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Deep Yellow Limited (OTCQX: DYLLF)

Deep Yellow's Merger with Vimy Resources on track to be finalized. For the second consecutive year, Deep Yellow achieved the recognition of being ranked in the OTCQX Best 50. Exploration updates for Omahola & NOVA JV projects.

Based on comparative analysis of junior uranium companies in the developmental phase, a second quartile price-to-book (P/B) ratio of 5.6 indicates a share price target of US\$1.18.

All \$ figures in this report are US\$ unless noted otherwise.

Current Price (07/21/22) \$0.50
Valuation (US\$) \$1.18

OUTLOOK

Deep Yellow Ltd. (OTCQX: DYLLF; ASX: DYL) is about to become a tier-one uranium producer of uranium ahead of the anticipated up-cycle. Ongoing annual supply deficits and the rationalization of capacity by the major producers, along with production cutbacks due to the pandemic, have hastened the inflection point in uranium's commodity cycle. Management is developing its Namibian uranium projects, one of which (the **Reptile/Tumas Project**) on which a DFS is being prepared. The M&A opportunity with **Vimy Resources** will increase the company's resources and broaden Deep Yellow's geographic diversification in terms of mining jurisdictions.

SUMMARY DATA

52-Week High \$1.02
52-Week Low \$0.38
One-Year Return (%) 9.18
Beta 1.05
Average Daily Volume (shrs.) 205,459

Shares Outstanding (million) 387.2
Market Capitalization (\$mil.) \$193.6
Short Interest Ratio (days) 0.2
Institutional Ownership (%) 21.7
Insider Ownership (%) 17.2

Annual Cash Dividend \$0.00
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates
Sales (%) N/A
Earnings Per Share (%) N/A
Dividend (%) N/A

P/E using TTM EPS N/M
P/E using 2021 Estimate N/M
P/E using 2022 Estimate N/M

Risk Level Above Average
Type of Stock Small - Value
Industry Mining - Uranium

ZACKS ESTIMATES

Revenue

(in \$AUD)

	Q1	H1	Q3	H2	Year
		(Dec)		(Jun)	(Jun)
2019		210,688 A		133,959 A	344,647 A
2020		191,829 A		142,825 A	334,654 A
2021		142,767 A		140,802 A	283,569 A
2022		288,819 A		259,937 E	604,882 E

Earnings per Share

(EPS is operating earnings before non-recurring items)

	Q1	H1	Q3	H2	Year
		(Dec)		(Jun)	(Jun)
2019		-\$0.0089 A		-\$0.0101 A	-\$0.0190 A
2020		-\$0.0090 A		\$0.0204 A	\$0.0119 A
2021		-\$0.0085 A		-\$0.0090 A	-\$0.0175 A
2022		-\$0.0080 A		-\$0.0077 E	-\$0.0121 E

EPS in \$AUD

Quarterly EPS may not equal annual EPS total due to rounding.

SUMMARY OF RECENT EVENTS

Merger with Vimy Resources

On July 20, 2022, **shareholders of Vimy Resources Ltd voted in favor of the Scheme of Arrangement**, under which Deep Yellow will acquire 100% of the shares of Vimy Resources. The merger **should be finalized on or about August 4, 2022**, subject to the approval by the Supreme Court of Western Australia. According to the Arrangement, shareholders of Vimy will receive 0.2942 shares of Deep Yellow shares for every share of Vimy Resources held. The merger will create a multi-jurisdictional uranium company with two advanced uranium projects in Namibia (Tumas Project) and Australia (Mulga Rock Project).

DFS Work Continues for Tumas Project

Workstreams for the Definitive Feasibility Study on the Tumas Project are on track for completion in by year-end of 2022. The latest work has confirmed key inputs and assumptions outlined in the PFS.

The Definitive Feasibility Study (DFS) for the Tumas Project is progressing as work continues on the project's economic feasibility. The assay results from a 2021 infill drilling program helped **increased the LOM to 25.75 years** from 11.5 years in the PFS. The **rejection rate of the beneficiation process** has increased from 35% in the PFS to 55%. Also, **power supply cost reductions** have been identified. The mine schedule is being developed for the updated Estimated Ore Reserves (68.4Mlb U₃O₈) that are now available to the Tumas Project.

Updated Financial Forecasts

Forecast Project Outcomes with PFS Model Assumptions and Updated Ore Reserves			
Item	Units	PFS	Reserve update
Plant Capacity	Mlb U ₃ O ₈ pa	3	3
Life of Mine (Production)	Years	11.5	25.75
Development Period	Years	1.5	1.5
Operating Margin (EBITDA) (U ₃ O ₈ @ US\$65/lb & V ₂ O ₅ @ US\$7/lb)	US\$M	1,034	2,215
Initial CAPEX (incl pre-production)	US\$M	320	333
Project NPV _{8.6} : Post tax, ungeared	US\$M	207	412
Project IRR: Post tax, ungeared, real	%	21%	23%
Project Payback Period from Production Start: Real	Years	3.8	3.8

Deep Yellow Quarterly Activities Report March 2022

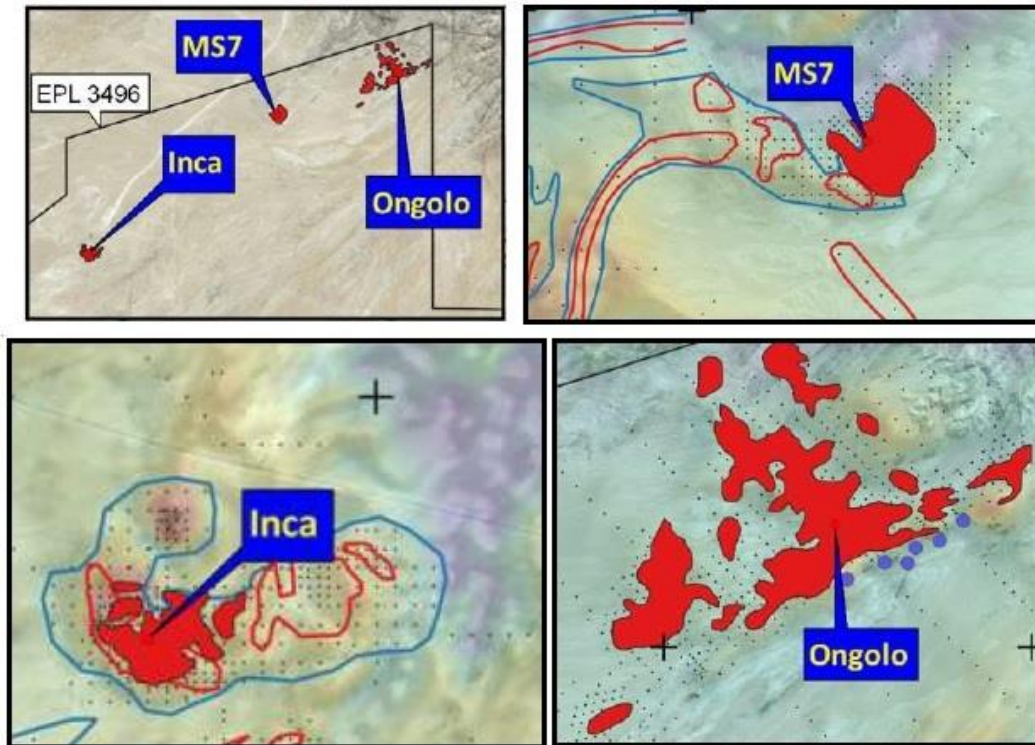
Once the merger with Vimy Resources closes, the completion of a **DFS on the Mulga Rock Project** will become part of Deep Yellow's developmental pipeline and should be completed in 2023.

