

**1 FOR 8 NON RENOUNCEABLE ENTITLEMENT ISSUE**

In accordance with our estimated timetable the Company received confirmation from its mailing house that Offer Documents for the 1 for 8 Non-renounceable Entitlement Issue were dispatched to shareholders today 16 June 2014. The offer document is attached for immediate release.

As a reminder, the indicative timetable for the entitlement issue is set out below.

**Key dates**

Key dates for the Issue are set out in the following table. The dates are indicative only and DYL reserves the right to vary them, subject to the Corporations Act 2001 (Act) and the ASX Listing Rules.

Announcement of Entitlement Issue and Cleansing Statement given to ASX	5 June 2014
Record date for determining entitlements to New Shares	12 June 2014
Invitation to participate in Entitlement Issue and Entitlement Acceptance Forms dispatched to Eligible Shareholders	16 June 2014
Closing Date and final time for receipt of Entitlement and Acceptance Forms and payment in full for New Shares	4 July 2014
Issue of New Shares	11 July 2014
Holding Statements dispatched to Shareholders	14 July 2014

Yours faithfully



**MARK PITTS**  
Company Secretary



ACN 006 391 948

# **NON RENOUNCEABLE ENTITLEMENT ISSUE OFFER BOOKLET**

**A Non Renounceable Pro Rata Offer of up to  
202,130,171 shares at 1.7 cents each  
to Eligible Shareholders, on the basis of  
1 share for every 8 shares  
held at the Record Date, to raise up to \$3,436,212**

**THIS OFFER CLOSSES AT 5.00PM WST ON 4 JULY 2014.  
VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME.**

**Please read the instructions in this Offer and on the accompanying  
Entitlement and Acceptance Form regarding the acceptance of your entitlement.**

**This is an important document and requires your immediate attention. It should be read in its entirety.  
If you are in doubt about what to do, you should consult your professional adviser without delay.  
The securities offered by this Offer are of a speculative nature.**



# Deep Yellow Limited

ACN 006 391 948

## LETTER FROM THE CHAIRMAN

16 June 2014

Dear Shareholder

On behalf of the Directors of Deep Yellow Limited (DYL), I invite you to make a further investment in your Company.

The Company is pleased to offer a 1:8 non renounceable Entitlement Issue of 202,130,171 New Shares at an issue price of 1.7 cents per share to raise up to \$3,436,212.

The offer price represents a discount of approximately 27.9% to the volume weighted average price (VWAP) of DYL's shares for the thirty trading days before the announcement.

The ongoing difficult equity market conditions have been compounded in the uranium sector by the hesitant restart of Japan's nuclear fleet. This meant that the end of the HEU agreement passed almost without notice in the last quarter of 2013 despite the fact that there are more reactors operating, under construction or in the active planning stage than prior to the Fukushima nuclear accident.

There has been widespread curtailment of production, restricted project development and limited exploration activity in the past three years and in particular over the last year as the spot price has declined.

There remains a reasonable chance that some reactors will be re-started in Japan before the end of the year, an event likely to change both sentiment and the underlying supply and demand balance.

In spite of the risk averse nature of global equity capital markets, DYL believes that the recent strong signals of uranium producer discipline and the current level of unsustainable prices should provide a correction in the medium term. DYL, like most uranium players, remains highly leveraged to any positive movement in the spot price.

Over the past three years the Company's strategy has been one of cautiously progressing its attractive Namibian projects whilst expeditiously using its cash resources in areas that had the greatest potential for longer term benefit. We have made tough decisions to protect our cash balance, such as substantially reducing Australian overhead costs, cutting Director fees and executive salaries, freezing all other salaries and disposing of non-core assets. Unfortunately we have also had to reduce the size of our team in Namibia and yet we have still managed to make progress on our projects there, such as the:

- Successful resource update and DRA processing study on the Tubas Sand Project;
- Completion of the groundbreaking targeting study which demonstrated that DYL holds amongst the most prospective uranium exploration ground in Namibia; and
- Conclusion of a sighter column test on a composite sample from the MS7 and Ongolo deposits opening the path to a heap leach, as opposed to a tank leach, operation for the Omahola Project.

