# Deep Yellow Limited

## Africa Down Under Conference

## *"Gathering Momentum"*

## 5 September 2014

**Greg Cochran – Managing Director**

**ASX: DYL**

*www.deepyellow.com.au*

AAMIG
Australia-Africa Mining Industry Group

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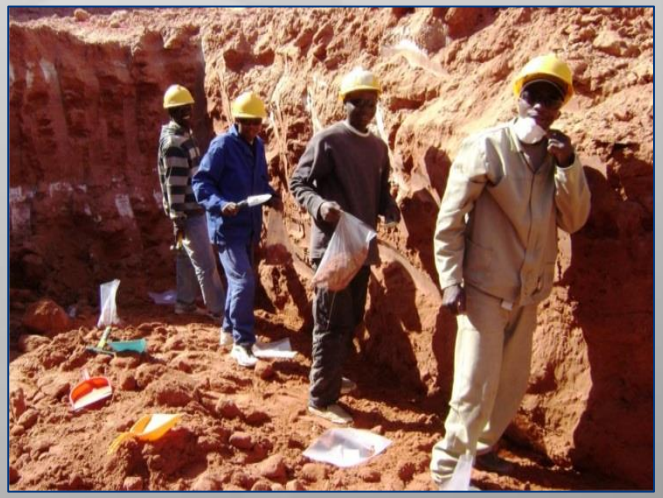
# Executive Summary

- ASX listed advanced stage uranium exploration company
- Namibian-focussed, with two key projects:
  - Omahola Project – heap leach alaskite, due south of Husab
  - Tubas Sand Project – shallow, free dig, low capex supplementary project
- Large exploration area with high prospectivity
- Supportive strategic & financial shareholders
- Experienced board & management
- Highly leveraged to the uranium spot price

# Presentation Overview



- Corporate Snapshot
- Market Overview
- Project Location
- Omahola Project
- Tubas Sand Project
- Exploration Prospectivity
- Conclusions



# Corporate Snapshot



## *The Board*

| | |
|---|---|
| **Tim Netscher** | Chairman (Independent) |
| **Greg Cochran** | Managing Director |
| **Gillian Swaby** | N.E.D |
| **Rudolf Brunovs** | N.E.D (Independent) |
| **Christophe Urtel** | N.E.D |
| **Mervyn Greene** | N.E.D |

## *Executives & Management*

| | |
|---|---|
| **Greg Cochran** | Managing Director |
| **Peter Christians** | Country Manager: Namibia |
| **Ursula Pretorius** | Financial Controller |

## ***Capital Structure** – as at 25 Aug 2014*

| | |
|---|---|
| **Shares on Issue** | 1,888M |
| **Performance Rights** | 22.1M |
| **Market Cap (@ 2.3c)** | ~ AUD 39.3M |
| **Net Cash** | ~AUD 5.5M |
| **Major shareholders:** | |
| **Paladin Energy Limited** | 16.9% |
| **Raptor Partners Limited** | 10.9% |
| **Laurium L.P. Fund** | 9.3% |

# Market Update

## Global Financial Markets

- Ongoing volatility means continued uncertainty
- Capital remains the biggest challenge
- Reduced appetite for investment in exploration

## Uranium Demand

- Nuclear growth confirmed (underestimated?)
- China, India, Russia and Middle East are key drivers
- Forecast growth 180 Mlbs to 250 Mlbs by 2020
- Term contracting at a 10-year low in 2013

## Uranium Supply

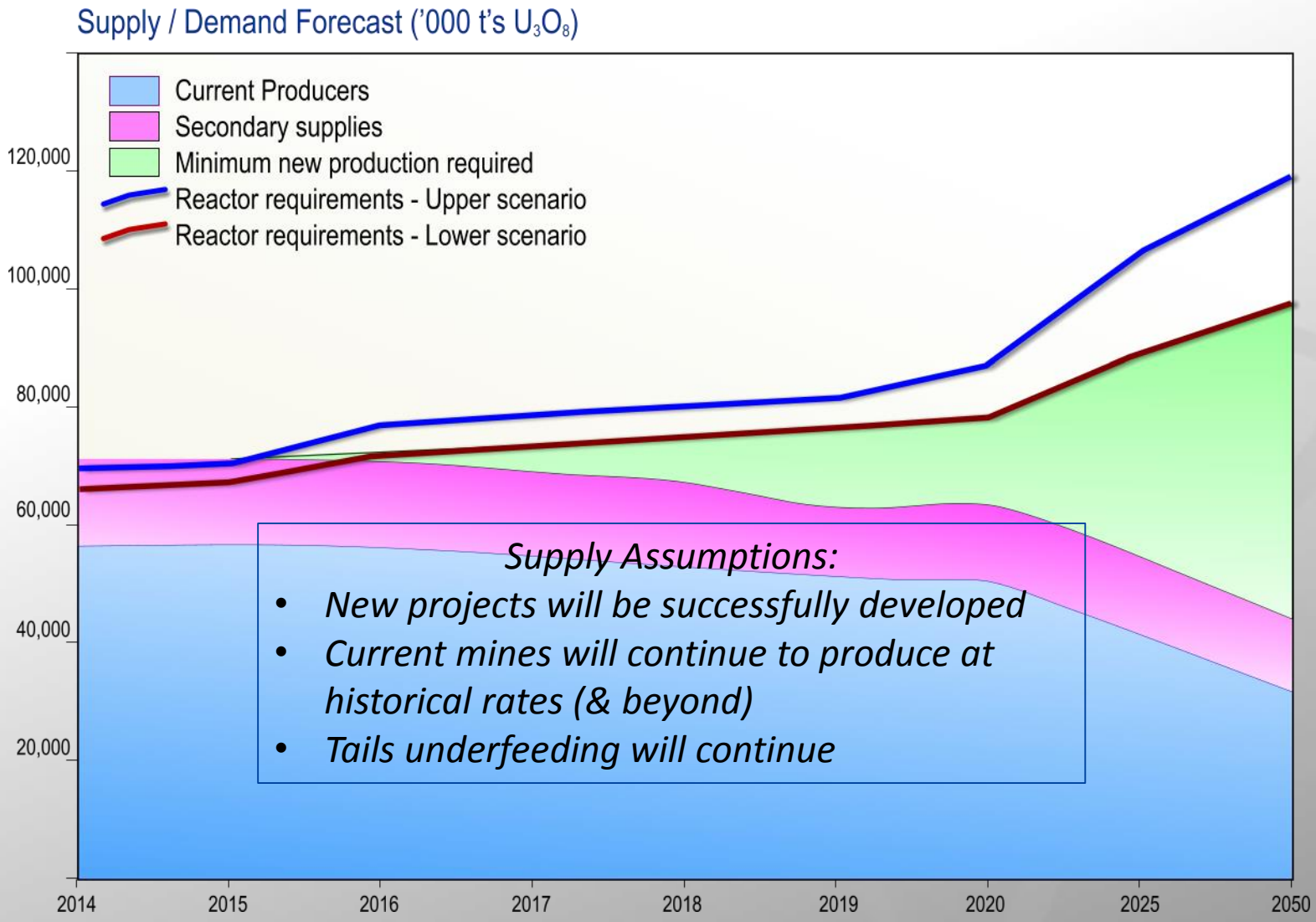
- Project development mostly stalled
- HEU (secondary supply source) finished
- Widespread curtailment of production
- 12 to 15 new mines needed by 2020

