 ppm U₃O₈ (0.58%), the highest recorded grade intersected on this deposit to date.

- **Best intersections include:**
 - T3I282 5m at 413ppm eU₃O₈ from 8m
 - T3I284 1m at 599ppm eU₃O₈ from surface
1m at 212ppm eU₃O₈ from 8m
7m at 5,820ppm eU₃O₈ from 14m
 - T3I289 5m at 335ppm eU₃O₈ from 8m
 - T3I299 7m at 332ppm eU₃O₈ from 6m
 - T3I334 6m at 358ppm eU₃O₈ from 7m
- **Drilling continues at Tumas 3, with a further 52 holes underway to support resource and reserve estimation work**
- **Tumas 3 Central drill program successfully generated the required 1,000kg of material for future metallurgical testing**
- **Ausenco Services Pty Ltd appointed for completion of engineering and capital cost estimate for Tumas PFS**
- **Cube Consulting Pty Ltd appointed to determine Maiden Ore Reserve Estimate**
- **EIA progressing in parallel with the Tumas PFS**
- **Nova Joint Venture proceeding towards post JOGMEC earn-in stage, with a focus on following up on the highly encouraging results at Barking Gecko**

Ausenco is required to deliver a Basis of Estimate to be utilised as a key element of the **PFS** and associated financial modelling.

The **PFS**, scheduled for completion in the December 2020 quarter, is being undertaken in parallel with the development of the **Environmental Impact Assessment (EIA)** for the Project. The **EIA** and subsequent **Environmental Clearance Certificate (ECC)** are necessary elements of the **Mining Licence Application (MLA)**, a key milestone in the pre-development activities for the Project, which the Company intends to submit in the March/April 2021.

A range of studies has been initiated as part of the EIA work program, to complete baseline studies in the key areas of groundwater, flora, fauna, air quality, meteorology, and radiology.

The PFS and EIA are proceeding as scheduled and to date indicate that the key findings of the Tumas Scoping Study are reasonable and well-founded.

The basis of the Scoping Study was to develop the Project into an operation that delivers operating costs for uranium (without vanadium credit) in the lower quartile (sub US\$30/lb), while also minimising risk, site remediation and closure costs.

Tumas 3 – Focus of PFS

NOW SUFFICIENT INDICATED RESOURCES FOR EXPANDED PFS RESERVE BASE

- The infill drilling Central Tumas 3 converted 100% to Indicated Resource
 - Tumas 3 now contains Indicated Resources of 24.1Mlb at 313ppm eU₃O₈
 - Increased total resources in Tumas 3 deposit to 36.8Mlb at 328ppm eU₃O₈
 - Includes 12.7Mlb at 358ppm eU₃O₈ Inferred Resources
- Tumas 1, 2 and 3 = 77.4Mlb at 324ppm eU₃O₈
- Highly cost effective discovery of a11.5cents/lb – includes 37% reporting to Indicated Resources

Tumas 1, 2 and 3 Mineral Resources (Status as of May 2020)				
Tumas 3 Deposit - JORC 2012				
Deposit	Category	Tonnes (M)	Grade (ppm)	U ₃ O ₈ Mlb
Tumas 3	Indicated	34.9	313	24.1
Tumas 3	Inferred	16.1	358	12.7
Sub Total		51.0	328	36.8
Tumas Project 1 & 2 - JORC 2012				
Tumas 1 & 2	Measured	10.8	383	9.1
Tumas 1 & 2	Indicated	5.5	333	4.0
Tumas 1 & 2 + T1 East	Inferred	40.9	304	27.5
Sub Total		57.2	322	40.6
Tumas 1, 2 and 3 TOTAL		108.2	324	77.4

Measured and Indicated: 37.2Mlb at 337ppm U₃O₈

➤ Nova JV Update – drilling resumes on Barking Gecko Deep Yellow 65% ownership, JOGMEC of Japan to earn-in a 39.5% interest

On 13 November 2020, **Deep Yellow** announced the commencement of drilling at the **Barking Gecko prospect** on EPL3669. As indicated on 9 July, breakthrough results were achieved at Barking Gecko which has justified continuation of activities on the anomalous uranium target, with all parties involved in the **Nova Joint Venture (NJV)** agreeing to proceed with further investigations.

In September 2020, **Japan Oil Gas and Metals National Corporation (JOGMEC)** achieved its 39.5% earn-in interest of the NHV, having spent A\$ 4.5 million over the past four years.

The equity position of the parties in the **NJV** is now as follows:

Reptile Mineral Resources & Exploration (Pty) Ltd <i>Subsidiary of Deep Yellow Limited</i>	39.5% (and Manager)
Japan Oil, Gas and Metals National Corporation (JOGMEC)	39.5% (right to equity)
Nova Energy (Africa) Pty Ltd <i>Subsidiary of Toro Energy Ltd</i>	15%
Sixzone Investments (Pty) Ltd <i>Namibia</i>	6% (carried interest)

Post completion of the **JOGMEC earn-in**, all parties in the NHV have agreed to a 6-month budget of A\$ 570,000 to 31 March 2021 to fund the next drilling at **Barking Gecko**, which will initially focus on targeted follow-up drilling where thick intersections of uranium were discovered analogous to that occurring in the Rössing and Husab uranium deposits.