Deep Yellow aims to ensure that it can maintain its momentum by utilising the funds raised from the Offer to primarily progress the Company's Tubas Sands Project in Namibia, undertake additional low level exploration work and for general working capital purposes. More specifically, in regard to the Tubas Sand Project it aims to:

- Complete an expansion and infill drilling program and associated resource update on the Tubas Sand Deposit;
- Conduct metallurgical test work and complete a pre-feasibility study for the Project by the end of 2014; and
- Commence a definitive feasibility study for the Project assuming a successful outcome to the pre-feasibility study and off take negotiations.

In addition to the above a resource update is planned for the Omahola Project to reflect its changed status to that of an acid heap leach project rather than a tank leach, as well as very limited, highly selective exploration work.



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As a result of these efforts it is envisaged that the Company will be well positioned in 12 to 18 months' time – the point at which most commentators suggest the market recovery could well be underway.

The Entitlement Issue is not underwritten, however the Directors have reserved the right to place the shortfall.

Accordingly, I encourage your participation in this Entitlement Issue. Should you wish to discuss any aspect of this capital raising please do not hesitate to contact myself, my fellow Directors or the Company Secretary, Mark Pitts on (08) 9316 9100

Yours faithfully

**Mr Tim Netscher**  
**Chairman**



# Deep Yellow Limited

ACN 006 391 948

## Entitlement Issue Offer Document

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### 1. Introduction

Deep Yellow Limited (Deep Yellow or the Company) is making a non renounceable pro-rata offer of shares to shareholders, at the Record Date, of Deep Yellow with a registered address in Australia, New Zealand, Hong Kong, Namibia, Ireland and the United Kingdom to raise up to \$3,436,212.

This is an important document and requires your immediate attention. It should be read in its entirety.

The Offer is being made under section 708AA of the Corporations Act. This document is not a prospectus and does not contain all of the information that would ordinarily be contained in a prospectus.

Shareholders should be aware that investment in Deep Yellow involves many risks which may be higher than risks associated with investments in other companies. Investors should consider the investment in Deep Yellow speculative. If you are in doubt what to do or whether to accept the Offer you should consult your stockbroker, accountant, solicitor or other professional adviser without delay.

The distribution of this Offer Document and the placement of the New Shares in certain jurisdictions may be prohibited or restricted by law. Persons who come into possession of this Offer Document and/or its accompanying documents are required by the Company to inform themselves of, and observe, any such prohibitions and restrictions.

#### **Overseas Shareholders**

No offer is being made to Shareholders with a registered address outside Australia, New Zealand, Hong Kong, Namibia, Ireland and the United Kingdom. The distribution of this Offer Document and the Entitlement and Acceptance Form (including electronic copies) outside Australia, New Zealand, Hong Kong, Namibia, Ireland and the United Kingdom may be restricted by law. If you come into possession of these documents, you should observe such restrictions and should seek your own advice about such restrictions. The Company reserves the right to treat as invalid any Entitlement and Acceptance Form that appears to the Company to have been submitted in violation of any applicable securities laws. Please refer to Section 2.8. Eligible Shareholders holding Shares on behalf of persons resident outside Australia, New Zealand, Hong Kong, Namibia, Ireland and the United Kingdom are responsible for ensuring that any dealing with New Shares issued does not breach the laws and regulations in the relevant overseas jurisdiction, and should seek independent professional advice and observe any applicable restrictions relating to the taking up of entitlements or the distribution of this Offer Document or the Entitlement and Acceptance Form. The making of an Application will constitute a representation that there has been no breach of such laws and regulations. Shareholders who are nominees, custodians or trustees are therefore advised to seek independent advice as to how they should proceed. The New Shares being offered pursuant to this Offer Document may only be offered outside the United States.