## Conclusions and Strategic Response

- Perfect storm brewing – trigger prices >US$80/lb required
- Timing of recovery remains uncertain (likely 2016-2020)
- Protect assets and skill base
- Progress projects cautiously to be well positioned at recovery

# WNA Forecasts Long Term Balance….

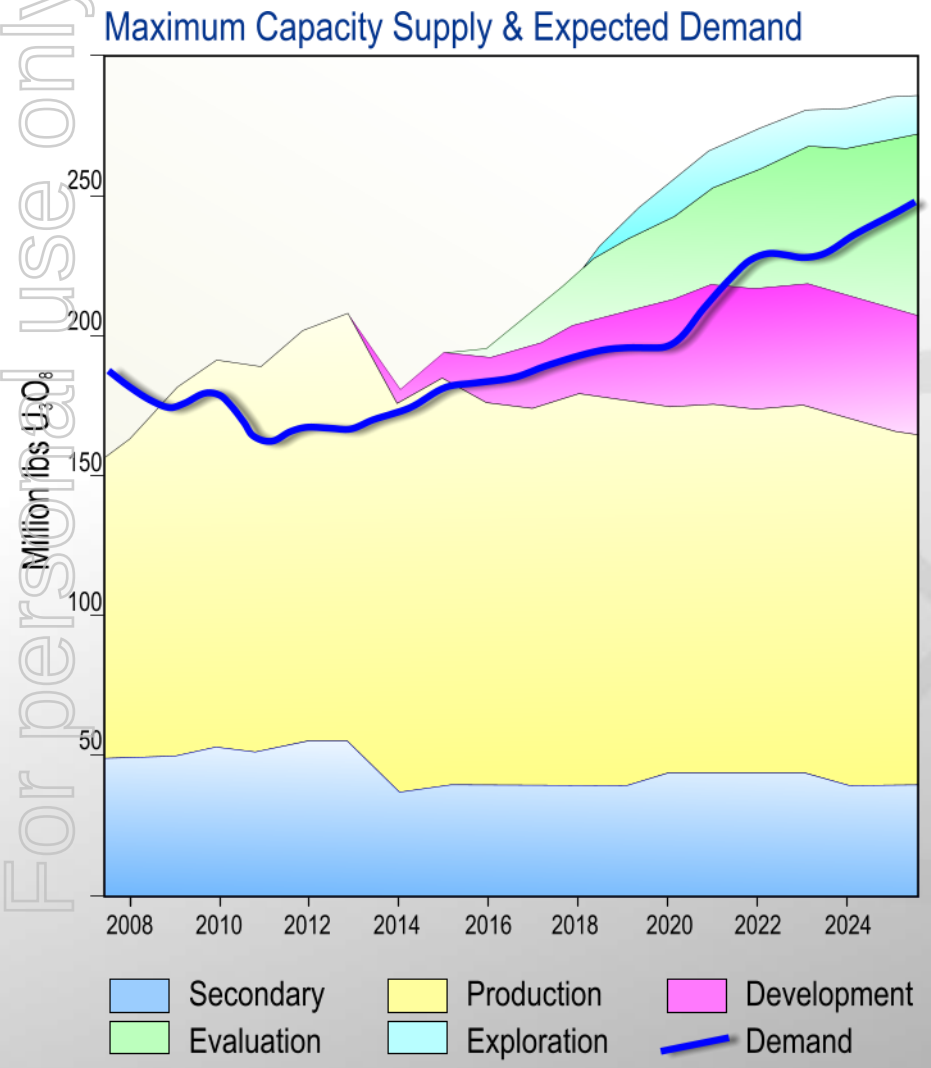


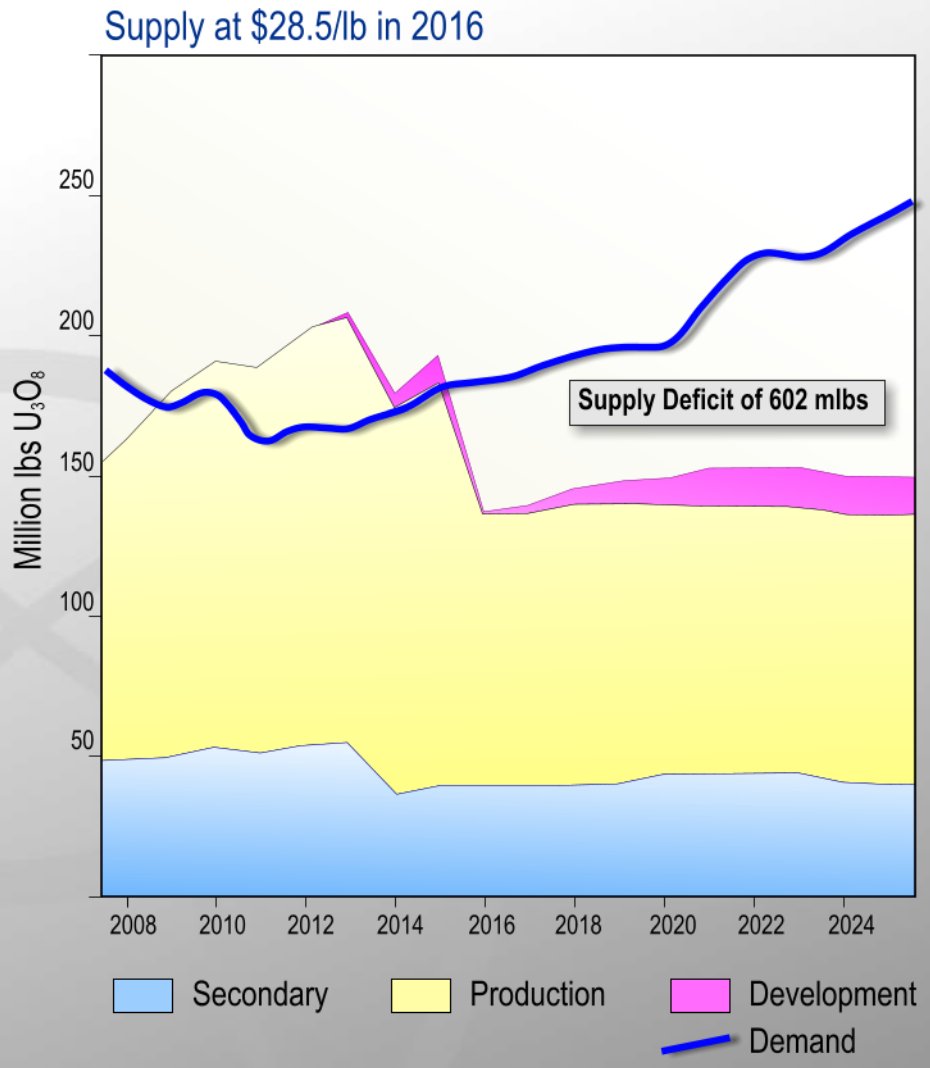



*Source: WNA, Toro Energy*

# Long Term Demand & Supply





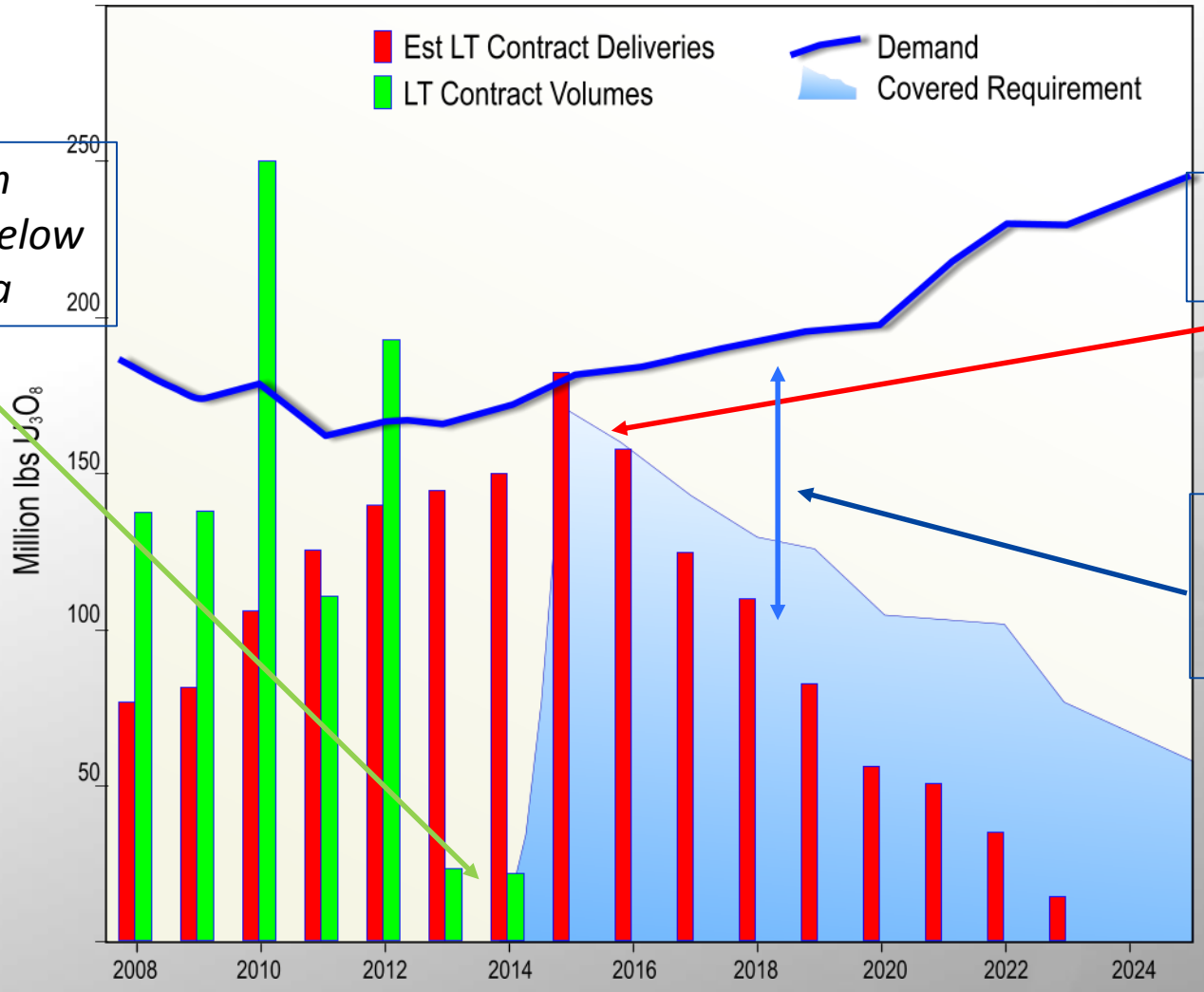




*Source: UxC, Anatolia Energy & Paladin Energy Analysis*

# Long Term Contracting



*Long Term Contracting below 20 Mlbspa*

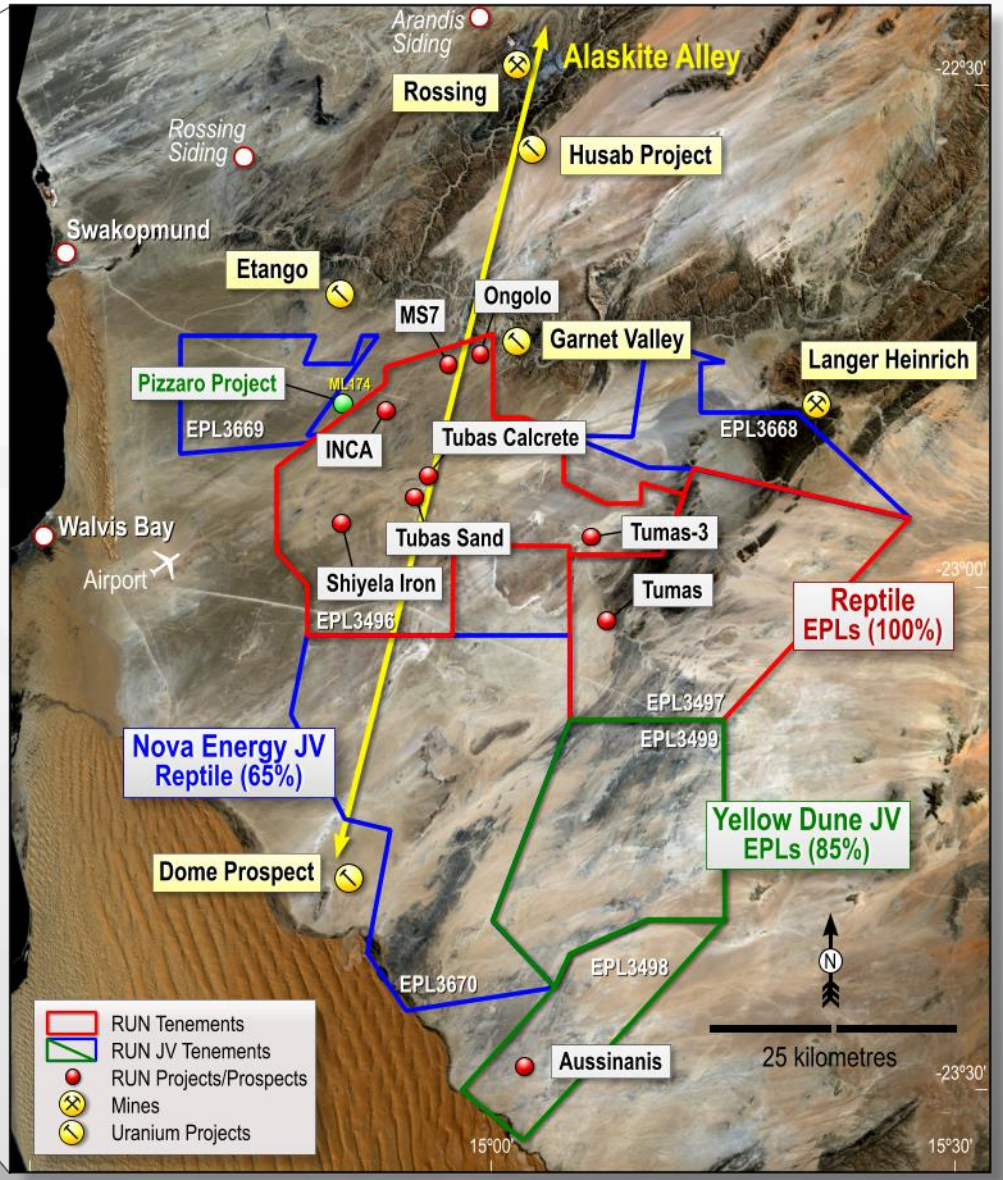



*Term Deliveries at all time highs*

*Growing uncovered utility requirements*

*Source: UxC, Anatolia Energy & Paladin Energy Analysis*