Omahola Basement Project

On July 21, 2022, the results of **Phase 1** of the follow-up drilling program at the Omahola Basement Project were announced. Phase 1 commenced on March 7, 2022 and consisted of 40 RC holes (5,252m).

The top two assay results at Inca South were OMH0254 (8m at 512ppm eU₃O₈ & 5m at 308ppm eU₃O₈) and OMH0255 (5m at 270ppm eU₃O₈). These mineralized intersections potentially indicate a 2km south westerly extension from previous positive drill results at Inca South.

Omahola Basement Project



Deep Yellow Quarterly Activities Report March 2022

Phase 1 of the follow-up drill program again **confirmed the prospective nature of the broader Omahola target zone**, and further exploration of Inca South, particularly deep RC drilling, is warranted. Only 16km of the 50km structural target zone has been tested by shallow drilling. Phase 2 (roughly another 5,000m) is planned for the second half of 2022.

The current **Mineral Resource Estimate** at the **Omahola Project** is **125.3Mlb** at **190ppm U₃O₈** at 100ppm cut-off (**JORC 2012 Code**).

NOVA JV Project (Barking Gecko)

On April 7, 2022, Deep Yellow announced the assay results of the 10 RC holes, all of which intersected mineralization greater than 100ppm U₃O₈ over a least one meter. However, the almost all the RC drill holes did not return the high grades or thicknesses previously encountered in the central drill line of Barking Gecko North. Nevertheless, the assay results indicate that a mineralizing system exists, though the high grade mineralization appears to be restricted laterally. Nevertheless, the potential for continuation of the mineralization at depth remains.

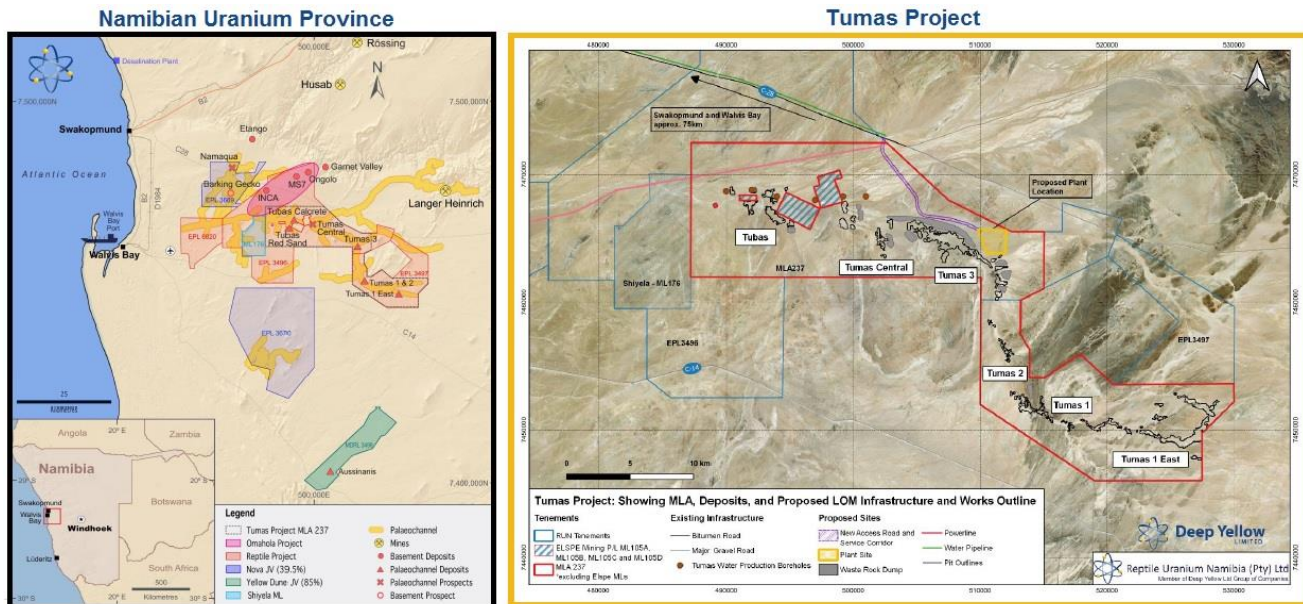
The **NOVA Joint Venture** (or NOVA JV) was created in March 2017 with JOGMEC (Japan Oil, Gas and Metal National Corporation). Currently, Deep Yellow is the manager of the NOVA JV and holds a 39.5% interest in the project. JOGMEC earned a 39.5% interest in the project through exploration and development expenditures, while NOVA Energy (a subsidiary of Toro Energy Ltd) holds 15% and Sixzone Investments Pty holds a 6% carried interest.

PROPOSED MERGER WITH VIMY RESOURCES

On March 31, 2022, **Deep Yellow and Vimy Resources agreed to merge** by a Scheme of Arrangement under which Vimy shareholders will receive 0.294 Deep Yellow shares for every Vimy

share held on the record date. Upon implementation, Deep Yellow shareholders will hold 53% of the Merged Group.

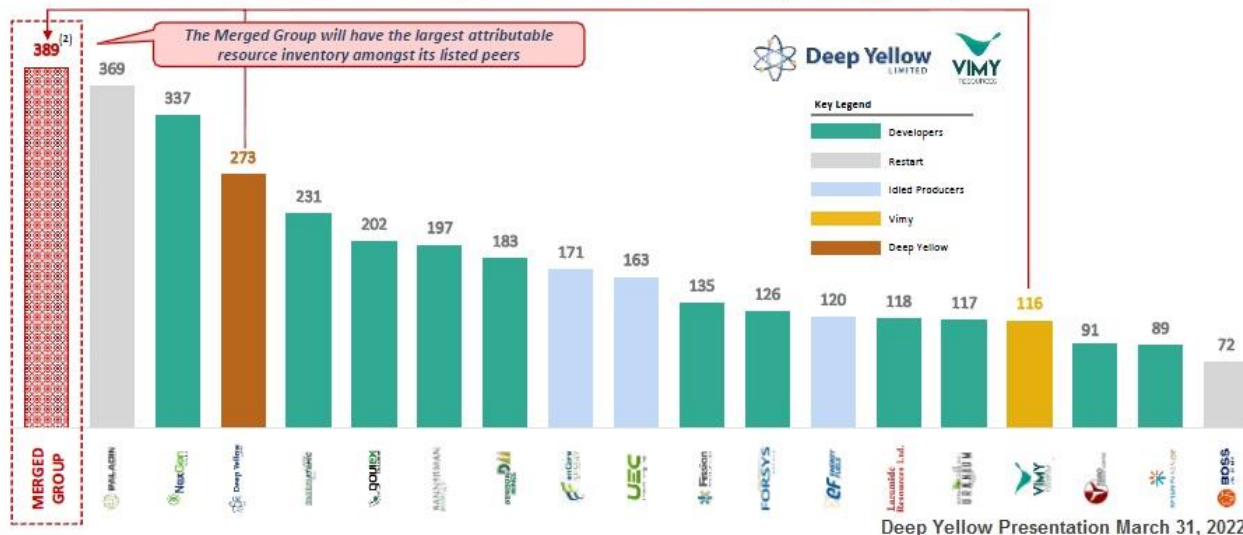
The merger will create a new **global junior uranium company with two advanced uranium projects** (Tumas and Mulga Rock) in **separate Tier-1 mining jurisdictions** (Australia and Namibia). Each advanced project has the expected production capacity potential of at least 3.0Mlbs annually and a total annual capacity of roughly 6.5Mlbs. This is one step closer to Deep Yellow's stated goal of attaining annual production capacity of over 10.0Mlbs.



Deep Yellow Presentation March 9, 2022

Not only does the Merged Group have a clearer path to production with its two advanced projects, but also will have **increased scale** in many aspects, including in terms of management's industry, project development and operating experience and importantly, **financial flexibility** (with over AUD\$100 million and no debt). In terms of **MRE (389Mib U₃O₈)**, the Merged Group will become more prominent over many other juniors.

