



29 April 2016

## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 MARCH 2016

### HIGHLIGHTS

#### Corporate and Market Comments:

- DYL is pleased to report a cash and liquid assets balance of \$2.3 million at the end of the quarter.
- Overheads continue to be kept to a minimum to enable greater project expenditures.
- Uranium industry leader Cameco announced significant production curtailments at three operations resulting in an expected 7 Mlb reduction in its 2016 uranium output.
- Future nuclear demand growth was provided with further impetus when the European Commission recently called on its member states to make major investments of between €450 and €500 billion in nuclear energy through to 2050.
- The European Commission approved the proposed deal between France's EDF and China General Nuclear (CGN) concerning the proposed \$25.5 billion Hinkley Point C nuclear project in England.
- China's operating nuclear generating capacity is set to double over the next five years under the country's latest Five-Year Plan.

#### Namibian Exclusive Prospecting Licences Renewed (post the reporting period)

- Renewal confirmation for DYL's Namibian Exclusive Prospecting Licences ('EPLs') 3496 and 3497 was received from the Namibian Ministry of Mines and Energy.
- This means that DYL has met the Namibian Ministry of Mines and Energy's new licence conditions in regard to empowerment and corporate social responsibility.
- This is the fourth renewal for these two EPLs which will allow DYL to continue to progress its current promising work programs.
- At the time of submission of the renewal applications the Company voluntarily relinquished EPL3499, known as Ripnes.

#### Tumas Project

- The metallurgical testwork program being supervised by Marenica Energy Ltd ("MEY") at the Nagrom Laboratory in Perth on a bulk sample from the Company's Namibian Tumas Deposit remained on schedule and budget.
- Interim results received to date focused on the first steps in the process have been in line with and in some cases even exceeded expectations.
- The testwork program, scheduled to be completed around mid-year, is the first phase of a program designed to assess the amenability of MEY's U- pgrade™ flowsheet to Tumas's calcrete ore.
- A more detailed release on interim results of the testwork program will be made shortly.
- Reinterpretation of the existing Tumas JORC resource has identified an area of drilling of over 2 kilometres along strike to the east that was not included in the model, opening up the possibility of a significant resource increase.



## BUSINESS REVIEW

### RUN EPLS RENEWED

After the period under review DYL's Namibian operating subsidiary Reptile Uranium Namibia (Pty) Ltd (RUN) received renewal confirmation from Namibia's Ministry of Mines and Energy for its Exclusive Prospecting Licences (EPLs) 3496 and 3497 (see Figure 1). This is the fourth renewal for these two EPLs and will allow the Company to continue to progress its current work program on the Tumas/Tubas Palaeochannel Calcrete Project as well as on the Omahola Project. EPL3499, known as Ripnes and located to the south of EPL3497, was voluntarily relinquished at the time that the renewal applications were submitted.