#### **New Zealand**

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Offer Document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Offer Document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

#### **United States**

Participation in the Offer is not being offered, directly or indirectly, in the United States or to any person that is, or is acting for the account or benefit of, a US Person. This document and any related offering documents must not be mailed or otherwise transmitted or distributed in or into the United States or to any person that is, or is acting for the account or benefit of, a US Person.

#### **Other jurisdictions**

Shareholders resident in other jurisdictions should refer to Section 2.8 to determine whether they are eligible to accept their entitlement under the Offer.



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## 2. Details of Offer

### 2.1 Offer

Deep Yellow is making a non renounceable pro-rata offer of shares each at an issue price of \$0.017 to persons registered as the holder of shares on the Record Date whose registered address is in Australia, New Zealand<sup>1</sup>, Hong Kong, Namibia, Ireland and the United Kingdom (Eligible Shareholders) on the basis of one share for every eight shares held at the Record Date (Offer). Where the determination of the entitlement of any Eligible Shareholder results in a fraction of a share, such fraction will be rounded up to the nearest whole share. The Offer is not underwritten.

Deep Yellow will accept Entitlement and Acceptance Forms until 5.00pm Australian WST on the Closing Date in the timetable below or such other date as the directors in their absolute discretion shall determine, subject to the requirements of the ASX Listing Rules.

Your entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer. You may accept the Offer only by applying for New Shares in accordance with a personalised Entitlement and Acceptance Form sent with this Offer Document. You may accept all or only part of your entitlement.

Acceptance of a completed Entitlement and Acceptance Form by Deep Yellow creates a legally binding contract between the applicant and Deep Yellow for the number of shares accepted or deemed to be accepted by the applicant. The Entitlement and Acceptance Form does not need to be signed by the applicant to be legally binding. The Offer and contract formed on acceptance are governed by the applicable law of Western Australia.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

Shares offered by this Offer Document are expected to be issued, and security holder statements dispatched, on the date specified in the Timetable.

It is the responsibility of applicants to determine their allocation prior to trading in the shares. Applicants who sell shares before they receive their holding statements will do so at their own risk.

### 2.2 Timetable

Announcement of Offer and lodgement of Appendix 3B and Section 708AA Notice	5 June 2014
Notice to shareholders	6 June 2014
Record Date	12 June 2014
Offer Opens; Offer Document and Entitlement and Acceptance Form despatched to Eligible Shareholders	16 June 2014
Closing Date	4 July 2014
Securities quoted on a deferred settlement basis	7 July 2014
Notify ASX of shortfall	9 July 2014
Anticipated date for the issue of the New Shares	11 July 2014
Dispatch of holding statements	14 July 2014

Subject to the ASX Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the shares.

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<sup>1</sup>Please note that, pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002, those New Zealand shareholders at the Record Date who cease to hold shares between that date and the date on which the Offer opens (16 June 2014) are no longer eligible to participate in the Offer.



### **2.3 Entitlement trading**

The pro-rata offer of shares is non renounceable, which means that Eligible Shareholders may not sell or transfer all or any part of their entitlement to subscribe for New Shares.

### **2.4 Shortfall shares**

The Entitlement Issue is not underwritten, if the Offer is not fully subscribed the directors reserve the right to issue the Shortfall shares at their absolute discretion. The issue price for each Shortfall share will be \$0.017. Eligible Shareholders may apply for New Shares over and above their Entitlement (Additional shares) refer section 2.5.

### **2.5 Applying for Additional shares**

Eligible Shareholders (other than Directors and related parties of the Company) may, in addition to taking up their Entitlement, apply for Additional shares in excess of their Entitlement.

