

15 June 2012

## **HEADS OF AGREEMENT REACHED TO TERMINATE RAPTOR PARTNERS LIMITED'S NAMIBIAN EARN-OUT RIGHTS**

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**Advanced stage uranium explorer Deep Yellow Limited** ("DYL") is pleased to announce it has executed a binding heads of agreement ("Termination Agreement") with Raptor Partners Limited ("RPL") for the termination of earn-out rights that were included in an October 2006 merger agreement with RPL ("2006 Earn-out Agreement").

The merger agreement enabled the consolidation of four Namibian uranium exploration tenements ("EPLs") under the 100% ownership of DYL. Today these EPLs hold all of the Company's advanced stage projects in Namibia such as its flagship Omahola Project and the Tubas Sand Project. The total current JORC compliant resource base within these four EPLs is in excess of 100 million pounds of U<sub>3</sub>O<sub>8</sub>.

As a part of the 2006 Earn-out Agreement an upfront royalty-type payment was agreed with RPL, payable upon the completion of a bankable feasibility study and the making of a decision to mine on each uranium project located within the four EPLs. The consideration, which was to be based on the results of the bankable feasibility study, was to be calculated at 1.5% of the in-ground value of each project's uranium resource, payable in advance in cash, shares or both. The in-ground value was defined as the project resource in pounds (lbs) of U<sub>3</sub>O<sub>8</sub> multiplied by the ruling spot price in USD per lb.

Whilst not presently due and payable the earn-out liability is emerging as a material issue in the advancement of the Company's uranium projects and the Company has sought to eliminate the complications and significant costs expected to arise as a result of the 2006 Earn-out Agreement.

The Termination Agreement provides that in consideration for the termination of the earn-out rights, DYL will issue RPL with 129,333,333 new fully paid shares in DYL ("Consideration Shares") at a deemed issue price of 11.52 cents per share together with a cash payment of \$100,000 for a total consideration of \$15.0 million. The Termination Agreement is conditional upon:

- a) the approval of DYL shareholders for all purposes including ASX Listing Rules 7.1 and 10.1, due to the relationship between DYL's chairman, Mr Mervyn Greene and RPL;
- b) RPL entering into a voluntary escrow deed in respect of the Consideration Shares (50,000,000 shares for 12 months from the date of execution of the Termination Agreement, 50,000,000 shares for 24 months from the date of execution and 29,333,333 shares for 36 months from the date of execution).

The Termination Agreement also provides that RPL will continue to have the right to nominate a director to the board of DYL until cessation of the voluntary escrow arrangements. Mr Mervyn Greene is RPL's current nominee on DYL's board.

A shareholder notice with an accompanying independent expert report on the proposed transaction will be distributed to shareholders in advance of DYL's Annual General Meeting, expected to take place in October 2012.



DYL's Managing Director Greg Cochran noted that the agreement to terminate the earn-out rights was a major positive step forward for DYL, adding "this removes a significant financial impediment and leaves the Company ideally poised to develop its attractive high grade assets in Namibia."

Mervyn Greene, Deep Yellow Chairman, commented "the decision of the RPL Directors to convert the earn-out into shares in DYL provides a comprehensive endorsement of the Company and its management, together with its assets and strategy". In addition he noted that there is now a growing and general expectation that the nuclear fuels market will soon resume its growth trajectory and the removal of the earn-out restrictions leaves DYL well positioned to capitalise on that growth.

## Ends

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### About Deep Yellow Limited

Deep Yellow Limited is an ASX-listed, advanced stage uranium exploration company with extensive operations in the southern African nation of Namibia and in Australia. It also has a listing on the Namibian Stock Exchange.

Deep Yellow's primary focus is in Namibia where its operations are conducted by its 100% owned subsidiary Reptile Uranium Namibia (Pty) Ltd (RUN). Its flagship is the Omahola Project currently under Pre-Feasibility Study with concurrent resource drill-outs on the high grade Ongolo Alaskite – MS7 trend. It is also evaluating a stand-alone project for its Tubas Sand Project utilising the physical beneficiation techniques it successfully tested in 2011.

In Australia the Company owns the Napperby Uranium Project and numerous exploration tenements in the Northern Territory and in the Mount Isa District in Queensland.

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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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