

# Deep Yellow Limited

07 April 2017

ASX Market Announcements  
Australian Securities Exchange  
20 Bridge Street  
SYDNEY NSW 2000

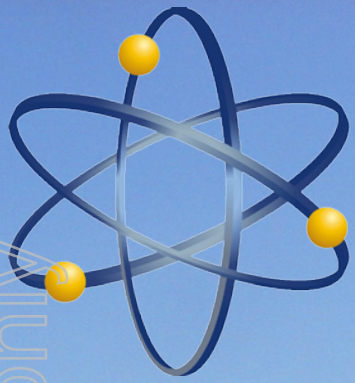
Dear Sir/Madam,

## Investor Presentation

Deep Yellow Limited (ASX: DYL) will be presenting the attached presentation to investors this week following the recent announcement of the landmark farm-in by Japan Oil, Gas and Metals National Corporation (JOGMEC) to the Nova Joint Venture in Namibia.

Yours faithfully

**JOHN BORSHOFF**  
Managing Director/CEO  
Deep Yellow Limited



# Deep Yellow Limited

## Building For The Future

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## *Investor Presentation*

**John Borshoff**  
**Managing Director / CEO**  
**April 2017**



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The information in this presentation is based on and fairly represents information and supporting documentation prepared or reviewed by Mr Martin Hirsch, a Competent Person who is a Member of the Institute of Materials, Mining and Metallurgy (IMMM) in the UK. Mr Hirsch, who is currently the Exploration Manager for Reptile Uranium Namibia (Pty) Ltd, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hirsch consents to the inclusion in this presentation of the matters based on the information in the form and context in which it appears.

Mineral Resource Estimates disclosed in this presentation and compiled under the JORC Code 2004 have not yet been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

# Overview

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## **New management & core team in place**

- Revitalised investor base with greater international interest
- Key alliance with Sprott Group to support the company's growth ambitions

## **Major strategic review of company completed**

- Share consolidation completed – share base now more conducive for growth
- Conditions right to deliver shareholder growth through contrarian acquisitions

## **New direction and impetus for existing Namibian projects**

- Targeting a major discovery of a Rossing or Langer Heinrich style deposit
- Highly significant new JV agreement with Japanese partner JOGMEC

## **Deep Yellow differentiated from all other mid-sized U companies**

- Unrivalled “A to Z” uranium knowledge and proven sector experience
- Strong support from JV partners and investors for accretive growth strategy

**A unique and successful track record of building and developing a multi-mine uranium producer from the beginnings as a small explorer**

# Presentation Outline

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 **Uranium and Nuclear – Beyond Statistics**

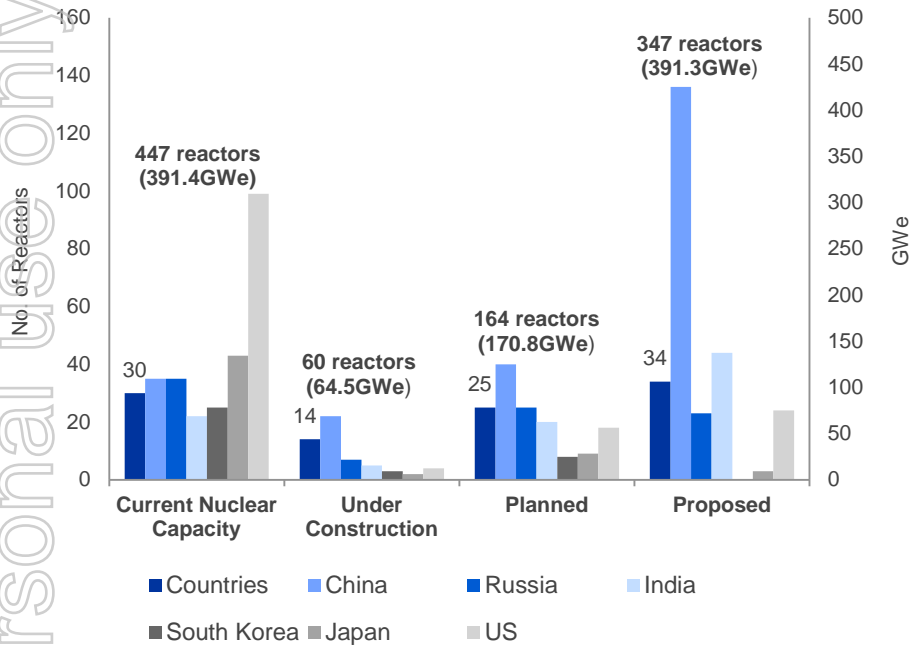
 Growth Opportunity & Strategy – The Right Platform

 Deep Yellow – Status and Objectives

 Annexure – Additional Data

# Uranium Market Snapshot

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Source: World Nuclear Association (as of 1 Jan 2017)

## Unparalleled Growth in History of Reactor Builds

Nuclear Reactor Fleet – Growth Forecast	2016	2020	2025	2030
Reactors	447	495	550	650