Additional shares will only be available where there is a shortfall between applications received from Eligible Shareholders and the number of New Shares proposed to be issued under the Offer. Additional shares will be issued at the same price (\$0.017 each) as the New Shares offered under this Offer Document. It is possible that there will be few or no Additional shares available for issue, depending on the level of take up of Entitlements by Eligible Shareholders. There is also no guarantee that in the event Additional shares are available for issue, they will be allocated to all or any of the Eligible Shareholders who have applied for them.

It is an express term of the Offer that, applicants for Additional shares will be bound to accept any lesser number of Additional shares as is allocated (if so allocated) to them than is applied for. If a lesser number of Additional shares are allocated than is applied for, excess application monies will be refunded without interest.

The Company reserves the right to scale back any applicants' application for Additional shares as it sees fit in its absolute discretion. The Company will ensure that no Eligible Shareholder will increase its relevant interest in the Company to more than 19.9% of the Shares on issue following the Offer, or if already more than 19.9% then no increase will be permitted, as a result of the allocation of Additional shares to Eligible Shareholders other than under a permitted exception to the general prohibition in section 611 of the Corporations Act.

If any shortfall remains after the allocation of Additional shares to Eligible Shareholders as described above, the shortfall will be dealt with by the Directors as set out in section 2.4 of this offer document.

### **2.6 ASX quotation and Deferred Settlement Trading**

Application will be made to ASX for the official quotation of the New Shares to be issued under the Offer. If permission is not granted by ASX for the official quotation of the shares to be issued under the Offer, Deep Yellow will repay, as soon as practicable, without interest, all application monies received pursuant to the Offer.

There will be trading of shares on a deferred settlement basis (refer Timetable at section 2.2). Trading of the shares will, subject to ASX approval, occur on or about the date specified in the Timetable.

### **2.7 Taxation implications**

The directors do not consider it appropriate to give shareholders advice regarding the taxation consequences of subscribing for shares under this Offer Document. Deep Yellow, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to shareholders. As a result, shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

### **2.8 Overseas shareholders**

Shareholders resident overseas should review the information below to determine whether they are eligible to accept their Entitlement.

This Offer Document does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.



# Deep Yellow Limited

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## **Important information for overseas shareholders**

The Company is concerned to ensure that the majority of its Shareholders resident overseas have the opportunity to accept their entitlements under the Offer. Whilst the securities laws of most foreign jurisdictions impose restrictions on foreign entities making offers in their jurisdiction, those securities laws often provide exceptions which enable wholesale-type investors to participate in foreign issues.

The Company has resolved to make this offer to shareholders with a registered address in Australia, New Zealand, Hong Kong, Namibia, Ireland and the United Kingdom. By making an offer to these shareholders the Company is able to ensure that 99% of registered holders are eligible to participate in the offer.

The Company is of the view that it is unreasonable to make an offer to the balance of shareholders (Excluded Shareholders) having regard to:

- (a) the number of shareholders outside of Australia, New Zealand, Hong Kong, Namibia, Ireland and the United Kingdom;
- (b) the number and value of the securities to be offered to shareholders outside of Australia, New Zealand, Hong Kong, Namibia, Ireland and the United Kingdom; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in these overseas jurisdictions.

The Offer to New Zealand investors is being made pursuant to the New Zealand Securities Act (Overseas Companies) Exemption Notice 2002.

Overseas Shareholders should review the country-specific exceptions described below to determine whether they can accept their entitlements. If you are in any doubt as to whether you are permitted to accept your Entitlement, you should consult your professional adviser as soon as possible.

### **New Zealand**

The New Shares being offered under this Offer Document are being offered to Eligible Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Offer Document is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

### **Hong Kong**

No action has been taken in Hong Kong to authorise or register this Offer Document or to permit the distribution of this Offer Document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong by means of any document, other than to "professional investors" (as defined in the SFO).

No person allotted New Shares may sell, or offer to sell, New Shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such New Shares.

The contents of this Offer Document have not been reviewed by any Hong Kong regulatory authority. Hong Kong residents are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this Offer Document, you should obtain independent professional advice.