# Project Location


**3,109 km² in exploration area***

***Note:***

*Exploration in Namibia is conducted by DYL's wholly-owned subsidiary Reptile Uranium Namibia (RUN)*

** On a 100% basis*

# Omahola Project: Location & Key Points

***JORC 2004 Resource: 48.7 Mt at 420 ppm for 45.1 Mlbs $U_3O_8$ (tank leach)****



Flagship Project in the centre of "Alaskite Alley"

Multiple deposits to feed one plant:

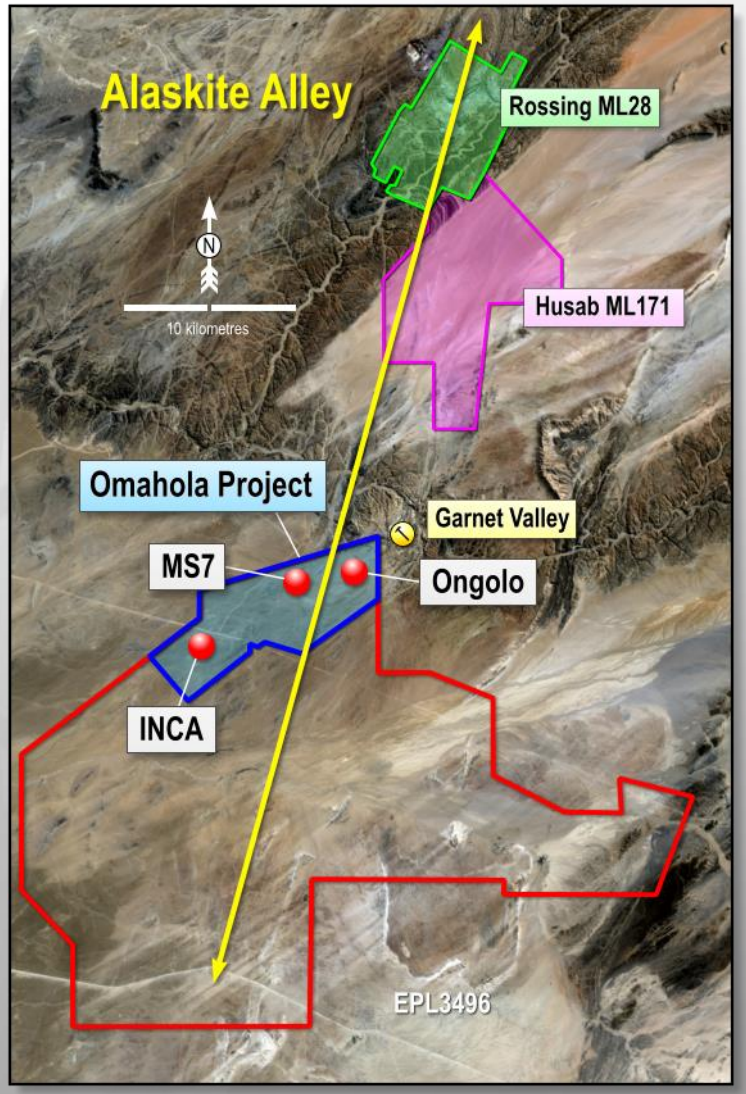
- **Ongolo and MS7** – higher grade alaskites
- **INCA** – higher grade alaskite, magnetite and pyrite mineralisation

From discovery, resource base grew rapidly over four years

Recently completed pit optimisation exercises indicated acid heap leach more attractive

Next Steps:

- Review & update preliminary economic analysis
- Resource Updates (heap leach resource & JORC 2012 Compliance)
- Design drill program for MS7 – open at depth
- Plan & execute scoping level metallurgical testwork




*ASX Release, 4 February 2013

# Omahola Project: Metallurgical test work



## *Will heap leach be technically feasible?*

- "Sighter" column test demonstrated heap leach processingpotential*
- Uranium recovery approximately 80% after 7 days with low overall sulphuric acid consumption of 12.4 kg/t*
- Theoretical maximum uranium recovery was approximately 90% and sulphuric acid consumption was 59.5 kg/t (based on glass beaker and bottle roll agitation techniques)*
- Extract Resources completed successful heap leach tests on Garnet Valley, contiguous to the Ongolo deposit

