

Getting Ready for U - Initiate at Buy

Deep Yellow has consolidated an extensive portfolio of uranium exploration and development assets in Australia and Namibia, providing a strong position from which to benefit from improving uranium market dynamics. Tumas and Mulga Rock are post-DFS projects offering large scale and long life, although funding remains a hurdle. The earlier-stage, but smaller-scale, high-grade Angularli is also an appealing development prospect. Initiate at Buy, PT A\$0.75.

Positioning for the cycle upturn: Deep Yellow has assembled a strong management team and a portfolio of exploration and development assets to advance towards production. We see strong medium to long term uranium demand underpinning support for the development of its project suite.

Three key projects to develop:

- **Tumas** in Namibia hosts a 168Mt Resource at 258ppm for 114mlbs, and a Reserve of 67.3mlbs at 345ppm. The DFS was released in February 2023, highlighting a 20+ year mine life, producing 3-3.6mlbs pa at a LOM AISC of US\$39/lb with pre-production capital of US\$420m. The EIS and Mining Lease applications are to be submitted shortly. DYL is aiming to finalise offtake and funding over the next year allowing construction to start in 2024.
- **Mulga Rock** in Western Australia hosts a 90mlbs Resource at 570ppm and a Reserve of 42Mlb at 845ppm, the 2020 DFS refresh targeted production of 3.5mlbs pa over at least 15 years at an AISC of US\$31.2/lb for capex of A\$393m (down from A\$493m in the original DFS). A review is underway assessing the potential to recover other base metals and rare earths known to be hosted in the mineralisation, this will likely see a revised DFS undertaken in 2024. The operation is one of four in Australia approved for mining uranium.
- **Alligator River Project - Angularli** is a smaller-scale, high-grade deposit in the Northern Territory. It hosts an Inferred Resource of 0.9Mt at 1.3% U3O8 for 25.8mlbs. Rather than proceed with a small-scale development, DYL is underway with a regional exploration program to grow the Resource base. It is an earlier-stage project, but its high grade underpins an attractive development prospect.

Uranium price upside: There are limited new pounds available to utilities, and the global push towards net zero and increased focus on energy security support strengthening uranium demand over the medium to long term. We expect to see this increasingly reflected in the uranium spot and term contract market through higher pricing which will ultimately provide support for the pounds that DYL can deliver.

Initiate at BUY, A\$0.75 price target: Our price target is based on risk-weighted NPVs on the Tumas (\$0.25ps) and Mulga Rock Projects (\$0.38ps), and a US\$3/lb valuation on Angularli (\$0.15ps). Deep Yellow holds one of the largest Resource bases in the uranium industry, which positions it well to benefit from the strong uranium outlook. We look for progress with the advanced projects to drive higher market valuations.

| (FY Jun) | 2022A | 2023E | 2024E | 2025E |
|-------------|--------|--------|--------|--------|
| Rev. (MM) | 0.5 | 1.5 | 0.6 | 0.9 |
| EBITDA (MM) | (6.5) | (10.1) | (11.4) | (11.2) |
| Net Profit | (6.8) | (10.9) | (12.1) | (15.7) |
| EPS | (0.02) | (0.02) | (0.02) | (0.02) |

INITIATING COVERAGE

| RATING | BUY |
|--------------------------|-----------------------|
| PRICE | AUD0.51 [^] |
| PRICE TARGET % TO PT | AUD0.75 +47% |
| 52W HIGH-LOW | AUD1.26 - AUD0.51 |
| FLOAT (%) ADV MM (USD) | 85.6% 1.16 |
| MARKET CAP | AUD384.2M AUD384.2M |
| TICKER | DYL AU |

[^]Prior trading day's closing price unless otherwise noted.

| | CHANGE TO JEF ^e | | JEF vs CONS | |
|-----|----------------------------|------|-------------|------|
| | 2023 | 2024 | 2023 | 2024 |
| REV | NA | NA | NA | NA |
| EPS | NA | NA | NA | NA |

| 2023 (AUD) | 1 Half | 2 Half | FY |
|------------|--------|--------|--------|
| EPS | (0.01) | (0.01) | (0.02) |
| PREV | | | |

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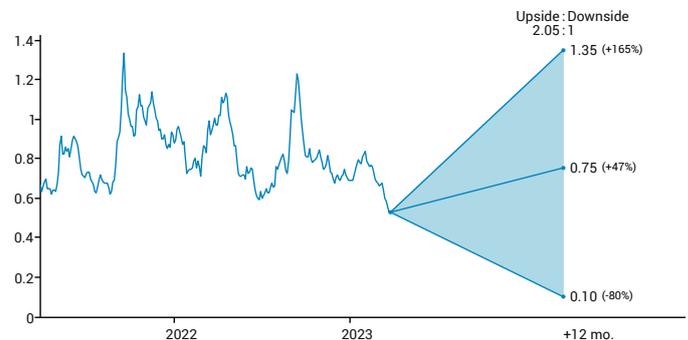
The Long View: Deep Yellow Ltd

Investment Thesis / Where We Differ

The investment thesis for Deep Yellow rests in its exposure to medium to longer-term strength in uranium markets. Clearly, near-term strength in the uranium market will see the stock supported, but its portfolio of greenfield projects is more strongly levered to the longer term. We anticipate a sustained multi-year period of strong uranium pricing to ultimately unlock the value in the DYL project suite and look for DYL to advance its projects, firming up project schedules, funding, and approvals to drive support for the stock price over time.

Longer term, with production potential of 6-7mlbs pa for 15-20 years, DYL is positioned to potentially become a uranium producer of global importance, while its exploration portfolio outside its key projects adds further leverage. Deep Yellow's management team bring wide-ranging uranium industry expertise which helps to set it apart from other uranium market explorers and developers bringing greenfield projects to market.

Risk/Reward - 12 Month View



Base Case, AUD0.75, +47%

Our valuation for Deep Yellow is based on an NPV for the Mulga Rock and Tumas Projects, with estimates more conservative than the feasibility reports with capital costs ~20% higher at Tumas and 35% higher at Mulga Rock, and AISC 15% higher than the DFS estimates. We then apply a 30% discount to these NPVs for incorporating into our Group valuation. We incorporate a value for Angularli based on US\$3/lb of Resource. Our price target is set in line with our Group NPV.

Upside Scenario, AUD1.35, +165%

In our upside scenario we increase our uranium price forecasts by 20%

Downside Scenario, AUD0.10, -80%

In our downside scenario, we reduce our uranium price forecasts by 20% and increase the 30% valuation discount we apply to Mulga Rock and Tumas to 50%.

Sustainability Matters

Top Material Issue(s): Key issues for the sector include the consideration of traditional owners of the land on which mines are located, net zero targets and actions being taken to achieve set goals, and workforce safety and structure, for example local community hired vs fly-in, fly-out workers.

Company Target(s): As a pre-production company, DYL's goals are more socially focused, including 1) fostering childhood development thorough education, 2) empower communities through sport, 3) promote a sustainable environment, 4) operate a zero-harm workplace.

Qs to Mgmt: 1) What is the water intensity of your Namibian operations and how are you addressing these needs? 2) Who are the traditional owners of the land on which you operate? What are your interactions with them? 3) What are your considerations about paying a 'fair' rent in the countries in which you operate vs achieving an appropriate return on capital for operating in that environment? 4) What are the key community concerns at your operations and how have you addressed them?

Catalysts

Tumas progressing towards production: DYL is advancing FEED, financing, and offtake, as well as delivering a Resource update ahead of FID expected in H1 2024. Progress across these fronts will be positive.

Growing Angularli: A Resource update is expected in Q2 2023 followed by further drilling in H2 2023. Advancing exploration to grow the Resource base in 2023 will help to crystallise value here.

Mulga Rock polymetallic update: DYL is reviewing the opportunity to produce a polymetallic product suite at Mulga Rock in 2023. Drilling is ongoing to support an update of the Resource and metallurgical testing, these are due in Q3. We look for drilling results and an updated Resource to help define the opportunity here.

Executive Summary

Deep Yellow (DYL.ASX) is positioning itself with extensive exposure to the strong medium to long term uranium market outlook. It holds a globally significant 389mlbs Resource and has a quality management team in place to support delivery of its projects. It holds two post-DFS projects in Mulga Rock (WA) and Tumas (Namibia), that could come into production on a 3-4 year timeframe. The smaller-scale, high-grade Angularli (NT) is also highly prospective, with DYL seeking to grow the Resource base to underpin a larger development. Importantly, approvals are advanced at Mulga Rock, and we do not see approvals as a major hurdle for Tumas, while Angularli will need standard mining and environmental approvals. As with all such development plays, funding remains a hurdle, however, with \$56m in cash on hand DYL can continue to advance its projects without further funding for some time.

We initiate with a Buy recommendation and a price target of A\$0.75. Our price target is based on a blend of risk weighted NPVs across Mulga Rock and Tumas and a US\$3/lb valuation on the Angularli Resource.

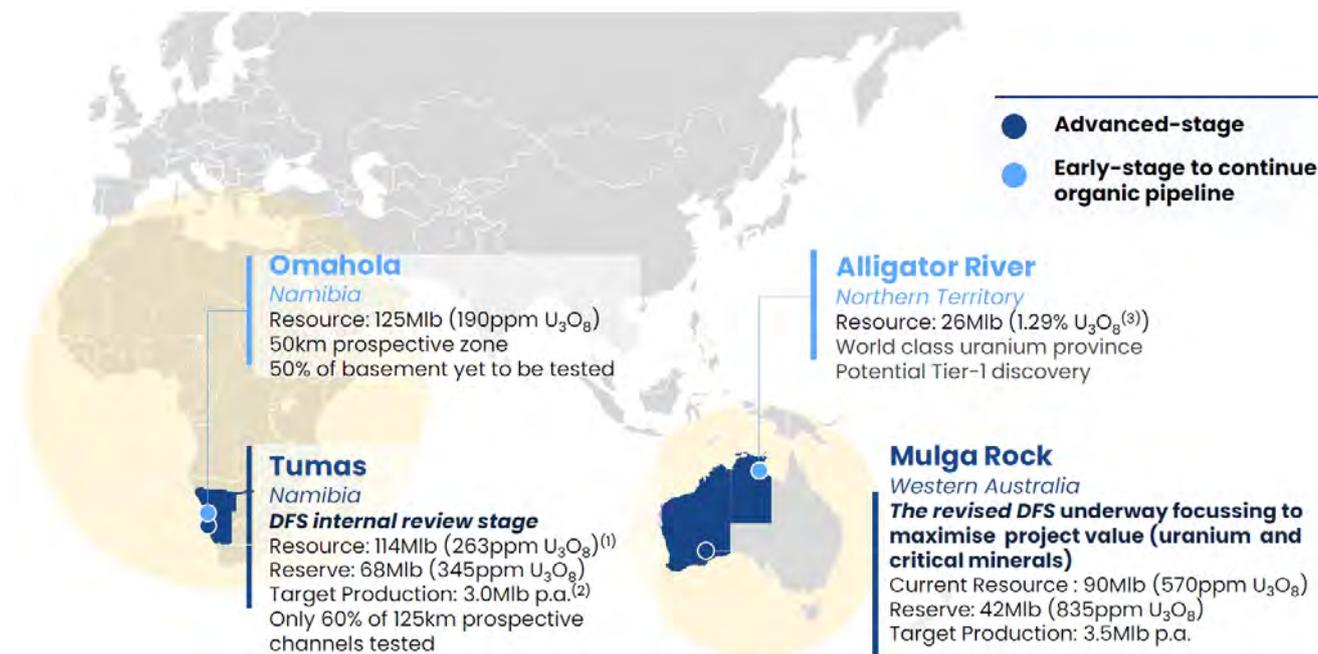
With an extensive uranium exploration and development pipeline, an active work program over 2023, a solid balance sheet, attractive longer-term uranium market dynamics and a supportive near-term uranium price environment, we believe Deep Yellow will be well supported. We like the broader uranium exposure DYL offers, we believe value will be unlocked as the Company takes further steps to firm up delivery timeframes on its projects.

Figure 1 - DYL Valuation Summary

| Deep Yellow NPV | A\$m | A\$ps |
|-------------------------------|--------------|-------------|
| Projects | | |
| Tumas Uranium Project | 185 | 0.25 |
| Mulga Rock Project | 284 | 0.38 |
| Angularli Project | 111 | 0.15 |
| Corporate costs | (70) | -0.09 |
| Net Cash / (Debt) | 44 | 0.06 |
| Total equity valuation | 554.2 | 0.74 |

Source: Company Data, Jefferies Estimates

Figure 2 - Deep Yellow Key Projects



Source: Deep Yellow Ltd

Investment Thesis

The investment thesis for Deep Yellow rests in its exposure to medium to longer term strength in uranium markets. Clearly, near-term strength in the uranium market will see the stock supported, but its portfolio of greenfield projects is more strongly levered to the longer term. We anticipate a sustained multi-year period of strong uranium pricing to ultimately unlock the value in the DYL project suite and look for DYL to advance its projects, firming up project schedules, funding, and approvals to drive support for the stock price over time.

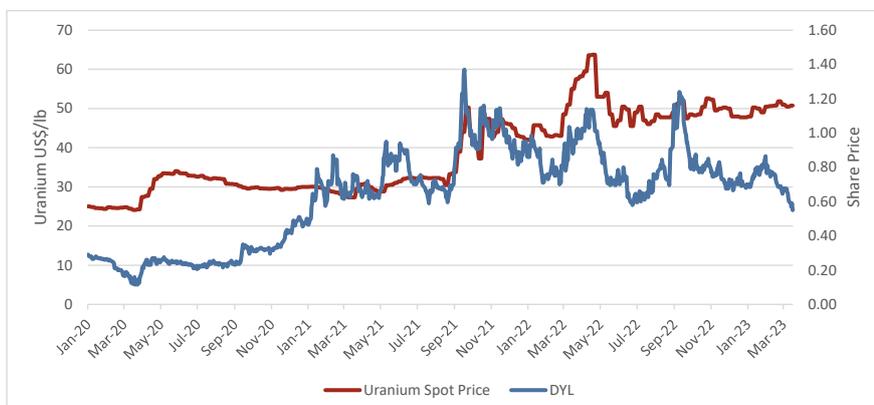
Longer term, with production potential of 6-7mlbs pa for 15-20 years, DYL is positioned to potentially become a uranium producer of global importance, while its exploration portfolio outside its key projects add further leverage to the uranium price environment. Deep Yellow's management team bring wide-ranging uranium industry expertise, which helps to set it apart from other uranium market explorers and developers bringing greenfield projects to market.