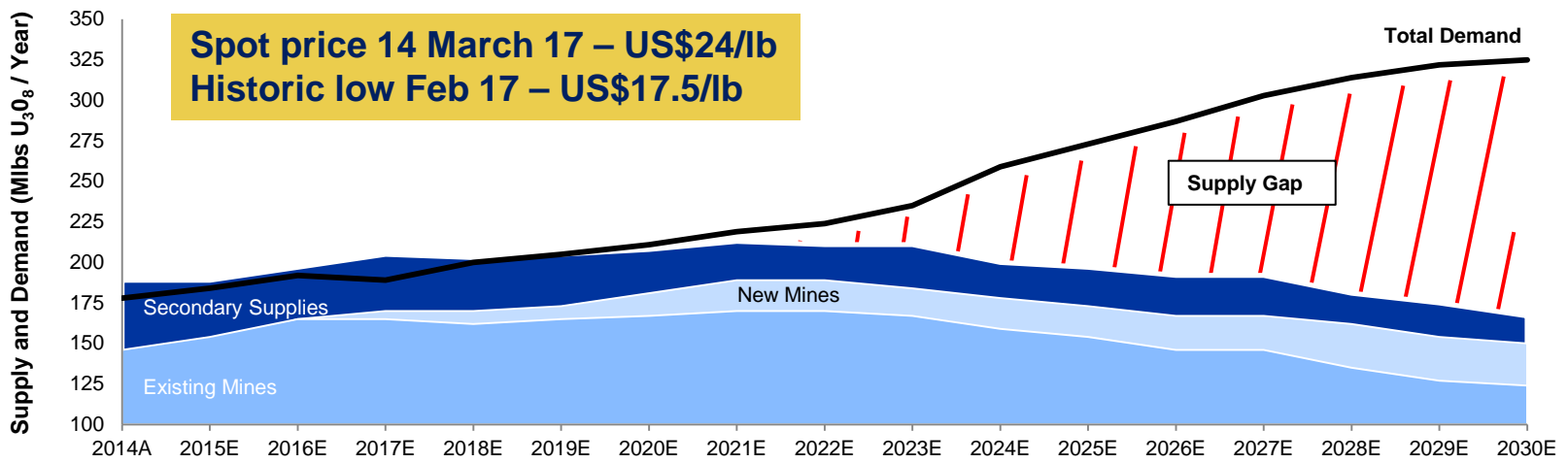
Source: World Nuclear Association / Deep Yellow

- ☼ Globally, 10 new reactors entered commercial operation in 2015
- ☼ Planned / proposed reactor forecasts continue to rise
- ☼ **China: 2002 (4.5GWe) – planned 2020 capacity 58GWe increasing to 150 – 200GWe by 2030**
- ☼ Japan – 24 reactors submitted for safety review, 5 reactors approved by NRA. First reactors operational in August 2015

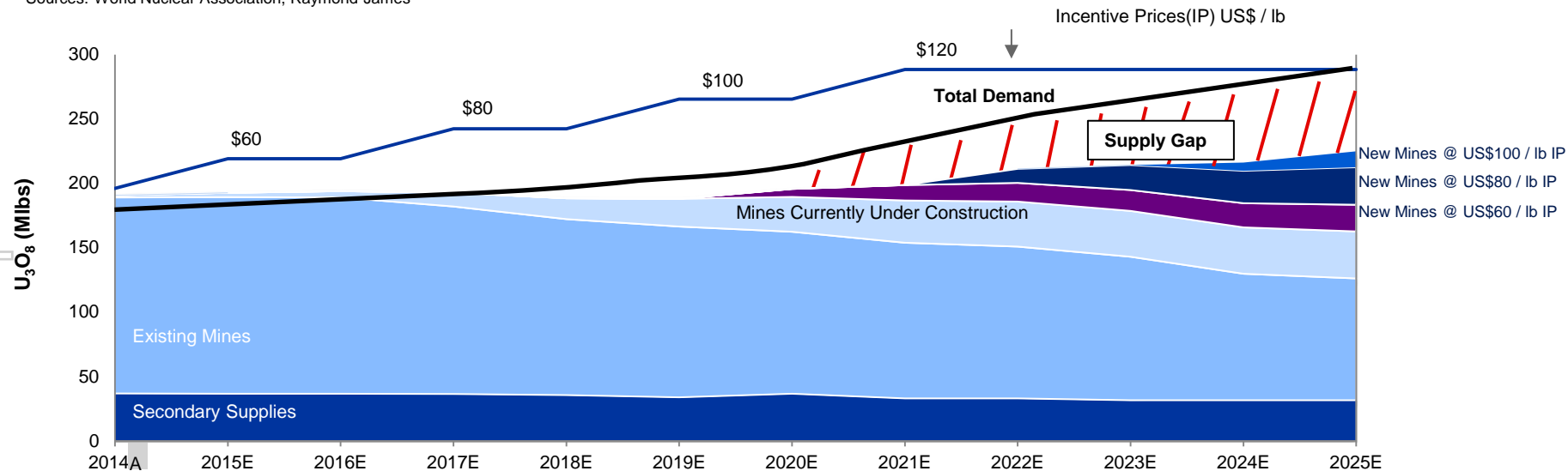
- ☼ **Increasing rate of global reactor fleet growth post 2020 creating additional supply need with initial core loads**
- ☼ **Long-term market demand fundamentals require extraordinary growth in uranium supply**