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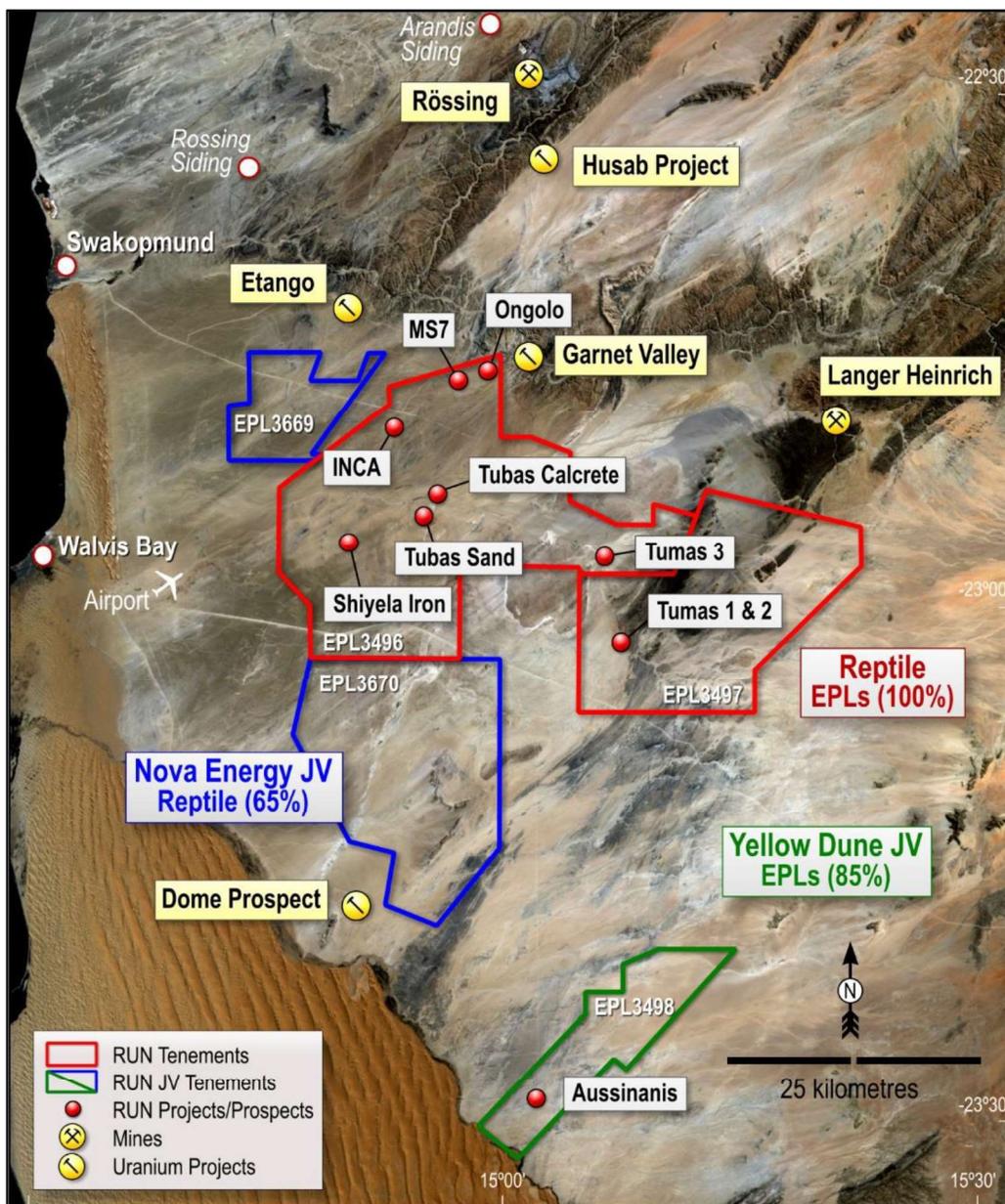


Figure 1: Location map of RUN's wholly owned and joint venture EPLs.



## TUMAS PROJECT

### Marenica Energy Ltd U-pgrade™ Testwork Program

The bench scale metallurgical testwork program being conducted under the supervision of Marenica Energy Ltd (“MEY”) at Nagrom Laboratories in Perth is continuing on schedule and within budget. The testwork is being conducted on a bulk sample that was removed from the Tumas calcrete deposit late in 2015 and early 2016. The program, designed to assess the amenability of MEY’s U-pgrade™ flowsheet to Tumas’s calcrete ore, is achieving results entirely within and in some cases even exceeding expectations. So far the scrubbing through to desliming steps have been largely completed and preparation is underway to commence the carbonate removal step.

If the testwork is successful the Company’s ultimate objective is to commercialise the process in an operation developed to cost effectively produce a high grade intermediate product for toll treatment or satellite supply to any one of the three existing Namibian uranium mines. If the metallurgical testwork results are similar to what has been achieved by MEY on its own low grade Namibian deposit the resulting high grade product should be economical to transport and attractive to the existing Namibian uranium producers. However, under the right market conditions a standalone operation producing a final yellowcake product could also be developed.

### Tumas Deposit Channel Sampling and Resource Work

A detailed channel sampling exercise was completed within the trench excavated to provide the bulk sample for the metallurgical testwork program. The detailed assay results have not yet been received however indicative grades, generated from the infill drilling program completed in the area last year, are shown in Figure 2 below. (The results of that program were reported in an ASX Release dated 16 July 2015, entitled “Palaeochannel Exploration: Enhanced Prospectivity Potential Confirmed”.) Of interest is the higher grades contained in the higher sulphate containing gypcrete layer compared to the calcrete. In addition to the assays detailed particle size distribution tests are also being conducted which will inform the metallurgical testwork program.



Figure 2: Image of the Tumas Trench showing indicative channel sampling results.

A new resource model over Tumas Zones 1 and 2 is being constructed to enable a resource update to be completed (see Figure 3). An area along strike and to the east of Zone 1 (to be called Zone 0 in future), which contains holes previously drilled but not included in the current JORC resource, is



also being modelled. The area is some three kilometres in extent and grades seem comparable to those in the existing Tumas Zones (approximately 350ppm  $U_3O_8$ ) which may enable a significant resource increase.