Key catalysts

Over 2023 key catalysts will include:

- **Tumas progressing towards production:** Following completion of the Tumas DFS and submission of the associated EIS, DYL is now looking to advance FEED, financing, and offtake, as well as deliver a Resource update ahead of FID expected in H1 2024. Progress across these fronts will be positive.
- **Growing Angularli:** We like the high-grade opportunity at Angularli. Advancing exploration to grow the Resource base in 2023 will help to crystallise value here. A Resource update is expected in Q2 2023 following the 18-hole 6,339m drilling undertaken in 2022 which was reported to have successfully extended the mineralisation beyond the existing Resource. Further drilling will follow in H2 2023. DYL is pursuing a larger-scale operation at Angularli, but we believe a relatively small-scale, high-grade operation could also succeed.
- **Mulga Rock polymetallic update:** DYL is undertaking a review of the opportunity to produce a broader polymetallic product suite at Mulga Rock through 2023. A 63-hole, 4,099m aircore drilling program was completed in January; this will be followed by a larger 600-800-hole program in H1, which will provide input into an update Resource and metallurgical testing which is due for completion in Q3. Current information on base metal mineralisation at Mulga Rock is limited to that contained within the uranium Resource, we look for drilling results and an updated Resource to help define the opportunity here.

Figure 3 - Deep Yellow vs Spot Uranium Price



Source: Bloomberg, UxC, FactSet

Financial Summary

Deep Yellow has a solid balance sheet with \$56m in cash. It remains active across its portfolio of development projects, with 2023 funding requirements including: Mulga Rock - grade control drilling, base metals drilling, metallurgical testwork; Tumas Project - Advancing approvals, resource upgrade drilling, completion of FEED; Angularli - Revised resource estimate, exploration drilling.

With this, alongside the funding of corporate costs (~\$10m pa), we would expect DYL to be funded into 2024; however, as with all exploration and development companies, funding will be required in due course, potentially prior to the FID decision at Tumas if that extends into 2024.

Figure 4 - Deep Yellow - Financial Summary

| Deep Yellow Ltd - Financial Summary | | Analyst: | Chris Drew | | Price: | \$0.52 | As at: | 24/03/2023 | DYLAX | DYL-AU | |
|--|------------------|--------------------|----------------------------|-----------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | Rating: | BUY | | Price Target: | \$0.75 | | | Year End: | 30/06/2022 | |
| Ratios | | | | | | | | | | | |
| | FY22 | FY23 | FY24 | FY25 | FY26 | | | | | | |
| | Actual | Estimate | Estimate | Estimate | Estimate | | | | | | |
| PE | -45.2x | -33.7x | -32.3x | -24.8x | -13.9x | | | | | | |
| P/OpCF | -86.2x | -42.8x | -33.7x | -25.6x | -14.1x | | | | | | |
| EV/EBITDA | -60.x | -42.9x | -35.7x | -34.x | 1.9x | | | | | | |
| Dividend Yield | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | | | | | |
| ROE (Normalised NPAT / Equity) | -5.9% | -2.9% | -3.3% | -4.5% | -8.8% | | | | | | |
| ROA (EBIT / (Assets - Cash)) | -12.2% | -3.1% | -3.3% | -3.1% | -1.5% | | | | | | |
| ROIC (EBIT / Assets) | -5.6% | -2.7% | -3.1% | -2.8% | -1.4% | | | | | | |
| EBIT / Net Interest | -662.7x | -83.5x | -85.1x | -2.8x | -7x | | | | | | |
| EBITDA / Net Interest | -628.x | -78.3x | -81.5x | -2.7x | -6x | | | | | | |
| Net Debt / EBITDA | 10.05x | 4.32x | 1.59x | -0.99x | -38.19x | | | | | | |
| Gearing - (Net Debt / Equity) | -0.56x | -0.12x | -0.05x | 0.03x | 1.28x | | | | | | |
| Gearing - (Net Debt / (Net Debt + Equity)) | -1.29x | -0.13x | -0.05x | 0.03x | 0.56x | | | | | | |
| EBITDA Margin | -1254.1% | -682.0% | -1950.4% | -1251.4% | -845.4% | | | | | | |
| Effective tax rate | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | | | | | |
| FCFPS (Acps) | (3.19) | (2.81) | (3.34) | (3.82) | (52.73) | | | | | | |
| FCF (EV) yield | -5.3% | -8.0% | -9.3% | -10.6% | -146.3% | | | | | | |
| Income Statement | | | | | | | | | | | |
| ASM | FY22 | FY23 | FY24 | FY25 | FY26 | 1H22 | 2H22 | 1H23 | 2H23 | 1H24 | 2H24 |
| | Actual | Estimate | Estimate | Estimate | Estimate | Actual | Actual | Estimate | Estimate | Estimate | Estimate |
| Total Revenue | 0.51 | 1.48 | 0.59 | 0.89 | 1.27 | 0.29 | 0.23 | 0.99 | 0.49 | 0.36 | 0.23 |
| Operating Expenses | -6.97 | -11.58 | -12.00 | -12.00 | -12.00 | -3.01 | -3.96 | -5.58 | -6.00 | -6.00 | -6.00 |
| EBITDA | -6.46 | -10.10 | -11.41 | -11.11 | -10.73 | -2.73 | -3.73 | -4.59 | -5.51 | -5.64 | -5.77 |
| Depreciation & Amortisation | -0.36 | -0.66 | -0.50 | -0.50 | -0.50 | -0.13 | -0.23 | -0.41 | -0.25 | -0.25 | -0.25 |
| EBIT | -6.82 | -10.76 | -11.91 | -11.61 | -11.23 | -2.86 | -3.96 | -5.01 | -5.76 | -5.89 | -6.02 |
| Interest expense | -0.01 | -0.13 | -0.14 | -4.08 | -16.89 | 0.03 | -0.06 | -0.07 | -0.07 | -0.07 | -1.76 |
| NPBT | -6.83 | -10.89 | -12.05 | -15.69 | -28.13 | -2.83 | -4.00 | -5.07 | -5.83 | -5.96 | -6.09 |
| Tax Expense | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Normalised NPAT | -6.83 | -10.89 | -12.05 | -15.69 | -28.13 | -2.83 | -4.00 | -5.07 | -5.83 | -5.96 | -6.09 |
| Extraordinary Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Reported NPAT | -6.83 | -10.89 | -12.05 | -15.69 | -28.13 | -2.83 | -4.00 | -5.07 | -5.83 | -5.96 | -6.09 |
| Shares outstanding (m) | 387.37 | 755.69 | 755.69 | 755.69 | 755.69 | 387.04 | 387.37 | 753.30 | 755.69 | 755.69 | 755.69 |
| Reported EPS (Acps) | -1.84 | -1.53 | -1.59 | -2.07 | -3.72 | -0.80 | -1.04 | -0.76 | -0.77 | -0.79 | -0.81 |
| Normalised EPS (Acps) | -1.84 | -1.53 | -1.59 | -2.07 | -3.72 | -0.80 | -1.04 | -0.76 | -0.77 | -0.79 | -0.81 |
| Normalised EPS growth | 5% | -17% | 4% | 30% | 79% | | | | | | |
| Dividend/share - 1H (Acps) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | |
| Dividend/share - 2H (Acps) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | |
| Dividend per share (Acps) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | |
| DPS growth | 0% | 0% | 0% | 0% | 0% | | | | | | |
| Payout ratio | 0 | 0 | 0 | 0 | 0 | | | | | | |
| Cashflow | | | | | | | | | | | |
| ASM | FY22 | FY23 | FY24 | FY25 | FY26 | | | | | | |
| | Actual | Estimate | Estimate | Estimate | Estimate | | | | | | |
| Net Cash from operations | -2.44 | -10.30 | -12.00 | -12.00 | -12.00 | | | | | | |
| Net interest | 0.34 | 1.29 | 0.45 | -3.19 | -15.63 | | | | | | |
| Tax & Other | -1.65 | -0.09 | 0.00 | 0.00 | 0.00 | | | | | | |
| Net cashflow from operating activities | -3.74 | -9.10 | -11.55 | -15.19 | -27.63 | | | | | | |
| Total PPE and development expenditure | -0.71 | -1.21 | 0.00 | 0.00 | -357.14 | | | | | | |
| Exploration expenditure | -7.55 | -20.55 | -13.71 | -13.71 | -13.71 | | | | | | |
| Sale/(purchase) of investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | | |
| Other | -0.35 | 9.64 | 0.00 | 0.00 | 0.00 | | | | | | |
| Net cashflow from investing activities | -8.61 | -12.12 | -13.71 | -13.71 | -370.86 | | | | | | |
| Net proceeds from share issues | 25.06 | 0.02 | 0.00 | 0.00 | 0.00 | | | | | | |
| Drawdown/(repayment) of debt | -0.19 | -0.28 | -0.24 | 49.76 | 431.90 | | | | | | |
| Dividends paid | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | | |
| Net cashflow from financing activities | 24.87 | -0.27 | -0.24 | 49.76 | 431.90 | | | | | | |
| Net increase/(decrease) in cash | 12.52 | -21.49 | -25.51 | 20.86 | 33.42 | | | | | | |
| Balance Sheet | | | | | | | | | | | |
| ASM | FY22 | FY23 | FY24 | FY25 | FY26 | | | | | | |
| | Actual | Estimate | Estimate | Estimate | Estimate | | | | | | |
| Cash | 64.92 | 43.61 | 18.10 | 38.96 | 72.38 | | | | | | |
| Accounts Receivable | 0.61 | 1.51 | 1.51 | 1.51 | 1.51 | | | | | | |
| Inventory | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | | |
| Other Current Assets | 0.73 | 0.88 | 0.88 | 0.88 | 0.88 | | | | | | |
| Total Current Assets | 66.26 | 46.00 | 20.49 | 41.35 | 74.77 | | | | | | |
| Property, plant & equipment | 1.12 | 2.53 | 2.03 | 1.53 | 358.17 | | | | | | |
| Mine Dev. & Exploration | 49.73 | 340.59 | 354.31 | 368.02 | 381.74 | | | | | | |
| Other Non-current assets | 3.80 | 3.78 | 3.78 | 3.78 | 3.78 | | | | | | |
| Total Non-Current Assets | 54.65 | 346.90 | 360.11 | 373.33 | 743.68 | | | | | | |
| Total assets | 120.92 | 392.90 | 380.60 | 414.67 | 818.45 | | | | | | |
| Accounts Payable | 1.70 | 9.62 | 9.62 | 9.62 | 9.62 | | | | | | |
| Short-term debt | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | | |
| Other Current liabilities | 0.36 | 0.53 | 0.53 | 0.53 | 0.53 | | | | | | |
| Total Current Liabilities | 2.05 | 10.15 | 10.15 | 10.15 | 10.15 | | | | | | |
| Long-term debt | 0.00 | 0.00 | 0.00 | 50.00 | 482.14 | | | | | | |
| Other long-term liabilities | 3.69 | 6.11 | 5.87 | 5.63 | 5.39 | | | | | | |
| Total Long-term liabilities | 3.69 | 6.11 | 5.87 | 55.63 | 487.53 | | | | | | |
| Total Liabilities | 5.74 | 16.26 | 16.02 | 65.78 | 497.68 | | | | | | |
| Total Equity | 115.18 | 376.64 | 364.59 | 348.90 | 320.77 | | | | | | |
| Net debt (cash) | -64.92 | -43.61 | -18.10 | 11.04 | 409.77 | | | | | | |
| Board & Management Equity Ownership | | | | | | | | | | | |
| Position | Name | Shares Held | Options/Perf Rights | | | | | | | | |
| | | | Vested | Unvested | | | | | | | |
| Chairman | Chris Salisbury | | | 133,333 | | | | | | | |
| Non-Executive Director | Mervyn Green | 2,778,337 | 150,064 | 26,455 | | | | | | | |
| Non-Executive Director | Greg Meyerowitz | 50,000 | | | | | | | | | |
| Non-Executive Director | Victoria Jackson | | | | | | | | | | |
| Managing Director and CEO | John Borshoff | 13,671,900 | 1,890,076 | 1,374,863 | | | | | | | |
| Executive Director | Gillian Swaby | 8,591,506 | 1,461,608 | 753,347 | | | | | | | |
| Assumptions | | | | | | | | | | | |
| Jefferies Estimates | FY22 | FY23 | FY24 | FY25 | FY26 | | | | | | |
| | Actual | Estimate | Estimate | Estimate | Estimate | | | | | | |
| AUDUSD | 0.72 | 0.68 | 0.70 | 0.70 | 0.70 | | | | | | |
| Uranium - US\$/lb | 41.81 | 51.25 | 60.00 | 68.75 | 72.50 | | | | | | |
| Spot | | | | | | | | | | | |
| | FY22 | FY23 | FY24 | FY25 | FY26 | | | | | | |
| AUDUSD | 0.72 | 0.67 | 0.67 | 0.67 | 0.67 | | | | | | |
| Uranium - US\$/lb | 41.81 | 50.38 | 50.75 | 50.75 | 50.75 | | | | | | |

Source: Company Data, Jefferies Estimates

Valuation

We have estimated a value for Deep Yellow based on the NPV estimate for Mulga Rock and Tumas. We model AISC at Tumas 15% above the DFS, and capital costs 19% higher. At Mulga Rock we model 15% higher AISC and 35% higher capex (noting the Mulga Rock capex is a 2020 estimate). We then apply a 30% discount to these NPVs for incorporating into our valuation. We incorporate a value for Angularli based on US\$3/lb of Resource. We ascribe no value to the balance of the Resource (primarily the 125mlbs at Omahola). Our price target is set in line with our Group NPV. Given the longer-dated timeframe for earnings delivery, we have not adopted P/CF and EV/EBITDA multiples as part of our valuation as we do for our producer coverage universe.