***ASX Release, 4 April 2013***

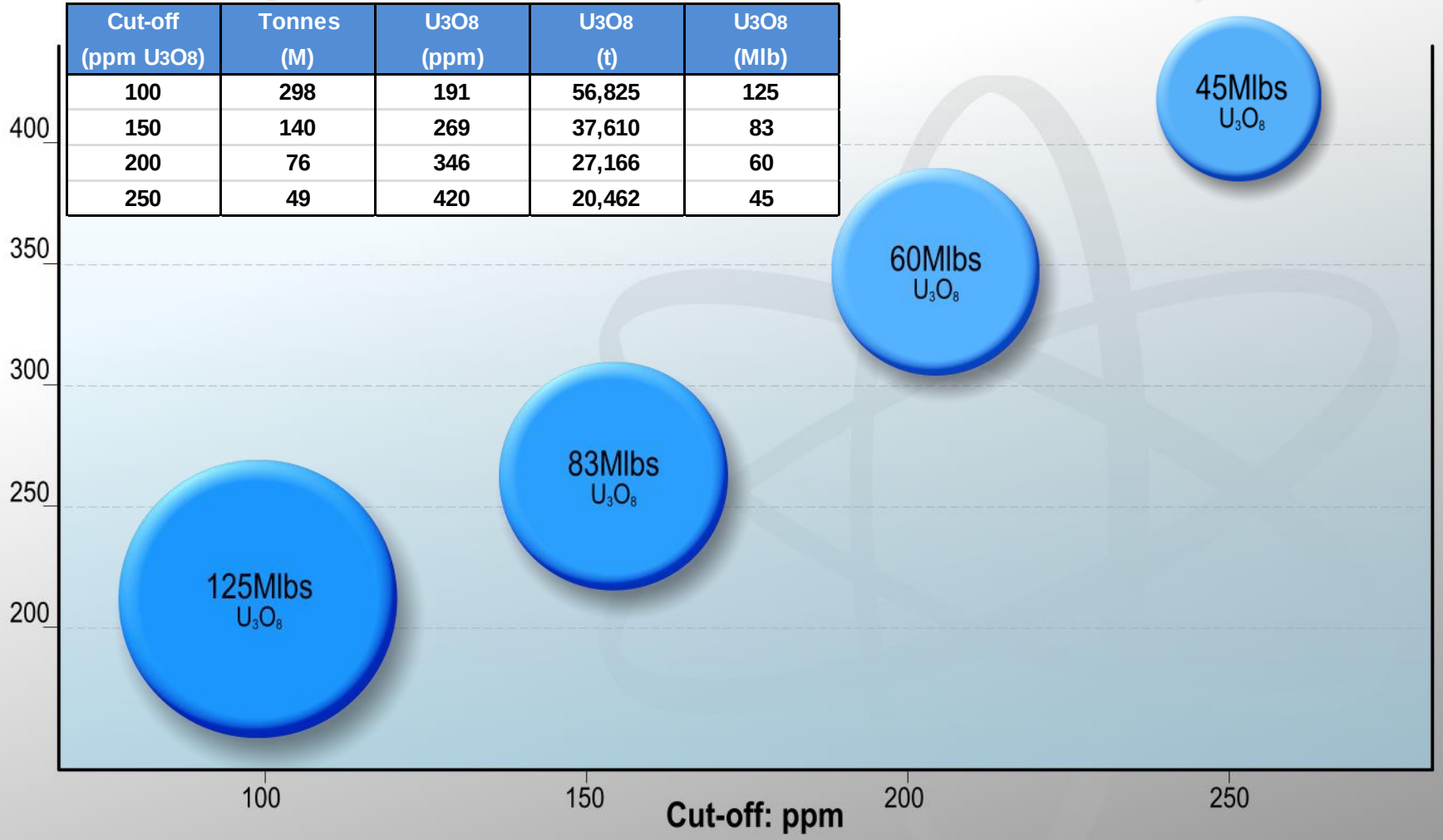
***Comprehensive metallurgical testwork must still be conducted***

# Omahola Project: Process Options & Size*

## *Heap Leach ensures greater resource inventory*

Heap Leach — **Process Options** — Plant

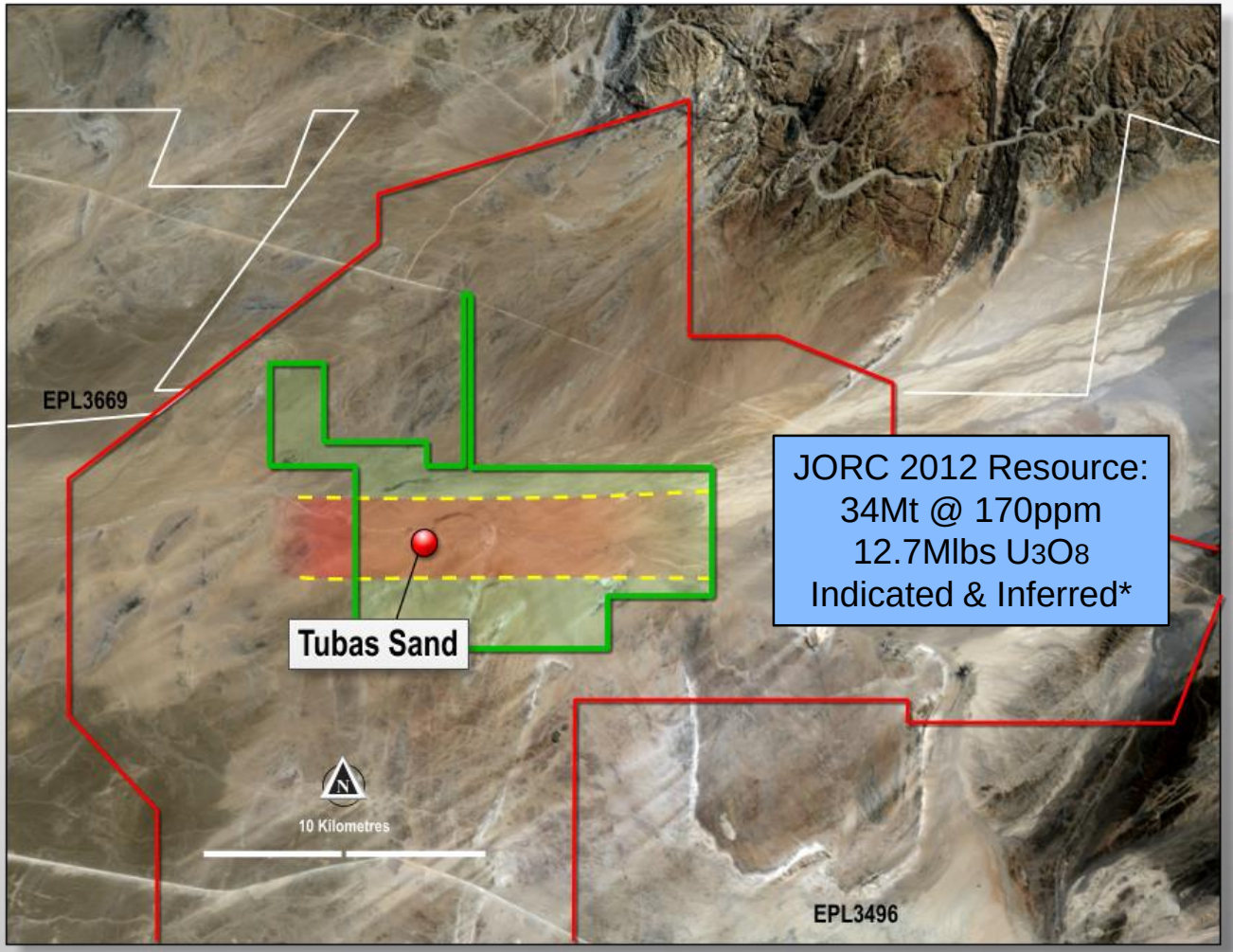
| Cut-off (ppm $U_3O_8$) | Tonnes (M) | $U_3O_8$ (ppm) | $U_3O_8$ (t) | $U_3O_8$ (Mlb) |
|---|---|---|---|---|
| 100 | 298 | 191 | 56,825 | 125 |
| 150 | 140 | 269 | 37,610 | 83 |
| 200 | 76 | 346 | 27,166 | 60 |
| 250 | 49 | 420 | 20,462 | 45 |