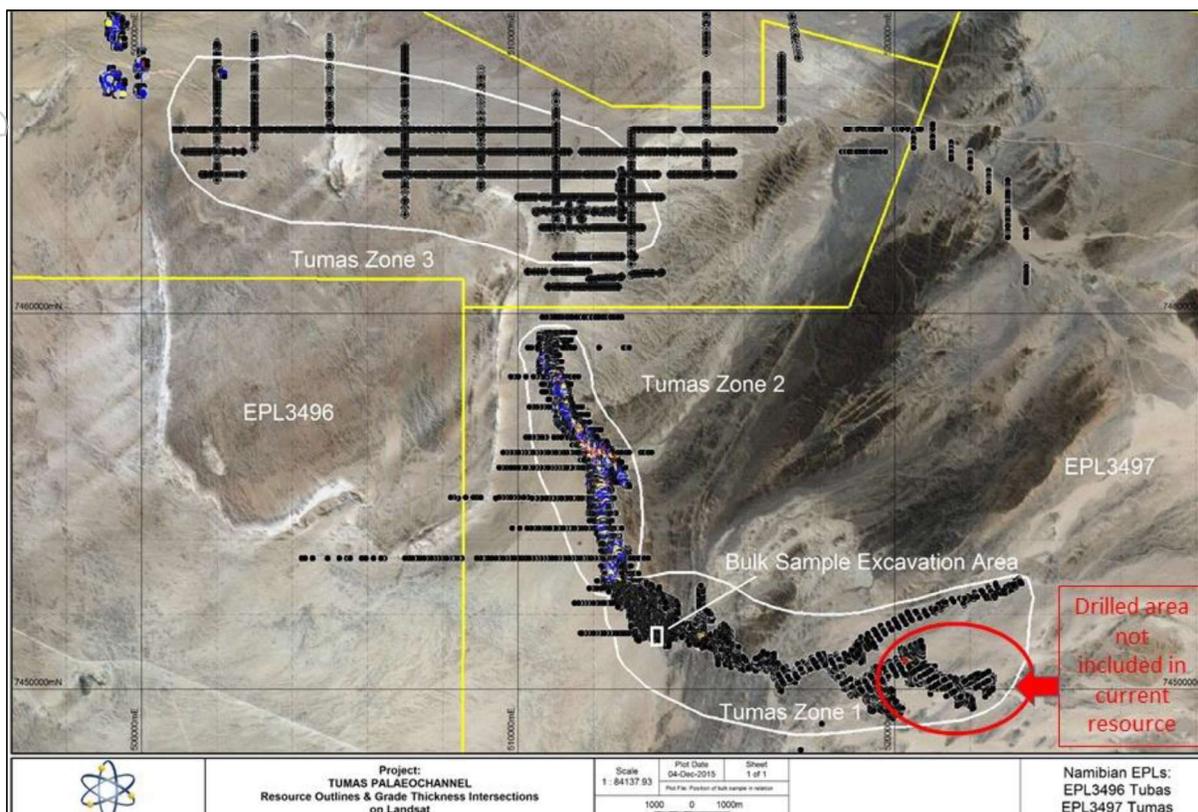


Figure 3: Map showing location Tumas "Zone 0" to the east the current Tumas JORC Resource.

Based on additional recent research on the historical exploration work conducted in the 1970's and 1980's and limited field work on the area further east along strike beyond Tumas "Zone 0" it is believed that the area may be prospective for further resource extension. More field work is required before a decision can be made on what, if any, additional drilling is required to prove up this potential.

### MARKET COMMENT

The uranium spot price continued to languish well below US\$30/lb despite solid medium term demand/supply fundamentals. It is anticipated that the situation is likely to change gradually later in the year as contracting activity is expected to increase significantly. The low price may have been a major factor in industry leader Cameco's recent decision to curtail its 2016 production by some 7 Mlbs  $U_3O_8$  with Rabbit Lake being placed on care and maintenance and a reduction in output at McArthur River and its US in situ recovery operations.

Europe recently added positive sentiment to the nuclear demand growth story over and above that of the well-understood new-build programs of China, Russia, India and South Korea. Post the COP21 meetings in Paris the European Parliament adopted a non-legislative Resolution urging the provision of secure, sustainable and affordable energy to its citizens. To achieve this it recognised the significant role that nuclear energy plays in reducing  $CO_2$  emissions and securing energy supply.

