

Deep Yellow Limited

24 October 2016

ASX Limited
Level 40 Central Park
152-158 St Georges Terrace
PERTH WA 6000

Not for distribution to United States newswire services or for dissemination in the United States.

**JOHN BORSHOFF APPOINTED AS CEO & MANAGING DIRECTOR,
STRATEGIC RELATIONSHIP ESTABLISHED WITH
AN AFFILIATE OF THE SPROTT GROUP TO RAISE A\$1.42 MILLION**

Deep Yellow Limited (ASX: DYL) (“DYL”, “Deep Yellow” or “the Company”) is pleased to announce the appointment of Mr John Borshoff as Chief Executive Officer (“CEO”) and Managing Director and the establishment of a strategic relationship with an affiliate of the Sprott Group (“Sprott”). Concurrently, an affiliate of Sprott will be making an initial A\$1.42M investment to recapitalise DYL and support the Company’s future growth strategy, anchored by its flagship Namibian assets.

The Board of DYL expresses its gratitude to the outgoing Managing Director, Mr Greg Cochran for his efforts over the past five years and wishes him well in his future endeavours.

Appointment of John Borshoff as CEO and Managing Director

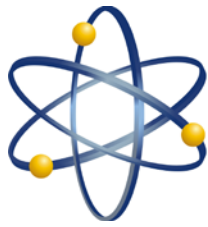
Mr John Borshoff has been appointed as CEO and Managing Director, effective immediately. Mr Borshoff is a geologist and uranium industry veteran who founded Paladin Energy Limited in 1993, taking that company from a junior explorer to a globally recognized, multi-billion dollar uranium mining company.

Commenting on Mr Borshoff’s appointment, Rudolf Brunovs, Chairman of the DYL Board said: *“I am delighted to welcome someone of John’s calibre to Deep Yellow. John’s extensive experience and proven track record in the uranium industry, along with his global industry network, will create significant opportunities for the Company and its shareholders.”*

Commenting on his appointment, Mr Borshoff said: *“Having carefully evaluated the current state of the global uranium sector, I am confident Deep Yellow represents the ideal platform to establish a high quality and strategically positioned uranium company. I believe this is an unparalleled opportunity to create shareholder value in an out-of-favour asset class. I look forward to working with the Deep Yellow board and Sprott to leverage the Company’s Namibian assets, and take advantage of the inevitable growth opportunities that will occur, in anticipation of a recovery in global uranium markets.”*

The terms and conditions relating to Mr Borshoff’s engagement are contained in Annexure B and in the accompanying Appendix 3X.

For personal use only



Deep Yellow Limited

Non-Brokered Private Placement

Exploration Capital Partners 2014 Limited Partnership (“ECP”), an affiliate of Sprott, has agreed to subscribe to a private placement of 15% of the issued capital of DYL for gross proceeds of A\$1,415,252.85. ECP will be issued 321,648,376 fully paid ordinary shares (“Shares”) at A\$0.0044 per Share, which price was calculated by reference to a discount to the volume weighted average share price (“Placement”). In being issued the Shares, Sprott will become the Company’s largest shareholder and will have the right to nominate a Non-Executive Director to the board so long as its ownership remains above 10% and a second Non-Executive Director should its shareholding exceed 25%.¹.

The Placement is expected to settle on or about 28 October 2016.

It is the intention of the Company and Sprott to develop a strategic relationship, and subject to ASX granting a waiver to Listing Rule 6.18, the Company will also grant Sprott a “top up right”² to allow Sprott to maintain its equity position in DYL. The “top up right” will cease if Sprott’s holding in DYL falls below 10%.

Should Sprott’s shareholding exceed 25%, it may request the Company to seek a listing on the TSX Venture Exchange.

Rudolf Brunovs, Chairman of the Board said: *“We are pleased to welcome Sprott as a strategic investor in DYL. Sprott’s diverse platform, global reach and its commitment to the natural resources sector will put DYL in a strong position.”*

A different Sprott affiliate will be paid A\$70,762.69 (representing a 5% cash commission on the Shares placed) and will retain a right to bid to place or find subscribers for Shares or convertible notes of the Company which the Company may wish to place or issue from time to time³, provided Sprott’s aggregate, direct and indirect shareholdings (including managed shareholdings) exceeds 10%.

The funds raised from the Placement will strengthen the Company’s balance sheet as it embarks on a strategic review of the uranium sector to evaluate growth opportunities and additionally will be used to advance the existing assets and for general working capital purposes.

The information required by ASX Listing Rule 3.10.3 is set out in Annexure A.

For further information regarding this announcement contact:

John Borshoff +61 419 912 571 and Rudolf Brunovs +61 419 992 227.
Media Contact: Michael Vaughan, Fivemark Partners, +61 422 602 720.

¹ Calculated on an undiluted basis

² The “top up right” will not apply in circumstances where DYL issues securities in relation to an off-market takeover bid or a scheme of arrangement, securities issued on conversion of convertible securities, securities issued pursuant to compensation or incentive schemes or securities issued pursuant to a dividend reinvestment plan or bonus share plan.