# Opportunity – Supply Deficit Consensus

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Sources: World Nuclear Association, Raymond James



Source: Paladin 2015

**Strong potential for prices to substantially overshoot the incentive price**

 Uranium and Nuclear – Beyond Statistics

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# Value Creation Strategy

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## Imagine the scene in 2020:

- The global nuclear fleet continues to grow
- Reality of severe uranium shortage comes to fruition
- Once shortage sets in, prices will move significantly higher than the base incentive price
- Supply sector serviced by a diminished producer base – note difficulties experienced by majors at Husab, Imouraren, Mkuju, Rossing and Ranger
- Post-Fukushima, all uranium players have been forced into survival mode, causing structural limitations to the sector and stifling any supply response
- Single project companies have not developed any projects, hence there is a lack of shovel ready assets and team proven expertise to develop new projects

## In this context:

- A company that anticipates the current situation starts to position itself during 2017
- Perfect opportunity to create exceptional shareholder value by consolidating assets under a vehicle run by a high quality management team when prices are at cyclical lows
- Significant value can also be created through exploration and drilling by making new discoveries and building an organic resource base
- There is a limited window of opportunity in which to act

# Vision for Growth

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## **Deep Yellow has a clear, dual strategy running in parallel**

- Focus on increasing the value of existing exploration projects in Namibia
- Build a future multi-project global uranium platform through accretive acquisitions

## **Extract full value from the potential that exists in Namibia**

- Multiple opportunities for discoveries and resource upside within existing tenements
- Premier uranium mining jurisdiction with transparent regulatory framework

## **Develop a global pipeline with growth and optionality**

- Current assets span early stage discovery and resource expansion opportunities
- Objective is to develop a project pipeline with multiple, phased development options

## **Create a genuine independent alternative supplier for utilities**

- Maintain a register of supportive, long-term investors that share our vision
- Partner with high calibre organisations where value can be created for both sides
- A core team that has “been there, done that” across the uranium project life cycle
- Give utilities confidence in the ability to be a dependable uranium supplier of choice

# What Differentiates the New Deep Yellow?

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## Typical emerging uranium player – single project, promoter driven, unproven management and “struck in the groove”

- Generally, years away from production possibilities
- History tells us any new, large, high-grade Canadian discoveries will potentially suffer 10-15+ year delays due to severe permitting/regulatory constraints

## Deep Yellow focusing outside this “narrow brand” approach

- To create a sizeable uranium platform to support annual production 5-10Mlb
- Establish diversification across attractive geographies on projects with low technical risk – conventional open pit and ISR potential

## Unique prerequisites to execute on its consolidation strategy

- Once-in-a-cycle opportunity and DYL can be a partner of preference
- Low spot prices, capital shortage and availability of good assets

## Quality management team able to execute plan

- Credibility of a core team that launched two new mines in the last 15 years
- Ability to use advanced technologies to exploit low grade deposits and turn these into first quartile cash cost operations

# World Class Team

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## **New Management team led by Managing Director John Borshoff**

- Took Paladin Energy from a small explorer into the only independent, multi-mine producer in the last uranium cycle
- Possesses the necessary leadership and capability to succeed in an increasingly complex technical environment from exploration / resource development / design to uranium mining and product marketing – an “A to Z” expertise – unique amongst non-producers
- Core team is already in place with the intention to scale-up in line with activities
- Utilisation of a deep and established global uranium and nuclear industry network

## **Key technical achievements include**

- Successful exploration, construction and production developing two modern, conventional uranium mines and establishing an extensive global project portfolio
- A high degree of innovation, including utilising first modern applications of alkaline leach extraction and resin-in-pulp extraction processes

 Uranium and Nuclear – Beyond Statistics

 Growth Opportunity & Strategy – The Right Platform

 **Deep Yellow – Status and Objectives**

 Annexure – Additional Data



# Corporate Overview

## Board

<b>Rudolf Brunovs</b>	Interim Chairman
<b>John Borshoff *</b>	Managing Director / CEO
<b>Gillian Swaby *</b>	Director
<b>Christophe Urtel</b>	Director
<b>Mervyn Greene</b>	Director
<b>Justin Reid *</b>	Director
<b>Mark Pitts</b>	Company Secretary

## Executives and Management

### Perth

<b>John Borshoff *</b>	Managing Director / CEO
<b>Gillian Swaby *</b>	Corporate / Finance
<b>Ursula Pretorius</b>	Financial Controller
<b>Ed Becker *</b>	Exploration / Res. Dev.

