

19 October 2017

**QUARTERLY ACTIVITIES REPORT  
FOR THE PERIOD ENDING 30 SEPTEMBER 2017**

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**HIGHLIGHTS**

- **Tumas 3 discovery returns an impressive maiden mineral resource estimate of 23.5Mlb at 382ppm eU<sub>3</sub>O<sub>8</sub> as inferred resources.**
- **Maiden resource contributes a significant 47% improvement to the existing palaeochannel related mineral resource base occurring on the Reptile Project.**
  - this significantly advances the project toward achieving stated objectives
- **Tumas 3 result fully supports the high prospectivity of the 125km of palaeochannel target that has been delineated of which 100km remains to be tested.**
- **Early scout RC drilling on the Nova JV project identifies greater than 100ppm eU<sub>3</sub>O<sub>8</sub> calcrete uranium mineralisation in a newly delineated palaeochannel.**
  - highlights increasing prospectivity and adds another 70km of untested palaeochannels.

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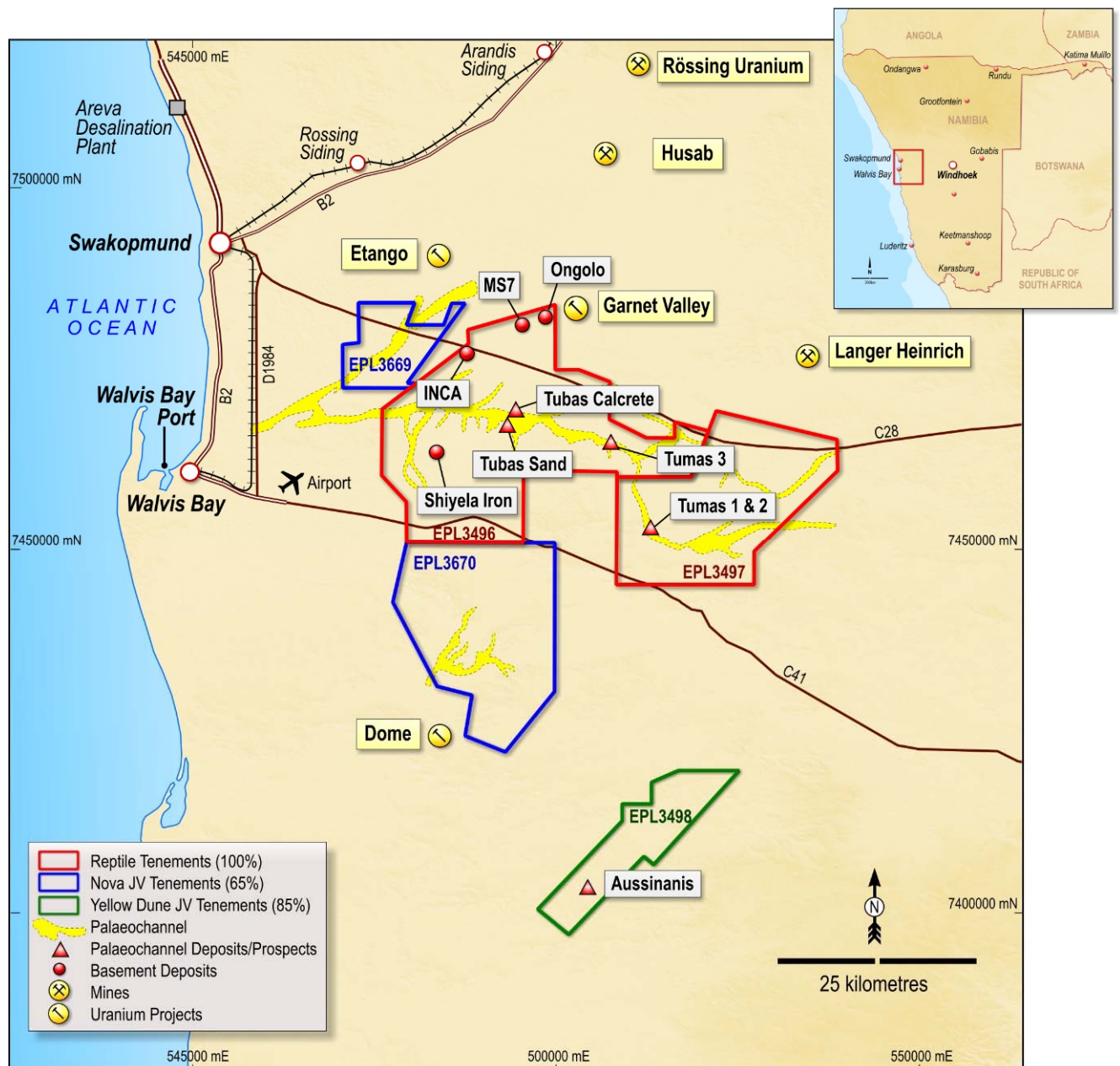
In the September quarter work continued on the Namibian projects with a dual effort focussed on uranium resource upgrade activities on the Reptile Project and commencement of the first pass target drilling on selected exploration targets that have been identified on the Nova JV project.

