



NEWS RELEASE

3 February 2022

TUMAS DFS FIRMLY ON TRACK AND IMPROVING ON PFS ASSUMPTIONS

HIGHLIGHTS

- Tumas Definitive Feasibility Study (DFS) metallurgical testwork completed to date demonstrates process design assumptions used in the Tumas Pre-Feasibility Study¹ (PFS) financial model remain fit for purpose and valid
- Overall process metallurgical recovery of 93.8% (PFS) confirmed through further beneficiation and leach testwork on representative bulk composite sample
- Beneficiation testwork increases beneficiation mass rejection from 35% (PFS) to 55% with the same metallurgical recovery, leading to a lower downstream capital and operating cost expectation
- A study completed by the Commonwealth Scientific and Industrial Research Organisation (CSIRO) confirms that seepage from Waste Rock Dumps (WRD) and the Tailings Storage Facility (TSF) will not be a long-term rehabilitation liability
- Independent transport and logistics study concludes existing infrastructure available to Tumas is sufficient for the needs of the Project
- Power supply study identifies cost reductions through use of grid power and solar array, improving Project sustainability and lowering greenhouse gas emissions
- Groundwater production bore development program shows that a sustainable supply of groundwater for low grade usage is available, reducing the demand for desalinated NamWater supplies
- The MLA and EIA processes continue to proceed well with nothing identified to preclude the planned development of the Project
- Significant increase in forecast Project economic outcomes using the PFS model assumptions and the updated Ore Reserve²
 - Life of Mine (Production) increased to 25.75 years from 11.5 years
 - Operating Margin (EBITDA) (U_3O_8 @ US\$65/lb & V_2O_5 @ US\$7/lb) up 114% from US\$1,035M to US\$2,215M
 - Project NPV_{8.6}: Post tax and ungeared up from US\$207M to US\$412M
 - Project IRR: Post tax, ungeared and real, up from 21% to 23%
 - All-in Sustaining Costs (AISC) down from US\$30.69/lb U_3O_8 to US\$30.37 (for the first 20 years of production)

¹ Refer PFS ASX announcement and detailed project information 10 February 2021

² Refer Ore Reserve Upgrade ASX announcement 5 October 2021

Deep Yellow Limited (**Deep Yellow** or **Company**) is pleased to provide an update on the Tumas Definitive Feasibility Study (**DFS**).

Importantly, the DFS is progressing as planned, with key workstreams completed to date delivering excellent results improving on some key inputs and generally confirming the assumptions outlined in the very positive Tumas Pre-Feasibility Study (**PFS**) completed in January 2021³.

The first phase of DFS work, consisting of Ore Reserve expansion, Mining Licence Application (**MLA**), Environmental Impact Assessment (**EIA**), trade-off studies and detailed metallurgical testwork, has been largely completed. The physical expression of this extensive work is reflected in Figure 1, which also shows the proposed Mining Licence (**ML**) outline (MLA 237) and key proposed Project Infrastructure.