### Namibia

<b>Martin Hirsch</b>	Exploration Manager
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\* *Ex-Paladin Executive team*

## Capital Structure – as at 30 March 2017

<b>Shares on Issue (post-consolidation)</b>	129.6M
<b>Market Cap (@ 0.30c / share)</b>	~ AUD\$40M
<b>Net Cash @ 31 Dec 16</b>	~ AUD\$2.3M

## Major Shareholders

<b>Sprott Group (US)</b>	12.76%
<b>Collines Investments</b>	10.36%
<b>HSBC**</b>	8.89%

\*\*Includes Raptor Partners Limited

## Share Price Development



# Deep Yellow – Namibian Projects

Situated within the proven, exceptionally prospective Namibian Uranium Province containing Resources of 1.5Bib\* (Measured & Indicated) plus 350Mib\* (Inferred)  $U_3O_8$  within a 50km radius. Additionally, to date the region has produced 320Mib\*  $U_3O_8$ . \*Source: WNA (March 2017)

Highly favourable jurisdiction for uranium exploration and development

Deep Yellow holds four contiguous EPLs covering 1,730km<sup>2</sup> within the heart of this strategically significant uranium province

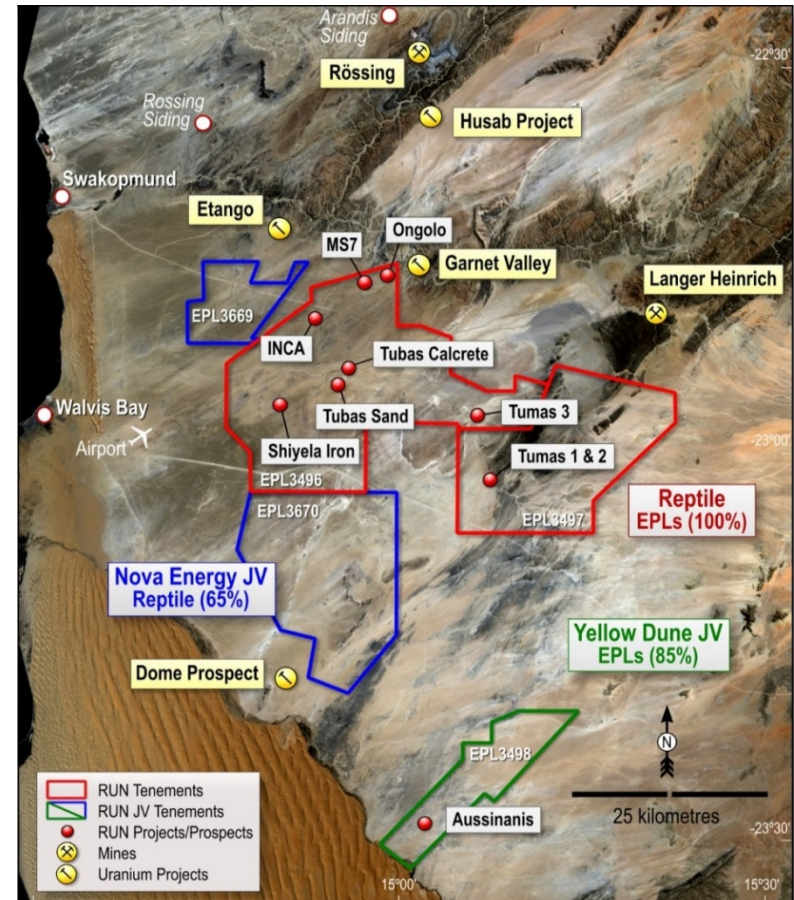
- Equally prospective for Rössing / Husab and Langer Heinrich style deposits.
- Tenements located 20km south of Husab deposit and 40km SW of Langer Heinrich deposit.

**Reptile: (EPLs 3496 / 97) - 1,131km<sup>2</sup> (100%)**

- Contains 120km of prospective palaeochannel of which only 20km sufficiently tested.

**Nova JV: (EPLs 3669 / 70) - 599km<sup>2</sup> (65%)**

- Prospective basement alaskite (Rössing) and palaeochannel / calcrete (Langer Heinrich) targets already successfully identified.



# Nova JV – Landmark Japanese Earn-In



**Current JV equity: DYL 65% (Manager), Toro Energy 25%, Sixzone Investments 10%**

- EPLs 3669/70 recently renewed to Nov 2019



**New strategic farm-in agreement with leading Japanese partner JOGMEC**

- JOGMEC investment of AU\$4.5M over four years to earn a 39.5% interest
- No JOGMEC equity unless full expenditure
- DYL remains manager and will dilute to 39.5%