### **Namibia**

This document does not, nor is it intended to, constitute a prospectus prepared and registered under the Namibian Companies Act, No. 28 of 2004, and may not be distributed to the public in Namibia. If you (or any person for whom you are acquiring the shares) are in Namibia, you have obtained the necessary exchange control approval, which approval subsists. This document is only available to, and may only be relied and acted upon exclusively by, the persons to whom this document is addressed and it may not be ceded, transferred, copied, distributed, disseminated, disclosed or made over (whether in whole or in part) to any other person.

### **Ireland**

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations"). The Shares the subject of the Offer have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(l) of the Prospectus Regulations



and (ii) fewer than 100 natural or legal persons who are not qualified investors. If you are in doubt about any contents of this document, you should obtain independent advice from your financial or other professional adviser.

### **United Kingdom**

This document does not constitute a prospectus for the purposes of the prospectus rules contained in the Financial Services Authority of the United Kingdom (**FSA**) handbook published and updated from time to time by the FSA acting in its capacity as the United Kingdom Listing Authority (**Prospectus Rules**). Accordingly, Shareholders in the jurisdiction of the United Kingdom are advised that this document:

- a) is not an approved document for the purposes of, and as defined in, section 85 of the Financial Services and Markets Act 2000;
- b) has not been prepared in accordance with the Prospectus Rules;
- c) and has not been approved by the FSA or by any other authority which could be a competent authority for the purposes of the Prospectus Rules.

### **United States**

Participation in the Offer is not being offered, directly or indirectly, in the United States or to any person that is, or is acting for the account or benefit of, a US Person. This document and any related offering documents must not be mailed or otherwise transmitted or distributed in or into the United States or to any person that is, or is acting for the account or benefit of, a US Person. Participation in the Offer, directly or indirectly, in violation of these restrictions is not permitted, and any such participation will be invalid.

This document is not an offer of securities for sale in the United States or to any person that is, or is acting for the account or benefit of, a US Person. Deep Yellow Limited's Shares have not been, and will not be, registered under the US Securities Act and may not be offered, sold or delivered, directly or indirectly, in the United States or to any person that is, or is acting for the account or benefit of, a US Person, except in accordance with an available exemption from registration.

Because of the legal restrictions summarised above, you must not send copies of any Offer materials to any of your clients (or any other person) in the United States or to any person that is, or is acting for the account or benefit of, a US Person. Consistent with the warranties set out above, you are also advised not to submit any Application Form or make payment by Bpay® or otherwise in respect of the purchase of New Shares under the Offer on behalf of any of your clients (or any other person) in the United States or that is, or is acting for the account or benefit of, a US Person. Failure to comply with these restrictions may result in violations of applicable securities laws.

## **2.9 Effect of Offer on control of the Company**

Control will be affected by the level of applications under the Entitlement Issue. Based on current disclosures made by substantial shareholders in the Company the maximum percentage shareholding any existing shareholder could attain through taking up their entitlement would be 19.6%.

The final percentage interests held by substantial shareholders of the Company is entirely dependent on the extent to which other shareholders take up their entitlements. The Company expects that the potential effect of the issue of shares under the Entitlement Issue on the control of the Company will be minimal.

## **2.10 Privacy**

Deep Yellow collects information about each applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the applicant's security holding in Deep Yellow.

By submitting an Entitlement and Acceptance Form, each applicant agrees that Deep Yellow may use the information provided by an applicant on the Entitlement and Acceptance Form for the purposes in this privacy disclosure statement and may disclose it for those purposes to the share registry, Deep Yellow' related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, Deep Yellow may not be able to accept or process your application.



# Deep Yellow Limited

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An applicant has a right to gain access to the information that Deep Yellow holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to Deep Yellow's registered office.

## **2.11 Disclaimer**

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by Deep Yellow in connection with the Offer.

