

9 May 2017

NON-RENOUNCEABLE ENTITLEMENT OFFER – NOTICE LETTER DESPACHED

Deep Yellow Limited ('**Deep Yellow**' or the 'Company') (ASX:**DYL**) advises the attached letter was sent to shareholders today, 9 May 2017 in accordance with the notice requirements for the recently announced non-renounceable entitlement offer (the Offer).

Through the Offer the Company is seeking to raise up to approximately \$15,117,405 before expenses by issuing up to approximately 60,469,620 fully paid ordinary shares (Shares) at an issue price of \$0.25 per Share on the basis of 7 Shares for every 15 Shares held on the record date and up to approximately 60,469,620 listed options on the basis of 1 free attaching option for every 1 Share issued. (Refer to the attached Notice Letter for full details of the Offer.)

As a reminder the following table sets out the key dates for the Offer.

Event	Date*
Announcement of Offer	5 May 2017
Lodgement of Appendix 3B with ASX	5 May 2017
Prospectus lodged at ASIC and ASX	5 May 2017
Notice sent to Shareholders	9 May 2017
"Ex" Date (date Shares are quoted ex-rights)	10 May 2017
Record Date to determine Entitlements	5.00pm (WST) 11 May 2017
Prospectus (together with Entitlement and Acceptance Form) despatched to Shareholders	16 May 2017
Opening Date	16 May 2017
Closing Date**	30 May 2017
Shares quoted on a deferred settlement basis	31 May 2017
Notification to ASX of under subscriptions	2 June 2017
Allotment date with respect to Shares and Options	6 June 2017

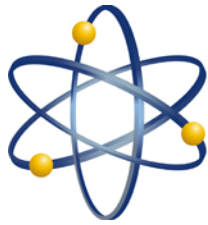
* The above timetable is indicative only and subject to change. The Company reserves the right to amend any or all of these events, dates and times subject to the *Corporations Act 2001* (Cth), the ASX Listing Rules and other applicable laws.

** In particular, the Company reserves the right to extend the closing date of the Entitlement Offer, to accept late applications either generally or in particular cases or to withdraw the Entitlement Offer without prior notice. The commencement of quotation of Shares is subject to confirmation from ASX.

Yours faithfully



MARK PITTS
Company Secretary



Deep Yellow Limited

9 May 2017

Dear Shareholder,

NON-RENOUNCEABLE ENTITLEMENT OFFER

On 5 May 2017, Deep Yellow Limited (ACN 006 391 948) (**Company**) announced that the Company would be conducting a non-renounceable entitlement offer of up to approximately 60,469,620 fully paid ordinary shares in the capital of the Company (**Shares**) on the basis of seven (7) Shares for every fifteen (15) Shares held at 5.00pm (WST) on 11 May 2017 (**Record Date**) at an issue price of \$0.25 per Share and up to approximately 60,469,620 listed options (**Options**) on the basis of one (1) free attaching Option for every one (1) Share issued, with each Option having an exercise price of \$0.50 and expiring on 1 June 2022 (unless accelerated)¹ to raise up to approximately \$15,117,405 (before issue costs) (**Entitlement Offer**).

The funds raised under the Entitlement Offer will provide the Company with the necessary funds for:

- (a) further drilling and exploration activities in Namibia to build on recent positive results;
- (b) the continued evaluation and potential funding for strategic, value accretive acquisitions to build a global multi-project platform;
- (c) in support of acquisition of possible new projects (if identified);
- (d) general working capital; and
- (e) expenses associated with the Entitlement Offer.

The Entitlement Offer is not underwritten and is open to **Eligible Shareholders only**.

The Entitlement Offer is made pursuant to a prospectus lodged with the Australian Securities and Investments Commission (**ASIC**) on 5 May 2017 (**Prospectus**) and released to the Australian Securities Exchange (**ASX**) on the same date.

This letter is an advice letter only, a Prospectus will be sent to all shareholders in Australia, New Zealand, Hong Kong, Ireland, Namibia, Panama and the United Kingdom on the Despatch Date.

¹ The Options will expire on the earlier of: (i) 1 June 2022; and (ii) 22 ASX Business Days after the Notification Date (defined below) (**Expiry Date**). The Company will give notice of the new Expiry Date to the Option Holders on the Notification Date, and again before the 8th last ASX Business Day before the new Expiry Date.

Notification Date means the date (being any date within 5 ASX Business Days of the Acceleration Trigger Date) on which Option holders are notified of the Acceleration Trigger Date (defined below) such notification to be released on the Exchange; and

Acceleration Trigger Date means that date, at any time after 30 days after the issue date of the Options, that the closing price of the Shares on ASX is higher than A\$0.78 for any 20 consecutive ASX Business Day period, then on the 20th consecutive ASX Business Day of any such period.



Eligible Shareholders

The Entitlement Offer is open to shareholders who hold Shares as at the Record Date with registered addresses in Australia, New Zealand, Hong Kong, Ireland, Namibia, Panama and the United Kingdom (**Eligible Shareholders**). All other shareholders **are not eligible** to participate in the Entitlement Offer. (**Excluded Foreign Holders**) The Company has taken into consideration the size of the shareholdings held by the Excluded Foreign Holders and the costs of complying with the legal requirements and the requirements of the regulatory authorities relating to Excluded Foreign Holders and has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules, that it is unreasonable to extend the Entitlement Offer to those shareholders.