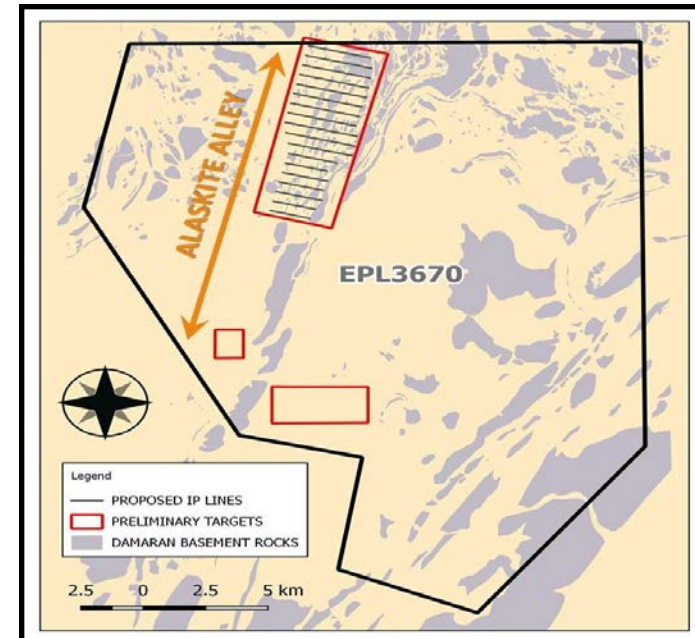
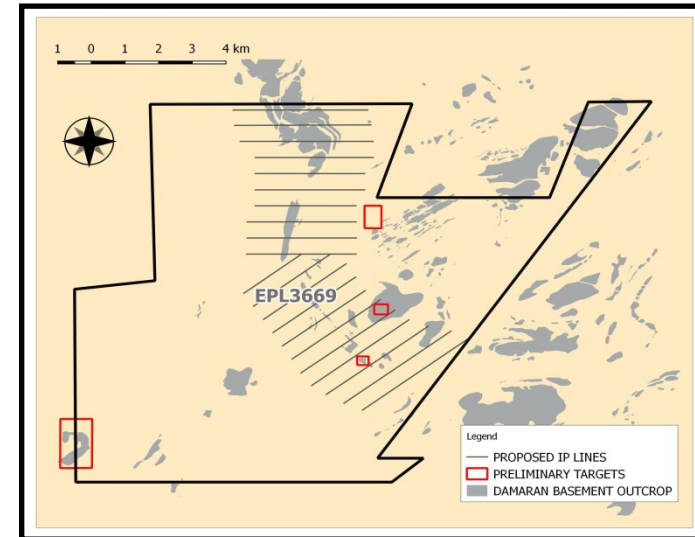


**Tenements considered prospective for Langer Heinrich and Rössing / Husab style targets**

- Mapping confirms earlier defined alaskite targets associated with radiometric anomalism
- Isolated 2 prospective palaeochannel targets on EPL 3669 plus basement conductors associated with alaskite rocks on both tenements
- Further target delineation planned using IP



**Drill testing planned on both alaskite and palaeochannel targets late 2017**

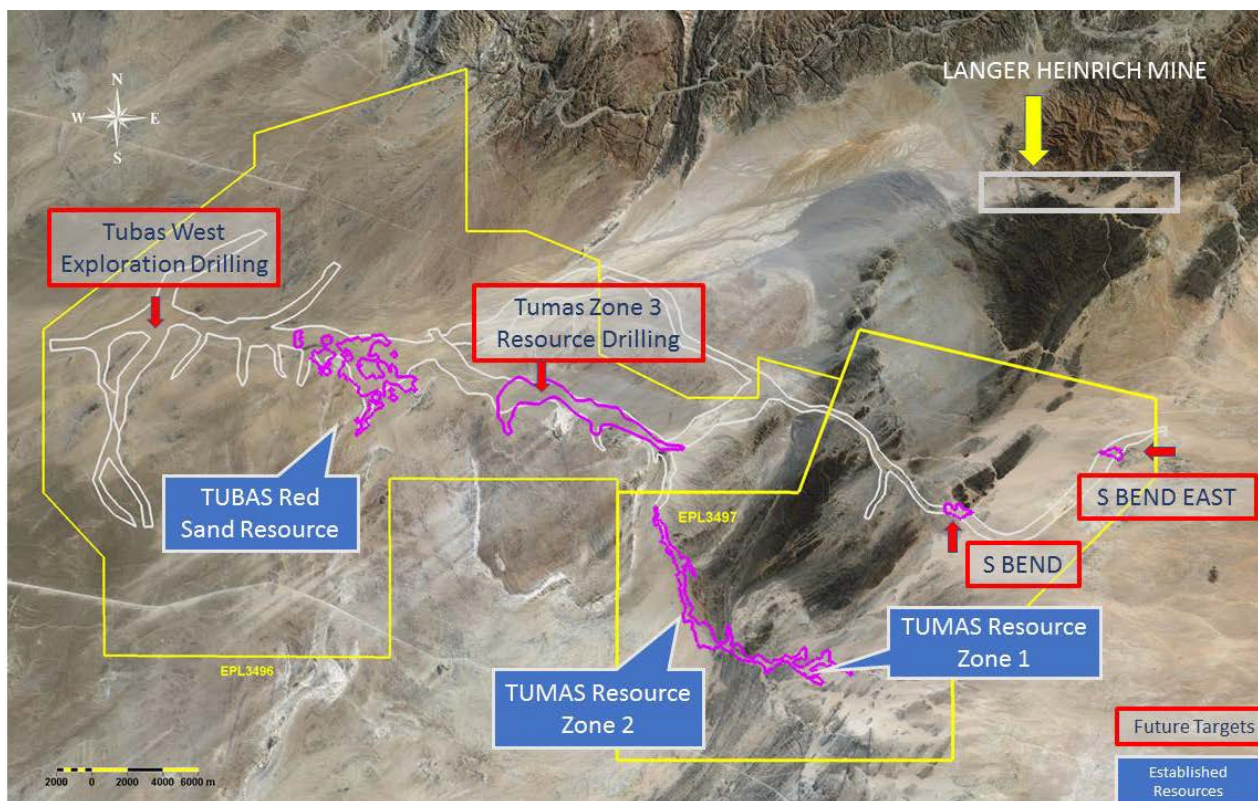




# Reptile Project – Palaeochannel Targets

- ✿ Targeting Langer Heinrich style palaeochannel uranium deposits
- ✿ Aiming for a resource of 80 – 100Mlb\*  $U_3O_8$  in 300 to 500 ppm  $U_3O_8$  range
- ✿ Current palaeochannel resources (calcrete & sands) 32Mlb  $U_3O_8$  at 252ppm
- ✿ Anticipate resource increase at Tumas 1 & 2 and new resources at Tumas 3
- ✿ Future targets for resource expansion at Tubas West, S-Bend and S-Bend East to increase overall resource base