Figure 5 - Valuation and Price Target

| Price Target | | | | |
|-----------------------|-----------|------------|------------|---------------|
| | Weighting | A\$m | A\$m | A\$/share |
| NPV | 100% | 554 | 827 | 0.74 |
| Price Target | | 554 | 827 | 0.75 |
| Capital upside | | | | 0.46 |
| Dividend | CPS | | | 0.00 |
| Dividend yield | % | | | 0.00% |
| TSR | % | | | 45.63% |
| Recommendation | | | | BUY |

Figure 6 - NPV Sensitivities to Uranium Price

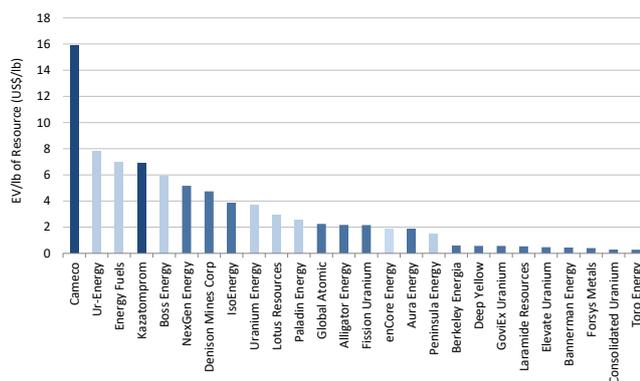
| NPV | Tumas | Mulga Rock | Group |
|-----------|--------|------------|--------|
| Base case | 0.25 | 0.38 | 0.74 |
| Spot | (0.15) | 0.13 | 0.10 |
| Spot +20% | 0.13 | 0.35 | 0.60 |
| Spot -20% | (0.45) | (0.09) | (0.43) |

Source: Jefferies Estimates

| Deep Yellow NPV | | |
|-------------------------------|--------------|-------------|
| Projects | A\$m | A\$ps |
| Tumas Uranium Project | 185 | 0.25 |
| Mulga Rock Project | 284 | 0.38 |
| Angularli Project | 111 | 0.15 |
| Corporate costs | (70) | -0.09 |
| Net Cash / (Debt) | 44 | 0.06 |
| Total equity valuation | 554.2 | 0.74 |

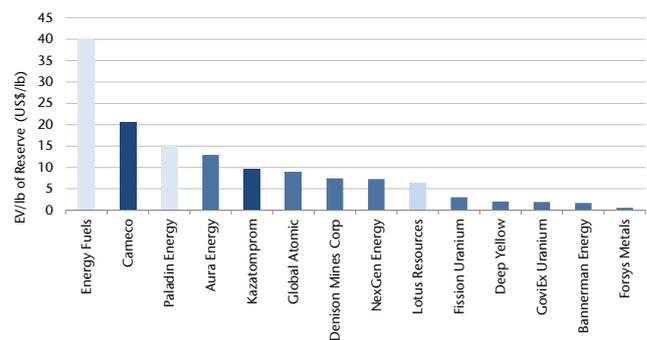
Source: Company Data, Jefferies Estimates

Figure 7 - EV / lb Reserve (US\$/lb)



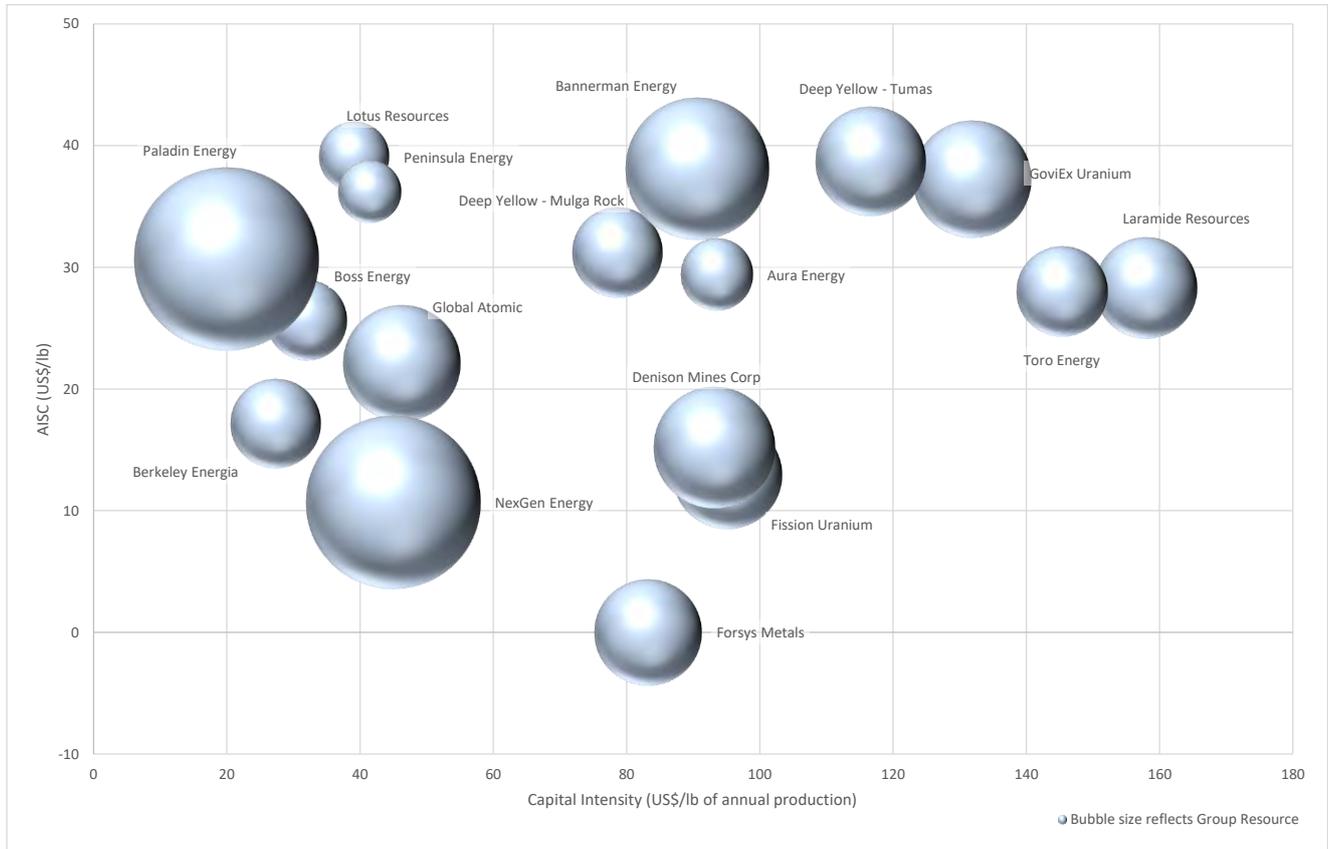
Source: Company Data, Jefferies Estimates

Figure 8 - EV / lb Reserve (US\$/lb)



Source: Company Data, Jefferies Estimates

Figure 9 - Global Project Comparison - AISC, Capital Intensity, Resource



Source: Company Data, Jefferies

Figure 10 - Uranium Project Comparisons

| Company | Share Price | Market Capitalisation | Enterprise value | Attributable Resources | EV/Resource multiple | Attributable Reserves | EV/Reserve multiple | Key Assets | Stage of development | Country | Project type | Capital | Production | Capital | C1 Operating | AISC | Grade | | |
|------------------------------------|-------------|-----------------------|------------------|------------------------|----------------------|-----------------------|---------------------|--------------|-----------------------------------|--------------------|--------------------|-------------------|------------|-----------|--------------|---------|-------|------------------|-----|
| | | | | | | | | | | | | Costs | Target | Intensity | costs | US\$/lb | ppm | | |
| | | US\$m | US\$m | Mlbs | US\$/lb | | US\$/lb | | | | | US\$m | Mlbs pa | US\$/lb | US\$/lb | US\$/lb | | | |
| Paladin Energy | 0.55 | AUD | 1,101 | 959 | 375 | 2.56 | 63 | 15.26 | Langer Heinrich | Restart (DPS 2021) | Namibia | Open pit | 118 | 6.0 | 19.7 | 27.4 | 30.7 | 440 | |
| Boss Energy | 2.11 | AUD | 500 | 422 | 72 | 5.89 | | | Honeymoon | Restart (DPS 2021) | Australia (SA) | ISR | 78 | 2.5 | 32.0 | 18.5 | 25.6 | 667 | |
| Deep Yellow | 0.51 | AUD | 259 | 224 | 389 | 0.57 | 110 | 2.04 | Tumas | DPS (2023) | Namibia | Open pit | 420 | 3.6 | 116.7 | 34.7 | 38.7 | 340 | |
| | | | | | | | | | Mulga Rock | DPS (2020) | Australia (WA) | Open pit | 275 | 3.5 | 78.6 | 26.0 | 31.2 | 768 | |
| Producers | | | | | | | | | | | | | | | | | | | |
| Camenco | 33.45 | CAD | 10,592 | 9,650 | 606 | 15.93 | 469 | 20.58 | Cigar Lake, McArthur River, Inkai | Production | Canada, Kazakhstan | UG, ISR | | | | 8-18 | 32.0 | 400-170,000 | |
| Kazatomprom | 28.90 | USD | 7,495 | 7,505 | 1093 | 6.87 | 773 | 9.71 | | Production | Kazakhstan | ISR | | | | 8-10 | 12.0 | 625 | |
| Restart projects | | | | | | | | | | | | | | | | | | | |
| Energy Fuels | 6.97 | CAD | 805 | 735 | 105 | 7.01 | 18 | 40.03 | White Mesa, Nichols Ranch | Producer/Restart | USA | ISR, Open Pit, UG | | | | 2.0 | | | |
| enCore Energy | 2.65 | CAD | 212 | 195 | 105 | 1.87 | | | Rosita, Alta Mesa | Restart | USA | ISR | | | | 3-5 | | | |
| Lotus Resources | 0.16 | AUD | 144 | 127 | 43 | 2.93 | 20 | 6.50 | Kayelekera | Restart (DPS 2022) | Malawi | Open pit | 100 | 2.4 | 41.5 | 29.1 | 36.2 | 660 | |
| Peninsula Energy | 0.13 | AUD | 106 | 79 | 54 | 1.48 | | | Lance | Restart (DPS 2022) | USA | ISR | 78 | 2.0 | 39.2 | 16.3 | 39.1 | 480 | |
| Uranium Energy | 2.72 | USD | 1,021 | 988 | 266 | 3.72 | | | Multiple | Restart | USA, Canada | ISR/UG | | | | 8.5 | | | |
| UR-Energy | 1.21 | CAD | 235 | 213 | 27 | 7.79 | | | Lost Creek | Restart | USA | ISR | | | | 1.0 | 16.3 | 28.4 | 450 |
| Average | | | | | | 4.13 | | 23.27 | | | | | | | | | | | |
| Median | | | | | | 3.32 | | | | | | | | | | | | | |
| Developers | | | | | | | | | | | | | | | | | | | |
| Aura Energy | 0.29 | AUD | 109 | 105 | 57 | 1.84 | 8 | 12.94 | Tris | DPS (2019) | Mauretania | Open pit | 75 | 0.8 | 93.5 | 25.43 | 29.41 | 336 | |
| Bannerman Energy | 1.31 | AUD | 132 | 100 | 225 | 0.44 | 60 | 1.67 | Etango | DPS (2022) | Namibia | Open pit | 317 | 3.5 | 90.6 | 35.0 | 38.1 | 240 | |
| Berkeley Energia | 0.36 | AUD | 108 | 54 | 89 | 0.61 | | | Salamanca | DPS (2016) | Spain | Open pit | 96 | 3.5 | 27.3 | 15.39 | 17.15 | 514 | |
| Denison Mines Corp | 1.36 | CAD | 819 | 776 | 164 | 4.74 | 104 | 7.46 | Phoenix (WR) / Gryphon | PFS (2018) | Canada | ISR/UG | 728 | 7.8 | 93.2 | 7.1 | 15.2 | 191,400 / 17,000 | |
| Fission Uranium | 0.62 | CAD | 312 | 282 | 130 | 2.16 | 94 | 3.01 | Triple R | DPS (2023) | Canada | UG | 866 | 9.1 | 95.2 | 9.8 | 12.9 | 14,100 | |
| Forsys Metals | 0.45 | CAD | 64 | 51 | 126 | 0.41 | 91 | 0.56 | Niraxa | DPS (2015) | Namibia | Open pit | 432 | 5.2 | 83.3 | 34.72 | | 200 | |
| Global Atomic | 2.65 | CAD | 350 | 341 | 151 | 2.25 | 38 | 9.03 | Dusa | DPS (2023) | Niger | UG | 308 | 4.5 | 46.2 | 19.0 | 32.1 | 5267 | |
| GoviEx Uranium | 0.17 | CAD | 80 | 88 | 153 | 0.57 | 46 | 1.92 | Madzuala | DPS (2022) | Niger | Open pit / UG | 343 | 2.6 | 131.9 | 31.8 | 37.2 | 900 | |
| NexGen Energy | 4.98 | CAD | 1,759 | 1,744 | 337 | 5.17 | 240 | 7.28 | Arrow - Rock 1 | DPS (2021) | Canada | UG | 975 | 21.7 | 44.9 | 5.7 | 10.7 | 23700 | |
| Average | | | | | | 2.02 | | 5.48 | | | | | | | | | | | |
| Median | | | | | | 1.84 | | 5.14 | | | | | | | | | | | |
| Exploration (with Resource) | | | | | | | | | | | | | | | | | | | |
| Alligator Energy | 0.03 | AUD | 69 | 53 | 25 | 2.17 | | | Samphire, Alligator Rivers | Exploration | Australia (SA, NT) | ISR | | | | | | | |
| Consolidated Uranium | 99 | CAD | 84 | 69 | 238 | 0.29 | | | Cole Hill | Exploration | US, Can, Aus | Open pit | | | | | | | |
| IscoEnergy | 2.53 | CAD | 198 | 199 | 51 | 3.89 | | | Larocque East | Exploration | Canada | UG | | | | | | | |
| Elevate Uranium | 0.34 | AUD | 62 | 54 | 115 | 0.47 | | | Multiple | Exploration | Namibia, Australia | Open pit | | | | | | | |
| Laramide Resources | 0.42 | CAD | 63 | 62 | 116 | 0.53 | | | Westmoreland | PEA / Scoping | US / Australia | ISR / Open pit | 316 | 2.0 | 158.0 | 23.3 | 28.3 | 900 | |
| Toro Energy | 0.01 | AUD | 29 | 25 | 91 | 0.28 | | | Wiluna | Scoping (2022) | Australia (WA) | Conventional | 189 | 1.3 | 145.4 | 23.1 | 28.02 | 371 | |
| Average | | | | | | 0.60 | | | | | | | | | | | | | |
| Median | | | | | | 0.53 | | | | | | | | | | | | | |