**REPTILE PROJECT, NAMIBIA (EPLs 3496 AND 3497) – 100% Deep Yellow**

In September 2017 Deep Yellow Limited (ASX: DYL) (**Deep Yellow**) announced the maiden inferred Mineral Resource Estimate (**MRE**) for its Tumas 3 uranium discovery. This deposit occurs on EPL3496, held by the Deep Yellow wholly-owned subsidiary Reptile Uranium Namibia (Pty) Ltd.

The MRE was undertaken using a minimum thickness of 1m and with various cut-off grades applied (Table 1). It conforms to the 2012 JORC Code of Mineral Resource reporting standard.

Figure 1 shows the location of Tumas 3 and all the EPL locations in which Deep Yellow has interests in Namibia.



**Figure 1:** Reptile Namibian tenement locations showing Tumas 3 deposit location, main palaeochannels, uranium deposits and prospects.

The Tumas 3 uranium deposit is of the calcrete type located within the extensive, generally east-west trending palaeochannel system which cuts across both the Reptile Project tenements (EPLs 3469 and 3470). Figure 2 outlines the grade thickness (GT-  $eU_3O_8$  ppm x metre thickness) contours of this deposit showing the extent and nature of the mineralisation over the full 4.4km length drilled. A cross-section through Tumas 3 highlights the flat-lying nature of the uranium mineralisation as shown in Figure 3.

The mineral resource was estimated by Ordinary Kriging using various cut-off grades ranging from 100 to 300ppm eU<sub>3</sub>O<sub>8</sub>. The resulting inferred resources using these cut-off grades indicate the mineralisation is robust and consistent.

The MRE for the Tumas 3 deposit determined an inferred resource of 23.5Mlb grading 382ppm eU<sub>3</sub>O<sub>8</sub> at the 200ppm cut-off as shown in Table 1.

<b>Cut-off (ppm U<sub>3</sub>O<sub>8</sub>)</b>	<b>Tonnes (M)</b>	<b>U<sub>3</sub>O<sub>8</sub> (ppm)</b>	<b>U<sub>3</sub>O<sub>8</sub> (Mlb)</b>
100	34.9	338	26.0
150	32.4	353	25.3
<b>200</b>	<b>27.9</b>	<b>382</b>	<b>23.5</b>
250	20.3	441	19.7
300	15.5	493	16.8

**Table 1. Tumas 3 – JORC 2012 MRE Inferred Resources at various cut-off grades**

**Notes:**        *Figures have been rounded and totals may reflect small rounding errors.  
eU<sub>3</sub>O<sub>8</sub> - equivalent uranium grade as determined by downhole gamma logging.  
Gamma probes were calibrated at the Langer Heinrich Mines test pit.  
During drilling, probes were checked daily against a standard source.*

The Tumas 3 inferred resource has significantly increased the Company’s palaeochannel-associated calcrete related mineral resource base of the Reptile Project. This has been improved by a factor of 47% and now totals 73.6Mlb U<sub>3</sub>O<sub>8</sub>. With this, the Company has advanced notably towards achieving its stated total resource exploration target<sup>1</sup> on this project of 100 to 150Mlb in the grade range of 300ppm to 500ppm for this type of uranium mineralisation. The total JORC conforming palaeochannel associated uranium resources on its Namibian projects are shown in Appendix 1.