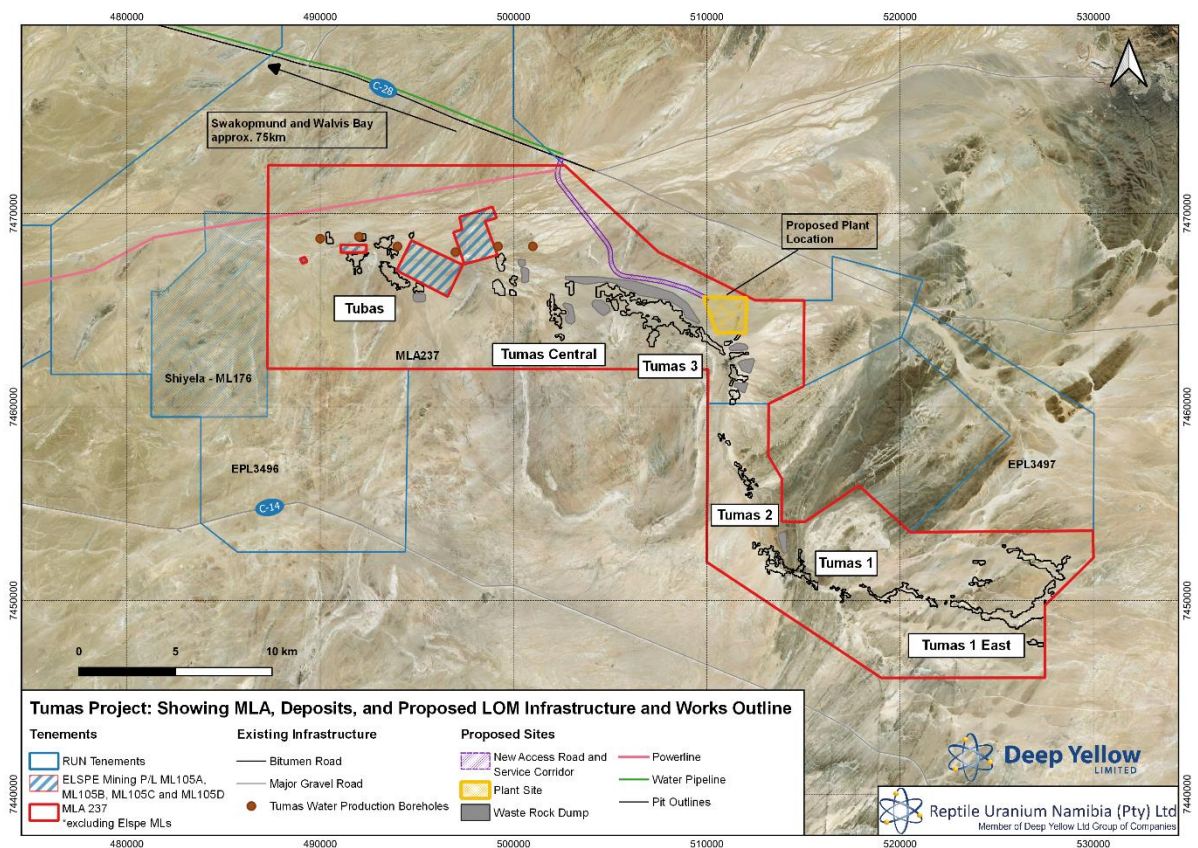


Figure 1: Showing MLA outline, Deposits and Life of Mine Infrastructure

The Company will now transition to the second and final phase of DFS work which includes further detailed process design, operating and capital cost estimates, detailed mine planning, detailed Ore Reserve optimisation and negotiation of material contracts in preparation for project implementation. Key external experts for this work include Ausenco Services Pty Ltd (**Ausenco**) and Cube Consulting (**Cube**), who were also important contributors to the PFS.

Ausenco provided Deep Yellow with engineering assistance during both the PFS and current phase of the DFS. This support will continue through to the conclusion of the DFS and Ausenco will undertake lead authorship of the DFS report.

Cube provided Deep Yellow with mining engineering and Ore Reserve estimation expertise for the PFS and recently updated the Tumas Ore Reserve estimate. Cube will now assist with

³ see ASX release dated 10 February 2021

detailed optimisation of the Ore Reserves and mine scheduling for DFS Life of Mine financial modelling.

The Company's in-house technical team will also be expanded to facilitate and support these important workstreams.

In parallel with commencement of the second phase of DFS work, engagement with debt-funding providers and potential customers will also commence to familiarise these parties with the Project and the Company.

Ore Reserves

During work undertaken to date, the Ore Reserves available to the Project have been increased by an impressive 120%, to 68.4Mlb U₃O₈ at an average grade of 345ppm U₃O₈, using a cut-off grade of 150ppm U₃O₈⁴.

Significant potential remains to further expand Ore Reserves in the Project area, by utilising the 48.6Mlb Inferred Resources available for upgrade and importantly (see JORC Resource Table - Appendix 1), additional exploration upside exists with approximately 40% of the highly prospective Tumas Palaeochannel system remaining to be adequately tested.