Source: Company Data, Jefferies Estimates, FactSet

Figure 11 - Deep Yellow Mineral Resource Estimate

| Deposit | Tonnes (M) | Measured (Mlbs U3O8) | Indicated (Mlbs U3O8) | Inferred (Mlbs U3O8) | Average Grade (ppm) | Total Resource (Mlbs U3O8) | Attributable Resource (Mlbs U3O8) |
|--------------------------------------|--------------|----------------------|-----------------------|----------------------|---------------------|----------------------------|-----------------------------------|
| INCA Deposit (100%) | 36.6 | - | 12.3 | 9.7 | 273 | 22.0 | 22 |
| Ongolo Deposit (100%) | 227.1 | 19.7 | 31.7 | 36.3 | 175 | 87.7 | 87.7 |
| M57 Deposit (100%) | 34.5 | 9.1 | 2.9 | 3.7 | 205 | 15.6 | 15.6 |
| Omahola Project Sub-total | 298.2 | 28.8 | 46.9 | 49.7 | 191 | 125.3 | 125.3 |
| Tumas 3 Deposits (100%) | 88.3 | - | 54.9 | 5 | 308 | 59.9 | 59.9 |
| Tumas 1 and 2 Deposit (100%) | 108.1 | - | 24.2 | 29.8 | 227 | 54.0 | 54 |
| Sub-total of Tumas 1, 2 and 3 | 196.4 | | 79.1 | 34.8 | 263 | 113.9 | 113.9 |
| Tubas Sand Deposit (100%) | 34 | - | 4.1 | 8.6 | 169 | 12.7 | 12.7 |
| Tubas Calcrete Deposit (100%) | 7.4 | - | - | 6.1 | 374 | 6.1 | 6.1 |
| Total Tumas Project | 237.8 | | 83.2 | 49.5 | 253 | 132.7 | 132.7 |
| Aussinanis Project Total | 34.6 | - | 2.7 | 15.3 | 236 | 18.0 | 15.3 |
| Total Resource - Namibia | 570.6 | 28.8 | 132.8 | 114.5 | 219 | 276.0 | 273.3 |
| Princess (100%) | 3.3 | - | 3.6 | 1.2 | 660 | 4.8 | 4.8 |
| Ambassador (100%) | 34.2 | 12.6 | 26 | 13.1 | 686 | 51.7 | 51.7 |
| Mulga Rock East Sub-total | 37.4 | 12.6 | 29.6 | 14.3 | 684 | 56.4 | 56.4 |
| Emperor (100%) | 30.8 | - | - | 29.8 | 439 | 29.8 | 29.8 |
| Shoqun (100%) | 3.1 | - | 3.2 | 0.6 | 556 | 3.8 | 3.8 |
| Mulga Rock West Sub-total | 33.8 | | 3.2 | 30.4 | 451 | 33.6 | 33.6 |
| Mulga Rock Total | 71.2 | 12.6 | 32.8 | 44.7 | 574 | 90.1 | 90.1 |
| Alligator River Total | 0.9 | - | - | 25.9 | 13053 | 25.9 | 25.9 |
| Total Resource - Australia | 72.1 | 12.6 | 32.8 | 70.6 | 730 | 116.0 | 116 |
| Total Uranium Resource | 642.7 | 41.4 | 165.6 | 185.1 | 277 | 392.0 | 389.3 |

Source: Company Data, Jefferies Estimates

Figure 12 - Deep Yellow Mineral Reserves

| Deposit | Tonnes (M) | Proven (Mlbs U3O8) | Probable (Mlbs U3O8) | Average Grade (ppm) | Total Reserve (Mlbs U3O8) | Attributable Reserve (Mlbs U3O8) |
|--------------------------------------|--------------|--------------------|----------------------|---------------------|---------------------------|----------------------------------|
| Tumas 1 and 2 (100%) | 14.5 | - | 8.9 | 278.4 | 8.9 | 8.9 |
| Tumas 1 East (100%) | 29.5 | - | 17.4 | 267.5 | 17.4 | 17.4 |
| Tumas 3 (100%) | 46.3 | - | 42.1 | 412.4 | 42.1 | 42.1 |
| Sub-total of Tumas 1, 2 and 3 | 89.9 | | 68.4 | 345.1 | 68.4 | 68.4 |
| Total Reserves - Tumas | 89.9 | | 68.4 | 345.1 | 68.4 | 68.4 |
| Princess (100%) | 1.7 | - | 3.3 | 880.5 | 3.3 | 3.3 |
| Ambassador (100%) | 19.4 | 12.3 | 24 | 848.7 | 36.3 | 36.3 |
| Mulga Rock East Sub-total | 21.1 | 12.3 | 27.3 | 851.3 | 39.6 | 39.6 |
| Shoqun | 1.6 | - | 2.7 | 765.4 | 2.7 | 2.7 |
| Mulga Rock West Sub-total | 1.6 | - | 2.7 | 765.4 | 2.7 | 2.7 |
| Total Reserves - Mulga Rock | 22.7 | 12.3 | 30 | 845.2 | 42.3 | 42.3 |
| Total Reserves | 112.6 | 12.3 | 98.4 | 445.9 | 110.7 | 110.7 |

Source: Company Data, Jefferies Estimates

Key Asset Summary

Tumas Uranium Project

The Tumas Uranium Project (TUP, Tumas), is located in Namibia, 80km east of the export port at Walvis Bay and south east of the coastal town of Swakopmund. It lies 30km west of Paladin Energy's Langer Heinrich operation.

The project hosts a substantial Resource of 237.8Mt at 253 ppm for 133mlbs of uranium estimated at a 100ppm cut-off grade (this is an unconstrained global Resource); the Reserve stands at 90Mt at 345ppm for 68mlbs (150ppm cut-off). The large-scale Reserve underpins a 22-year mine life. With a further 35mlbs in inferred resource not captured in the mine plan, the prospects for life extension look positive. LOM production is targeting 64mlbs delivering annual average production of 2.8mlbs at an AISC of US\$38.72/lb, net of a US\$2.54/lb vanadium by-product credit. DYL reports maximum production of 3.6mlbs per annum; this is sustained through years 3 to 12, after which grade declines see annual production reduce down to approximately 1.5mlbs in the final full year of the project.

The geology and mineralogy at Tumas is very similar to Paladin's Langer Heinrich, which has been successfully mined and processed for 11 years. The DYL team has extensive experience at Langer Heinrich resulting in the implementation of learnings at Tumas, with the key difference being the processing route chosen.

Pre-production capital costs were estimated in the Feb 2023 DFS at US\$372m plus a pre-strip of \$48m. A further \$17m is required in the first year of production for total project capital costs of US\$436m. A contingency of 5% is included in the estimates; we note that much of the costing in the DFS is based on tenders rather than factoring, hopefully reducing the risk of cost overruns.

Infrastructure required for the project includes a 13.5km access road, a 45km HV power line connecting to the Namibian grid along with a 45 hectare 20MW solar farm (installed and operated by a third party and an IPP agreement), and a 2.4GI/y 65km water pipeline. Given proximity to Swakopmund and Walvis Bay, no airstrip or permanent camp is required.

Figure 13 - Tumas Project DFS Summary

| Tumas Uranium Project Summary (Feb 2023 DFS) | | |
|--|---------|-------|
| Resource | Mlbs | 114 |
| Reserve | Mlbs | 67.4 |
| Total Pre-Production Capital | US\$m | 420 |
| Mine Life | Years | 22.25 |
| LOM Production | Mlbs | 64 |
| Mill Capacity | Mt pa | 4.15 |
| Average Feed Grade | ppm | 340 |
| Recovery | % | 94% |
| Average Production | Mlbs pa | 2.80 |
| Strip Ratio | tt | 3.7 |
| C1 | US\$/lb | 34.6 |
| AISC | US\$/lb | 38.7 |

Source: Company Data

Figure 14 - Tumas Capital Costs

| Capital Costs | US\$m |
|--|------------|
| Pre-Production mining/processing costs | 51 |
| Mining | 13 |
| Process plant | 224 |
| On site infrastructure | 20 |
| Offsite infrastructure | 26 |
| Construction indirects | 44 |
| Project delivery | 40 |
| Owner's costs | 1 |
| Provisions | 18 |
| Grand Total | 436 |

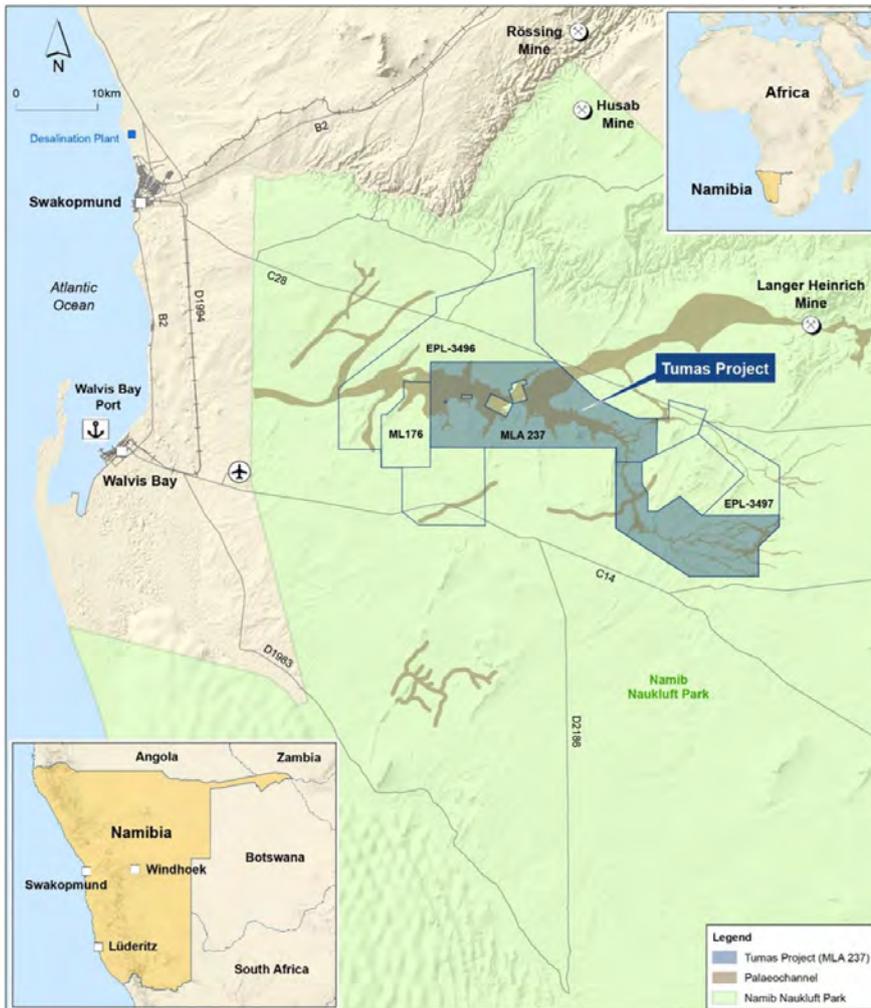
Source: Company Data

Figure 15 - Tumas Operating Costs

| LOM operating costs | US\$/lb |
|------------------------|--------------|
| Vanadium Credits | -2.54 |
| Transport and shipping | 0.63 |
| Mining Costs | 14.9 |
| Processing Costs | 19.26 |
| Admin & Other | 2.43 |
| C1 Costs | 34.68 |
| Royalties/Duties | 2.19 |
| Sustaining capital | 1.85 |
| AISC | 38.72 |

Source: Company Data

Figure 16 - Tumas Project Location

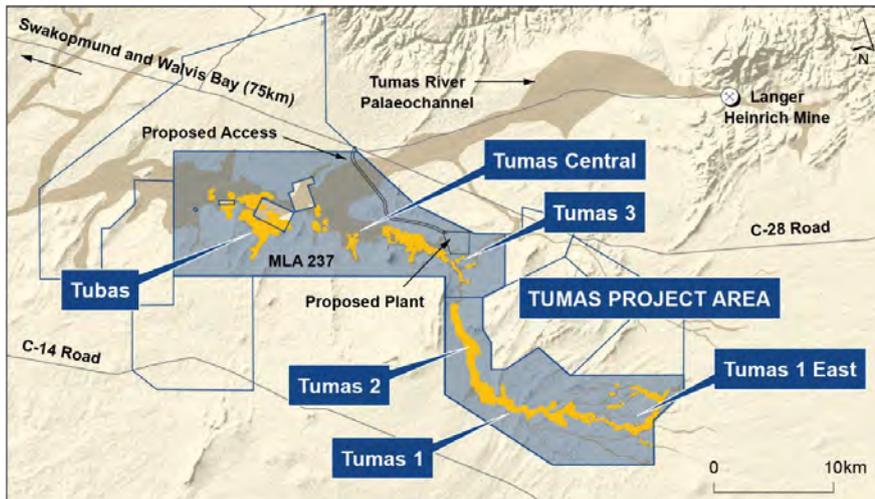


Source: Deep Yellow Ltd

Mining

The Tumas Resource is comprised of 6 separate deposits, with four of them incorporated in the DFS (Tumas 1 East, Tumas 1, Tumas 2, and Tumas 3) with the uranium/vanadium bearing carnotite mineralization hosted in paleochannel calcrete deposits. The deposits are shallow, ranging from surface down to 60m, with an average thickness of 15m. Mining will be standard truck and shovel, with annual ore production of 4.15Mt pa and a LOM strip ratio of approximately 3.7.