In making representations in this Offer Document regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

## **2.12 Forward looking statements**

This Offer Document contains certain 'forward looking statements'. Forward looking statements, opinion and estimates provided in the information in this Offer Document are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretation of current market conditions.

No representation or warranty (express or implied) is given as to accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecast, prospects or returns contained in this Offer Document.

While care and attention have been used in the preparation of forward looking statements, you are cautioned not to place undue reliance on such statements. Forward looking statements only speak as to the date of this Offer Document. To the maximum extent permitted by law, the Company disclaims any obligations or undertaking to release any updates or revisions to such information to reflect any change in expectations or assumptions.

## **2.13 Enquiries**

Enquiries concerning the Entitlement and Acceptance Form can be obtained by contacting the Company by telephone - +61 8 9286 6999



### 3. Capital Structure on Completion of the Issue

#### *Assuming Full Subscription*

Issued Capital	Notes	Number of Shares	No of Performance Rights
Issued capital at the date of this Offer		1,617,041,367	27,659,040
Offer	1	202,130,171	Nil
<b>Total securities after the Issue</b>		<b>1,819,171,538</b>	27,659,040

*Note 1 Assumes that the Offer is fully subscribed.*

### 4. Use of funds

The funds to be raised from the Offer (assuming full subscription) will be applied to the following areas:

Use of Funds	Full Subscription
<b>Total Raised in the Offer</b>	3,436,212
Less: Costs of issue	46,212
<b>Net amount raised</b>	<b>3,390,000</b>
Tubas Sands Project	
Resource work and mining studies	470,000
Pre feasibility study	830,000
Commence Definitive feasibility study	2,090,000
Working Capital <sup>1</sup>	-
<b>Funds Applied</b>	<b>3,390,000</b>

*Note 1 Working Capital for the period will be funded by the Company's current cash balance and through the sale of non-core assets. Cash at the date of this Offer document was \$1.2 million*

To the extent that the funds raised fall below the level shown above, the Directors will determine the most appropriate level of expenditure by category and project area, however, the shortfall will be deducted firstly from the planned Definitive feasibility study. The Directors are of the opinion that on completion of the Offer there will be sufficient working capital for the Company to meet its stated objectives.



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### 5. Risk Factors

Potential investors in the Company should be aware that subscribing for shares involves a number of risks. The risk factors outlined in this Section and elsewhere in this Offer should be carefully considered by investors when evaluating an investment in the Company. In addition, investors should appreciate that the value of shares and options on ASX may rise or fall depending on a range of factors beyond the control of the Company. This is especially the case with companies undertaking mining and exploration activities.

Any of the factors set out in this Section or any other factors identified in this Offer may materially affect the financial performance of the Company and the market price of the shares. To that extent the shares carry no guarantee with respect to the payment of dividends, return on capital or the price at which those shares will trade on the ASX.

The Directors consider that an investment in the Company should be considered speculative due to:

- the recent volatility in publicly listed entities on world stock markets generally, and of mining and exploration companies in particular; and
- the speculative nature of mining and exploration activities.

While the Company plans to take prudent measures to safeguard from, or mitigate its exposure to these risks, many of the risks are outside of the Company's control.

There are a number of risk factors that investors should consider before deciding whether or not to invest in the shares. The principal risk factors include, but are not limited to, the following:

#### 5.1 Security Investments

Applicants should be aware that there are risks associated with any securities investment. The prices at which the shares trade may be above or below the Offer Price, and may fluctuate in response to a number of factors.

Further, the stock market and in particular the market for mining and exploration companies has experienced price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the shares, regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

#### 5.2 Risks specific to the Company

##### Uranium mining regulations

###### *Australia*

Uranium mining and exploration in Australia is governed by complex State and Federal legislations and regulations. These regulate a wide range of uranium mining activities including exploration, prospecting, development, transportation, exporting, royalties and discharge of hazardous waste and materials.

Uranium mining is a highly political issue in Australia. There can be no guarantee that government policy will remain the same in the future.