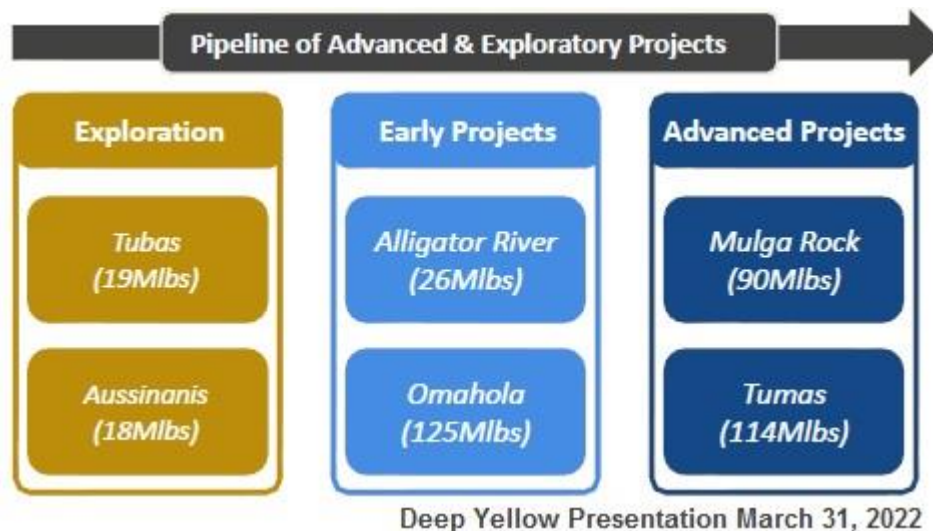
Global Uranium Listed Peers by Attributable Resources (M+I+I) (Mlbs)



Deep Yellow Presentation March 31, 2022

The Merged Group also has a highly prospective portfolio of exploration and early-stage projects that provide a pipeline for organic growth. Early stage projects include **Omahola** in Namibia and **Alligator River** in the Northern Territory, where a Scoping Study has been completed on high-grade,

unconformity, Athabasca-style uranium-gold deposits. With this **expanded project portfolio**, **investor interest is expected to increase**.



OMAHOLA BASEMENT PROJECT

The **Mineral Resource Estimate** at the **Omahola Project** was **upgraded** from a **Measured, Indicated and Inferred Resource base** of 45Mlb at 420ppm eU₃O₈ at a cut-off of 250ppm (JORC 2004 Code) **to 125.3Mlb at 190ppm U₃O₈ at 100ppm cut-off (JORC 2012 Code)**. The upgrade occurred through a thorough review of the underlying data of the three resource deposits.

Deposit	Category	Cut-off (ppm U ₃ O ₈)	Tonnes (M)	U ₃ O ₈ (ppm)	U ₃ O ₈ (t)	U ₃ O ₈ (Mlb)	Resource Categories (Mlb U ₃ O ₈)		
							Measured	Indicated	Inferred
BASEMENT MINERALISATION									
Omahola Project - JORC 2012									
INCA Deposit ♦	Indicated	100	21.4	260	5,600	12.3	-	12.3	-
INCA Deposit ♦	Inferred	100	15.2	290	4,400	9.7	-	-	9.7
Ongolo Deposit #	Measured	100	47.7	187	8,900	19.7	19.7	-	-
Ongolo Deposit #	Indicated	100	85.4	168	14,300	31.7	-	31.7	-
Ongolo Deposit #	Inferred	100	94	175	16,400	36.3	-	-	36.3
MS7 Deposit #	Measured	100	18.63	220	4,100	9.05	9.05	-	-
MS7 Deposit #	Indicated	100	7.15	184	1,300	2.9	-	2.9	-
MS7 Deposit #	Inferred	100	8.71	190	1,600	3.65	-	-	3.65
Omahola Project Sub-Total			298.2	190	56,600	125.3	28.75	46.9	49.65

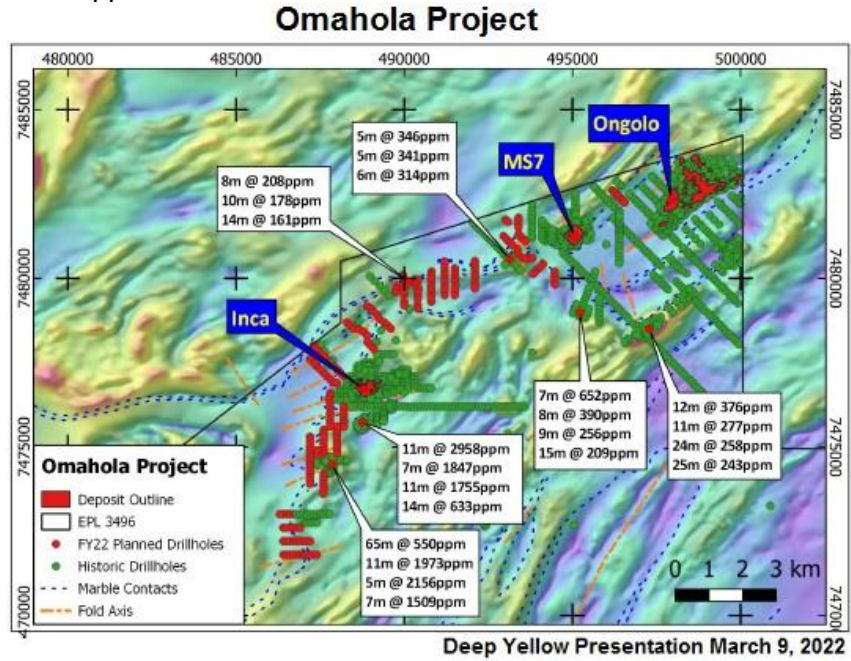
Deep Yellow Press Release July 21, 2022

Located on EPL 3496, the Omahola Project currently consists of three distinct deposits (**Ongolo**, **MS7** and **Inca**), which were identified between 2009 and 2013. These shallow deposits, which occur at a depth of 20m to 250m, are a second type of uranium mineralization at the Reptile Project described as **basement** or **alaskite**. Usually referred to as uraniferous leucogranites, alaskite (a local term) dyke-like formations were formed by molten granite intruding into sedimentary rock. It is postulated elevated uranium grades occur when high-grade metamorphism causes a partial melting of basement rocks, which enhances the transportation and enrichment of uranium ore, such as at Rössing South.

Alaskite Alley, a north-south trending zone of occurrences of uraniferous leucogranite, currently supports two mines (Rössing and Husab), where the primary mineralization of the ore bodies is

usually found in sheets of uranium-rich, granite-hosted alaskite (pegmatitic alkali-leucogranite). Rössing and Husab are almost due north of the Reptile Project, and Alaskite Alley **appears to cut through the western part of Deep Yellow's EPL 3496** tenement, in which Deep Yellow has discovered these three uranium deposits.

In early October 2021, a 200-hole (7,100m) shallow RC drill program commenced in order to identifying new mineralized areas beyond the known deposits. 34 of the 200 holes returned assay results greater than 100ppm U₃O₈.