Figure 17 - Tumas Project Tenement Area



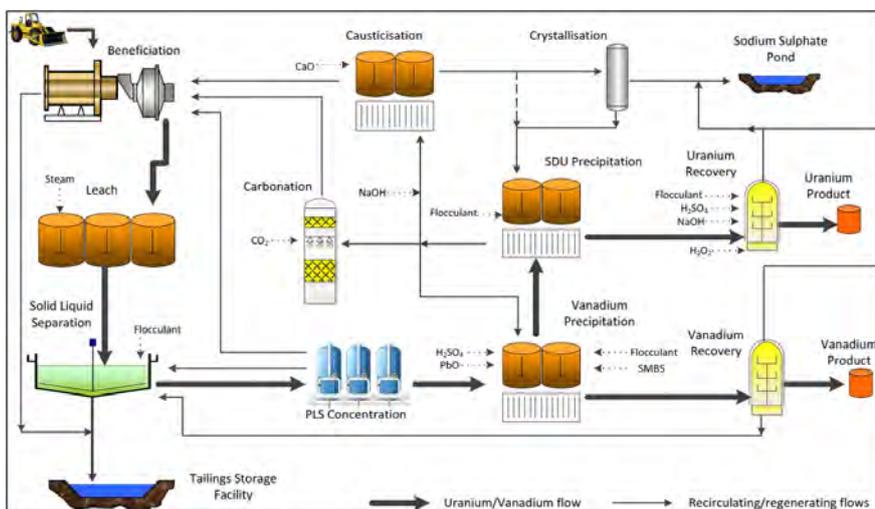
Source: Deep Yellow Ltd

Processing

Given the similarities with Langer Heinrich, the processing of Tumas has been largely based on the Langer Heinrich flow sheet. Overall recoveries are estimated at 93.9%. Processing involves an initial beneficiation stage incorporating milling and sizing, rejecting 55% of the material as oversize and retaining 95% of the uranium, followed by alkaline leaching at 90 degrees C, the pregnant leach solution has solids removed through a counter current decantation circuit. The concentrated solution then passes through an ultra-filtration circuit to remove fine solids and then through a proprietary nano-filtration stage to separate the multi-valent ions (including uranium and vanadium) to further concentrate the PLS. The nano-filtration process differs to the IX process used at Langer Heinrich with the selection driven by learnings from the Langer Heinrich experience of DYL senior management. DYL state that the process results in a more benign tailings stream with lower levels of radioactive components.

The concentrated PLS then has the vanadium precipitated out through addition of lead carbonate, with the vanadium then leached out. Further refining of the vanadium has not been tested, with design at concept level within the DFS. With the vanadium extracted, the uranium is then precipitated, dried to form the final U₃O₈ product and packed for shipment.

Figure 18 - Tumas Project - Process Flow Sheet



Source: Deep Yellow Ltd

Next steps - Advancing to FID

DYL will continue to optimize the feasibility work, with potential areas to be investigated, including enhancing the beneficiation process, reagent consumption in the CCD, assessing alternative membranes in the nano-filtration process to enhance recoveries, and improving water recovery from the TSF to reduce purchases. FEED is due for completion by the end of 2023.

Resource upgrade drilling is ongoing at Tumas 3, this is due to be complete by mid-2023, with an updated Resource due in Q3 2023. This is targeting upgrades to the inferred Resource as well as extensions of higher grade zones. This could ultimately supplement the DFS mine plan, deferring the grade drop-off from year 12.

DYL expects the environmental approvals and Mining License to be granted during 2023, offtake and funding negotiations will also be ongoing. Once these are secured and the FEED is finalised, we would look for FID in H1 2024 leading to construction commencing. It would be a positive outcome if DYL can secure offtake agreements during 2023.

Approvals

In July 2021, the Tumas Project mining licence application (MLA) was submitted to the Ministry of Mines and Energy for approval. The environmental impact assessment (EIA) is expected to be submitted shortly. Once the EIA, and environmental management plan is submitted, the Ministry of Environment Forestry and Tourism will be in a position to grant an environmental clearance certificate. This will then be lodged with the Ministry of Mines and Energy alongside the DFS, following which the MLA can be approved. The granting of the environmental approval and mining license is anticipated in a matter of months post submission of the EIA and DFS (noting the MLA went in July 2021) so could be in place by mid 2023.

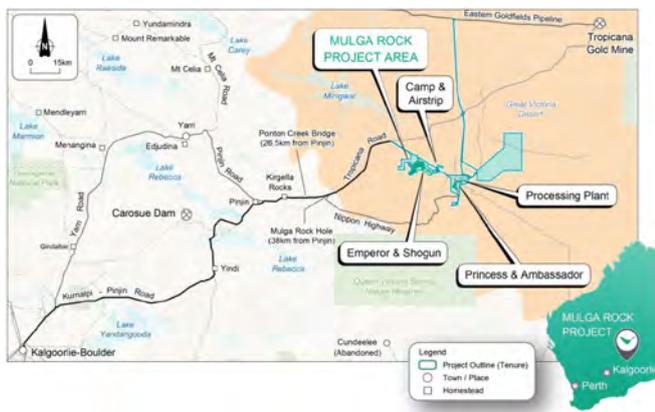
Mulga Rock Uranium Project

The Mulga Rock Uranium Project is located 290km east-northeast of Kalgoorlie in Western Australia. It hosts a significant Resource of 71.2Mt at 570ppm for 90mlbs of uranium, and a Reserve of 22.7Mt at 845ppm for 42.3mlbs. The project is comprised of four separate deposits, Ambassador and Princess in Mulga Rock East, and Shogun and Emperor in Mulga Rock West. The deposits are flat lying, shallow, and large-scale, ranging in length from 1km to 8km. A DFS was completed in 2018 and refreshed in 2020. The project is now reviewing the opportunity to incorporate a broader materials suite, given the polymetallic mineralisation present. The project sits on two granted Mining Leases (expiry Oct 2037), with all state and federal mining and environmental approvals to mine uranium; native title agreements and uranium export permitting is still required.

| Mulga Rock Project Summary (Aug 2020 DFS Update) | | |
|--|---------|-------|
| Resource | Mlbs | 90.1 |
| Reserve | Mlbs | 42.3 |
| Total Pre-Production Capital | A\$m | 393 |
| Mine Life | Years | 15 |
| LOM Production | Mlbs | 47.1 |
| Average annual ore throughput | Mt pa | 2.5 |
| Average Feed Grade | ppm | 768 |
| Recovery | % | 87% |
| Average Production | Mlbs pa | 3.50 |
| Strip Ratio | tt | -20:1 |
| C1 | US\$/lb | 26.0 |
| AISC | US\$/lb | 31.2 |

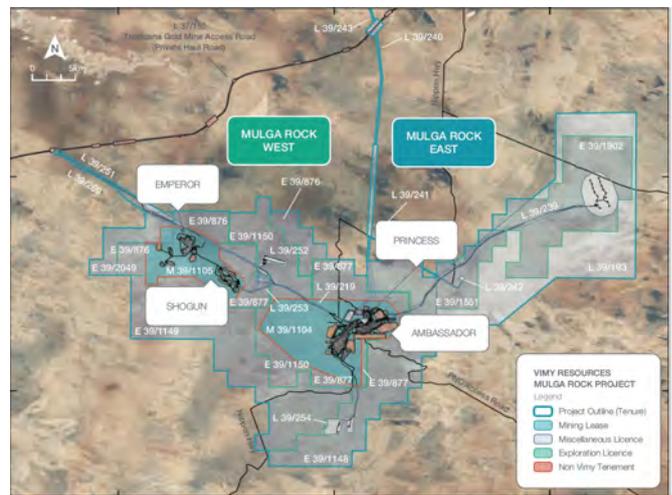
Source: Company Data, Jefferies Estimates

Figure 20 - Mulga Rock Project Location



Source: Deep Yellow Ltd

Figure 21 - Mulga Rock Tenement Area



Source: Deep Yellow Ltd

The August 2020 DFS refresh for Mulga Rock outlines a 3.4mlbs pa project with a 15-year mine life, for A\$393m capital costs at an AISC of around US\$31/lb. This was at a reduced capital cost and AISC relative to the original January 2018 DFS, which reported capex of A\$493m and an AISC of US\$34/lb, (with \$60m of the capex saving coming from the adoption of second hand fleet). We would note the high likelihood for capital and operating cost inflation that could be expected post the August 2020 refresh, the diesel price rise alone is likely to add US\$1-2/lb to operating costs. Reserves underpin 85% of the planned LOM production. The 2018 DFS estimated a construction time of 88 weeks, with the schedule including a 25-week pre-strip (included in the capital costs).

Infrastructure required for the project includes a 42km access road, an airstrip, a 300-person camp, communications systems, a 10.3MW diesel-fired power plant (planned as a BOO), and water management systems.

Uranium mineralisation is hosted within flat-lying carbonaceous sediments, beneath a 19-62m thick layer of overburden. Ore zones average 4.5m in thickness in the Ambassador and Princess deposits at Mulga Rock East, and 2.3m at Shogun and Emperor at Mulga Rock West. Maximum thickness of the orebody is 38m.

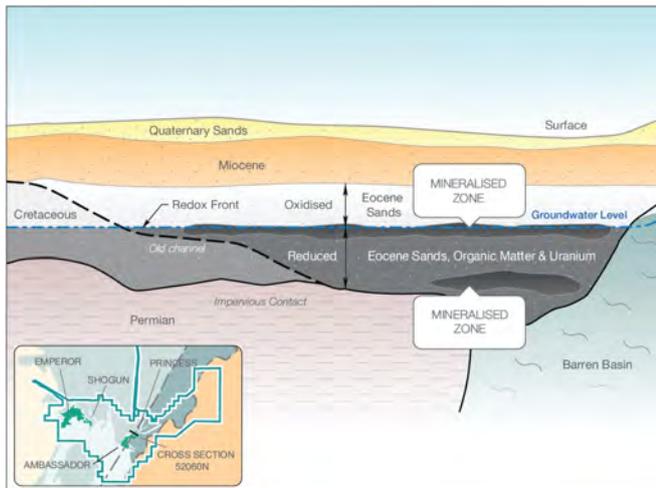
Mining

The project features a relatively high average strip ratio of approximately 20:1 (9.7:1 on a BCM:t basis), with the strip ratio trending up over the LOM as mining moves to the thinner Mulga West orebodies. Despite the high strip ratio, mining costs are contained due to a number of favourable factors. The waste is primarily free dig sands, which means limited drill and blast is required, and it enables the use of large-scale fleet. The strip-mining method to be utilised also means very short waste-haulage distances.

Given the flat-lying nature of the orebody, the deposit will be strip mined via truck and shovel. Under this process the initial overburden is placed on the surface, a 'strip' of ore is mined out, and subsequent waste is backfilled into the mined-out void.

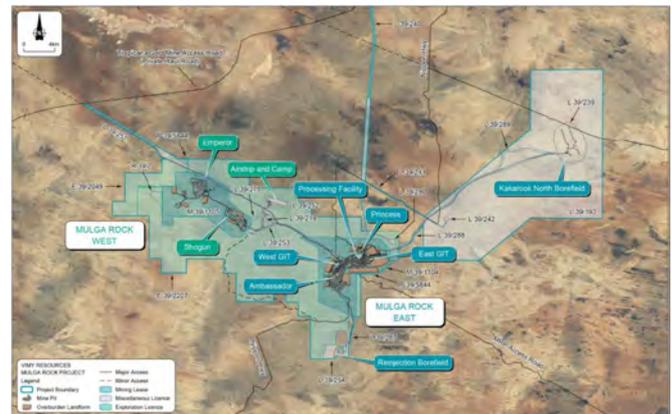
Two test pits were mined in 2016, confirming the free-dig nature of the overburden and providing material for a pilot plant. This plant produced 7.3kgs of uranium oxide samples for three commercial converters (Cameco, Areva, and ConverDyn), who all confirmed the product meet necessary standards.