The drilling program will include a 13-hole RC program totalling 3,200 metres, initially to test in the vicinity of the positive holes that were drilled in the previous program and establish a better understanding of the 4 kilometre prospective zone that has been delineated.

Execution of a Counter-Cyclical Strategy

Key Achievements Over Past 12 Months

- ✓ Resources expanded at the Reptile project
- ✓ Tumas Project PFS near completion
- ✓ JOGMEC (Japanese entity) completed \$4.5M earn-in at adjacent Nova JV project. Highly prospective target to be advanced
- ✓ Targeted M&A activity continuing - advanced opportunities identified
- ✓ Strong capital position A\$11M Sept 2020

Key Ingredients Remain for Execution of Dual Growth Strategy

- Uranium industry in an extended downturn and under financial pressure
- Fundamental supply/demand disconnect in the market post 2023
- Key majors focused on either divesting assets or exiting sector
- Sector consolidation essential during general investor disinterest



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. (Corporate), 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.

Christophe Urtel, Bachelor of Science (Geology) with Engineering Technology, Non-Executive 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 Administration, Non-Executive 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., Non-Executive 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.

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.

Finance

In the quarter-end 30 September 2020, net cash used in operating activities was A\$ 400,000 and in investing activities A\$ 769,000. There were no cash flows from financial activities.

As at 30 September 2020, the Company had cash and cash equivalents of A\$ 10.9 million.

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 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 has earned 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\$ 10.9 million as at **30 September 2020**, in my view, at a current market valuation of approximately US\$ 74 million, offers a high investment leverage potential.

Having exposed itself by a market performance of 40% in this year to date, **Deep Yellow** remains one of my favorite uranium investment recommendations.

My 2021 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 Nov. 17 2020	Share price Year-end 2019	Change Year-end 2019 in %	Market valuation (US\$ million)
Berkeley Energia	Spain	ASX BKY	A\$ 0.47	A\$ 0.18	161	88.7
Global Atomic *	1) Niger	TSX V GLO	C\$ 0.62	C\$ 0.56	11	71.5
Deep Yellow *	Namibia	ASX DYL	A\$ 0.35	A\$ 0.25	40	59.9
Lotus Resources	2) Malawi	ASX LOT	A\$ 0.10	A\$ 0.07	39	51.7
GovEx *	Niger/other African countries	TSX V GXU	C\$ 0.14	C\$ 0.15	-7	50.5
Bannerman Resources	Namibia	ASX BMN	A\$ 0.04	A\$ 0.04	0	30.1
Forsys Metals	Namibia	TSX FSY	C\$ 0.15	C\$ 0.15	-3	18.4
Plateau Energy Metals	3) Peru	TSX V PLU	C\$ 0.21	C\$ 0.28	-24	16.7
Blue Sky Uranium	4) Argentina	TSX BSK	C\$ 0.10	C\$ 0.16	-41	8.7
Total market capitalization						396.2

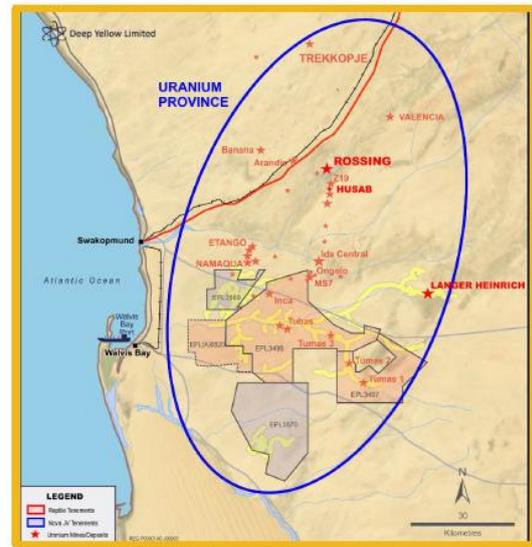
* featured as a Special Situation and included in the 2020/2021 Shortlist of investment recommendations

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
4) uranium-vanadium project



Namibia: a Standout Uranium Destination

- Large, proven uranium province with exceptional prospectivity
- Province contains 1.5Blb U₃O₈ Measured and Indicated Resources
 - With additional 350Mlb U₃O₈ 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 U₃O₈
- 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 **Trekopje**, 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.

Namibia Uranium Production			
<i>(in million pounds U3O8)</i>			
Project	Owner	2019	2018
Husab	GGN	8.8	7.9
Rössing	CNUC	5.4	5.5
Langer Heinrich	Paladin Energy	-	0.9
Total		14.2	14.3

World Top 10 uranium producing countries		
<i>(in million pounds U3O8)</i>		
	2019 Production	% of total production
Kazakhstan	59.2	42.6
Canada	17.9	12.9
Australia	16.5	11.9
Namibia	14.2	10.2
Niger	7.8	5.6
Russia	7.5	5.4
Uzbekistan	6.3	4.5
China	4.9	3.5
Ukraine	2.2	1.6
India	1.3	0.9
South Africa	0.8	0.6
Others	0.4	0.3
Total	139.0	100