###### *Namibia*

Mining in Namibia is subject to regulation under the Namibian Minerals Act 1992. There are also various regulations in place in relation to the exploration, development, production, exports, taxes, royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances and other matters. The cost of compliance with such laws and regulations will ultimately increase the cost of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

There is a risk that government approvals may not be granted, or may be significantly delayed or may make the deposit uneconomic.



### *General*

Approvals required for uranium mining are stringent and rigorous compared with other types of mining activities. Exploration approvals are required before exploration can commence and in the event uranium is discovered, further approvals including safeguard approvals for permits to possess nuclear material. Development of any mineral resources will be dependent on the Company's ability to obtain environmental and legislative approvals to carry out its operations and its ability to meet any proposed conditions on these approvals. There is no guarantee that these approvals will be granted.

Whilst the Company intends to conduct its business in accordance with all applicable laws and regulations, compliance and re-compliance or in order to meet changes to the legislation or regulations can be costly and may ultimately not be viable.

Shareholders should be aware that changes of government, new legislation and changes to existing legislation and government policy may impact upon the approvals granted or seeking to be granted to the Company, the Company's profitability and the viability of the Company's operations.

### **5.3 Exploration and Development Risks**

Mineral exploration and mining are high risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration and development of the mineral interests held by the Company, or any other projects that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited.

### **5.4 Resource Estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

### **5.5 Fluctuation in commodity prices**

The Company's projects are predominantly focussed on uranium in Australia and Namibia.

International factors such as inflation, exchange rates, supply and demand and political and economic events, amongst other things, impact on the price of commodities including uranium and iron ore, particularly in the current global economic market. If the price of uranium remains low or declines further in the future, this will materially impact on the Company's ability to continue with its projects and the Company may be forced to discontinue some or all of its operations.

The Company gives no assurance that the fluctuations in the commodity prices will not affect the timing and viability of the projects.

### **5.6 Title**

All of the tenements in which the Company holds or may earn an interest in, will be subject to applications for renewal. The renewal of the term of each tenement is at the discretion of the responsible Minister.

If a tenement is not renewed, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that tenement.

### **5.7 Native Title Risks**

Some or all of the mining tenements held by the Company may be subject to native title claims in the future. Should a native title claim be lodged in respect to one of the Company's mining tenements, it may have a material adverse effect on the Company's business and its financial condition and performance.



## 5.8 Policies and Legislation

Any material adverse changes in government policies or legislation affecting mining and exploration activities may affect the viability and profitability of the Company.

## 5.9 Joint Venture Parties and Contractors

The Directors are unable to predict the risk of:

- financial failure or default by a participant in any joint venture to which the Company is, or may become, a party; or
- insolvency or other managerial failure by any of the contractors used by the Company in its exploration or other activities; or
- insolvency or other managerial failure by any of the other service provider used by the Company for any activity.

## 5.10 Future Capital Needs and Additional Funding

The future capital requirements of the Company will depend on many factors including the results of any future exploration and work programs, and the ability to successfully exploit identified mineral deposits. The Company believes its available cash and the net proceeds of this Offer should be adequate to fund the continued exploration and development of the projects and other Company objectives as stated in this Offer.

Should the Company require additional funding there can be no assurance that additional financing will be available on acceptable terms, or at all. Any inability to obtain additional finance, if required, would have a material adverse effect on the Company's business and its financial condition and performance.

## 5.11 Operating Risks

Many of the Company's mineral assets are in a pre-development phase. As a result, the Company will be subject to all the risks inherent in the establishment of new mining operations. No assurances can be given to the level of viability that the Company's operations may achieve.

The operations of the Company, if and when it commences production, may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

## 5.12 Environmental Risks

The Company's projects are subject to Australian and Namibian laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

## 5.13 Government Policy and Sovereign Risk

The Company's operations in Namibia are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. These risks and uncertainties vary from country to country and include, but are not limited to, currency exchange rates, high rates of inflation, labour unrest, renegotiation or nullification of existing concessions, licenses, permits and contracts, changes in taxation policies, restrictions on foreign exchange, changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.