Table 1: Tumas Project Expanded Ore Reserves

Classification	U₃O₈ Cut-off ppm	Tonnes Mt	U₃O₈ ppm	U₃O₈ Metal Mlb
Probable	150	89.8	345	68.4
Total	150	89.8	345	68.4

The upgrade to the Ore Reserve and Mining Study undertaken were important areas of work and have fulfilled a critical DFS target, after the PFS outlined the sensitivity of the Project to mine life and indicated a doubling of the NPV could be achieved by increasing mine life beyond 20 years at PFS production rates. This important milestone has now been achieved.

Infrastructure

The availability of key infrastructure requirements for the Project has been thoroughly examined as part of the first phase DFS work program.

The PFS assumed that power would be generated at site for the Project and power station waste heat used to generate process steam. A detailed trade-off study has concluded that the most cost-effective option for the Project is to utilise grid power supplied by the Namibian power supply authority, NamPower, augmented by a dedicated solar array, with process heat provided by conventional Heavy Fuel Oil (**HFO**) fired boilers. Examination of the costs associated with this arrangement indicates that it will result in overall costs that are lower than those assumed for the PFS and will also improve the sustainability and greenhouse gas emissions for the Project over its 20-plus year life.

The PFS assumed that water supply for the Project was to be sourced from a combination of available local groundwater and water supplied by the Namibian water supply utility, NamWater. This arrangement remains the base case, however, due to the opportunity to lower the cost of water, a strategy to reduce the supply cost has been developed and will be progressed during the second phase of the DFS.

⁴ ASX release dated 5 October 2021

Two of the six proposed groundwater production bores in previously identified target zones have now been completed and test pumping undertaken. The results indicate that the assumed sustainable supply of ground water for low impact uses, such as dust suppression, will be readily available in close proximity to the Project area and within the proposed ML, which is now the subject of the MLA referred to above. Furthermore, the findings from the initial results reduce the demand for high-quality and expensive desalinated water from NamWater, as envisaged in the PFS.

An independent review of transport and logistics infrastructure has concluded that the existing road, air and sea transport services available are sufficient for Tumas and that the Project will not cause a material change in existing demand for such services. Communications infrastructure has also been assessed as adequate for the needs of the Project.

Process Design

Work completed in the first phase DFS work has confirmed that the process detailed in the PFS for both uranium and vanadium extraction from Tumas ore remains fit-for-purpose. The work has now reached a point where the Company can conclude that no material changes are required to achieve the process objectives of optimum recovery, cost and long-term site rehabilitation exposure.

This is of relevance in terms of validity of the process design assumptions used for the PFS financial model and long-term rehabilitation cost and liability provisions. These process design assumptions remain valid to the extent that they correctly inform the financial model. Consequently the Company firmly believes that the PFS financial model and inputs remain valid and are fit-for-purpose.

CSIRO was commissioned to examine the impact of seepage from both WRDs and the TSFs on existing groundwater.

CSIRO is considered by the Company to be expert in this area of technical expertise. This is a significant area of long-term liability for all mines, but particularly for uranium mines.

The study concluded that for ionic species of interest (principally uranium, vanadium and lead, but including many others), down-channel interaction with groundwater will result in the precipitation of these species in close proximity to the zone of interaction (comfortably within the proposed ML boundary with minimal down-channel penetration) in much of the same manner that has occurred (and still is occurring) during the formation of the Tumas deposits, thus avoiding the possibility of unconstrained contamination from a developing seepage plume.

The above conclusion is a very significant finding with respect to the process and associated tailings management developed for the Tumas Project, which was specifically developed with the aim of achieving minimal short-and long-term environmental impacts. The report by CSIRO and findings contained within it confirm that there is a clear and reasonable basis, using established and proven chemistry, to conclude that this fundamentally important design criteria will be achieved in practice.

Metallurgical Recovery

The overall metallurgical recovery assumed for the PFS was critically dependent on recovery from two process units that required further assessment to achieve DFS accuracy. These two processes are the beneficiation and leach extraction steps.