<sup>1</sup> The Company has already determined an MRE of 73.6Mlb of calcrete mineralisation (or 70% of the lower range of the Exploration Target, however, it acknowledges that the potential quantity and grade of the exploration target is conceptual in nature and that there has been insufficient additional exploration to estimate an expanded Mineral Resource at the date of this report. Additional exploration is planned, however it is uncertain if this will result in the estimation of an expanded Mineral Resource. From the review and evaluation of calcrete associated mineralisation already identified on the Company’s tenements, which commenced in the December 2016 Quarter, and the exploration carried out over recent months, the Company has a greater understanding of the stratigraphy of the palaeochannels which host mineralisation. This work has provided renewed confidence that mineralisation is likely to be identified in targeted but contiguous areas on our tenements.

Targeted tonnage/grades are based on results and understanding from work carried out over the past 10 years in this region. The Exploration Targets are planned to be tested over the next 12 to 24 months by an exploration program including geophysical field work and drill testing of targeted areas.

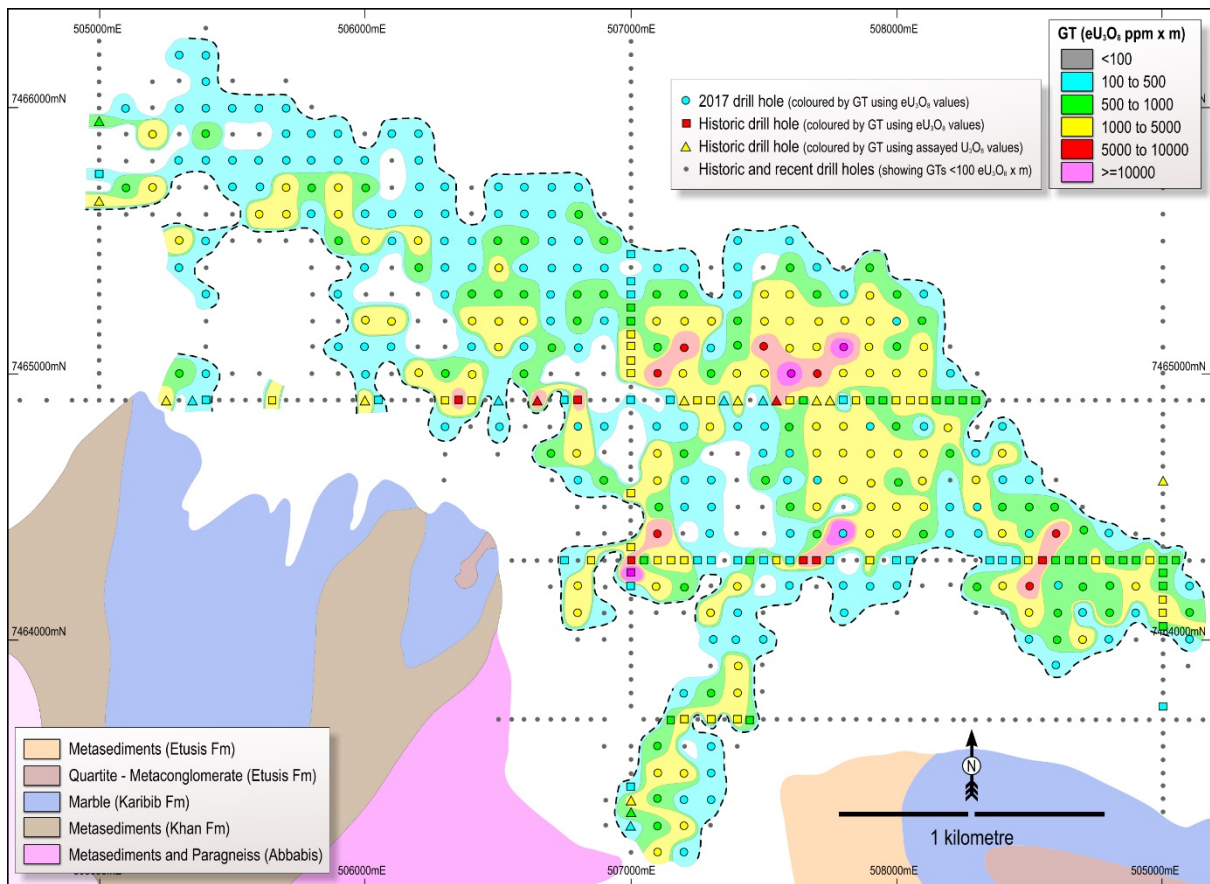


Figure 2: GT contour map of the Tumas 3 uranium mineralisation

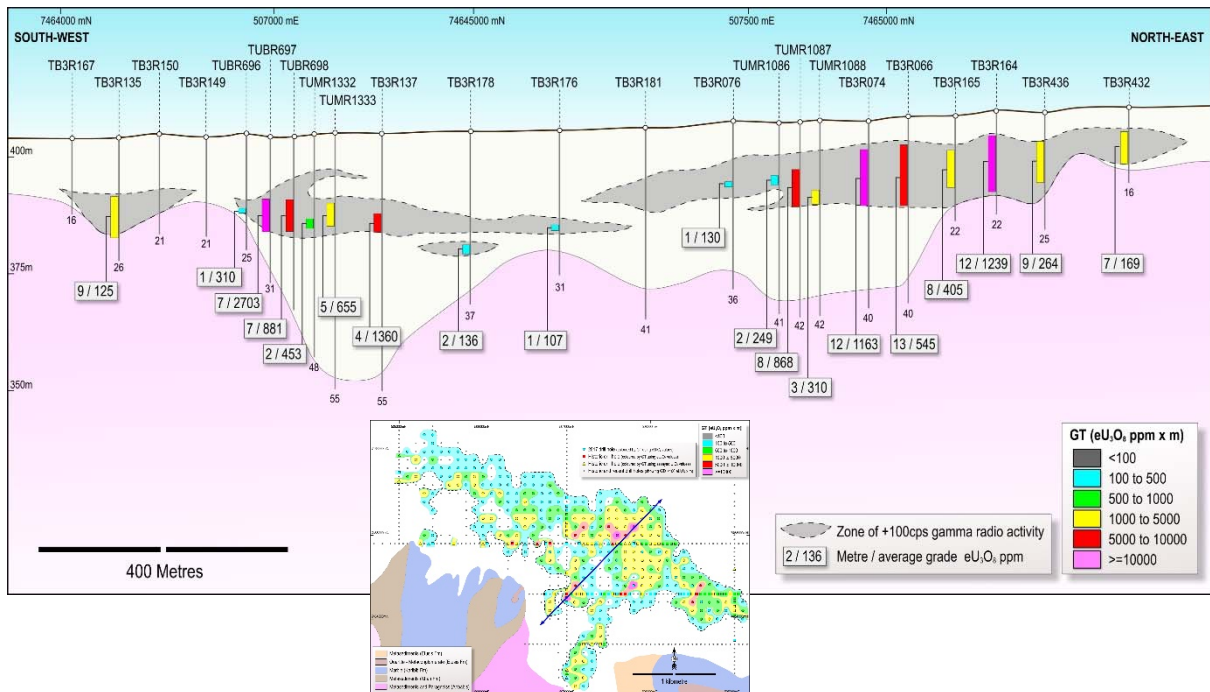


Figure 3: SW - NE cross-section through the Tumas 3 palaeochannel system

## Next Work Phase

A follow-up drilling program is planned to commence late in the December quarter to broadly test the size of possible east and west extensions of the Tumas 3 deposit.