*Figures Extracted from ASX Release, 4 February 2013

# Tubas Sand Project: Location






** ASX Release, 24 March 2014*

# Tubas Sand Project: Key Points

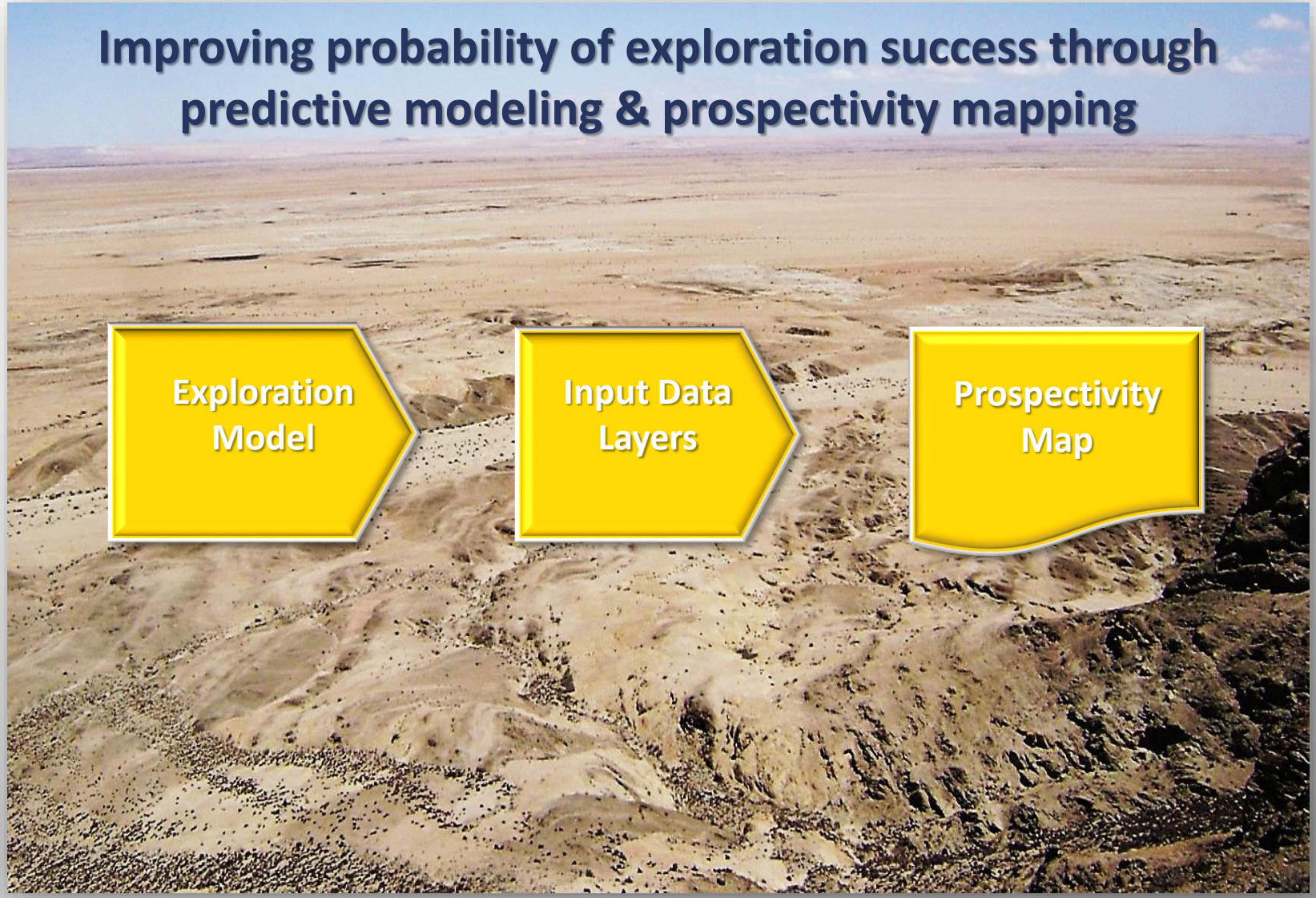
***JORC 2012 Resource: 34 Mt at 170 ppm for 12.7 Mlbs $U_3O_8$***

- Shallow, free dig mining
- Ore upgradeable via physical beneficiation
  - Conventional Cyclone or Teeter bed (Schauenburg)
  - Mass pull 10 - 20%, uranium recovery>80%
  - $U_3O_8$ upgrade of 4~8 times (depending on cut size)
- Acid or alkali leach for carnotite product
- Offtake options:
  - Transport to existing producer…
  - Supplemental feed to Omahola plant
- Recently completed DRA study
  - Production contained 600~750 tpa $U_3O_8$
  - FOB minesite costs below US$25/lb*
- Next Steps:
  - Finalise infill & expansion drill program
  - Conduct supplemental met testwork
  - Offtake discussions, or…..

** DRA Study, ASX Release, 8 May 2014*

# Untapped Prospectivity: Target Generation*



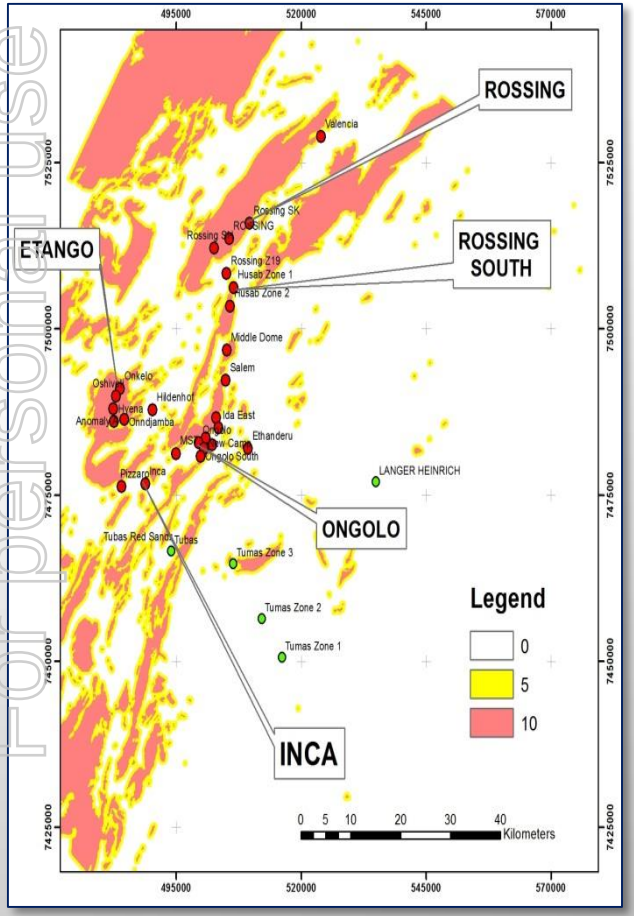



*ASX Release, 28 August 2013*

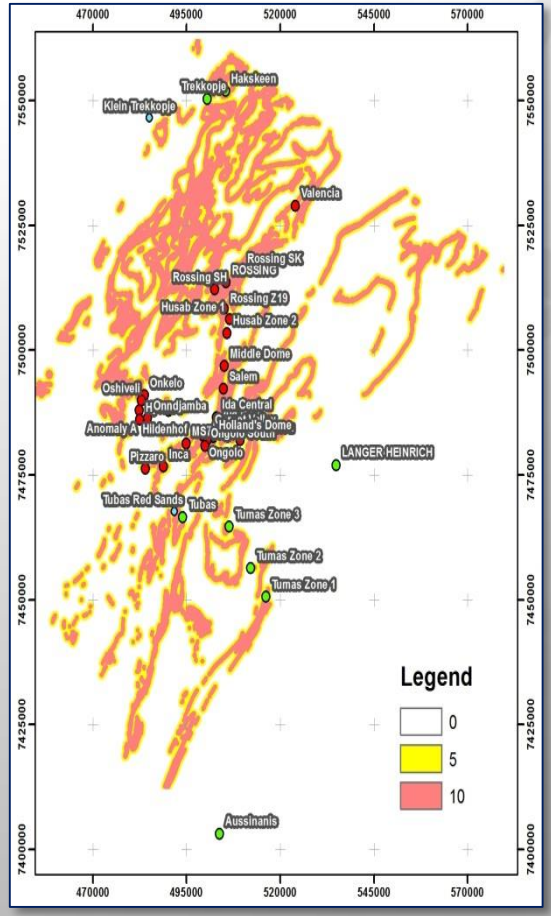
# Untapped Prospectivity: Input Data Layers