The PFS assumed recoveries for these two steps to be 97.7% and 97.0% respectively, with a further 1% soluble loss resulting in an estimated overall recovery of 93.8%. In the case of beneficiation, the PFS also assumed that 35% of the ore mass processed could be discarded prior to leaching as a coarse tailing from the beneficiation circuit.

The beneficiation testwork has been completed on the bulk composite (diamond core) from Tumas 3, representing approximately the first 15 years of ore feed for the Project. This work has been very successful and the Company believes that the PFS assumptions have been confirmed as prudently conservative and the DFS process design will be based on 98% beneficiation recovery, with between 50% and 60% mass rejection to a coarse tailing.

This conclusion is highly significant for the Project outcome.

Beneficiation mass rejection has been materially increased and will reduce leach feed tonnage by 30%. It is anticipated this will deliver a reduction in downstream capital and operating costs compared to the PFS position. A modest improvement in beneficiation recovery has also been identified and will result in coarse tailing material that involves lower long-term environmental risk than that assumed in the PFS.

The extent of these reductions will be determined during the second phase of DFS work, however importantly, the PFS model assumptions in this respect remain both prudently conservative and valid.

Sufficient leach testwork has been undertaken on the beneficiated bulk composite to conclude that the leach recovery assumed in the PFS (97%) is also achievable. Once again, the PFS model assumptions in this respect remain both prudently conservative and valid.

All other material process-related issues integral to the financial outcome of the PFS remain valid and materially unchanged.

Tailings Storage

The PFS assumes that tailings will be stored permanently “in pit” by using the mined-out sections of the Tumas 3 ore zone progressively. This concept has been tested in detail during the EIA process by third party experts, who have concluded that the concept is technically valid and environmentally appropriate.

Importantly, use of the Tumas 3 pits as suitable Tailings Storage Facilities (**TSF**) has also been assessed, considering the increased volume of tailings that must be permanently stored due to the increased ore volume (and consequently tailings volume) identified in the updated Ore Reserve estimate described above. This work has concluded that there is sufficient void space within the Tumas 3 area to safely store all the tailings generated through the treatment of the ore contained within the updated Ore Reserve estimate.

MLA and EIA

The MLA and EIA processes for the Project are proceeding well.

Most of the EIA work has been completed and importantly, no material adverse aspects have been, or are now likely to be, identified that would preclude the planned development of the Project as broadly described in the PFS and updated Ore Reserve statement⁵.

Updated Project Economic Analysis

The DFS work undertaken to date has confirmed that principal assumptions of the PFS in terms of infrastructure, utilities, regulatory approvals, process recovery, tailings management, long-term rehabilitation, operating costs and capital costs were reasonable and, in the work concluded to date, have been shown to be prudently conservative. This validates the

⁵ ASX releases dated 10 February 2021 and 5 October 2021

underlying assumptions of the financial model used to forecast Project economic outcomes in the PFS.

Consequently, there is a reasonable basis to report revised forecast outcomes for the Project utilising the PFS model, its validated assumptions, relevant findings of the DFS and updated Ore Reserves.

Furthermore, based on the optimisation work completed, the Company believes that the DFS is likely to establish a net improvement on the assumptions and relevant findings of the PFS, but for the purposes of this analysis, assumptions and relevant findings of the PFS have been retained, with the exception of the Ore Reserves available to the Project and associated mining schedules.

This model has now been re-run, using the assumptions and findings of the PFS and incorporating the mine schedule developed for the updated, 68.4Mlb U₃O₈ Ore Reserves⁶ now available to the Project.