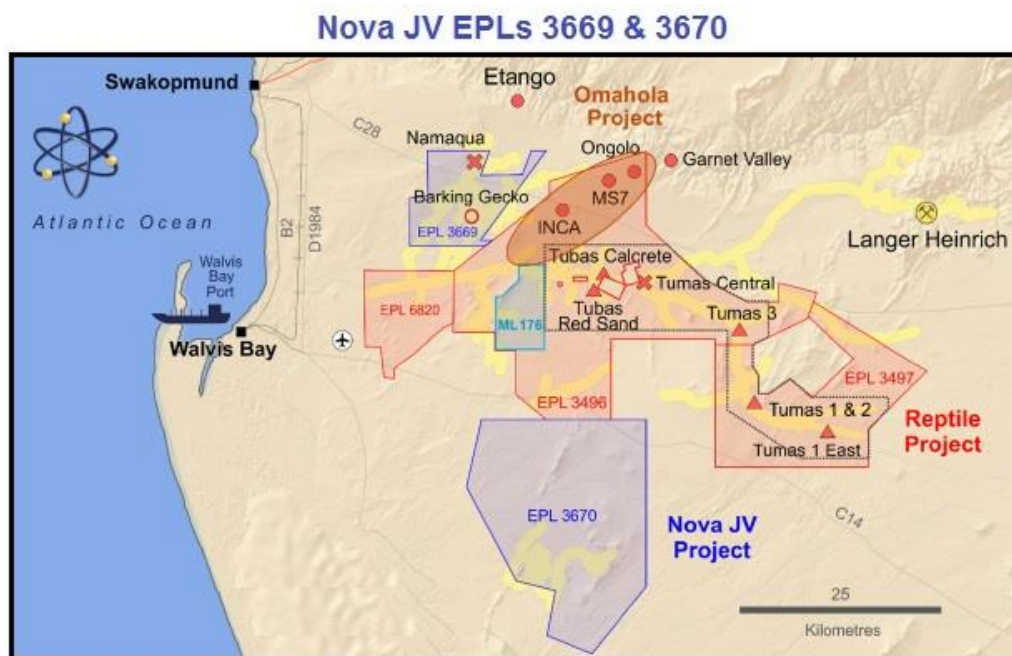
NOVA JV PROJECT

In late-March 2017, Deep Yellow entered into a joint venture agreement with JOGMEC (Japan Oil, Gas and Metal National Corporation) regarding the **NOVA Joint Venture** (or NOVA JV). In August 2020, JOGMEC earned a 39.5% interest in the project through exploration and development expenditures of **AUD\$4.5 million**. The NOVA JV encompasses **556.8 square kilometers**. Deep Yellow continues to be the manager of the NOVA JV holding 39.5% interest in the project.

Reptile Mineral Resources & Exploration (Pty) Ltd <i>Subsidiary of Deep Yellow Limited</i>	39.5% (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)

Deep Yellow Quarterly Activities Report March 2022

Deep Yellow conducted a 14-hole (3,561m) **Phase 1 follow-up RC drilling program** at the **Barking Gecko North prospect** on EPL3669 between July 12th and October 6th 2021. The Barking Gecko prospect is part of the NOVA JV project (the light blue shaded areas on the map below).



Deep Yellow Press Release October 19, 2021

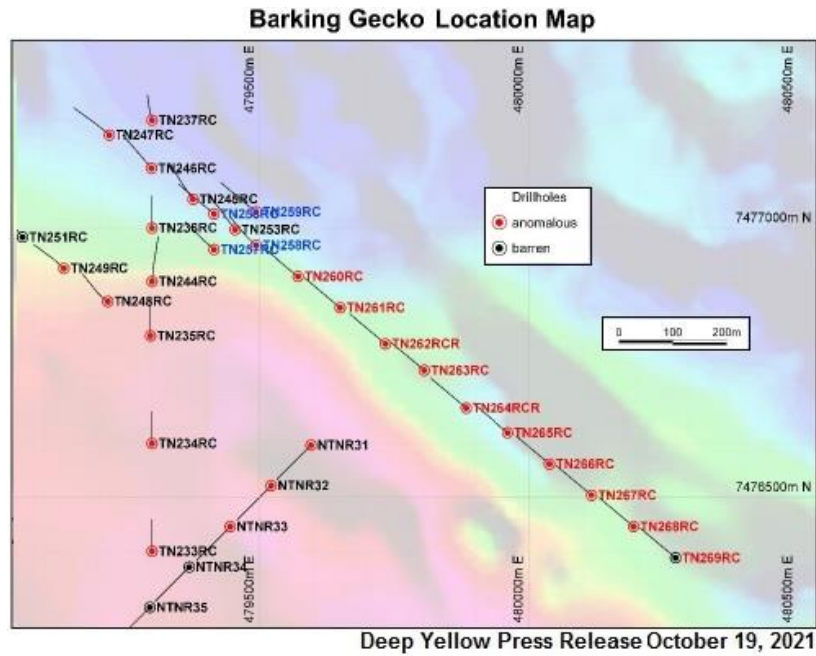
Barking Gecko is a prominent domal feature which is wrapped around by a **large zone of anomalous interest** (approximately **4km long and 1km wide**). This prospective area was indicated by 3D inversion of high resolution airborne magnetic data, which detected a zone of easterly trending magnetism.

The drill holes were spaced 100m apart in a NW-SE orientation with TN256RC and TN258RC being 50m infill holes. All 14 holes were angled at 70 degrees and were orientated to the northwest, of which 13 holes intersected uranium mineralization more than 100ppm over one meter.

With the central drill holes delivering the better results, the drilling program identified a **700m x 200m** prospective area of high grade and thick uranium mineralization. The **standout hole** was **TN258RC**, which over an 83m zone, intersected 70m (grading **503ppm** eU₃O₈) over four intervals. **TN260RC** intersected 14m (grading 381ppm) while **TN261RC** intersected 29m (**529ppm**) over two intervals over a 36m zone.

A **follow-up Phase 2 program** commenced on November 18th and was completed on December 15th. The program consisted of 10 RC step-out holes (2,272m) flanking the previous drill line by 100m, along with one **diamond core hole** (TN270DDT), which was completed on December 15, 2021. In mid-January 2022, Deep Yellow announced the assay results of the diamond core hole, which intersected 118m at **352ppm** eU₃O₈ within eight intersections over a 190m zone, including 9m at 954ppm eU₃O₈, 60m at 304ppm eU₃O₈ and 30m at 382ppm eU₃O₈.

On April 7, 2022, Deep Yellow announced the assay results of the 10 RC holes, all of which intersected mineralization greater than 100ppm U₃O₈ over a least one meter. However, the almost all the RC drill holes did not return the high grades or thicknesses previously encountered in the central drill line of Barking Gecko North. Nevertheless, the assay results indicate that a mineralizing system exists, though the high grade mineralization appears to be restricted laterally. Nevertheless, the potential for continuation of the mineralization at depth remains.



MISCELLANEOUS

Financing

As of December 31, 2021, Deep Yellow had **AUD\$71.98 million of cash** and cash equivalents on its balance sheet. **Working capital** had increased to **AUD\$71.6 million** from AUD\$52.1 million as of fiscal year-end (June 30, 2021). The influx of capital came as a result of the exercise of options due to expire October 29, 2021. Proceeds from the exercise of options totaled AUD\$25.044 million during the first half of fiscal 2022.

Environmental Impact Assessment (EIA)

Baseline studies on groundwater, radiological, air quality, and flora & fauna conditions were completed for the Environmental Impact Assessment (EIA) during the first half of 2021. Thereafter, the **EIA Scoping Report** for the Tumas Project **was delivered to the relevant agencies of the Namibian Government** on July 15, 2021. The submission (and approval) of an EIA is required before the Environmental Commissioner can issue an Environmental Clearance Certificate (ECC), which is a requirement for a Mining License.

Mining License (MLA)

On July 21, 2021, Deep Yellow filed a **Project Mining License Application was filed** with the Namibian Ministry of Mines and Energy (MME) for the Tumas Project area. As part of the process, the MME will require submission of the DFS on the Tumas Project, an Environmental Impact Assessment (**EIA**) and an Environmental Management Plan (**EMP**). Once an Environmental Clearance Certificate (**ECC**) is granted by the Ministry of Environment, Forestry and Tourism, Mining License (MLA 237) can be granted by the MME. The process is expected to require 18 months to complete.