³ Excluding placements to employees, officers of or contractors to the Company.

For personal use only



Deep Yellow Limited

About Deep Yellow Limited

Deep Yellow Limited is an ASX-listed, Namibian-focused advanced stage uranium exploration company. It also has a listing on the Namibian Stock Exchange. Deep Yellow's operations in Namibia are conducted by its 100% owned subsidiary Reptile Uranium Namibia (Pty) Ltd.

About the Sprott Group of Companies

With a history dating back to 1981, Sprott is a leading alternative asset manager with a history of delivering outstanding long-term performance to clients through a diverse range of innovative products and investment strategies. Sprott's products include asset management, physical bullion trusts, private equity and debt, and wealth management through its private client and brokerage businesses.

The Company hereby requests that the suspension in trading of its securities hereby be lifted and the Company is not aware of any reason why this request should not be granted or of any other information relevant to this request.

Yours faithfully

MARK PITTS
Company Secretary

*This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities in the United States of America. The securities have not been and will not be registered under the United States Securities Act of 1933 ("the **1933 Act**") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons (as defined in the 1933 Act) unless registered under the 1933 Act and applicable state securities laws, or an exemption from such registration is available.*

For personal use only



Deep Yellow Limited

ANNEXURE A

The following information in relation to the Placement is provided for the purposes of ASX Listing Rule 3.10.3:

| | |
|---|---|
| Class of securities to be issued | Fully paid ordinary shares (“Shares”) |
| Number of securities to be issued | 321,648,376 Shares |
| Principal terms of the securities to be issued | Shares will rank equally with existing ordinary Shares |
| Issue price | A\$ 0.0044 per Share |
| Purpose of the issue | The funds raised from the Placement will strengthen the Company’s balance sheet as it embarks on a strategic review of the uranium sector and will be used to advance the existing Namibian assets and for general working capital purposes |
| Whether the entity will seek security approval for the issue | The Shares will be issued under the Company’s 15% capacity under ASX Listing Rule 7.1 and therefore shareholder approval will not be sought in relation to the issue of Shares |
| Whether the issue is to a class of security holders | No |

An Appendix 3B and cleansing notice will be issued upon settlement of the Placement.



Deep Yellow Limited

ANNEXURE B

Deep Yellow Limited (**Company**) has entered into an agreement (**Consultancy Agreement**) with Scomac Management Services Pty Ltd (**Consultant**) pursuant to which the Company has appointed the Consultant to provide expert exploration strategic advice, geophysical advice, any other expertise and skill that the Company may require from time to time and a person who is to act as the managing director and chief executive officer of the Company (**Services**). The Consultant will ensure the Services are performed by Consultant Personnel (which include Mr Borshoff)⁴.

The Company will pay the Consultant \$385,000 (plus GST and on-costs) p.a. for the Services (**Fee**), such amount will be reviewed annually. Neither the Consultant or the Consultant Personnel shall receive any additional fee for acting as an officer of the Company. Although the Consultant is responsible for payments relating to annual leave, sick leave, long service leave, superannuation, workers' compensation or insurance for the Consultant Personnel, the Company will pay a contribution towards these costs. The Consultant is responsible for withholding, paying and reporting any and all required taxes. The Company will also reimburse the Consultant on a monthly basis for reasonable expenses incurred by the Consultant in the provision of the Services. The Consultant is entitled, subject to shareholder approval and the ratification of the Sprott Placement to:

- (a) a sign on bonus of 30 million shares;
- (b) a short term incentive of up to 25% per annum of the Fee, which incentive may, at the discretion of the Company be paid in cash or in Shares; and
- (c) a long term incentive of 70 million shares vesting as follows:

| Number | Vesting Date ⁵ | Hurdle price per Share |
|------------|---------------------------|------------------------|
| 6 million | 30 June 2017 | N/A |
| 12 million | 30 June 2017 | 1.2 cents each |
| 7 million | 30 June 2018 | N/A |
| 17 million | 30 June 2018 | 2 cents each |
| 7 million | 30 June 2019 | N/A |
| 21 million | 30 June 2019 | 3 cents each |

If shareholders do not pass the required resolutions then the Company and the Consultant shall in good faith, negotiate other forms of incentive but if unsuccessful then the Consultancy Agreement will come to an end.

⁴ The Consultant may provide the Services through additional personnel upon agreement with the Company, which may result in additional payments being made by the Company.

⁵ Vesting of the shares is subject to Mr Borshoff being and remaining a Consultant Personnel



Deep Yellow Limited

Subject to: (i) the allotment referred to in (a) above, (ii) shareholder approval; and (iii) the ratification of the Sprott Placement, the Company has agreed that it will, within 60 business days, establish a loan funded share plan with capacity to provide for both short-term and long-term incentives (**Plan**).

The Consultancy Agreement may be terminated by:

- (a) the Consultant giving 6 months prior notice to the Company; or
- (b) the Company giving 12 months prior notice to the Consultant.

If the Consultant breaches a material term of the Consultancy Agreement and the breach is not capable of rectification, the Company may terminate the Consultancy Agreement immediately without notice. Upon termination, the Consultant may only be entitled to retain Shares held by it under the Plan where to do so is in accordance with the rules of the Plan.