A larger, more comprehensive drilling program designed to further expand the existing resource base and commence exploration of the extensive and highly prospective palaeochannel system occurring in EPLs 3496/3497 is planned to start in the first quarter of 2018.

## EPLs 3496/3497 – Renewal Status

In August, Deep Yellow announced that the Namibian Ministry of Mines and Energy (MME) had notified the company of their preparedness to renew EPLs 3496 and 3497 for a further 2 years. These are now renewed until June 2019.

## NOVA JV, NAMIBIA (EPLS 3669, 3670) – 65% Deep Yellow

Post end of the September quarter Deep Yellow announced positive results from the early part of the 7,500m scout drilling program currently being carried out on its Nova Joint Venture project in Namibia (**JV**) where JOGMEC is earning a 39.5% interest.

The overall drilling program is designed to gain an initial assessment of 10 alaskite and skarn associated basement targets and to also test 3 newly identified palaeochannels delineated from airborne interpretation and ground work within EPLs 3669 and 3670. The reinterpretation of a previously flown VTEM survey identified palaeochannels previously not known to exist on the JV tenements. These newly identified channels are not identifiable from the surface. The first-pass drilling campaign commenced mid-September on the Speke's group of targets located in the northern part of EPL3669 (see Figure 4).

Three drill sections were drilled to test one of these newly identified palaeochannels at Speke's East. The most northern section encountered uranium mineralisation in three adjacent holes (TN035 to TN037). These averaged 220ppm eU<sub>3</sub>O<sub>8</sub> over 3.5m between depths of 18 to 23m as determined by a fully calibrated Auslog down-hole gamma logging unit. The results are listed in Table 1. An historic hole (NTNR4) drilled in 2010 located 100m to the west, targeting basement mineralisation, also showed uranium mineralisation in cover sediments. Figure 5 shows a cross-section of the holes drilled through the Speke's East mineralised channel.

Hole ID	From (m)	To (m)	Interval (m)	Average eU <sub>3</sub> O <sub>8</sub>	Peak eU <sub>3</sub> O <sub>8</sub>	Background (cps)
TN035RC	18.8	24.4	5.6	281	725	8
TN036RC	20.67	23.87	3.2	128	431	6
TN037RC	22.88	24.68	1.8	192	336	8

**Table 1:** Palaeochannel Drilling. Drill holes with uranium intercepts greater than 100ppm eU<sub>3</sub>O<sub>8</sub>.