Location of Tumas MLA 237 Registered with MME



Deep Yellow Press Release July 27, 2021

Equity Developments

In June 2018, the company's shares began trading on the OTCQB Venture Market, and within months, was **uplisted to the OTCQX Best Market**. Now, DYLLF is Depository Trust Company (DTC) eligible. The OTCQX listing should expand awareness of the company among US investors, both retail and institutional. The company's primary listing continues to be the Australian Stock Exchange (ASX) under the symbol DYLL. The company is also listed on the Namibian Stock Exchange (DYL) and the Frankfurt Exchange under the symbol JMI.

On January 29, 2021, **Deep Yellow achieved the recognition of being ranked in the OTCQX Best 50 (#47)**, a ranking formulated by being among the 50 best performing stocks out of the 462 companies traded on OTCQX Best Market, along with such quality standards as complying with financial standards and exhibiting average daily dollar volume growth. On January 29, 2022, Deep Yellow **again** achieved the recognition of being **ranked in the OTCQX Best 50 (#21)**.

Effective May 27, 2021, Deep Yellow Limited was **added to the MSCI** (Morgan Stanley Capital International) **Global Market Cap Index** as part of MSCI's semi-annual rebalancing procedure. Consequently, Deep Yellow was **also added to the Australia Micro-Cap Index**. Many professional portfolio managers and mutual funds benchmark to these indices. 95 of the world's 100 largest money managers are clients of MSCI's indice database and analytics. Consequently, the **shareholder base** of Deep Yellow should **broaden**, and the stock should experience **greater liquidity**. In addition, the inclusion of the company's stock into these two indices should **expand awareness** of Deep Yellow among investors, both retail and institutional.

MANAGEMENT'S STRATEGY

Deep Yellow Ltd. is unique among junior mining companies and is being positioned to provide a leveraged opportunity to participate in all phases of the expected upswing in uranium prices under a Dual Pillar strategy. **Management is focused on becoming a Tier I uranium producer**, defined as a multi-project producer of uranium with the capacity to deliver 5-10 million lbs. of uranium annually. In other words, we expect management to remain focused on pursuing only one or two acquisitions in order to achieve the company's stated objective and to execute the development of the projects on a rigorous timetable.

CEO John Borshoff and his team previously achieved the same accomplishment with Paladin Energy Ltd by acquiring, developing and advancing the Langer Heinrich deposit into production within four years (2002-2006) and the Kayelekera Mine in Malawi (production 2009 to 2013) during the last uranium up cycle.

The Langer Heinrich uranium mine is situated 30km northeast of the Tumas Project. Deep Yellow's executive team acquired, defined, funded, developed, optimized and operated Langer Heinrich from 2002 to 2017. The geology and type of deposit mineralization in these palaeochannel systems at Langer Heinrich and Tumas are quite similar, and the mining jurisdiction is one in the same. Management is well-prepared to fast-track Tumas to production during this uranium up-cycle.

The first Pillar is organic growth, advancing the company's Namibian uranium tenements. The company's current flagship project, the **95%-owned Reptile Project**, is in the exact same jurisdiction and shares the same palaeochannel network as Langer Heinrich mine, as does EPL 3669 in the NOVA JV, in which Deep Yellow held a 65% interest, which was reduced to 39.5% interest when Japan Oil, Gas and Metals National Corporation (JOGMEC) concluded spending the AUD\$4.5 million earn-in interest of 39.5% in September 2020.

We expect that management will deliver on its plan to become a tier-one uranium producer with an annual operating capacity of 5-to-10 million lbs. of U_3O_8 , both through organic growth by means of developing its Namibian projects and through acquisitions, mergers and/or the development of additional uranium projects located in other jurisdictions.

OVERVIEW OF URANIUM INDUSTRY

The **uranium industry** is setting up for an anticipated rise in uranium prices.

- **Supply/demand imbalances** in the past have created three distinct commodity cycles in the uranium industry. Each cycle has begun with an increase in the price(s) of uranium and of uranium equities (both major established producers and junior mining companies), which has **culminated in a rapid, exponential 1-2 year rally** in uranium stocks.
- Over the last five years (2015-2019), **demand has been growing steadily**. Over the next five years, **global nuclear reactor uranium requirements are expected to grow in the 0.5%-to-2.5% range**.
- The majority of uranium is supplied to nuclear power plants through **long-term contracts** which are priced at a premium to spot market. Though currently these long-term contracts allow certain uranium producers to continue selling some of their uranium production profitably, about half of the uranium producers have operating costs that are above the current spot price.
- Prior to the pandemic-related shut downs, **over 53 million lbs. U_3O_8 of capacity have been mothballed since 2013** through the shutdowns of unprofitable mines or by the intentional capacity rationalization by major producers (Kazatomprom and Cameco).

The uranium industry is composed of many companies, from major established producers to more speculative junior exploration companies. Though larger producers tend to have greater resources to navigate periods of depressed market conditions, junior companies provide greater leverage to the rise in uranium prices.

Almost all uranium stocks should benefit from the anticipated growth of much needed primary supply driven by the expected upcoming fundamental supply deficit; however, certain groups of uranium stocks benefit differently from each stage of the up-cycle. Historically (observing the 2001-2007 up-cycle), current producers reacted well to the **initial rise in prices** (since their current production could immediately benefit from the increase in the price of uranium), and they significantly

outperformed the price of the commodity, itself. However, extreme out-sized returns were enjoyed by junior mining companies that traded below \$0.25 per share at the bottom.

Then, there was a **mid-phase** when the rate of increase of the spot price of uranium moderated to a single-digit rate. In this period, junior mining companies corrected about 50%, while producers corrected about half that amount (around 25%). During the **latter phase**, when the uranium spot price surged irrationally, junior mining companies that have become producers (and the commodity) exhibited solid triple-digit returns from the consolidation low that had occurred in the mid-phase. Surprisingly, in this late phase, out-sized returns were achieved by junior mining companies which announced, at that instant, they were entering the uranium space; on the other hand, these same junior companies later experienced greater than 95% declines as the cycle eventually unwound.

Prospects for Uranium Market Remain Very Positive

Recent developments in the uranium industry have accelerated the pace toward the impending supply-demand imbalance expected to occur in the 2023-2025 timeframe with the deficit projected to expand after 2030. Several catalysts stimulated **four major increases** in the price of uranium in the spot market: the **first** from \$18 per pound to the mid-\$20 range, the **second** from \$22 to the \$28-\$34 range, a **third** leg up to \$45-\$50 range and a **fourth** driving the price to the \$60 range. These catalysts have increased the visibility of the structural supply deficit to both utilities and investors, highlighting the transparency of the true incentive price needed to economically bring sufficient capacity on-line.