For personal use only

Appendix 3X

Initial Director's Interest Notice

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 30/9/2001.

| | |
|-----------------------|----------------------------|
| Name of entity | Deep Yellow Limited |
| ABN | 006 391 948 |

We (the entity) give ASX the following information under listing rule 3.19A.1 and as agent for the director for the purposes of section 205G of the Corporations Act.

| | |
|----------------------------|-----------------|
| Name of Director | John Borshoff |
| Date of appointment | 23 October 2016 |

Part 1 - Director's relevant interests in securities of which the director is the registered holder

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

Note: In the case of a company, interests which come within paragraph (i) of the definition of "notifiable interest of a director" should be disclosed in this part.

| |
|---|
| Number & class of securities |
| NIL |

+ See chapter 19 for defined terms.

For personal use only

Appendix 3X
Initial Director's Interest Notice

Part 2 – Director's relevant interests in securities of which the director is not the registered holder

In the case of a trust, this includes interests in the trust made available by the responsible entity of the trust

| Name of holder & nature of interest | Number & class of Securities |
|--|------------------------------|
| Note: Provide details of the circumstances giving rise to the relevant interest. | NIL |

Part 3 – Director's interests in contracts

Note: In the case of a company, interests which come within paragraph (ii) of the definition of "notifiable interest of a director" should be disclosed in this part.

| | |
|---|--|
| Detail of contract | Consultancy agreement between the Company and Scomac Management Services Pty Ltd (Consultant) dated 23 October 2016 (Consultancy Agreement). The Consultant will ensure the services provided under the Consultancy Agreement are performed by Consultant Personnel (being Mr Borshoff). |
| Nature of interest | Mr Borshoff is a director of the Consultant and a director and shareholder of Aylworth Holdings Pty Ltd (Aylworth). Aylworth is the sole shareholder of the Consultant. |
| Name of registered holder (if issued securities) | The securities have not yet been issued. |

+ See chapter 19 for defined terms.

For personal use only

For personal use only

| <p>No. and class of securities to which interest relates</p> | <p>The Consultant is entitled to:</p> <p>(a) subject to shareholder approval and the ratification of the Sprott Placement (as referred to in the announcement dated 24 October 2016), a sign on bonus of 30 million shares;</p> <p>(b) a short term incentive of up to 25% per annum of the Fee, which incentive may, at the discretion of the Company be paid in cash or in Shares; and</p> <p>(c) a long term incentive of 70 million shares vesting as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Number</th> <th>Vesting Date¹</th> <th>Hurdle price per Share</th> </tr> </thead> <tbody> <tr> <td>6 million</td> <td>30 June 2017</td> <td>N/A</td> </tr> <tr> <td>12 million</td> <td>30 June 2017</td> <td>1.2 cents each</td> </tr> <tr> <td>7 million</td> <td>30 June 2018</td> <td>N/A</td> </tr> <tr> <td>17 million</td> <td>30 June 2018</td> <td>2 cents each</td> </tr> <tr> <td>7 million</td> <td>30 June 2019</td> <td>N/A</td> </tr> <tr> <td>21 million</td> <td>30 June 2019</td> <td>3 cents each</td> </tr> </tbody> </table> <p>Subject to: (i) the allotment referred to in (a) above, (ii) shareholder approval; and (iii) the ratification of the Sprott Placement (as referred to in the announcement dated 24 October 2016), the Company has agreed that it will, within 60 days of the date of the Consultancy Agreement, establish a loan funded share plan with capacity to provide for both short-term and long-term incentives</p> | Number | Vesting Date ¹ | Hurdle price per Share | 6 million | 30 June 2017 | N/A | 12 million | 30 June 2017 | 1.2 cents each | 7 million | 30 June 2018 | N/A | 17 million | 30 June 2018 | 2 cents each | 7 million | 30 June 2019 | N/A | 21 million | 30 June 2019 | 3 cents each |
|---|--|------------------------|---------------------------|------------------------|-----------|--------------|-----|------------|--------------|----------------|-----------|--------------|-----|------------|--------------|--------------|-----------|--------------|-----|------------|--------------|--------------|
| Number | Vesting Date ¹ | Hurdle price per Share | | | | | | | | | | | | | | | | | | | | |
| 6 million | 30 June 2017 | N/A | | | | | | | | | | | | | | | | | | | | |
| 12 million | 30 June 2017 | 1.2 cents each | | | | | | | | | | | | | | | | | | | | |
| 7 million | 30 June 2018 | N/A | | | | | | | | | | | | | | | | | | | | |
| 17 million | 30 June 2018 | 2 cents each | | | | | | | | | | | | | | | | | | | | |
| 7 million | 30 June 2019 | N/A | | | | | | | | | | | | | | | | | | | | |
| 21 million | 30 June 2019 | 3 cents each | | | | | | | | | | | | | | | | | | | | |

¹ Vesting of the shares is subject to Mr Borshoff being and remaining a Consultant Personnel

+ See chapter 19 for defined terms.