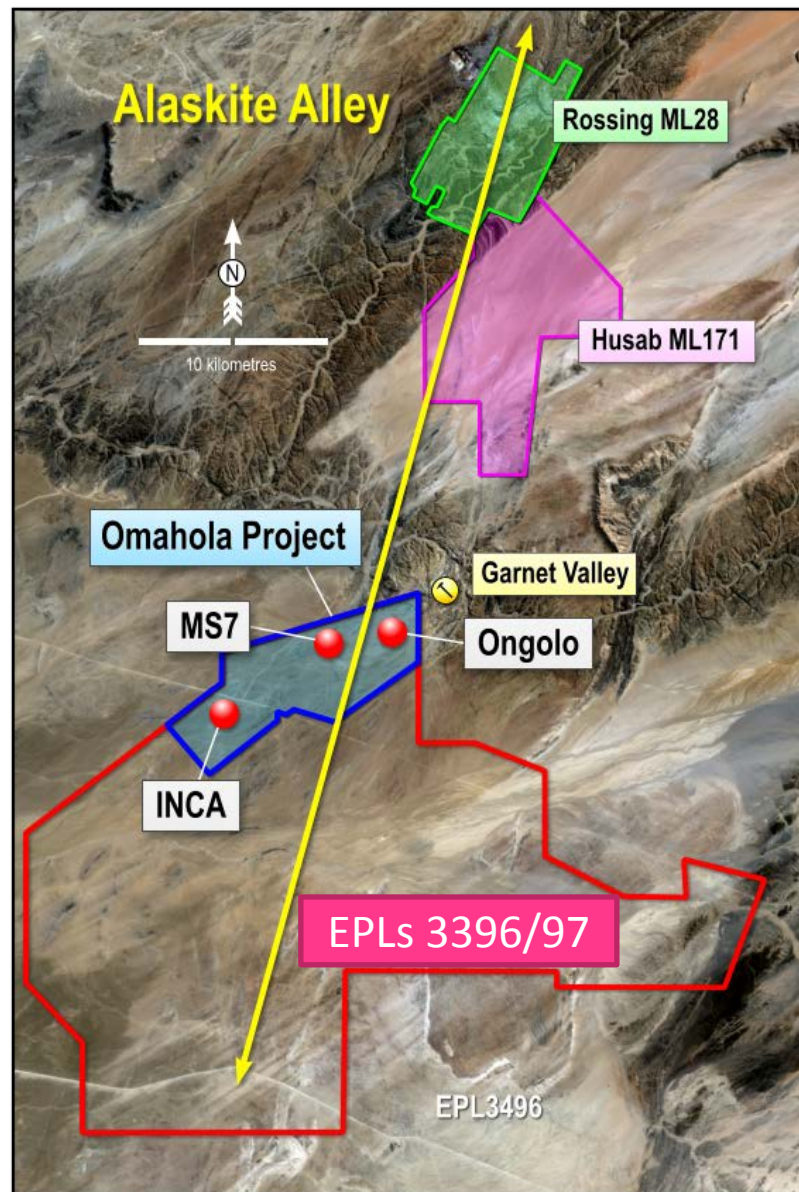
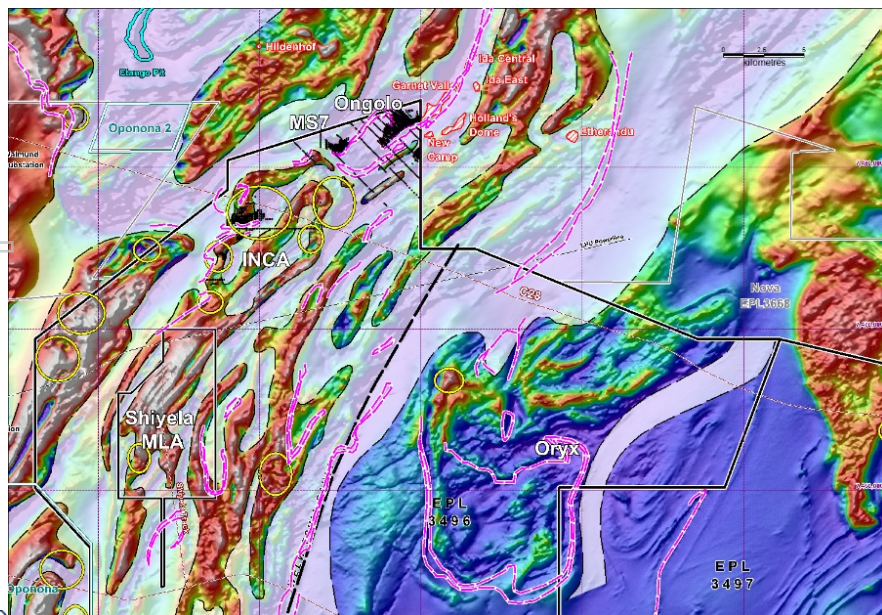
\*Currently 50Mlb – further exploration planned