In the Resolution it noted that "nuclear power provided 27% of the EU's electricity mix and over half of the EU's low-carbon power in 2014". Nuclear power is a vital element of Europe's energy mix contributing to the three main objectives of EU's energy and climate strategy: security of supply,

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climate change mitigation and competitiveness. It advised that nuclear capacity in the EU should therefore be at least maintained up to 2050 and beyond in order to reach these objectives.

The European Commission went even further by calling on Europe's power utilities to make major investments in nuclear power of between €450 billion and €500 billion by 2050 to secure energy supply across the 28-nation bloc. It was estimated that around 90% of that investment would be in new build and the remainder on maintaining existing power stations.

## CORPORATE

DYL is pleased to report a balance of \$2.3 million of cash and liquid assets as at 31 March 2016. Overheads continue to be kept to a minimum which is enabling DYL to commit greater expenditure levels to ongoing project work.

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For further information on the Company and its projects - visit the website at  
[www.deepyellow.com.au](http://www.deepyellow.com.au)

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### About Deep Yellow Limited

Deep Yellow Limited is an ASX-listed, Namibian-focussed 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.

The Company is currently conducting metallurgical testwork and evaluating fast track development options for its Tumas/Tubas surficial calcrete deposits which are amenable to various physical beneficiation upgrading techniques that have been successfully tested over the last four years.

Deep Yellow also holds the Omahola Open Pit Heap Leach Project on which value engineering studies are being conducted to supplement the recently completed preliminary economic analysis.

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### Competent Person's Statement

In this report, where the Company refers to the release made to the ASX on 16 July 2015 entitled "Palaeochannel Exploration: Enhanced Prospectivity Potential Confirmed", DYL confirms that it is not aware of any new information or data that materially affects the information disclosed in that release and the form and context of the announcement has not materially changed.

# Annexure 1

## Schedule of Mineral Tenure – March 2016

### NAMIBIA

Number	Name	Interest	Expiry Date	JV Parties	Approx. Area (km <sup>2</sup> )
EPL 3496	Tubas	100%	05.06.2015 <sup>#1</sup>	-	709
EPL 3497	Tumas	100%	05.06.2015 <sup>#1</sup>	-	637
EPL 3498	Aussinanis	85%	07.05.2016	5% Epangelo <sup>#3</sup> 10% Oponona <sup>#4</sup>	253
EPL 3668	Gawib West	65%	20.11.2015 <sup>#1</sup>	25% Nova (Africa) <sup>#5</sup> 10% Sixzone <sup>#6</sup>	185
EPL 3669	Tumas North	65%	20.11.2015 <sup>#1</sup>		163
EPL 3670	Chungochoab	65%	20.11.2015 <sup>#1</sup>		640
ML 173 <sup>#2</sup>	Tubas Sand	95%	Application	5% Oponona <sup>#4</sup>	-
ML 174 <sup>#2</sup>	Inca	95%	Application		-
ML 176 <sup>#2</sup>	Shiyela	95%	05.12.2027		-
<b>Sub-Total</b>					<b>2,587</b>

<sup>#1</sup> Renewal documentation has been submitted and the Company awaits the administrative process to be finalised

<sup>#2</sup> Located entirely within EPL3496

<sup>#3</sup> Epangelo Mining (Pty) Ltd

<sup>#4</sup> Oponona Investments (Pty) Ltd

<sup>#5</sup> Nova (Africa) (Pty) Ltd

<sup>#6</sup> Sixzone Investments (Pty) Ltd

EPL 3499 Ripnes (application made for relinquishment during the quarter)

### NORTHERN TERRITORY

Number.	Name	Interest	Expiry Date	JV Parties	Approx. Area (km <sup>2</sup> )
EL 24246	Napperby	100%	10.10.16	-	234
<b>Sub-Total</b>					<b>234</b>

### QUEENSLAND

Number	Name	Interest	Expiry Date	JV Parties	Approx. Area (km <sup>2</sup> )
EPM 14916	Ewen	100%	14.05.16	-	58
<b>Sub-Total</b>					<b>58</b>
<b>DYL Total</b>					<b>3,401</b>

### AGREEMENTS

	Approx. Area (km <sup>2</sup> )
ABM Resources NL - Northern Territory (100% uranium rights stay with DYL)	14,142
<b>Sub-Total</b>	<b>14,142</b>
<b>Total Area</b>	<b>17,543</b>

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