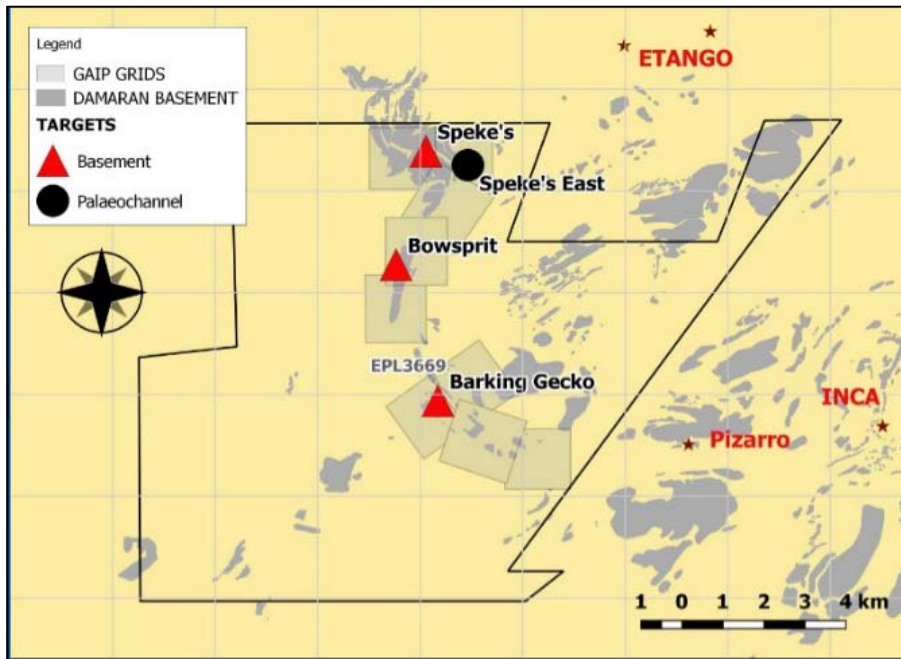


Figure 4: EPL 3669 Prospect Locations

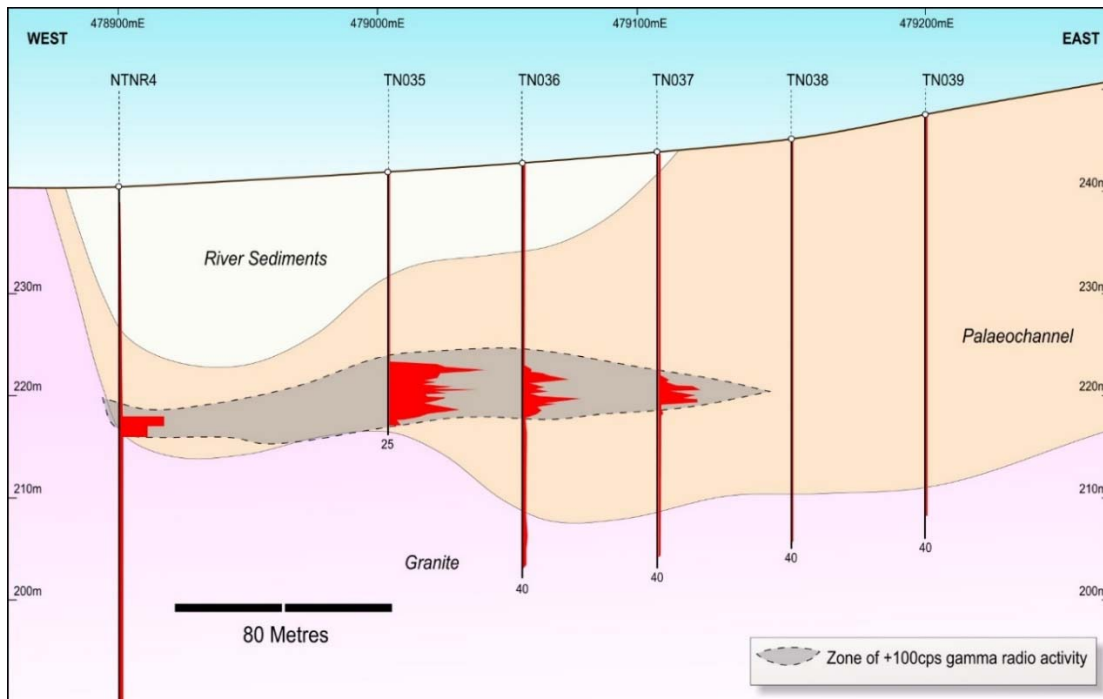


Figure 5: Speke's East Drill Hole Cross-Section of Palaeochannel Drilling. NTNR4 log (historic) is  $U_3O_8$  ppm from XRF, TN prefixed holes are current logs – gamma in counts per second. Note: section shows vertical exaggeration.

Scout drilling of the basement targets in the Speke's area intersected quartz-carbonate-pyrite veins cutting quartz, feldspar biotite gneiss. Within this sequence narrow zones of elevated uranium are associated with the most pyritic veined intervals suggesting the discovery of a hitherto unknown type of hydrothermal uranium mineralisation. The equivalent uranium values as determined from the fully calibrated Auslog down-hole gamma logging unit are listed in Table 2. The correlation between elevated down-hole gamma counts, high pyrite content and high vein density will be further investigated.