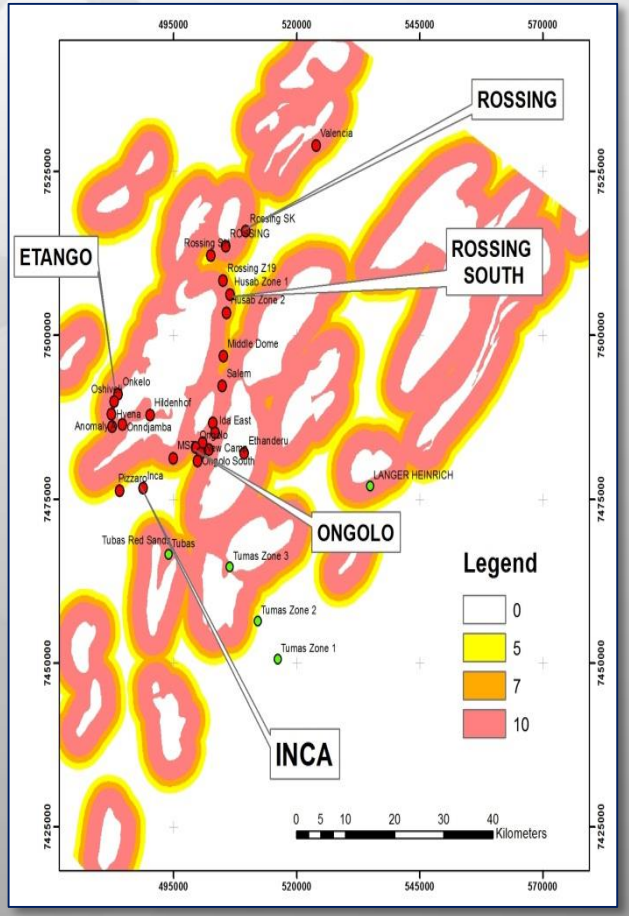
**Remanent magnetised units**



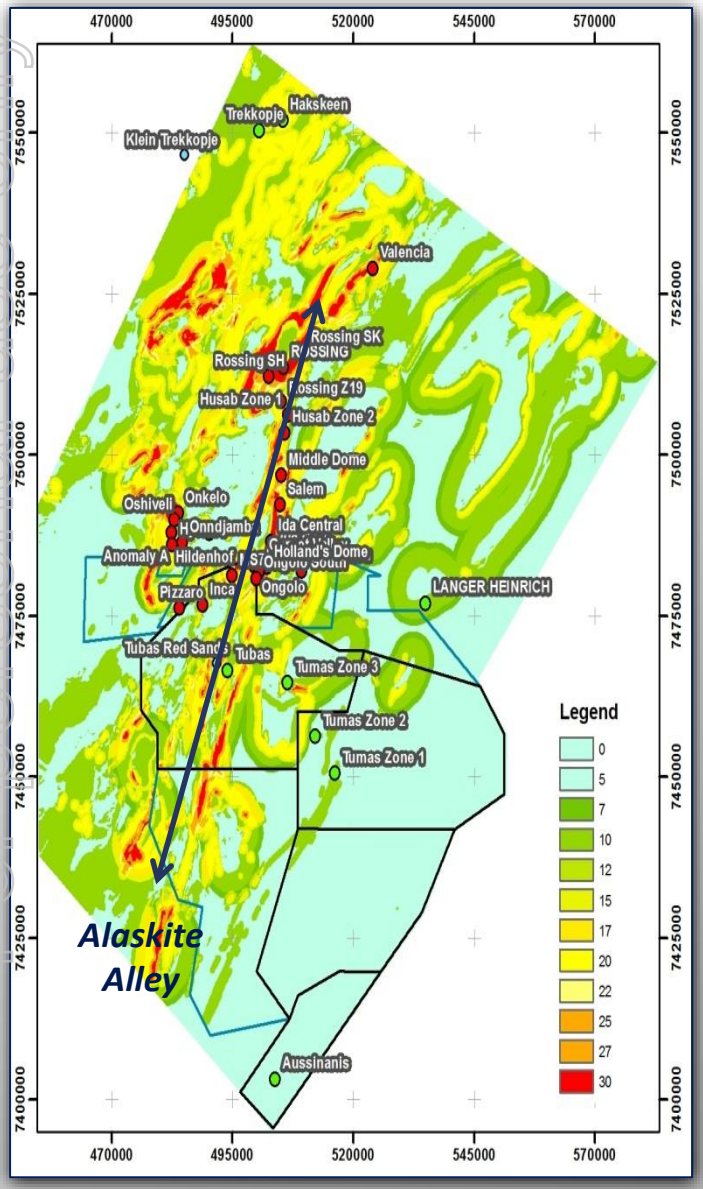

**Proximity to marble**




**Proximity to domes**



# Untapped Prospectivity: Regional Map & Results




**Exploration Model**

- Lithostratigraphic control
- Structural control

**Input Data Layers**

- Occurrence of remanent magnetised units
- Proximity to marble and dome structures