Figure 22 - Mulga Rock Ambassador Cross Section



Source: Deep Yellow Ltd

Figure 23 - Mulga Rock Project Layout



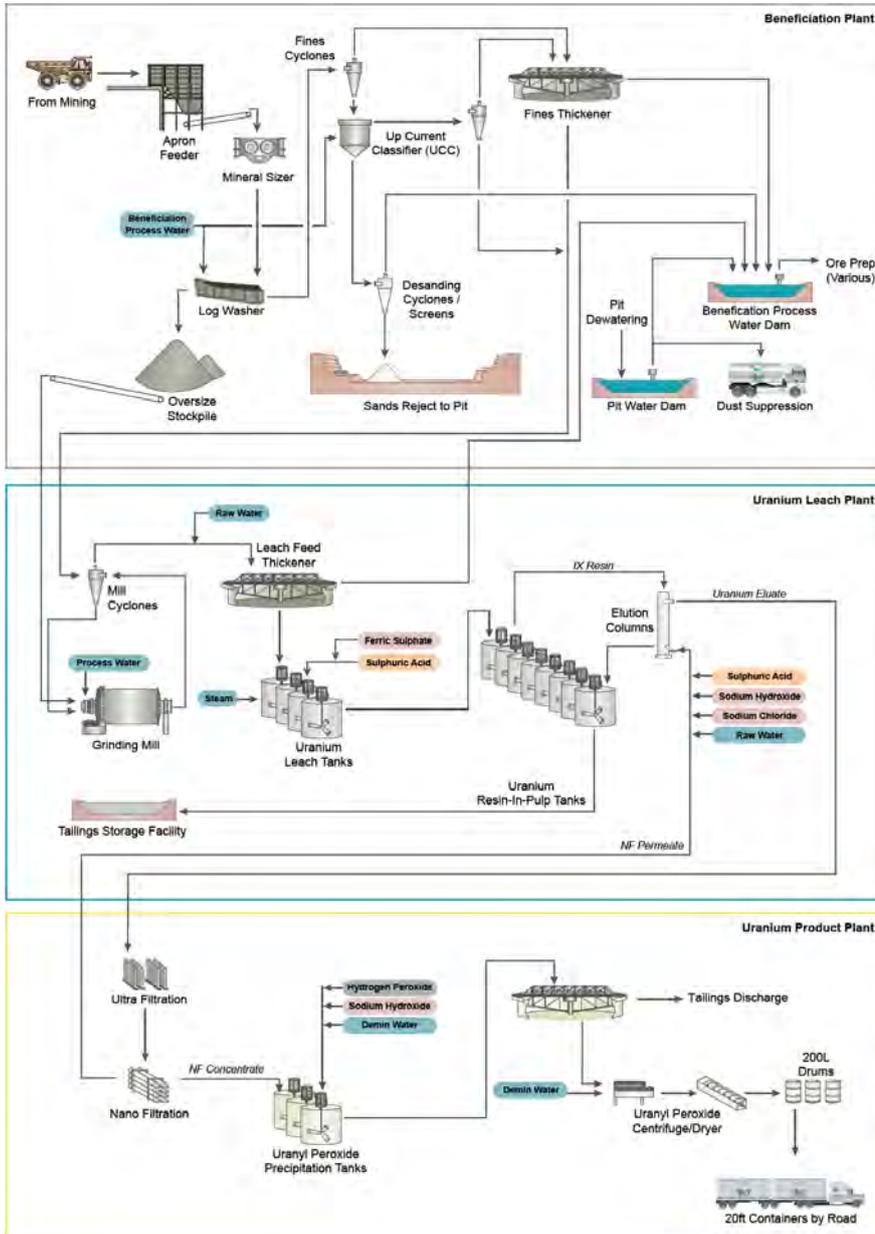
Source: Deep Yellow Ltd

Processing

Processing initially separates the light uranium hosting carbonaceous material from the heavy silica sands through gravity separation, this reduces the mass by approximately 50%, but retains over 96% of the uranium mineralisation. During the initial 32-month start-up phase, high-grade feed (averaging 2,355ppm) will be mined and this will bypass the beneficiation stage and move straight through to milling. The beneficiated feed is then fed into a standard atmospheric acid leach, resin-in-pulp (RIP) uranium extraction process. The preg-robbing nature of carbonaceous ore drives the decision to utilise RIP. This preg-robbing also occurs in the leaching stage, with uranium compounds being adsorbed back onto the carbonaceous host sediments, but this is reversed via the RIP process, with the ion-exchange resin essentially pulling the uranium from the carbonaceous material. Following the RIP stage, the resin is stripped of the uranium compounds, the RIP eluate is then passed through an ultra filtration/nano filtration stage to further remove impurities and concentrate the uranium, before the uranium is precipitated out of this concentrated solution. The precipitate is then dried and packed as the final product, which will be trucked to the Port of Adelaide for export, one of the two ports in Australia permitted to handle uranium. The export volume is estimated at approximately five sea containers per month.

The process has been tested through the pilot plant phase, which processed approximately 28 tonnes of ore and produced 7.3kgs of uranium oxide, with results underpinning the overall LOM recovery estimate of 87.3%

Figure 24 - Mulga Rock Process Flow Sheet



Source: Deep Yellow Ltd

Next steps - Reviewing the DFS to incorporate base metals

Most recently, Deep Yellow has commenced a review of the base metal potential at Mulga Rock. This was contemplated in the early stages of the project, but to simplify the project at the DFS stage it was decided to focus on the uranium. There was a base metal component (copper, zinc, nickel and cobalt) reported in the Resource in 2016, grades were low (sub 1000ppm for each metal), but this was reported based on the base metals contained within the uranium resource. Vimy had also conducted pilot plant work to demonstrate that the base metals could be recovered from the Princess and Ambassador deposits (which provide the first 11 years plant feed under the DFS).

Deep Yellow is now revisiting this approach to pursue the base metals outside the uranium Resource. Rather than constraining the work to assessing the base metals within the current uranium Resource, DYL is taking a broader polymetallic approach to developing the mine plan

(with mined blocks selected on value rather than uranium grade) and potentially adapting the process design to capture the base metals and likely more uranium. This would likely expand the overall project, albeit requiring further engineering work and an updated DFS (likely in 2024). There may be some constraints to consider with this approach to ensure that the project remains within its currently permitted bounds, such as tailings composition and water management, but major mining and environmental approvals will all still apply.

Sixty holes were drilled last year to enable metallurgical testing to feed into the polymetallic review, and results from this are anticipated in the coming months. DYL is underway with an 800-hole infill / grade-control drilling program to assess orebody variability and continuity while also enabling profiling of the base metals.

If successful, the polymetallic work will ultimately result in the development of a project that looks different to that currently conceived, and that which we have incorporated into our valuation. However, we would consider our scenario a base case minimum valuation, with potential upside if the polymetallic results are positive.

Approvals

Mulga Rock is on an ML and has State and Federal environmental and mining approvals. Federal level approvals to store, transport and export uranium will also be required. The product will likely be exported out of South Australia's Port Adelaide, as the nearest port approved for uranium export (Darwin being the alternative). Exports will require approval from the Department of Foreign Affairs and Trade who will only permit sales to nuclear non-proliferation treaty partner countries.

On native title, a new claimant was registered in January 2021 but is yet to be formally determined as a claimant. The ML's pre-date this claim, so implications of the claim are unclear. If necessary a normal compensation agreement would need to be negotiated.

The Project was one of four uranium projects granted State Ministerial approval to mine uranium in Western Australia in 2016, prior to a ban being implemented by a subsequently elected State government. The approval required Vimy to demonstrate "substantial commencement" within five years. This was duly demonstrated through the studies and approvals being advanced over this period. In December 2021 the Western Australian Department of Water and Environment Regulation provided confirmation that substantial commencement had been achieved.

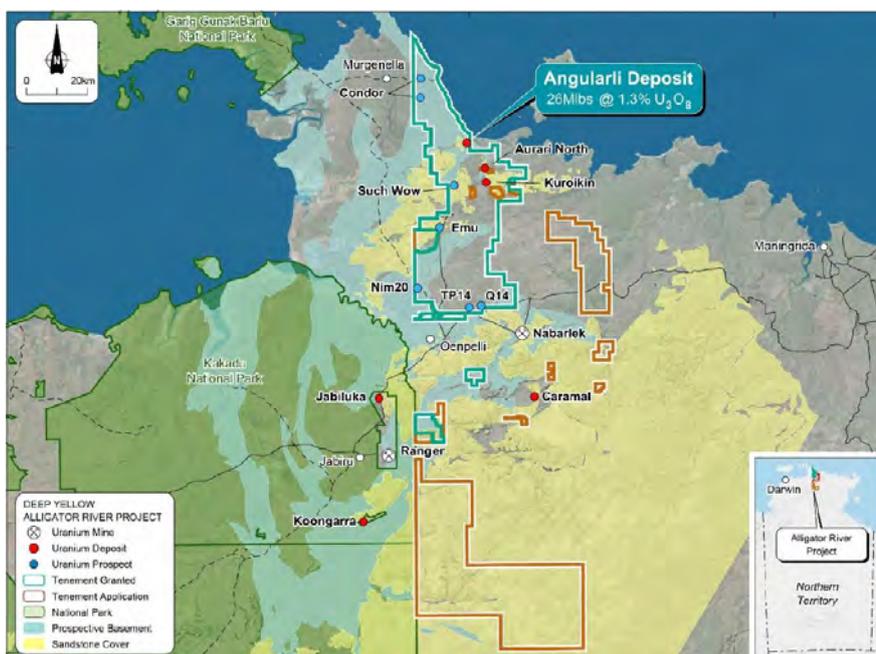
The other three projects, Toro Energy's Wiluna and Cameco's Kintyre and Yeelirrie, have not been able to demonstrate this substantial commencement and so now cannot proceed. In Cameco's case, both projects submitted requests for an extension to the five-year time frame but this was rejected.

Alligator River Project - Angularli

Angularli is a 100%-owned, high-grade, small-scale operation in the Alligator River uranium province in Arnhem Land in the Northern Territory of Australia, 380km east-northeast of Darwin. It lies approximately 100km north-east of the prolific Ranger operation which produced almost 300mlbs over its 40-year life, marking it as the third-largest uranium mine globally by total production. The prospectivity of the region is further illustrated by the Jabiluka and Ranger deposits hosting a mineral endowment of 750mlbs.

The project was acquired in two stages as part of the acquisition of the broader King River – Wellington Range Project that hosts Angularli. Cameco's 79.11% interest was acquired in July 2018 for \$6.5m, followed by the acquisition of Rio Tinto's 20.89% for \$2m in scrip in August 2021.

Figure 25 - Anuglarli Project Location



Source: Deep Yellow Ltd

A maiden Resource was released in March 2018, reporting 0.91Mt at 1.29% (12,900ppm) U3O8 for 25.9mlbs. Vimy released a scoping study based around this inferred resource in December 2018. This drew on the experience at Nabarlek, 65km south of Angularli, which produced 24mlbs of U3O8 from 550kt of ore at 1.84%. The scoping study followed a similar approach to Nabarlek, which mined out its open-pit deposit in one dry season and processed it over the next three years. The Angularli Scoping Study mines out the deposit via underground over three years, with processing carrying on over a further six years. Capital costs were estimated at \$150-200m. This is unlikely to be the approach taken to development by DYL, who are looking to refresh the exploration work, undertake a full regional geological review, and from this ultimately grow the Resource through further drilling programs.

The scoping study work highlighted that processing would be relatively standard with beneficiation, leaching, CCD, either a solvent extraction or direct precipitation uranium extraction (the latter being lower capex, but likely producing a product with more impurities), drying and packaging. Testwork delivered recoveries of 97% under either uranium extraction process. It is likely direct precipitation would no longer be viable, with convertors increasingly requiring a clean U3O8 final product which would require SX in this case. Under the scale of development anticipated in the scoping study, infrastructure required would be relatively minor, including a 200-person camp, a 2.9MW likely diesel-fired power supply, a barging facility at Wanyu Beach

6km away (re-establishing the Narbarlek wet-season supply route), and a connection to the NBN fibre lines 1.5km away for communications.

Subsequent to the scoping study, in September 2020, Vimy released results of an ore sorting trial, which also looked positive. X-ray-based sorting on density resulted in a decrease in mass of 43%, with retention of 97% of the uranium. The work was undertaken on a 41.5kg sample grading 1.2% U3O8.

Next Steps - Grow the Resource and firm up development approach

Most recently, in September 2022 the results of an 18-hole 6339m program were announced, with DYL reporting that the results have identified mineralisation (albeit lower grade) outside the existing Resource. The results from the program will contribute to a Resource update which is due imminently. Further drilling will also now follow up on the expanded number of targets that have now been identified.

If the exploration program at Angularli can successfully increase the Resource, we expect an amended development approach where mining and processing are more traditionally aligned over time. This will help to smooth the cash flows, enhance returns, and shorten the payback. A larger Resource would also help amortise the development cost for the underground given the 200m depth of the deposit. However, even based on the current Resource, we see the potential for a successful relatively small-scale operation to come into production and deliver solid returns in a relatively short time frame compared to the other large scale operations in the DYL pipeline.

Approvals

The acquisition of the assets from Cameco came with established Deeds of Agreement with the traditional landowners, through the Northern Land Council. The deed defines commercial terms for mining activity including royalties payable on exploration spend and any future production. The current agreement expires in 2024 with the parties now in discussions to extend the agreement. The project will also require standard environmental and mining approvals. Unlike other states of Australia, however, there are no specific restrictions in place on uranium mining in the NT. The environmental impact assessment will be made moderately easier given the project's small footprint and underground mining method.

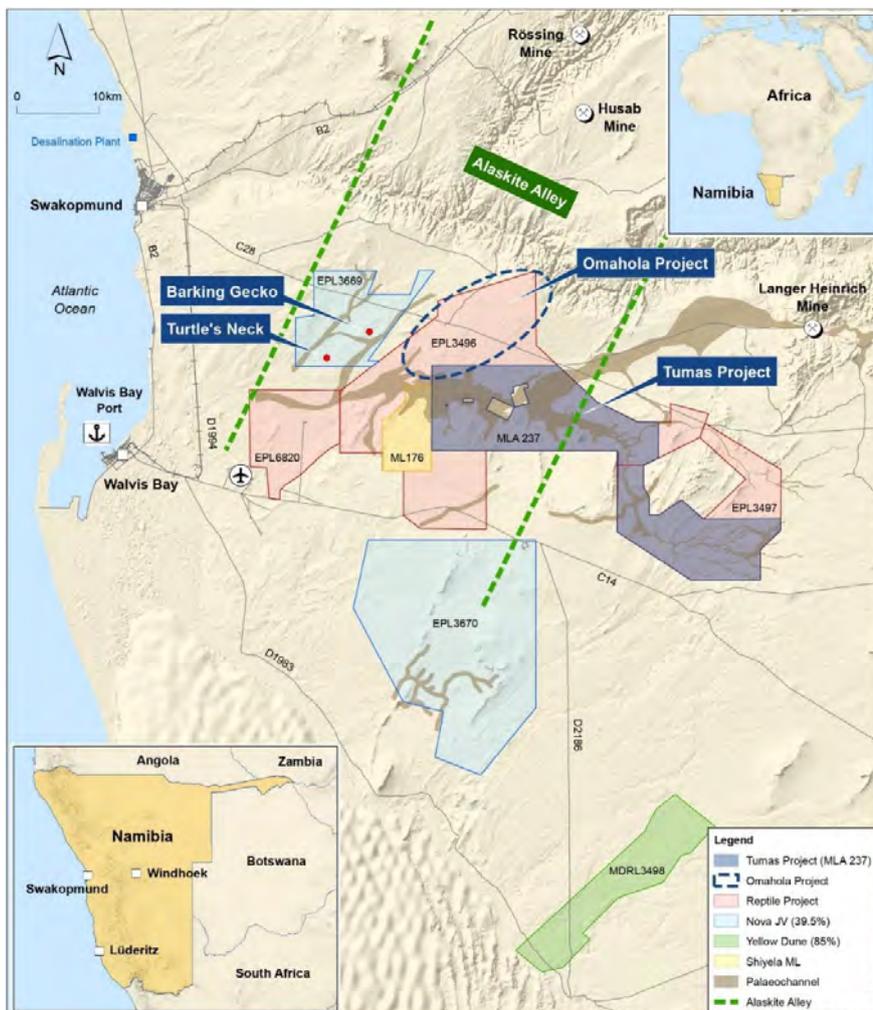
We note the terms of the acquisition of Cameco's 79.11% interest in the broader King River-Wellington range project that hosts Angularli include a buyback option for Cameco on any deposit in the tenement package that defines a resource greater than 100mlbs, with the option to be exercised within four months of a DFS being completed on the project. In our view, the prospects of defining a single deposit of 100mlbs is low.

