

NEWS RELEASE

19 November 2021

DEEP YELLOW PROPOSAL TO ACQUIRE VIMY RESOURCES VIA A SCHEME OF ARRANGEMENT LAPSES AFTER LIMITED ENGAGEMENT

HIGHLIGHTS

- Deep Yellow Limited (ASX: DYL) (Deep Yellow) submitted a binding proposal to the Board of Vimy Resources Limited (ASX: VMY) (Vimy) to merge both companies by way of a scheme of arrangement
 - Deep Yellow believes the proposed merger with Vimy would have delivered value for all shareholders through creating a sizeable, multi-jurisdiction uranium entity with global scale and significance, led by a proven and well-credentialed management team
 - Vimy has allowed Deep Yellow's proposal to lapse after limited engagement with Deep Yellow, preferring to pursue its second strategic review in 14 months (see Vimy's announcement of 18 November 2021 - "Vimy initiates strategic review")
 - The proposed merger with Vimy would have been the first step in Deep Yellow's ambitions of building a Tier-1, multi-jurisdiction, leading uranium platform
 - Deep Yellow remains willing and motivated to explore alternatives and assess potential acquisition opportunities to increase shareholder value
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Deep Yellow confirms that it has attempted to engage with the Board of Vimy on several occasions since 17 September 2021, to merge the companies by way of a scheme of arrangement (**Proposal**).

The material details of the latest Proposal (on 15 November) were an offer price of 30.25c based on a proposed merger ratio of 1 ordinary fully paid Deep Yellow share for every 3.74 Vimy ordinary fully paid shares, representing a 10% premium to the previous Vimy closing share price and a 14.15% premium to the Vimy closing share price 18 November 2021. The Proposal envisaged a 10 business day due diligence period and standard terms and conditions for a proposal of this type. Subject to due diligence, it was anticipated that the proposed merger would be immediately accretive and establish a combined entity of global scale and significance with advanced projects located in two Tier-1 uranium jurisdictions.

Disappointingly, the Proposal was not accepted; nor was there, in Deep Yellow's view, meaningful engagement by Vimy. Importantly, Deep Yellow believes key major shareholders of Vimy would understand the significant value accretive opportunities through combining both companies and would be supportive of the merger.

Deep Yellow firmly believes that the Proposal submitted to Vimy had real potential to deliver benefits to all stakeholders based on current market conditions and the advantages of creating a consolidated uranium entity.

Immediate and Long-Term Benefits to Vimy Shareholders

- Deep Yellow provides a strong Board and management team with sector-leading uranium exploration, development and operational experience, able to provide experienced technical personnel to assist with the Mulga Rock Project and rapidly build organisational capacity.
- Deep Yellow brings an experienced corporate and marketing team, with strong relationships with uranium utilities, end users, and financiers having been responsible for implementing all of Paladin Energy Ltd's previous offtake and project financing agreements.

- Deep Yellow brings a strong balance sheet with cash of \$73M, part of which would be utilised to assist with the development of the Mulga Rock Project and negate any need for Vimy to undertake a discounted and dilutive capital raising.
- The ability of Deep Yellow's technical team to deliver value to Vimy through its experience in implementing technical improvements and innovation to the uranium processing circuit.
- De-risking future exploration and development success through a larger and more liquid entity.
- Exposure to Deep Yellow's growing and exciting Namibian Project Portfolio led by the Tumas Project, where the Mineral Resource has increased fourfold and a DFS is underway, just five years since current management took over in 2017.

Mr John Borshoff, the Managing Director and Chief Executive Officer of Deep Yellow, commented: *"The underpinning rationale for the consolidation of Deep Yellow and Vimy was to capitalise on the potential to build the next Tier-1 uranium producer and drive efficiencies, by increasing scale and scope for ongoing investment in exploration and development of the combined uranium portfolio, to the benefit of all stakeholders."*

"The merger would have delivered to Vimy's projects an experienced technical team of proven uranium mine builders, able to expedite the development of Mulga Rock. Completion of the merger would have achieved the market consolidation we consider necessary to establish as a first step, a company with significant size and scale to create a leading Tier-1 uranium producer, well positioned to supply a growing uranium market."

"Based on publicly available information, Deep Yellow believes its merger proposal would have delivered fair value to Vimy shareholders and I am very confident that the strength of our combined management teams and employees would have driven efficiencies to the benefit of all stakeholders,"

Acquisition Rationale

There have been no material transactions completed in the uranium sector for decades, with only a handful of recent mergers and acquisitions in the United States. The current uranium sector is defined by a small number of Tier-1 producers, a fewer number of mid-tier producers and a large number of junior uranium companies, trying to establish a real presence in the sector. The market needs consolidation to produce companies with scale, able to provide comfort to utilities with a pipeline of sustainable uranium production.

Deep Yellow is focused on executing its expansion strategy of combining organic and inorganic growth to become a Tier-1 uranium producer, with the primary objective of owning and producing uranium from multiple operations supported with a Project pipeline across a range of jurisdictions globally.

The proposed merger with Vimy would have created a combined entity delivering a:

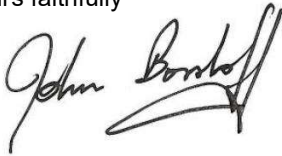
- Portfolio of two advanced, complimentary assets in Tier-1 jurisdictions – being Australia, a jurisdiction of choice and Namibia, the 4th largest producer of uranium globally with a mature and proven regulatory environment.
- Combined market capitalisation of ~A\$687M (based on respective share prices as at 18 November 2021), providing an attractive proposition to larger institutional and ESG focused funds, as the growing importance of uranium gathers momentum as part of a zero-carbon future.

"This merger just makes sense, and it is disappointing that the Vimy Board has chosen not to engage in our proposal, without even giving shareholders the opportunity to consider it," Mr Borshoff said.

Deep Yellow will continue to keep shareholders updated as appropriate.

Deep Yellow is being advised and supported by Houlihan Lokey, Aitken Murray Capital Partners, Gilbert + Tobin and Citadel-MAGNUS.

Yours faithfully



JOHN BORSHOFF
Managing Director/CEO
Deep Yellow Limited

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

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About Deep Yellow Limited

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

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