The **catalysts** include:

Production Rationalization by the major producers of uranium (Kazatomprom and Cameco)

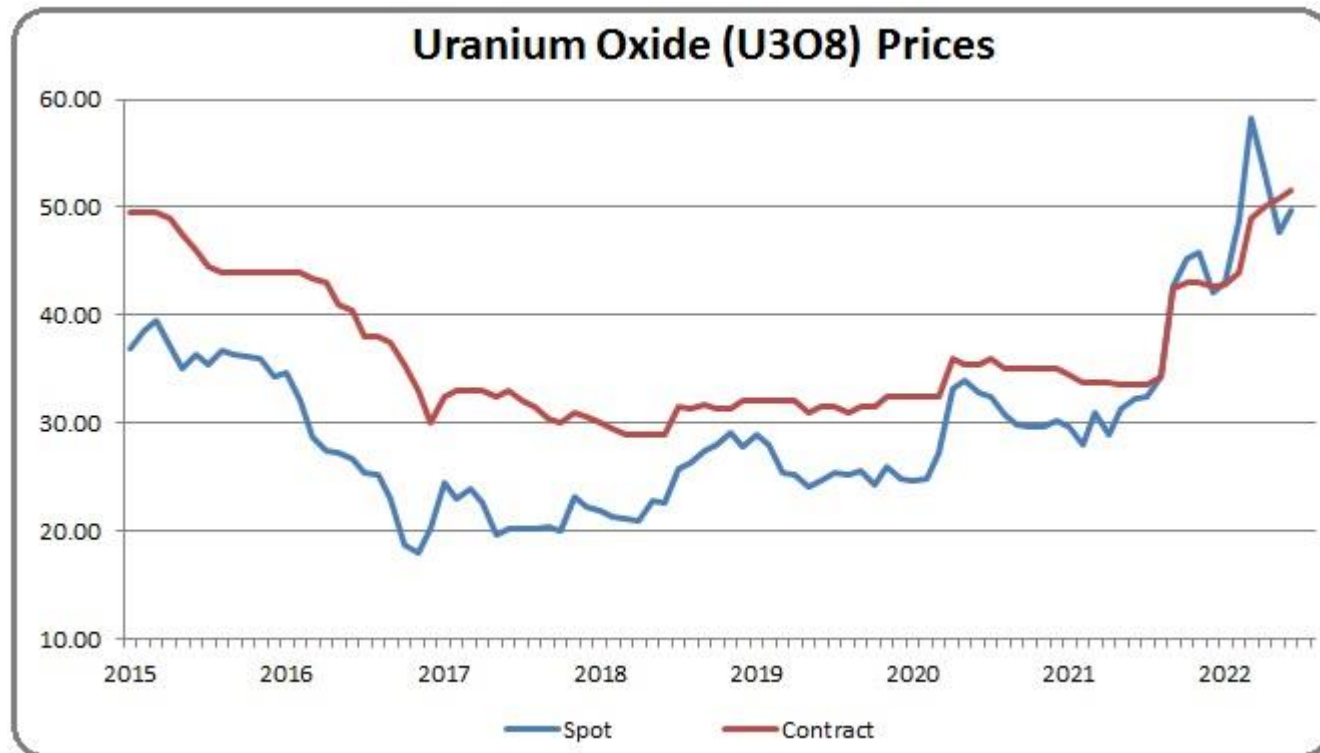
- Starting in 2016 and continuing today, the rationally planned curtailments of production by the two major producers of uranium (Kazatomprom and Cameco) has resulted in a shrinkage of secondary supplies, which stabilized and initially reset the price of U₃O₈ in the transaction market.
 - Between 2017 and 2020, **Kazatomprom** reduced uranium production from 26,600 t U₃O₈ in 2016 to 19,477 t U₃O₈, which includes approximately 3,300 t U₃O₈ due to the impact of the COVID-19 pandemic.
 - **Cameco** halted production at Rabbit Lake in 2016 and at McArthur River in 2018. Subsequently, Cameco had to purchase material in the spot market in order to meet the company's delivery commitments. Currently, McArthur River is scheduled to reopen in 2022 after being dormant for over three years.

COVID-19 prompted the shutdown of several uranium mines in Canada, Australia and Africa, which accelerated the inventory drawdown of secondary supplies.

The launch of the **Sprott Physical Uranium Trust** significantly impacted the availability of secondary supply and also brought greater transparency to the sequestering process.

- Sprott created the Sprott Physical Uranium Trust (SPUT) through the acquisition of Uranium Participation Corporation (UPC) in April 2021 and its subsequent restructuring into a **purchaser and stockpiler of U₃O₈**. SPUT was formally launched on August 17, 2021 and it immediately commenced to purchase uranium purchase in a program funded by an initial \$300 million at-the-market (ATM) financing. Through subsequent ATM financings, SPUT now hold **56.9 million pounds of U₃O₈**. Though other entities have sequestered uranium (e.g. Yellowcake plc, Energy Fuels and Uranium Energy), the Sprott Physical Uranium Trust has added significant scale to the sequestering market mechanism and accelerated the rundown of secondary supply.

On February 24, 2022, **Russia invaded the Ukraine**. The ensuing **disruptions** in the energy space (particularly pertaining to the **supply of oil, gas and uranium**) have sparked rallies in the energy fuel complex. Furthermore, energy policy decision-makers have become more concerned over energy security.



Some nuclear capacity that was slated to be shut down now may remain in operation. For example, in **Belgium**, two nuclear reactors (Doel 4 and Tihange 3) were scheduled to be phased out by 2025; in March 2022, it was announced that the lives of these two reactors will be extended until 2035. **South Korea's** President Yoon Suk-yeo has publically supported resurrecting that nation's nuclear energy program. And in **Japan**, ten pressurized water nuclear reactors have received approvals to restart.

In addition, Western-markets are attempting to reduce their reliance on Russian uranium. The US Department of Energy is seeking to purchase domestically produced uranium. And the US National Nuclear Security Administration (NNSA) began the process to initiate a strategic uranium reserve of 1,000,000 pounds of domestically-produced U_3O_8 . The Biden Administration supports a \$4.3 billion plan to purchase enriched uranium from domestic producers. Going forward, the **security of supply** has become a more important factor.

In the **United States**, there are **93 licensed nuclear power plants** that generate approximately 20% of the nation's electricity.ⁱ Most of the uranium required by U.S. nuclear reactors is imported. In 2021, the country's nuclear reactors purchased approximately 46.7 million pounds, of which **44.3 million pounds was purchased from foreign suppliers**.ⁱⁱ U.S. nuclear reactors consumed (fuel assemblies loaded) 44.4 million pounds of U_3O_8 equivalent.ⁱⁱⁱ

Policy commitments by major countries are attempting to **reduce carbon emissions** in an effort to thwart global warming. Governments and individuals are coming to realize that nuclear power can provide green electrical energy with an extremely low carbon footprint

- **China** is planning for nuclear energy to provide 70GW by 2025 under its 14th 5-year plan, up from 51GW currently. Furthermore, China is planning to build 150 new nuclear reactors over

the next 15 years. As of the end of 2021, China had 53 nuclear power plants with total generating capacity of 55 gigawatts.

- In the **United States**, the enacted Infrastructure Bill allocates \$6 billion to prevent premature retirement of existing reactors and \$2.5 billion to develop advanced reactors.
- In **France**, President Emmanuel Macron announced on November 9, 2021 that France will pursue the construction of new nuclear reactors in order to reduce carbon emissions.
- **Japan** is planning for nuclear power to provide 20%-22% of the country's energy by 2023.
- In July 2022, the **European Parliament** supported a European Union to **classify nuclear power as "green."**

These catalysts are rebalancing the uranium market, positioning it to achieve the incentive price required to economically develop and bring online sufficient new uranium mine production capacity in order to satisfy the structural supply deficit in the out-years.

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Traditionally, nuclear electric utilities have tended to negotiate and enter into uranium term supply contracts in the fall, after the World Nuclear Association conference in early September. At the conference, all the major industry players meet and share information in order to gauge the current status on the nuclear energy industry. Equipped with this knowledge, representatives of nuclear electric are better prepared to make more informed decisions concerning the procurement of nuclear fuel.

VALUATION

As a junior uranium company, Deep Yellow cannot be valued on a revenue, earnings or cash flow basis. The goal of management's Dual Pillar strategy is to increase shareholders' value through the development of the company's existing EPLs in Namibia (organic growth), along with continued exploration to increase the project's estimated resources, and by pursuing acquisitions and/or mergers in order to create a multi-jurisdictional portfolio of low-cost uranium projects.

More sophisticated methodologies based on market capitalization-to-reserves, average value per tonne, per-pound costs or cash profit margins per pound produced also are not germane. However, once the Pre-Feasibility Study on the Reptile Project is completed, we will be able to utilize a resource valuation methodology where we can calculate a per share value of attributable resources. In the meantime, an alternative valuation technique based on book value is an appropriate alternative, especially in comparison to junior uranium companies that share similar attributes to Deep Yellow's.