The outcome of this work is consistent with that indicated in the PFS⁷. Importantly, the forecast NPV for the Project, once updated Ore Reserves are incorporated, increases the operating mine life from 11.5 years to over 20 years and almost doubles the PFS NPV forecast to US\$412M. Forecast outcomes and material assumptions are summarised in the table below:

Table 2: Updated Financial Forecasts

Forecast Project Outcomes with PFS Model Assumptions and Updated Ore Reserves			
Item	Units	PFS	Reserve update
Plant Capacity	Mlb U₃O₈ pa	3	3
Life of Mine (Production)	Years	11.5	25.75
Development Period	Years	1.5	1.5
Operating Margin (EBITDA) (U₃O₈ @ US\$65/lb & V₂O₅ @ 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
Breakeven U₃O₈ Price: ungeared, real	US\$/lb U₃O₈	47.33	42.40

⁶ ASX release dated 5 October 2021

⁷ ASX release dated 10 February 2021

For Production Year (PY) 1 to 20, before low grade stockpiles are scheduled for processing, the following key operating cost outcomes are forecast (see Table 3):

Table 3: Updated Operating Cost Estimates for Expanded Reserve

Cost Area	Reserve Update Costs Estimate (PY 1 to PY 20)			
	\$pa (/1000)	\$/t	\$/lb U ₃ O ₈	% Total
C1 Costs				
Mining	39,411	11.48	13.95	50%
Processing	30,655	8.93	10.85	39%
Maintenance and Engineering	4,699	1.37	1.66	6%
C&A	5,586	1.63	1.98	7%
SHR	1,092	0.32	0.39	1%
Environment	308	0.09	0.11	0%
HR	227	0.07	0.08	0%
Total Site Operating Cost	81,978	23.87	29.02	105%
Corporate and Marketing	2,958	0.86	1.05	4%
Sub-Total	84,936	24.73	30.07	109%
Vanadium credit	(6,867)	(2.00)	(2.43)	(9%)
Total after Vanadium credit	78,069	22.73	27.64	100%
All in Sustaining Cost (AISC)	85,786	24.98	30.37	

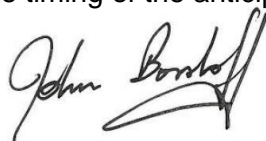
With the substantial reserve expansion potential available to the Project, management believes that Ore Reserves available to the Project will be further expanded before low grade ore stockpiles are scheduled for processing. Consequently, management anticipates that the costs detailed above and targeted uranium production of 3Mlb U₃O₈ pa are likely to continue for substantially longer than the 20 years summarised in Table 3.

Conclusions

The Tumas DFS is progressing very well and remains on track to be completed in the second half of calendar 2022. The work to date affirms the conservative approach the Company takes to project assessment from conception through to ultimate development.

Development of the Tumas Project remains dependent on a suitable incentive price for uranium being achieved and the Company entering acceptable long-term offtake agreements. The recent increases in the spot price, as well as the increasingly positive perception of nuclear power's proven ability to become an even greater supplier of global base-load electrical energy, auger very well for the future of the nuclear power industry. This is particularly the case when partnered with renewables, to achieve the zero emission targets which are being adopted by an ever-increasing number of countries. Collectively, these developments along with the acknowledged uranium supply shortage anticipated to occur in the near to medium term, provide substantial encouragement that suitable pricing to incentivise new development will be achieved.

Ongoing DFS results combined with growing acceptance towards the critical role uranium will play in meeting clean energy targets, provide the Company with confidence that the Tumas Project presents a technically sound, near-term development opportunity, ready to align with the timing of the anticipated increase in uranium price, expected late 2022 to mid-2023.



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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Competent Persons' Statement

The information in this announcement as it relates to exploration results and Mineral Resource estimates was compiled by Martin Hirsch, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Hirsch, who is currently the Manager, Resources & Pre-Development for Reptile Mineral Resources and Exploration (Pty) Ltd (RMR), has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hirsch consents to the inclusion in this announcement of the matters based on the information in the form and context in which it appears. M Hirsch holds shares in the Company.

The information in this announcement that relates to the Tumas Mineral Resource estimate is based on work completed by Mr D Princep B.Sc. Geology, who is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Princep, who is a consultant to the Company, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Princep consents to the inclusion in this announcement of the matters based on the information in the form and context in which it appears. Mr Princep holds shares in the Company.

Where the Company references exploration results, Mineral Resource and Ore Reserve estimates and ASX Announcements made previously it confirms that the relevant JORC Table 1 disclosures are included with them and that it is not aware of any new information or data that materially affects the information included in those ASX Announcements and in the case of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the Announcements continue to apply and have not materially changed.