# Reptile Project – Basement Targets

- ❖ Targeting basement resources to achieve 80 – 100Mlb  $U_3O_8$  in 350 to 550 ppm range
- ❖ Current basement resource (alaskite and skarn type) 45Mlb  $U_3O_8$  at 420 ppm
- ❖ Testing in 2017 of geophysical methods to identify targets beneath cover
- ❖ Future exploration will focus on new targets that are identified





# Objectives And Framework For Expansion

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## **Short term: corporate reorganisation completed and ready to promote awareness of the company strategy to new investors**

- Build understanding that Deep Yellow is the premier uranium growth investment vehicle
- Share consolidation completed preparing the company for growth

## **Short / medium term: execute on consolidation strategy during the next 18 months**

- Leverage management's skillset and relationships to evaluate and acquire a robust project pipeline
- Further refine and identify the combination of projects which deliver the best value / production profile outcomes
  - Target projects with existing resources with high potential to significantly enhance
  - Projects with >2Mlb pa production potential and an IRR of >15%
- Opportunities will only be pursued that are value accretive for Deep Yellow shareholders

## **Value capture: attract end users, major producers and alliance partners looking for access to a geographically diverse platform**

- Consider partnerships where partners can bring skillsets, resources or capital that creates shared benefits

# In Summary

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## **New focus and positioning for the next uranium cycle**

- New management in place and strategy clearly defined
- Strategic investment completed with affiliates of the Sprott Group
- New shareholder base and increased liquidity
- Corporate restructure completed
- Internal procedures and processes upgraded to reflect growth ambitions

## **Building the premier global uranium consolidation vehicle**

- Establish a geographically diversified asset base
- Assets spanning multiple stages of exploration and development
- Significant optionality and value creation opportunities within the group

## **Management team with a successful track record of execution**

- Conditions very similar to the start of Paladin Energy's incredible growth phase in 2002
- Unrivalled experience in project acquisition, exploration, construction and operation



 Uranium and Nuclear – Beyond Statistics

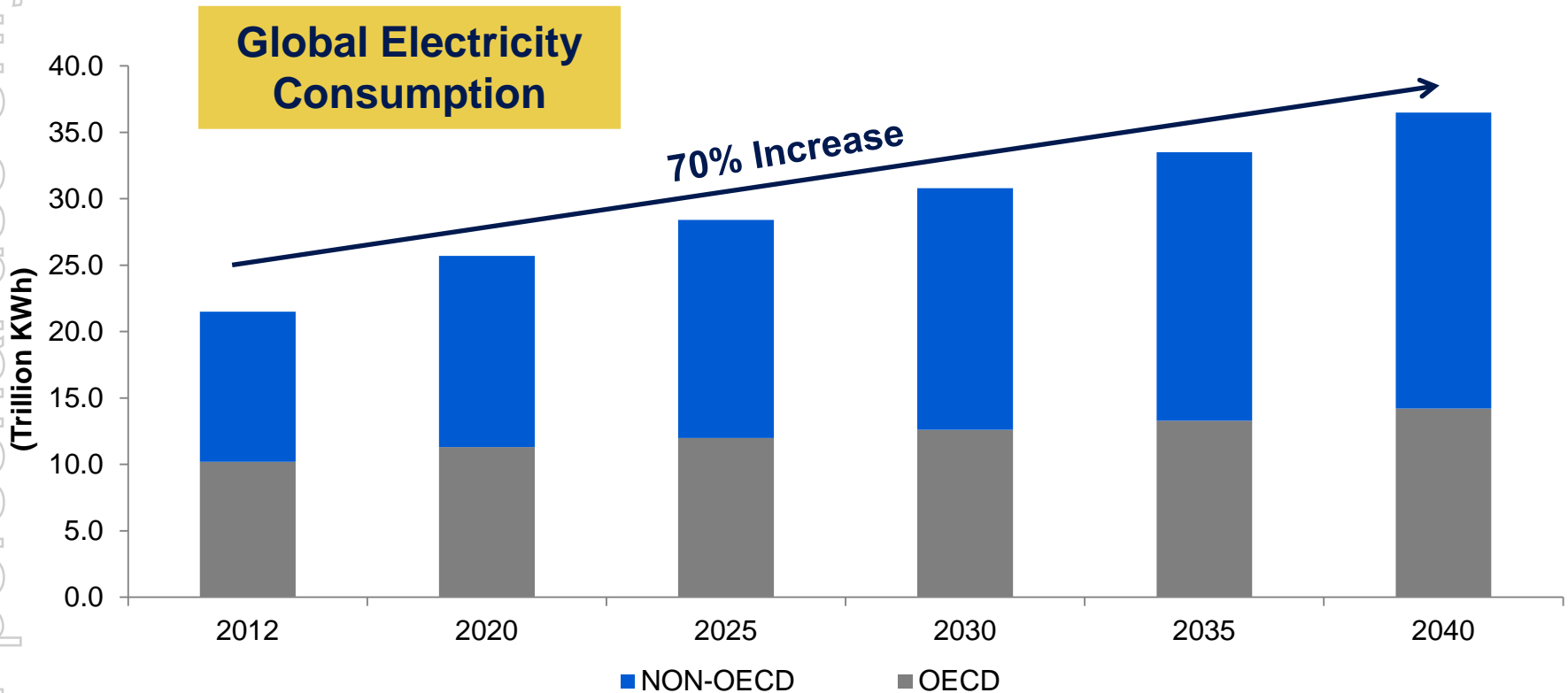
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 **Annexure – Additional Data**