Book value of a **junior uranium development company** represents the equity capital that has been raised to acquire the minerals rights on properties and to conduct exploration and development programs. An amalgamation of this information is encapsulated within the raised capital total, including the quality of the properties (both in terms of mineral potential and political stability), exploration results from drilling programs and the steps of development process that management has initiated / completed (Scoping Study, Pre-Feasibility Study, Metallurgical Test Work, Environmental Impact Statement, Baseline Studies and Definitive Feasibility Study). Therefore, book value captures the complex valuation of the company's base uranium resource value by relatively sophisticated investors, many with expert knowledge of junior uranium companies in the development phase. Hence, we find the use of book value is a valid and appropriate metric by which to determine a junior uranium company's valuation.

Broadly speaking, the public uranium companies can be grouped into three segments: producers, development companies and exploration companies. Producers are actively mining and generating revenues. Exploration companies are prospecting and/or drilling to establish mineral resources. In between these two segments are the development companies that already have established resources and are advancing through the process to bring a mine in operation, generally from the point of initiating a Pre-Feasibility Study to the actual construction of a mine. The comparable companies to Deep Yellow fall into this category.

<i>Industry Comparables</i>	% Chg YTD	Ticker	Exch.	U.S. Ticker	Uranium Project Country	Principal Uranium Project	Phase	Mkt Cap	
								Local Curr. (\$ mil.)	Price/ Book
Deep Yellow Ltd	-24.8%	DYLLF	OTCQX	DYLLF	Namibia	Reptile	DFS	193.6	2.38
Deep Yellow Ltd	-16.3%	DYL	ASX	DYLLF	Namibia	Reptile	DFS	278.8	2.38
URANIUM DEVELOPMENT COMPANIES									
Denison Mines Corp	-16.7%	DML	TSX	DNN	Canada	Phoenix	PFS	1,251.6	3.16
NexGen Energy Ltd.	-9.7%	NXE	TSX	NXE	Canada	Arrow	PFS	2,500.0	6.03
Paladin Energy Ltd	-21.6%	PDN	ASE	PALAF	Namibia	Langer Heinrich	Restart	2,039.8	5.23
UEX Corp.	-2.7%	UEX	TSX	UEXCF	Canada	Various	PEA	212.8	6.08
Industry Mean	-12.7%							1,501.0	5.13
S&P 500 Index	-16.1%	^A SPX:US	NYSE		N/A	N/A	N/A	N/M	4.51

Further, the comparable companies have been narrowed through quantitative factors, particularly those with a market capitalization over \$200 million and trading above \$0.35 per share. This process

captures a range of well-funded junior uranium development companies, which are listed in the table above. Currently, the P/B valuation range of these comparable companies is between 3.2 and 6.1. With the expectation that Deep Yellow's stock will attain a second quartile P/B ratio of 5.6, our **comparable analysis valuation price target is US\$1.18.**

RISKS

- A nuclear reactor accident traditionally has dramatically and negatively affected the demand for uranium as power plants are shut down for inspections and governments re-evaluate the safety of nuclear energy.
- As with almost all junior resource exploration companies, Deep Yellow does not generate sufficient cash flow to adequately fund its exploration and developmental activities and is in need of additional capital to continue pursuing management's strategy. However, the company has effectively funded its operations and initiatives to date. In fact, the company's balance sheet and working capital is healthy with over \$14 million in terms of both cash and working capital.
- Shares outstanding increased significantly in fiscal 2017 (+72.6%), fiscal 2019 (+22.0%) and fiscal 2021 (+35.0%) as equity financings have funded the company's exploration activities and general corporate expenses. However, during fiscal 2018 and fiscal 2020, shares outstanding increased only 5.3%, and only 3.1%, respectively. Thus far in fiscal 2022, shares outstanding have increased 17.1% as a result of the exercise of expiring options.
- As with any mineral company, the price of the targeted mineral is beyond management's control, in Deep Yellow's case, the price of uranium. However, current fundamentals indicate that a supply deficit and the projected increase in the number of nuclear power plants should drive the price of uranium above \$60 per pound, creating an environment for new uranium mines to be developed.

BALANCE SHEET

Deep Yellow Limited					
(in \$AUD except ordinary share data)					
	FY 2018	FY 2019	FY 2020	FY 2021	1H FY 2022
Period ending	6/30/2018	6/30/2019	6/30/2020	6/30/2021	12/31/2021
ASSETS					
Cash and cash equivalents	10,690,253	14,975,063	12,116,972	52,448,274	71,984,047
Accounts receivable	444,464	461,989	298,265	534,763	391,956
Other current assets	224,066	255,707	187,567	224,419	163,318
Total Current Assets	11,358,783	15,692,759	12,602,804	53,207,456	72,539,321
Right-of-use assets	-	-	617,015	503,105	104,418
Property, plant and equipment	579,858	592,797	518,897	738,076	729,693
Capitalized exploration & eval. expendit.	29,279,061	31,831,939	35,415,745	43,420,220	43,836,057
TOTAL ASSETS	41,217,702	48,117,495	49,154,461	97,868,857	117,209,489
Trade and other payables	332,781	509,661	492,605	880,431	768,722
Interest bearing liabilities	-	-	57,562	117,658	101,445
Employee provisions	98,980	64,360	99,221	106,929	59,276
Total Current Liabilities	431,761	574,021	649,388	1,105,018	929,443
Employee provisions	-	54,154	48,794	38,360	48,569
Lease liabilities	-	-	536,664	429,735	0
Non-Current Liabilities	0	54,154	585,458	468,095	48,569
TOTAL LIABILITIES	431,761	628,175	1,234,846	1,573,113	978,012
SHAREHOLDERS' EQUITY					
Issued equity	238,722,162	247,264,524	249,753,196	296,373,482	321,612,945
Accumulated losses	(192,326,868)	(196,141,196)	(193,266,333)	(198,081,539)	(200,908,724)
Employee equity benefits reserve	11,086,143	12,140,341	13,476,273	15,444,255	16,308,817
Foreign currency translation reserve	(16,695,496)	(15,774,349)	(22,043,521)	(17,440,454)	(20,781,561)
Total Stockholders' Equity	40,785,941	47,489,320	47,919,615	96,295,744	116,231,477
TOTAL LIABILITIES & STOCKHOLDERS' EQ.	41,217,702	48,117,495	49,154,461	97,868,857	117,209,489
Ordinary shares outstanding	194,802,027	237,711,355	245,052,016	330,763,558	387,198,206