Summary of key features of the Entitlement Offer

Under the terms of the Entitlement Offer, Eligible Shareholders will be entitled to subscribe for seven (7) Shares for every fifteen (15) Shares held at the Record Date at an issue price of A\$0.25 per Share, with one (1) free attaching listed Option for every one (1) Share subscribed for, with each Option having an exercise price of A\$0.50 and expiring on 1 June 2022 (unless accelerated)² (**Entitlements**). Where fractions arise in the calculation of Entitlements, they will be rounded down to the nearest whole number. Eligible Shareholders who subscribe for their Entitlement in full and who, following acceptance of their Entitlement would hold less than a marketable parcel of Shares (being 2,000 based on the offer price) may also apply for additional Shares and Options in excess of their Entitlement on the terms set out in the Prospectus.

The Company only has one register on which Entitlements will be calculated.

The Company reserves the right to reduce the number of Shares and Options allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

The Shares will rank equally with the existing ordinary shares from the date of issue. Shares issued on the exercise of Options will rank equally with existing ordinary shares from the date of issue.

The current number of Shares on issue in the Company is 129,577,759. Under the Entitlement Offer, up to approximately 60,469,620 Shares will be issued. The number of Shares on issue at the completion of the Entitlement Offer will be up to approximately 190,047,379.

There are currently no Options on issue in the Company. Under the Entitlement Offer, up to approximately 60,469,620 Options will be issued. The number of Options on issue at the completion of the Entitlement Offer will be up to approximately 62,469,620 (of which 2,000,000 Options will be issued in part consideration of fees to CPS (defined below)).

The number of performance rights on issue will remain unchanged as a result of the Entitlement Offer.

The Company currently has 709,250 performance rights on issue with various performance hurdles and expiry dates. Performance right holders are not eligible to participate in the Entitlement Offer unless those performance rights vest and provided the resulting Shares are issued by the Record Date.

The Entitlement Offer is non-renounceable, therefore you cannot sell your Entitlements.

No shareholder approval for the Entitlement Offer is required.

The Company currently has no dividend policy.

Co-Lead Managers and placement of any shortfall

Sprott Private Wealth LP. (**SPW**) and certain of its affiliates (together, **Sprott**) and CPS Capital Pty Ltd (**CPS**) have agreed to support the Entitlement Offer by assisting the Company in placing any shortfall which may arise under the Entitlement Offer.

² see terms of accelerated in footnote 1.

Non Renounceable Entitlement Offer



Sprott will be entitled to 6% cash commission on all Shares placed by Sprott. CPS will be entitled to: (i) 6% cash commission on all Shares placed by CPS; and (ii) 2,000,000 Options (which will be subject to voluntary escrow for a period of 3 months from the date of issue).

SPW and CPS are Co-Lead Managers to the Entitlement Offer.

Indicative timetable

The indicative timetable for the Entitlement Offer is as follows:

Event	Date*
Announcement of Offer	5 May 2017
Lodgement of Appendix 3B with ASX	5 May 2017
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** In particular, the Company reserves the right to extend the closing date of the Entitlement Offer, to accept late applications either generally or in particular cases or to withdraw the Entitlement Offer without prior notice. The commencement of quotation of Shares is subject to confirmation from ASX.

Brief instructions for Eligible Shareholders

If you are an Eligible Shareholder, you may do the following:

- If you wish to take up all or part of your entitlement, complete the entitlement and acceptance form accompanying the Prospectus (Entitlement and Acceptance Form) in accordance with the instructions set out in the form. Forward your completed Entitlement and Acceptance Form, together with payment for the amount shown on the form or for such lesser amount as you wish to apply for, so as to reach the Company's share registry no later than 5.00 pm (WST) on 30 May 2017 (**Closing Date**). Cheques should be made payable to "**Deep Yellow Limited**" and crossed "**Not Negotiable**". **BPAY® payments do not** require completion of the Entitlement and Acceptance Form and are to be made using the BPAY® code and personalised reference number indicated on your Entitlement and Acceptance Form. Funds must be received before 5:00pm (WST) on the Closing Date.
- If you do not wish to accept part or all of your entitlement, you are not obliged to do anything.

Non Renounceable Entitlement Offer



More information

Before making a decision whether to apply for Shares, please read the Prospectus carefully in its entirety when you receive it. **The Entitlement Offer is scheduled to close at 5:00pm (WST) on 30 May 2017.**

This letter is not a prospectus and does not constitute an offer of securities. An offer of Shares and Options under the Entitlement Offer will only be made in, or accompanied by, a copy of the Prospectus sent to all Eligible Shareholders.

The Prospectus is available on the Company's website at www.deeppyellow.com.au or on the ASX website (company announcements section, ASX code: DYL) at www.asx.com.au.

The Directors of the Company recommend that if you are in doubt as to the value of the Entitlement Offer then you should contact your financial adviser.

Should you have any queries please contact the Company Secretary by telephone on +61 8 9286 6999 or the Company's share registry Computershare Investor Services Pty Ltd on 1300 850 505 (Toll free within Australia) or + 61 3 9415 4000.

Yours faithfully

Mark Pitts
Company Secretary
Deep Yellow Limited