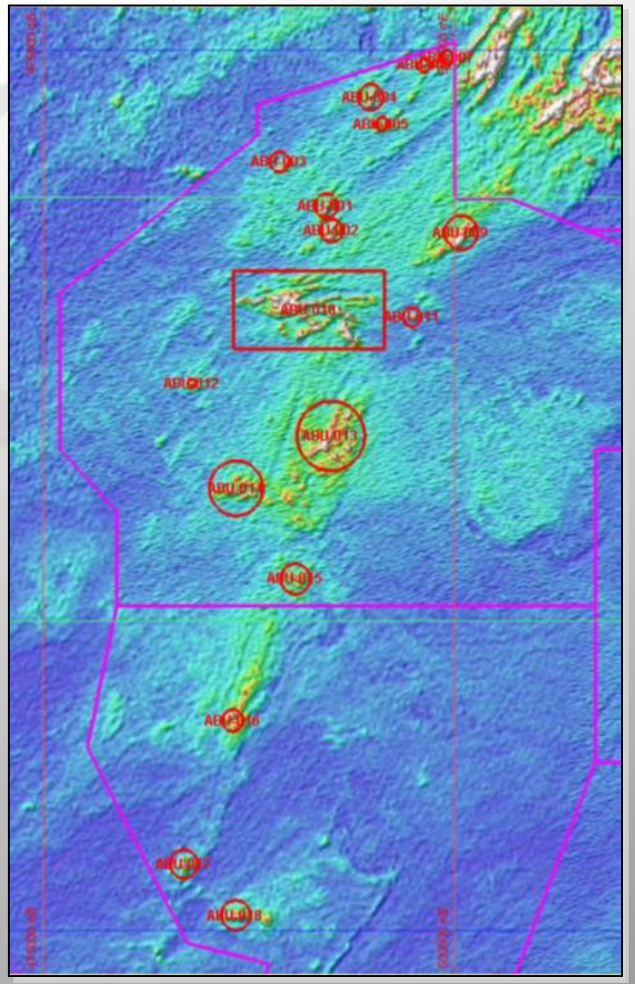
**Prospectivity Map**

| Deposit | Score |
|---|---|
| Rössing | 30 |
| Rössing South 1 | 20 |
| Rössing South 2 | 25 |
| Valencia | 20 |
| Ongolo | 20 |
| MS7 | 25 |
| INCA | 10 |

- Areas with high prospectivity rating are targets
- Targets appear to follow NNE-trend
- Methodology considered sound – known deposits show high prospectivity ranking

# Untapped Prospectivity: 15 Targets Identified

- Prospectivity mapping identified 15 alaskite targets
- 6 high priority targets
- Conducting ground follow-up:
  - Detailed geological mapping, ground radiometric surveys
  - RadonX surveys, Trenching
- Allows prioritisation & generation of follow-up targets
- Drill-test new alaskite targets when appropriate



***Mixed results***

***Further work required on some targets – scope to trial IP again?***

# Conclusions

***Gathering Momentum in the current market environment***

- Omahola Project – Ongoing progress
  - Review preliminary economic analysis
  - Resource updates for heap leach processing & JORC 2012 compliance
  - Plan MS7 deeper drilling campaign & conduct scoping metallurgical test work
- Tubas Sand Project – Flexibility
  - Design expansion & Infill drilling program
  - Metallurgical testwork
  - Secure offtaker, or……
- Unparalleled prospectivity
  - Following up on the results of the successful predictive modeling exercise
  - Mixed results with further work required
  - Exciting exploration potential remains
  - Looking for the next MS7…. or Husab!
- Improving uranium market sentiment
  - Highly leveraged to any movement in uranium spot price

***Leading location, Clear focus, High prospectivity, Proven delivery record***

# *Thank you….*



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# Appendices

# Core Projects – JORC Resources



| Deposit | Category | Cut-off (ppm $U_3O_8$) | Tonnes (M) | $U_3O_8$ (ppm) | $U_3O_8$ (t) | $U_3O_8$ (Mlb) |
|---|---|---|---|---|---|---|
| **Omahola Project - JORC 2004** | | | | | | |
| INCA Deposit ♦ | Indicated | 250 | 7.0 | 470 | 3,300 | 7.2 |
| INCA Deposit ♦ | Inferred | 250 | 5.4 | 520 | 2,800 | 6.2 |
| Ongolo Deposit # | Measured | 250 | 7.7 | 395 | 3,040 | 6.7 |
| Ongolo Deposit # | Indicated | 250 | 9.5 | 372 | 3,540 | 7.8 |
| Ongolo Deposit # | Inferred | 250 | 12.4 | 387 | 4,810 | 10.6 |
| MS7 Deposit # | Measured | 250 | 4.4 | 441 | 1,955 | 4.3 |
| MS7 Deposit # | Indicated | 250 | 1.0 | 433 | 433 | 1.0 |
| MS7 Deposit # | Inferred | 250 | 1.3 | 449 | 584 | 1.3 |
| **Omahola Project Total** | | | **48.7** | **420** | **20,462** | **45.1** |
| **Tubas Sand Project - JORC 2012** | | | | | | |
| Tubas Sand Deposit # | Indicated | 100 | 10.0 | 180 | 1,900 | 4.1 |
| Tubas Sand Deposit # | Inferred | 100 | 24.0 | 163 | 3,900 | 8.6 |
| **Tubas Sand Project Total** | | | **34.0** | **170** | **5,800** | **12.7** |

**Notes:**

Figures have been rounded and totals may reflect small rounding errors

XRF chemical analysis unless annotated otherwise

♦ $eU_3O_8$ - equivalent uranium grade as determined by downhole gamma logging

# Combined XRF Fusion Chemical Assays and $eU_3O_8$ values

Where eU3O8 values are reported it relates to values attained from radiometrically logging boreholes with Auslog equipment using an A675 slimline gamma ray tool. All probes are calibrated either at the Pelindaba Calibration facility in South Africa or at the Adelaide Calibration facility in South Australia.

# Compliance Statements



**Omahola Project – JORC 2004**

The information in this report that relates to Exploration Results for the **Ongolo, MS7 and INCA** deposits is based on information compiled by Dr Katrin Kärner* who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM CP(Geo)). Dr Katrin Kärner, who was 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 she is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Dr Katrin Kärner* consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

The information in this Report that relates to the **Ongolo and MS7** Mineral Resources is based on information compiled by Malcolm Titley of CSA Global UK Ltd. Malcolm Titley takes overall responsibility for the Report. He is a Member of the Australasian Institute of Geoscientists ('AIG') and the Australasian Institute of Mining and Metallurgy ('AusIMM') and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Malcolm Titley consents to the inclusion of such information in this Report in the form and context in which it appears.

The information in this report that relates to the **INCA** Mineral Resource Estimates is based on information compiled by Neil Inwood who is a Fellow of the AUSIMM. Mr Inwood was employed by Coffey Mining as a consultant to the Company at the time of the resource estimates and public release of results. As Mr Inwood is no longer employed by Coffey Mining, Coffey Mining has reviewed this report and consents to the inclusion, form and context of the relevant information herein as derived from the original resource reports for which Mr Inwood's consents have previously been given. Mr Inwood has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition).

The information relating to the **Omahola** Project Exploration Results and Mineral Resource Estimates was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

**Tubas Sand Project – JORC 2012**

The information in this presentation that relates to the **Tubas Sand** Mineral Resource Estimate references an ASX release dated 24 march 2014 entitled "Tubas Sand Project – Resource update" . There have been no material changes to the resource or the underlying assumptions that supported the resource estimation.

**Tubas Sand Project Trade-Off Study**

The information in this presentation that relates to the preliminary techno-economic assessment and risk analysis study is based on metallurgical information reviewed by Mr Val Coetzee (B.Eng (Chem), M.Eng, Pr.Eng, SAIMM). Mr Coetzee is a full time employee of DRA Global a Consulting Engineering Group. Mr Coetzee is a Professional Engineer registered with the Engineering Council of South Africa and has more than 13 years of relevant experience in this area of work. Mr Coetzee consents to the inclusion in this presentation of the matters based on information provided by him and in the form and context in which it appears.