

NEWS RELEASE

23 November 2021

SHAREHOLDER UPDATE ON OFFER TO MERGE WITH VIMY

Deep Yellow Limited (ASX:DYL) (**Deep Yellow** or the **Company**) references its announcement dated 19 November 2021 and its proposal to acquire Vimy Resources Limited (ASX:VMY) (**Vimy**) by a scheme of arrangement, which lapsed after limited engagement from the Board of Vimy. Deep Yellow is pleased to provide the following background for shareholders in respect of the Company's approach to Vimy.

Deep Yellow believes it is in a unique position to de-risk the Mulga Rock project for all Vimy shareholders and that this offer provides a path forward that, in Deep Yellow's view, is least dilutionary to Vimy shareholders. Mulga Rock has a stated total Capex number of A\$393M. With a market capitalisation of around \$280M and cash balance of \$22M, Vimy shareholders will be materially diluted as that company moves towards development. Deep Yellow's proposal would de-risk this development for Vimy shareholders by creating a circa \$670M market capitalisation combined group with \$95M cash at bank. Vimy shareholders would become Deep Yellow shareholders and be able to share in the upside of what we believe is a significant first step in sector consolidation.

Deep Yellow is led by a proven and highly-credentialed Board and management team, comprising of sector-leading, multi-jurisdiction uranium experience. The Company's Managing Director and CEO, Mr John Borshoff, is a pioneer within the global uranium industry, bringing over forty years' experience across the mining lifecycle and successfully delivering to production a number of marquee uranium projects.

The proposed merger with Vimy was a major step in progressing the Company's expansion strategy of combining organic and inorganic growth to become a Tier-1 uranium producer, with the primary objective of owning and producing uranium from multiple operations supported with a Project pipeline across a range of jurisdictions globally. Importantly, the proposed deal with Vimy took into consideration and assessed the following key points below:

- After a period of sustained downturn, the prospects for uranium miners appear to be brightening, with strong share market performance reflected in most listed industry participants.
- The result of this prolonged downturn has meant many uranium mines have ceased production and limited development has occurred over the last decade.
- The existing uranium junior miners are fragmented, inexperienced and unfunded.
- There has been a dearth of consolidation within the uranium sector and apart from state sponsored companies, there are no industry champions or consolidators.
- The industry has experienced substantial 'brain drain' with talented executives moving on to work in other commodities or retiring. It is challenging to find complete and coherent operational teams with the capability to develop greenfield uranium operations.

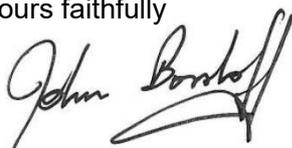
- Mining uranium ore and producing marketable uranium oxide is a complex process, requiring proven teams that possess the skills, capabilities and experience, such as those within Deep Yellow, to bring a uranium project to full production.
- As Mulga Rock will be the first uranium mine ever built in Western Australia, this carries tremendous responsibility. The Deep Yellow team has previous experience in delivering greenfield uranium deposits through to production.
- Starting a new uranium mine like Mulga Rock has risks, with the need for managerial experience to solve technical, construction and commissioning issues; along with community engagement, environmental and government approvals.
- Deep Yellow brings an experienced corporate and marketing team, with strong relationships with uranium utilities, end users, and financiers.
- The proposed transaction with Vimy significantly de-risks a highly complex project, while at the same time preserving/increasing upside potential for the existing shareholders of both companies.
- The prospects for uranium are bright, but the journey to delivering cost efficient mining and uranium oxide production is not straight forward.

It is with this background Deep Yellow approached Vimy regarding a merger, noting that a number of key Vimy executives have chosen to pursue other interests prior to full development of the Mulga Rock Uranium Project.

Deep Yellow respects Vimy's decision to pursue a strategic review and examine all potential avenues for growth in the interest of their shareholders. Deep Yellow still considers an agreed merger between the two companies is the best alternative, combining two uranium juniors with the objective of creating a well-capitalised, independent producer.

Finally, the Deep Yellow Board remains open to the opportunity to engage with the Vimy Board at the appropriate time.

Yours faithfully



JOHN BORSHOFF
Managing Director/CEO
Deep Yellow Limited

This ASX announcement was authorised for release by Mr John Borshoff, Managing Director/CEO, for and on behalf of the Board of Deep Yellow Limited.

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About Deep Yellow Limited

Deep Yellow Limited is a differentiated, advanced uranium exploration company, in pre-development phase, implementing a contrarian strategy to grow shareholder wealth. This strategy is founded upon growing the existing uranium resources across the Company's uranium projects in Namibia and the pursuit of accretive, counter-cyclical acquisitions to build a global, geographically diverse asset portfolio. A PFS was completed in early 2021 on its Tumas Project in Namibia and a Definitive Feasibility Study commenced February 2021. The Company's cornerstone suite of projects in Namibia is situated within a top-ranked African mining destination in a jurisdiction that has a long, well-regarded history of safely and effectively developing and regulating its considerable uranium mining industry.

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DYLLF: OTCQX

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