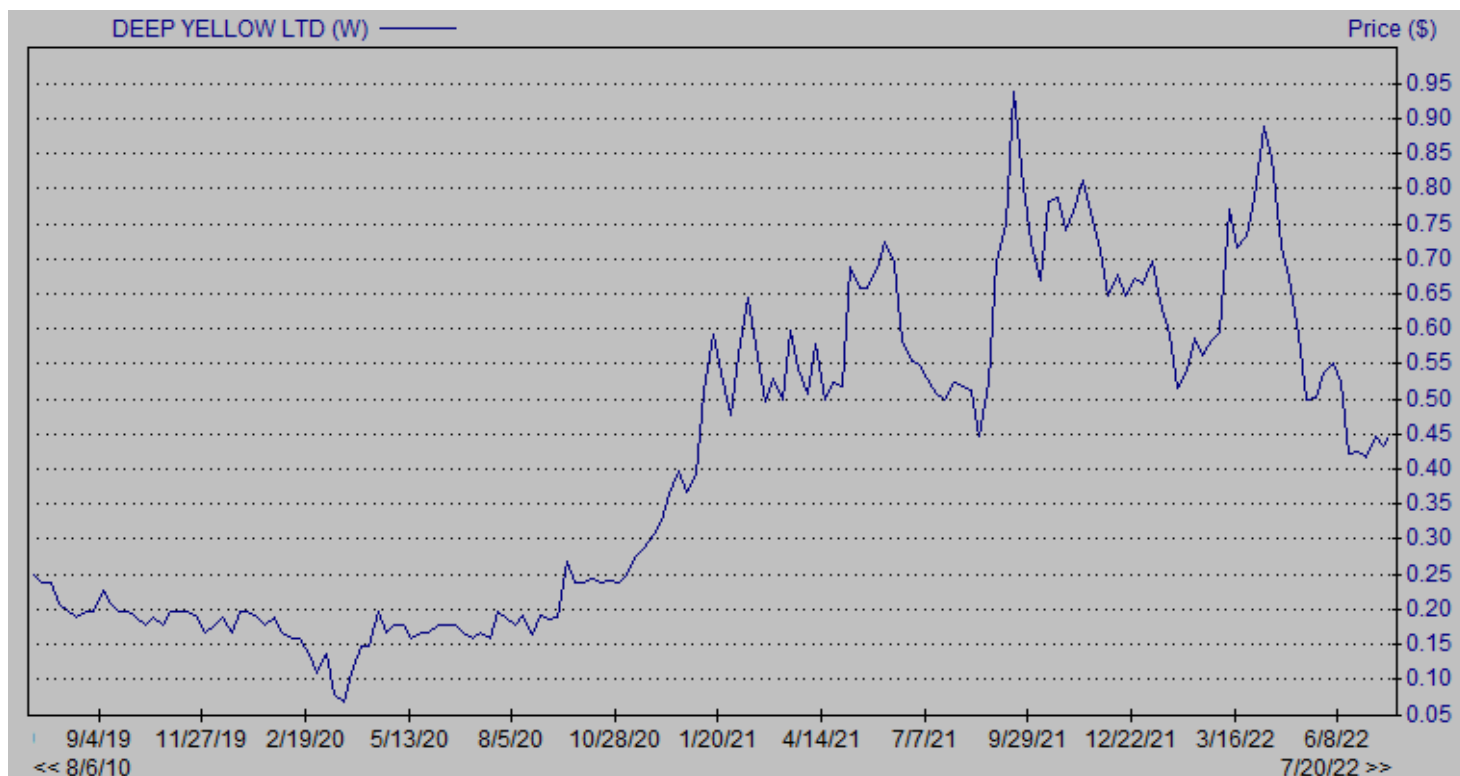
PROJECTED ANNUAL INCOME STATEMENTS

Deep Yellow Limited					
Income Statement	2018	2019	2020	2021	2022 E
(in \$AUD, except share out. data)	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2021
Interest and other income	264,501	225,332	257,455	227,443	548,756
Revenue from contracts with customers	150,178	119,315	77,199	56,126	56,126
Total Revenues	414,679	344,647	334,654	283,569	604,882
Depreciation & amortisation expenses	(77,069)	(92,911)	(215,812)	(225,964)	(225,964)
Marketing expenses	(139,021)	(142,177)	(222,461)	(198,811)	(198,811)
Occupancy expenses	(138,361)	(209,486)	(94,324)	(90,611)	(90,611)
Administrative expenses	(1,716,409)	(2,068,920)	(1,930,685)	(1,933,039)	(1,933,039)
Employee expenses	(887,869)	(1,626,841)	(2,033,839)	(2,609,231)	(2,609,231)
Reversal imp'rm't of cap. exp. & eval. exp.	-	-	7,100,920	0	0
Impairm't of cap. explor. & eval. exp.	(12,300)	(18,640)	(36,893)	(18,297)	(18,297)
Expenses	(2,971,029)	(4,158,975)	2,566,906	(5,075,953)	(5,075,953)
Loss Before Other Income	(2,556,350)	(3,814,328)	2,901,560	(4,792,384)	(4,471,071)
Interest (expense)	-	-	(26,697)	(22,822)	(22,822)
Income tax (expense)	-	-	-	-	-
Total Other Income (Expenses)	0	0	(26,697)	(22,822)	(22,822)
Net Loss	(2,556,350)	(3,814,328)	2,874,863	(4,815,206)	(4,493,893)
Other comprehensive income					
Fgn. curr. translation gain (loss)	(330,825)	921,147	(6,269,172)	4,603,067	4,603,067
Total comp. gain (loss), net of tax	(2,887,175)	(2,893,181)	(3,394,309)	(212,139)	109,174
Diluted gain (loss) per ordinary share	(0.0134)	(0.0190)	0.0119	(0.0175)	(0.0121)
Wgtd. Avg. Ord. Shares Out. - diluted	190,372,205	200,315,114	242,402,378	275,681,267	370,298,166

SEMI-ANNUAL INCOME STATEMENTS

Deep Yellow Limited						
Income Statement (in \$AUD, except share out. data)	1H 2021 12/31/2020	2H 2021 6/30/2021	FY 2021 6/30/2021	1H 2022 12/31/2021	2H 2022 E 6/30/2022	FY 2022 E 6/30/2022
Interest and other income	111,452	115,991	227,443	288,819	259,937	548,756
Revenue from contracts with customers	31,315	24,811	56,126	0	0	56,126
Total Revenues	142,767	140,802	283,569	288,819	259,937	604,882
Depreciation & amortisation expenses	(107,085)	(118,879)	(225,964)	(131,812)	(145,000)	(225,964)
Marketing expenses	(101,974)	(96,837)	(198,811)	(164,131)	(85,000)	(198,811)
Occupancy expenses	(44,195)	(46,416)	(90,611)	(50,523)	(54,000)	(90,611)
Administrative expenses	(914,510)	(1,018,529)	(1,933,039)	(1,518,031)	(1,650,000)	(1,933,039)
Employee expenses	(1,033,235)	(1,575,996)	(2,609,231)	(1,265,878)	(1,300,000)	(2,609,231)
Reversal imp'rm't of cap. exp. & eval. exp.	-	-	0	-	-	0
Impairm't of cap. explor. & eval. exp.	(4,327)	(13,970)	(18,297)	(16,422)	(18,000)	(18,297)
Expenses	(2,205,326)	(2,870,627)	(5,075,953)	(3,146,797)	(3,252,000)	(5,075,953)
Loss Before Other Income	(2,062,559)	(2,729,825)	(4,792,384)	(2,857,978)	(2,992,063)	(4,471,071)
Interest (expense)	(11,992)	(10,830)	(22,822)	30,793	10,000	(22,822)
Income tax (expense)	-	-	-	-	-	-
Total Other Income (Expenses)	(11,992)	(10,830)	(22,822)	30,793	10,000	(22,822)
Net Loss	(2,074,551)	(2,740,655)	(4,815,206)	(2,827,185)	(2,982,063)	(4,493,893)
Other comprehensive income						
Fgn. curr. translation gain (loss)	2,348,632	2,254,435	4,603,067	(3,341,107)	0	4,603,067
Total comp. gain (loss), net of tax	274,081	(486,220)	(212,139)	(6,168,292)	(2,982,063)	109,174
Diluted gain (loss) per ordinary share	(0.0085)	(0.0090)	(0.0175)	(0.0080)	(0.0077)	(0.0121)
Wgtd. Avg. Ord. Shares Out. - diluted	244,064,824	305,160,249	275,681,267	353,398,125	387,198,206	370,298,166

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ⁱ U.S. Nuclear Regulatory Agency; <https://www.nrc.gov/reactors/power.html>

ⁱⁱ U.S. Energy Information Administration (eia), 2021 Uranium Marketing Annual Report, May 2022, page 4

ⁱⁱⁱ Ibid page 8