Changes, if any, in mining or investment policies or shifts in political attitude may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, royalties, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, Black Economic Empowerment and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements.

The occurrence of these various factors adds uncertainties which cannot be accurately predicted and could have an adverse effect on the Company's operations.

#### **5.14 Competition from Alternative Energy and Public Perception**

Nuclear energy is in direct competition with other more conventional sources of energy which include gas, coal and hydro-electricity.

Furthermore, any potential growth of the nuclear power industry (with any attendant increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. The nuclear industry is currently subject to negative public opinion due to political, technological and environmental factors. This may have an adverse impact on the demand for uranium and increase the regulation of uranium mining.

One of the arguments in favour of nuclear energy is its lower emissions of carbon dioxide per unit of power generated compared to coal and gas. Alternative energy systems such as wind or solar also have very low levels of carbon emissions, if any, however to date these have not been efficient enough to be relied upon for large scale base load power. Technology changes may occur that make alternative energy systems more efficient and reliable.

#### **5.15 Economic Risk**

Changes in customer preference or the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors which may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption in, the rate of growth of gross domestic product, interest rates and the rate of inflation in the Countries where Deep Yellow operates.

#### **5.16 Reliance on Key Personnel**

The Company is reliant on a number of key employees. The loss of one or more of its key personnel could have an adverse impact on the business of the Company.

#### **5.17 Tax Reform**

The Australian and Namibian Government's have indicated that they may introduce further tax reform. The introduction and scope of this further tax reform is uncertain. Until the precise nature of this reform is determined, the Company is not able to give any assurance as to the impact on its operating and financial performance.



## 6. Action Required by Shareholders

### 6.1 Acceptance of shares under this Offer Document

The number of shares to which you are entitled is shown on the accompanying Entitlement and Acceptance Form.

If you do not take up your Entitlement, then your percentage holding in the Company will be diluted if the Offer is completed.

As an Eligible Shareholder you may:

- a) Take up all or part of your Entitlement (refer section 6.2); or
- b) Take up all of your Entitlement and apply for additional shares (refer section 6.3); or
- c) Allow all of your Entitlement to lapse (refer section 6.4)

### 6.2 If you wish to take up all or part of your Entitlement

Should you wish to accept all or part of your Entitlement to subscribe for New Shares, then applications for New Shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document, in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form. Please read the instructions carefully.

**If you are using the BPay facility as per the instruction on the Entitlement and Acceptance form you do not need to return the form as your acceptance and details are recorded electronically.**

If you wish to pay manually, please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the amount indicated on the Entitlement and Acceptance Form.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed 'Not Negotiable' and made payable to 'Deep Yellow Limited' and lodged at any time after the issue of this Offer Document and on or before the Closing Date at Deep Yellow' share registry (by post) at the addresses in section 2.10 above.

### 6.3 Applications for additional shares

Eligible Shareholders (other than Directors and related parties of the Company) may, in addition to taking up their full Entitlement, apply for Additional shares in excess of their Entitlement as described in section 2.5.

If you wish to subscribe for Additional shares in addition to your entitlement, then you should nominate the maximum number of Additional shares you wish to subscribe for on the Entitlement and Acceptance Form and/or make payment of your full entitlement and the Additional shares (at the issue price of \$0.017 for each additional share).

**If you are using the BPay facility as per the instruction on the Entitlement and Acceptance form you do not need to return the form as your acceptance and details are recorded electronically.**

Eligible Shareholders who apply for Additional shares may be allocated a lesser number of shares than applied for, or may be allocated no Additional shares at all, in which case excess application monies will be refunded without interest.

### 6.4 If you do not wish to accept any of your Entitlement

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. In that case, shares not accepted by the Closing Date will become shortfall shares and you will receive no benefit.