Other Assets

DYL holds a number of other exploration assets; we do not ascribe any value to these as there is limited activity and focus on them while the company pursues its more advanced projects. The assets include:

- Omohalo Project (DYL 100%), a large low-grade uranium project in Namibia with a 298Mt Resource at 190ppm for 125.3mlbs uranium.
- Reptile Exploration Project (DYL 100%), which is exploration outside the MLs at Tumas.
- Yellow Dune JV (DYL 85%), hosts the Aussinanis uranium project in Namibia, with a 34.6Mt Resource at 236ppm for 18mlbs (on a 100% basis).
- Shiyela Iron Project (DYL 95%), which hosts a relatively small magnetite resource of 115Mt at 16-22% Fe.
- Kingston Project (DYL 100%), which is a base metal exploration package in the area around the Mulga Rock Project.

Figure 26 - Namibian Project Locations



Source: Company Data

Board & Management

Non-executive Chair - Chris Salisbury

Mr Salisbury is a highly experienced mining executive, with over 30 years of global experience across senior strategic and operational roles for the Rio Tinto Group. He is a qualified metallurgical engineer and Fellow of the Australian Institute of Company Directors. He brings extensive uranium experience, having led operating companies in Australia and in Namibia. He was Chief Executive of Energy Resources Australia (ERA) from 2004–2008, a significant global uranium business, and, during his time, an ASX 100 company. Mr Salisbury also served as Non-executive Director of ERA. From 2011–2013, Mr Salisbury was Managing Director/Head of Country for Rio Tinto's Rössing Uranium Mine and was based in Swakopmund Namibia. During his long career with Rio Tinto, Mr Salisbury also held executive roles across a diverse range of commodities, including Chief Operating Officer – Pacific Bauxite and Alumina (2008-11); Chief Operating Officer – Rio Tinto Coal (2013-16); and most recently, Chief Executive – Iron Ore (2016-20).

Mr Salisbury is recognised as a transformational leader delivering significant improvements across safety, productivity and culture. He has board experience beyond ERA, including chair of the Robe River Mining joint venture, director of the Minerals Council of Australia and Australia Japan Business Cooperation Committee and was director of a number of non-listed Rio Tinto entities and joint ventures. Mr Salisbury is a Non-executive director of Infinite Green Energy, a pioneer of green hydrogen developments that facilitate the transitioning of the Australian economy towards net zero emissions.

Managing Director/CEO - John Borshoff

Mr Borshoff joined the Deep Yellow board in 2016. He 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 Ltd (Paladin). He built that company from a junior explorer into a multi-mine uranium producer with a global asset base and valuation of more than \$5 billion at its peak.

At Paladin, Mr Borshoff led the team that completed the drill out, feasibility studies, financing, construction, commissioning and safe operation of the first two conventional uranium mines built in the world for 20 years. He also oversaw numerous successful, large public market transactions, including acquisitions and major capital raisings before leaving Paladin in 2015.

Mr Borshoff is recognised as a global uranium industry expert and has a vast international network across the uranium and nuclear industries, as well as the mining investment market. He has a Bachelor of Science (Geology) from the University of Western Australia and is a Fellow of both the Australian Institute of Company Directors and the Australasian Institute of Mining and Metallurgy.

He is a member of the Uranium Forum within the Minerals Council of Australia (of which he is a former Board member) and sits on the Council of the Namibian Chamber of Mines.

Executive Director - Gillian Swaby

Ms Swaby joined the Deep Yellow board in 2005 as non-executive director and became an executive director in 2016. She is an experienced mining executive with a broad skillset across a range of corporate, finance and governance areas.

She has spent more than 35 years working with natural resources companies in numerous roles including Chief Financial Officer, Company Secretary, Director and corporate advisor. Ms Swaby worked at Paladin for the period 1993 – 2015 in the capacity of Executive Director for 10 years and as GM – Corporate Affairs. She had a key role in managing that company's growth through mine development, operation, acquisition and exploration. This role included responsibility for

the company's complex corporate, legal, human relations and corporate social responsibility programs as an operating uranium miner in multiple African countries.

Non-executive Director - Mervyn Greene

Mr Greene joined the Deep Yellow board in November 2006 and was Chairman from August 2007 to August 2013. He is an experienced investment banker and entrepreneur who has been working in investment markets in Africa, Europe and the United States for more than 35 years. His most recent experience has focussed on private equity investment in a range of sectors, specialising in fin-tech, construction, general technology and property. He currently serves as co-founder and Director of EPIC, The Irish Emigration Museum, and is co-founder and Chairman of Dogpatch Labs, Ireland's leading tech start-up hub and recently became the Chairman of the NDRC, the Irish government's national tech start-up accelerator. He leads, as managing director, both CHQ Dublin Limited and MGR Properties, specialised Irish property development companies. All these businesses are located in Dublin, Ireland.

From 1997–2005, Mr Greene was co-founder and London-based partner of Irwin Jacobs Greene, one of Namibia's premier stockbroking, private equity and corporate finance advisory firms. Prior to this, Mr Greene worked for investment bank Morgan Stanley in New York and London.

Non-executive Director - Greg Meyerowitz

Mr Meyerowitz is a chartered accountant with over 35 years of experience in the professional services industry and commerce. As a senior audit partner at the international accounting firm of EY, and head of the Perth Audit Division for 10 years, Mr Meyerowitz has acted as the lead audit signing partner for five ASX 100 companies, including two ASX 20 companies. He has worked across a diverse range of sectors and has extensive experience working with mining and energy companies with global operations in countries such as Australia, Brazil, Finland, Indonesia, Italy, Malawi, Mauritania, Namibia, Sweden and the USA. This includes time spent in the uranium sector.

Non-executive Director - Victoria Jackson

Ms Jackson is an experienced resource sector executive with capabilities in executive management, leadership, and strategy. She has some 35 years' diverse experience, including leading strategic negotiations for major resource and state infrastructure projects.

As Executive Director, Energy (NT 2014 – 2019), Ms Jackson led onshore petroleum regulation, including the NT's regulatory reform. She also played a key role in energy policy development and the Territory's renewable energy framework. During her WA Department of State Development (2000–2012) leadership roles, Ms Jackson developed significant experience in strategic and operational policy development and implementation across the ESG spectrum including safety, heritage and communities. Before joining the public sector, Ms Jackson worked in exploration geology and cartography/engineering surveying roles in the WA exploration industry. Ms Jackson is currently the Minerals Council of Australia Executive Director – WA, engaging with members and enhancing the MCA's profile. She is also a member of the National Offshore Petroleum Safety and Environment Management Authority board and Chair of the Charles Darwin University Energy and Resources Institute Advisory Board.

Group Financial Controller - Ursula Loubser

Mrs Loubser has more than 20 years' financial management experience in the mining and private security industries. She has a commerce degree from the University of Stellenbosch (South Africa), is a provisional member of Chartered Accountants Australia and New Zealand and member of the Governance Institute of Australia.

Prior to joining Deep Yellow Limited in June 2008, she worked as financial manager with Finstone SA (Pty) Ltd, an international dimensional stone company. Prior to this, she held various financial manager and director positions with private security companies in South Africa.

Head of Business Development - Andrew Mirco

Mr Mirco is an experienced corporate finance and business development executive, with a successful and proven background in capital markets, M&A and risk management. He has more than 25 years' experience in the resource sector, with over ten years at Paladin Energy Limited and prior to this held a number of senior roles at Woodside Energy Ltd. During his time at Paladin, he played an integral part in the Company's inorganic growth, leading to execution of M&A opportunities and asset sales. In addition, he led the project financing for Paladin's mine developments, as well as capital market raisings.

Head of Project Development - Darryl Butcher

Mr Butcher brings over 40 years' experience in the mining sector through corporate, operational, development and project management roles both in Australia and internationally. Mr Butcher is currently Project Manager of the Tumas Uranium Project.

Mr Butcher has been responsible for the development and operation of several operating mines in the gold, base metals, uranium, and iron ore industries. Prior to his most recent role as Project Manager at Mali Lithium, Mr Butcher was Executive General Manager, Technical and Project Development for Paladin Energy Limited. Mr Butcher led a very successful innovation and optimisation strategy, resulting in significant improvements to the operating costs at both the Kayelekera Uranium Mine (Malawi) and Langer Heinrich Uranium Mine (Namibia). These gains were achieved predominantly through the innovative use of membrane technology in "world first" applications.

Head of Marketing - Dustin Garrow

Mr Garrow brings more than 40 years' professional experience in global commercial nuclear fuel markets including marketing and sales contracting for natural uranium concentrates (U3O8), uranium conversion services (UF6) and enrichment services (SWU). He has direct transactional/market research experience with nuclear utilities, uranium production companies, and nuclear-related service firms located in North America, Western Europe, former Soviet Union and the Asia/Pacific regions including the People's Republic of China and India.

He has held senior marketing and sales management positions with U.S., Australian and Canadian uranium production companies and developed comprehensive uranium marketing/sales strategies including utility-specific sales proposals, and negotiated spot and multi-year sales agreements with gross valuation exceeding US\$3.0 billion involving nuclear utilities located in Western Europe, United States and Asia/Pacific.

Head of Exploration - Eduard Becker

Mr Becker is an economic geologist with more than 40 years' experience in all aspects of mineral exploration, including 30 years specialising in uranium. Mr Becker spent the first decade of his career at Uranerz focussed on Australian projects and close to 20 years at Paladin Energy, until 2015. At Paladin, he conducted exploration for all types of uranium deposits and has managed programs applying all uranium exploration techniques.

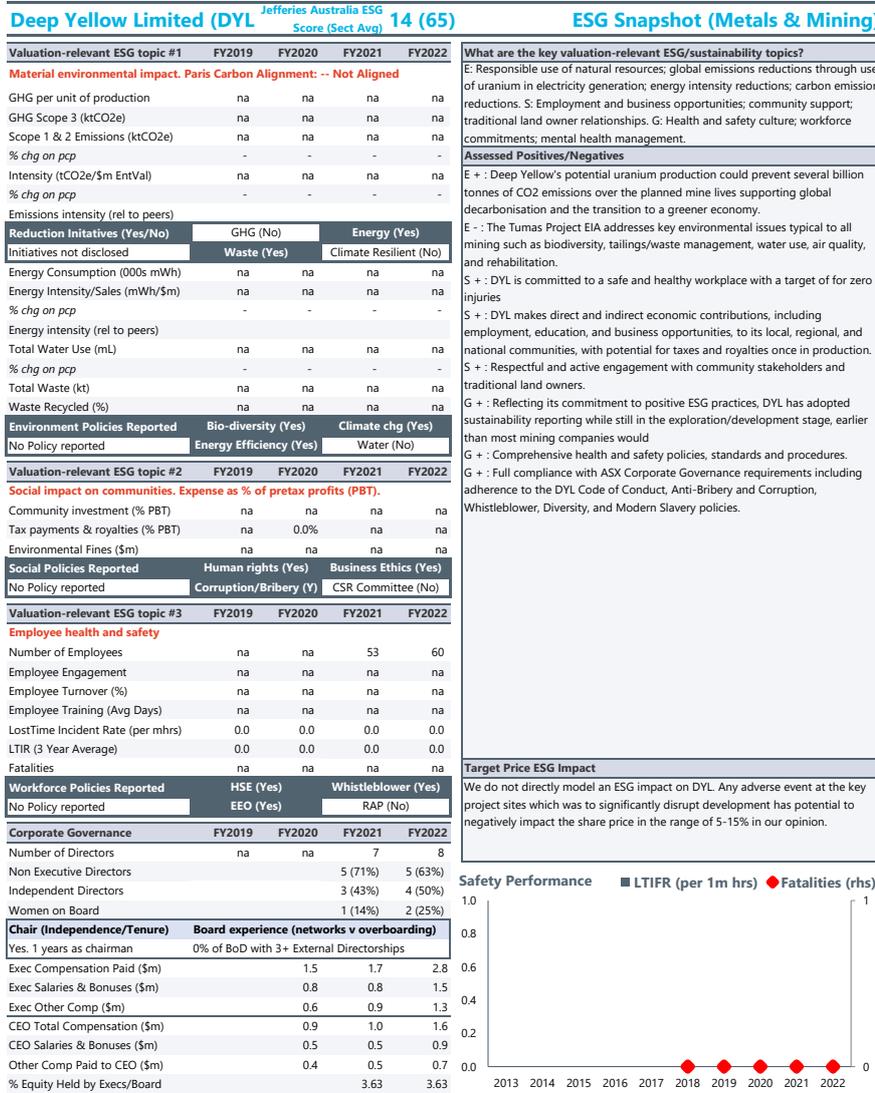
Mr Becker's experience spans the entire lifespan of uranium operations, from greenfield discovery, resource drilling, reserve estimation, project development, mining operations and due diligence assessment. While heading the exploration department for Paladin, he oversaw organic resource increases of over 200Mlb U3O8.

Key Risks

- Movements in the uranium price will affect sentiment towards the company and directly affect project profitability and valuation once projects transition into production.
- Adverse movements in the AUD/USD and USD/NAD exchange rates could also negatively affect project economics.
- Funding risk – there is no guarantee funding will be available to advance the company's projects.
- Approvals risk – necessary approvals may not be granted, may be delayed, or may come with costly conditions negatively impacting the ability of the Company to continue project development. More generally, approvals associated with uranium mining are more onerous and extensive than typical mining, which could add unexpected costs to development.
- Exploration risk – as with all exploration, there is no certainty of success, failure to deliver positive exploration results at the companies projects will negatively impact on the development prospects and future economics.
- Development risks – DYL portfolio of projects is yet to come into production, the projects will be subject to typical development risks around capital costs and schedules which can negatively impact project economics.
- Design risk – There is risk around project design, with no certainty that targeted production and cost outcomes can be delivered during operation.
- Resource risk – Resources are an estimate which may prove to be inaccurate, if resources and reserves tonnes or grade are overestimated, this will negatively impact on project economics.