The JORC 2004 classified Mineral Resources have not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported, however, as noted these are currently being reviewed to bring all resources up to JORC 2012 standard.

Project and Technical Expertise

Mr Darryl Butcher B.Sc. Chemistry is a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM) and a process engineer/metallurgist working for Deep Yellow. Mr Butcher has sufficient experience to advise the Company on matters relating to mine development and uranium processing, project scheduling, processing methodology and project capital and operating costs. Mr Butcher is satisfied that the information provided in the announcement has been determined to a Pre-Feasibility Study level of accuracy and that the relevant modifying factors determined by the PFS are suitable to use as modifying factors for the updated Ore Reserve estimate and based on the increased mine life the update to the PFS financial outcomes.

Forward Looking Statement

Any statements, estimates, forecasts or projections with respect to the future performance of Deep Yellow and/or its subsidiaries contained in this announcement are based on subjective assumptions made by Deep Yellow's management and about circumstances and events that have not yet taken place. Such statements, estimates, forecasts and projections involve significant elements of subjective judgement and analysis which, whilst reasonably formulated, cannot be guaranteed to occur. Accordingly, no representations are made by Deep Yellow or its affiliates, subsidiaries, directors, officers, agents, advisers or employees as to the accuracy of such information; such statements, estimates, forecasts and projections should not be relied upon as indicative of future value or as a guarantee of value or future results; and there can be no assurance that the projected results will be achieved.

Appendix 1

JORC Mineral Resource Table

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
CALCRETE MINERALISATION Tumas 3 Deposit - JORC 2012									
Tumas 3 Deposits ♦	Indicated	100	78.0	320	24,900	54.9	-	54.9	-
	Inferred	100	10.4	219	2,265	5.0	-	-	5.0
Tumas 3 Deposits Total			88.3	308	27,170	59.9			
Tumas 1, 1 East & 2 Project – JORC 2012									
Tumas 1 & 2 Deposit ♦	Indicated	100	54.1	203	11,000	24.2	-	24.2	-
Tumas 1 & 2 Deposit ♦	Inferred	100	54.0	250	13,500	29.8	-	-	29.8
Tumas 1 & 2 Project Total			108.1	226	24,500	54.0			
Sub-Total of Tumas 1, 2 and 3			196.4	263	51,670	113.9			
Tubas Red Sand Project - JORC 2012									
Tubas Sand Deposit #	Indicated	100	10.0	187	1,900	4.1	-	4.1	-
Tubas Sand Deposit #	Inferred	100	24.0	163	3,900	8.6	-	-	8.6
Tubas Red Sand Project Total			34.0	170	5,800	12.7			
Tubas Calcrete Resource - JORC 2004									
Tubas Calcrete Deposit	Inferred	100	7.4	374	2,800	6.1	-	-	6.1
Tubas Calcrete Total			7.4	374	2,800	6.1			
Aussinanis Project - JORC 2004									
Aussinanis Deposit ♦	Indicated	150	5.6	222	1,200	2.7	-	2.7	-
Aussinanis Deposit ♦	Inferred	150	29.0	240	7,000	15.3	-	-	15.3
Aussinanis Project Total			34.6	237	8,200	18.0			
Calcrete Projects Sub-Total			272.4	251	68,470	150.7	-	85.9	64.8
GRAND TOTAL RESOURCES			570.6	219	125,070	276	28.75	132.8	114.45

Notes: Figures have been rounded and totals may reflect small rounding errors.

XRF chemical analysis unless annotated otherwise.

♦ eU₃O₈ - equivalent uranium grade as determined by downhole gamma logging.

Combined XRF Fusion Chemical Assays and eU₃O₈ values.

Where eU₃O₈ values are reported it relates to values attained from radiometrically logging boreholes.

Gamma probes were calibrated at Pelindaba, South Africa in 2007. Recent calibrations were carried out at the Langer Heinrich Mine calibration facility in July 2018 and September 2019.

During drilling, probes are checked daily against standard source.