# Opportunity – Electricity Demand Growth

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Source: EIA Energy Outlook 2016

No slowdown in consumption anticipated – clean generation essential

# Supply Gap – Who is Able to Build Capacity?



✿ Uranium supply in the mid to longer term is highly uncertain.

✿ Uncertainties and nervousness exist amongst utilities:

- When is supply shortage going to set in - 2020? 2022?.
- This is a matter utilities worry about a lot.
- Uncertain when exactly supply shortage will set in, however, there will be a supply gap.

✿ Progressive realization of this reality will cause progressive upward price movement.

- Once the uranium price hits US\$40 / lb, a market frenzy will occur.

✿ A narrow window of opportunity to capitalise on this situation exists.

- **Opportunity is not only about the Supply Gap.**
- **It is also about who can credibly build the extra production capacity.**



# JORC Resources Status

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Deposit	Category	Cut-off (ppm U <sub>3</sub> O <sub>8</sub> )	Tonnes (M)	U <sub>3</sub> O <sub>8</sub> (ppm)	U <sub>3</sub> O <sub>8</sub> (t)	U <sub>3</sub> O <sub>8</sub> (Mlb)	Resource Categories (Mlb U <sub>3</sub> O <sub>8</sub> )		
							Measured	Indicated	Inferred
<b>BASEMENT MINERALISATION</b>									
<b>Omahola Project - JORC 2004</b>									
INCA Deposit ♦	Indicated	250	7.0	470	3,300	7.2	-	7.2	-
INCA Deposit ♦	Inferred	250	5.4	520	2,800	6.2	-	-	6.2
Ongolo Deposit #	Measured	250	7.7	395	3,000	6.7	6.7	-	-
Ongolo Deposit #	Indicated	250	9.5	372	3,500	7.8	-	7.8	-
Ongolo Deposit #	Inferred	250	12.4	387	4,800	10.6	-	-	10.6
MS7 Deposit #	Measured	250	4.4	441	2,000	4.3	4.3	-	-
MS7 Deposit #	Indicated	250	1.0	433	400	1.0	-	1.0	-
MS7 Deposit #	Inferred	250	1.3	449	600	1.3	-	-	1.3
<b>Omahola Project Sub-Total</b>			<b>48.7</b>	<b>420</b>	<b>20,400</b>	<b>45.1</b>	<b>11.0</b>	<b>16.0</b>	<b>18.1</b>
<b>CALCRETE MINERALISATION</b>									
<b>Tubas Sand Project JORC 2004</b>									
Tubas Sand Deposit #	Indicated	100	10.0	187	1,900	4.1	-	4.1	-
Tubas Sand Deposit #	Inferred	100	24.0	163	3,900	8.6	-	-	8.6
<b>Tubas Sand Project Total</b>			<b>34.0</b>	<b>170</b>	<b>5,800</b>	<b>12.7</b>			
<b>Tumas Project - JORC 2012</b>									
Tumas Deposit ♦	Measured	200	9.7	386	3,700	8.2	8.2	-	-
Tumas Deposit ♦	Indicated	200	6.5	336	2,200	4.8	-	4.8	-
Tumas Deposit ♦	Inferred	200	0.4	351	150	0.3	-	-	0.3
<b>Tumas Project Total</b>			<b>16.6</b>	<b>366</b>	<b>6,050</b>	<b>13.3</b>			
<b>Tubas Calcrete Resource - JORC 2004</b>									
Tubas Calcrete Deposit	Inferred	100	7.4	374	2,800	6.1	-	-	6.1
<b>Tubas Calcrete Total</b>			<b>7.4</b>	<b>374</b>	<b>2,800</b>	<b>6.1</b>			
<b>Tumas Project - JORC 2004</b>									
Aussinanis Deposit ♦	Indicated	150	5.6	222	1,200	2.7	-	2.7	-
Aussinanis Deposit ♦	Inferred	150	29.0	240	7,000	15.3	-	-	15.3
<b>Aussinanis Project Total</b>			<b>34.6</b>	<b>237</b>	<b>8,200</b>	<b>18.0</b>			
<b>Calcrete Projects Sub-Total</b>						<b>50.1</b>	<b>8.2</b>	<b>11.6</b>	<b>30.3</b>
<b>GRAND TOTAL RESOURCES</b>			<b>141.3</b>	<b>306</b>	<b>43,250</b>	<b>95.2</b>			

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



Deep Yellow Limited

# Contact Details

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