Sustainability & ESG

Figure 27 - Deep Yellow Ltd - ESG Scorecard



Source: Jefferies, Company Reports, Jefferies Australia ESG Score, RepTrak

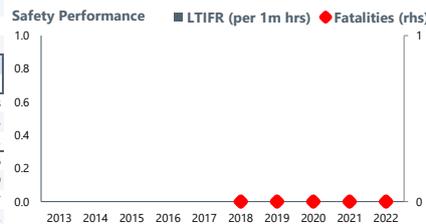


Figure 28 - Deep Yellow - Financial Summary

| Deep Yellow Ltd - Financial Summary | | | | | | Analyst: | Chris Drew | Price: | \$0.52 | As at: | 24/03/2023 | DYLAX | | DYL-AU | |
|---|------------------|---------------|---------------------|---------------|---------------------|-------------------------------|--------------|---------------|--------------|--------------|--------------|-----------|------------|--------|--|
| | | | | | | Rating: | BUY | Price Target: | \$0.75 | | | Year End: | 30/06/2022 | | |
| Ratios | | | | | | Valuation | | | | | | | | | |
| | FY22 | FY23 | FY24 | FY25 | FY26 | Jefferies Estimates | | | | | Spot | | | | |
| | Actual | Estimate | Estimate | Estimate | Estimate | A\$m | A\$ps | A\$m | A\$ps | A\$m | A\$ps | | | | |
| PE | -45.2x | -33.7x | -32.3x | -24.8x | -13.9x | Tumas Uranium Project | 185 | 0.25 | (112) | -0.15 | | | | | |
| P/OpCF | -86.2x | -42.8x | -33.7x | -25.6x | -14.1x | Mulgula Rock Project | 284 | 0.38 | 96 | 0.13 | | | | | |
| EV/EBITDA | -60.x | -42.9x | -35.7x | -34.x | 1.9x | Angularli Project | 111 | 0.15 | 116 | 0.15 | | | | | |
| Dividend Yield | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | Corporate costs | (70) | -0.09 | (70) | -0.09 | | | | | |
| ROE (Normalised NPAT / Equity) | -5.9% | -2.9% | -3.3% | -4.5% | -8.8% | Net Cash / (Debt) | 44 | 0.06 | 44 | 0.06 | | | | | |
| ROA (EBIT / Assets - Cash) | -12.2% | -3.1% | -3.3% | -3.1% | -1.5% | Total equity valuation | 554 | 0.74 | 74 | 0.10 | | | | | |
| ROIC (EBIT / Assets) | -5.6% | -2.7% | -3.1% | -2.8% | -1.4% | | | | | | | | | | |
| EBIT / Net Interest | -662.7x | -83.5x | -85.1x | -2.8x | -7x | | | | | | | | | | |
| EBITDA / Net Interest | -628.x | -78.3x | -81.5x | -2.7x | -6x | | | | | | | | | | |
| Net Debt / EBITDA | 10.05x | 4.32x | 1.59x | -0.99x | -38.19x | | | | | | | | | | |
| Gearing - (Net Debt / Equity) | -0.56x | -0.12x | -0.05x | 0.03x | 1.28x | | | | | | | | | | |
| Gearing - (Net Debt / (Net Debt + Equity)) | -1.29x | -0.13x | -0.05x | 0.03x | 0.56x | | | | | | | | | | |
| EBITDA Margin | -1254.1% | -682.0% | -1950.4% | -1251.4% | -845.4% | | | | | | | | | | |
| Effective tax rate | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | | | | | | | | | | |
| FCFPS (Acps) | (3.19) | (2.81) | (3.34) | (3.82) | (5.73) | | | | | | | | | | |
| FCF (EV) yield | -5.3% | -8.0% | -9.3% | -10.6% | -146.3% | | | | | | | | | | |
| Income Statement | | | | | | Balance Sheet | | | | | | | | | |
| ASM | FY22 | FY23 | FY24 | FY25 | FY26 | 1H22 | 2H22 | 1H23 | 2H23 | 1H24 | 2H24 | | | | |
| | Actual | Estimate | Estimate | Estimate | Estimate | Actual | Actual | Estimate | Estimate | Estimate | Estimate | | | | |
| Total Revenue | 0.51 | 1.48 | 0.59 | 0.89 | 1.27 | 0.29 | 0.23 | 0.99 | 0.49 | 0.36 | 0.23 | | | | |
| Operating Expenses | -6.97 | -11.58 | -12.00 | -12.00 | -12.00 | -3.01 | -3.96 | -5.58 | -6.00 | -6.00 | -6.00 | | | | |
| EBITDA | -6.46 | -10.10 | -11.41 | -11.11 | -10.73 | -2.73 | -3.73 | -4.59 | -5.51 | -5.64 | -5.77 | | | | |
| Depreciation & Amortisation | -0.36 | -0.66 | -0.50 | -0.50 | -0.50 | -0.13 | -0.23 | -0.41 | -0.25 | -0.25 | -0.25 | | | | |
| EBIT | -6.82 | -10.76 | -11.91 | -11.61 | -11.23 | -2.86 | -3.96 | -5.01 | -5.76 | -5.89 | -6.02 | | | | |
| Interest expense | -0.01 | -0.13 | -0.14 | -4.08 | -16.89 | 0.03 | -0.06 | -0.07 | -0.07 | -0.07 | -1.76 | | | | |
| NPBT | -6.83 | -10.89 | -12.05 | -15.69 | -28.13 | -2.83 | -4.00 | -5.07 | -5.83 | -5.96 | -6.09 | | | | |
| Tax Expense | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | |
| Normalised NPAT | -6.83 | -10.89 | -12.05 | -15.69 | -28.13 | -2.83 | -4.00 | -5.07 | -5.83 | -5.96 | -6.09 | | | | |
| Extraordinary Items | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | |
| Reported NPAT | -6.83 | -10.89 | -12.05 | -15.69 | -28.13 | -2.83 | -4.00 | -5.07 | -5.83 | -5.96 | -6.09 | | | | |
| Shares outstanding (m) | 387.37 | 755.69 | 755.69 | 755.69 | 755.69 | 387.04 | 387.37 | 753.30 | 755.69 | 755.69 | 755.69 | | | | |
| Reported EPS (Acps) | -1.84 | -1.53 | -1.59 | -2.07 | -3.72 | -0.80 | -1.04 | -0.76 | -0.77 | -0.79 | -0.81 | | | | |
| Normalised EPS (Acps) | -1.84 | -1.53 | -1.59 | -2.07 | -3.72 | -0.80 | -1.04 | -0.76 | -0.77 | -0.79 | -0.81 | | | | |
| Normalised EPS growth | 5% | -17% | 4% | 30% | 79% | | | | | | | | | | |
| Dividend/share - 1H (Acps) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | | | | | |
| Dividend/share - 2H (Acps) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | | | | | |
| Dividend per share (Acps) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | | | | | | | | | | |
| DPS growth | 0% | 0% | 0% | 0% | 0% | | | | | | | | | | |
| Payout ratio | 0 | 0 | 0 | 0 | 0 | | | | | | | | | | |
| Cashflow | | | | | | Assumptions | | | | | | | | | |
| ASM | FY22 | FY23 | FY24 | FY25 | FY26 | Jefferies Estimates | | | | | Spot | | | | |
| | Actual | Estimate | Estimate | Estimate | Estimate | Actual | Estimate | Estimate | Estimate | Estimate | Estimate | | | | |
| Net Cash from operations | -2.44 | -10.30 | -12.00 | -12.00 | -12.00 | AUDUSD | 0.72 | 0.68 | 0.70 | 0.70 | 0.70 | | | | |
| Net interest | 0.34 | 1.29 | 0.45 | -3.19 | -15.63 | Uranium - US\$/lb | 41.81 | 51.25 | 60.00 | 68.75 | 72.50 | | | | |
| Tax & Other | -1.65 | -0.09 | 0.00 | 0.00 | 0.00 | | | | | | | | | | |
| Net cashflow from operating activities | -3.74 | -9.10 | -11.55 | -15.19 | -27.63 | | | | | | | | | | |
| Total PPE and development expenditure | -0.71 | -1.21 | 0.00 | 0.00 | -357.14 | | | | | | | | | | |
| Exploration expenditure | -7.55 | -20.55 | -13.71 | -13.71 | -13.71 | | | | | | | | | | |
| Sale/(purchase) of investments | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | | | | | | |
| Other | -0.35 | 9.64 | 0.00 | 0.00 | 0.00 | | | | | | | | | | |
| Net cashflow from investing activities | -8.61 | -12.12 | -13.71 | -13.71 | -370.86 | | | | | | | | | | |
| Net proceeds from share issues | 25.06 | 0.02 | 0.00 | 0.00 | 0.00 | | | | | | | | | | |
| Drawdown/(repayment) of debt | -0.19 | -0.28 | -0.24 | 49.76 | 431.90 | | | | | | | | | | |
| Dividends paid | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | | | | | | |
| Net cashflow from financing activities | 24.87 | -0.27 | -0.24 | 49.76 | 431.90 | | | | | | | | | | |
| Net increase/(decrease) in cash | 12.52 | -21.49 | -25.51 | 20.86 | 33.42 | | | | | | | | | | |
| Board & Management Equity Ownership | | | | | | Assumptions | | | | | | | | | |
| Position | Name | Shares Held | Options/Perf Rights | | Jefferies Estimates | | | | | Spot | | | | | |
| | | | Vested | Unvested | Actual | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | | | | |
| Chairman | Chris Salisbury | - | - | 133,333 | | | | | | | | | | | |
| Non-Executive Director | Mervyn Green | 2,778,337 | 150,064 | 26,455 | | | | | | | | | | | |
| Non-Executive Director | Greg Meyerowitz | 50,000 | | | | | | | | | | | | | |
| Non-Executive Director | Victoria Jackson | | | | | | | | | | | | | | |
| Managing Director and CEO | John Borshoff | 13,671,900 | 1,890,076 | 1,374,863 | | | | | | | | | | | |
| Executive Director | Gillian Swaby | 8,591,506 | 1,461,608 | 753,347 | | | | | | | | | | | |

Source: Company Data, Jefferies Estimates

Company Description

Deep Yellow Ltd

Deep Yellow (DYL.ASX) is positioning itself with extensive exposure to the strong medium to long term uranium market outlook. It holds a globally significant 389mlbs Resource and has a quality management team in place to support delivery of its projects. It holds two post-DFS projects in Mulga Rock (WA) and Tumas (Namibia), that could come into production on a 3-4 year time frame. The smaller scale, high grade Angularli (NT) is earlier stage, but is an attractive development prospect which DYL is looking to grow. Importantly, approvals are largely in place at Mulga Rock, and we do not see approvals as a major hurdle for Tumas, while Angularli will need standard mining and environmental approvals. As with all such development plays, funding remains a hurdle, however, with \$56m in cash on hand DYL can continue to advance its projects without further funding for some time.

Company Valuation/Risks

Deep Yellow Ltd

We have estimated a value for Deep Yellow based on the NPV estimate for Mulga Rock and Tumas. We model AISC at Tumas 15% above the DFS, and capital costs 19% higher. At Mulga Rock we model 15% higher AISC and 35% higher capex (noting the Mulga Rock capex is a 2020 estimate). We then apply a 30% discount to these NPVs for incorporating into our valuation. We incorporate a value for Angularli based on US \$3/lb of Resource. We ascribe no value to the balance of the Resource (primarily the 125mlbs at Omahola). Our price target is set in line with our Group NPV. Given the longer-dated timeframe for earnings delivery, we have not adopted P/CF and EV/EBITDA multiples as part of our valuation as we do for our producer coverage universe.

Key Risks to our valuation include:

- Movements in the uranium price will affect sentiment towards the company and directly affect project profitability and valuation once projects transition into production.
- Adverse movements in the AUD/USD and USD/NAD exchange rates could also negatively effect project economics.
- Funding risk – there is no guarantee funding will be available to advance the company's projects.
- Approvals risk – necessary approvals may not be granted, may be delayed, or may come with costly conditions negatively impacting the ability of the Company to continue project development. More generally approvals associated with uranium mining are more onerous and extensive than typical mining which could add unexpected costs to development.
- Exploration risk – as with all exploration, there is no certainty of success, failure to deliver positive exploration results at the companies projects will negatively impact on the development prospects and future economics.
- Development risks – DYL portfolio of projects are yet to come into production, the projects will be subject to typical development risks around capital costs and schedules which can negatively impact project economics.
- Design risk – There is risk around project design, with no certainty that targeted production and cost outcomes can be delivered during operation.
- Resource risk – Resources are an estimate that may prove to be inaccurate if resources and reserves tonnes or grade are overestimated; this will negatively impact project economics.

Analyst Certification:

I, Chris Drew, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

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Investment Recommendation Record

(Article 3(1)e and Article 7 of MAR)

| | |
|----------------------------|----------------------------|
| Recommendation Published | March 26, 2023 , 23:11 ET. |
| Recommendation Distributed | March 27, 2023 , 16:00 ET. |

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Hold - Describes securities that we expect to provide a total return (price appreciation plus yield) of plus 15% or minus 10% within a 12-month period.

Underperform - Describes securities that we expect to provide a total return (price appreciation plus yield) of minus 10% or less within a 12-month period. The expected total return (price appreciation plus yield) for Buy rated securities with an average security price consistently below \$10 is 20% or more within a 12-month period as these companies are typically more volatile than the overall stock market. For Hold rated securities with an average security price consistently below \$10, the expected total return (price appreciation plus yield) is plus or minus 20% within a 12-month period. For Underperform rated securities with an average security price consistently below \$10, the expected total return (price appreciation plus yield) is minus 20% or less within a 12-month period.

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Rating and Price Target History for: Deep Yellow Ltd (DYL AU) as of 03-23-2023



Notes: Each box in the Rating and Price Target History chart above represents actions over the past three years in which an analyst initiated on a company, made a change to a rating or price target of a company or discontinued coverage of a company.

Legend:

I: Initiating Coverage

D: Dropped Coverage

B: Buy

H: Hold

UP: Underperform

Distribution of Ratings

| | | | IB Serv./Past12 Mos. | | JIL Mkt Serv./Past12 Mos. | |
|--------------|-------|---------|----------------------|---------|---------------------------|---------|
| | Count | Percent | Count | Percent | Count | Percent |
| BUY | 1908 | 58.44% | 49 | 2.57% | 12 | 0.63% |
| HOLD | 1166 | 35.71% | 6 | 0.51% | 0 | 0.00% |
| UNDERPERFORM | 191 | 5.85% | 2 | 1.05% | 1 | 0.52% |

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