Hole ID	From (m)	To (m)	Interval (m)	Average eU <sub>3</sub> O <sub>8</sub>	Peak eU <sub>3</sub> O <sub>8</sub>	Background (cps)
TN004RC	61.51	61.96	0.45	274	505	13
TN004RC	92.26	92.56	0.3	154	189	13
TN005RC	65.12	66.27	1.15	319	544	1
TN005RC	85.12	86.47	1.35	117	209	1
TN006RC	87.6	87.8	0.2	358	669	8
TN006RC	92.6	92.75	0.15	146	238	8

**Table 2:** Basement Drilling. Drill holes with uranium intercepts greater than 100ppm eU<sub>3</sub>O<sub>8</sub> suggestive of a hydrothermal mineralising system.

### Ongoing Drilling

Drilling is continuing on this program with over 5,000m remaining to be completed. Another 7 basement targets will be tested in this current program plus a further 7 to 8 drill sections planned to test the newly identified prospective palaeochannels on EPLs 3669 and 3670.

### CONCLUSIONS – Results on Both Projects Validating Exploration Potential

Work over the past 10 months exploring the palaeochannels on both the Reptile Project and the Nova JV Project, including the drilling, clearly highlights the potential of the large palaeochannel systems that have been identified. It has been the strong contention of management that the palaeochannels that exist in this general region of Namibia offer exceptional exploration targets. Results such as at Tumas 3 and the early drilling results on the Nova JV properties are proving this hypothesis is correct and work has expanded the prospectivity footprint for these exploration targets significantly over all Deep Yellow tenement holdings in Namibia. The 100-150Mlb U<sub>3</sub>O<sub>8</sub> resource target in the 300 to 500ppm grade range that has been stated as an objective appears achievable as there is now an overall 200km (when the newly defined palaeochannels in the Nova JV area are included) of prospective palaeochannels available for exploration of which only 25-30km have been adequately tested

Tumas 3 is now the fourth mineralised zone identified (after Tumas 1 & 2 and Tubas Sand/calcrete deposits) occurring within the 125km of palaeochannels (see Figure 1) that occur within the Reptile project tenements. Some 80%, or approximately 100km, of these palaeochannels remain to be properly tested. A further 70km remain to be explored within the Nova JV tenements.

These new positive results gained both from drilling and the reinterpretation of historic exploration data provide increasing confidence that the existing uranium resource base for Langer Heinrich style deposits within the Reptile Project and Nova JV areas can be further increased.

Also, the new approach taken with geophysics used to delineate alaskite or skarn basement targets appears to be offering a valid exploration method as the early scout drilling is

encouraging with the identification of uranium mineralisation associated with certain lithologies.

## **URANIUM MARKET OUTLOOK**

The annual World Nuclear Association (WNA) symposium was held in London in September and was well attended. WNA released their biennial Nuclear Fuel Supply Report providing various scenarios for demand and supply availability 2017-2035.

The current uranium oversupply situation was confirmed by this study with the supply shortage predicted to start in the early 2020s, suggesting continued weak uranium prices.

This overall supply situation can be regarded as either a negative or a positive in terms of capitalising on the uranium sector. Particular outcome will depend on the nature of the strategy embraced by those in the primary supply industry especially those uranium players in the emerging producer category. There is however general consensus (with the supply shortage unlikely to be filled in the mid-term due to the challenges the uranium sector faces) that uranium price is expected to improve markedly having the potential to overshoot acknowledged incentive price barriers. The timing of this supply/demand dynamic is regarded as a positive for Deep Yellow when considering its stated objectives utilising a contrarian growth strategy.

## **CORPORATE**

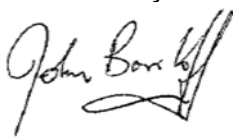
### **Annual Report**

The 2017 Annual Report including the audited financial statements for the financial year ending 30 June was released 12 September 2017.

### **AGM**

This is scheduled to be held 24 November 2017.

Yours faithfully



**JOHN BORSHOFF**  
Managing Director/CEO  
Deep Yellow Limited

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### **For further information, contact:**

John Borshoff  
Managing Director/CEO

Phone: +61 8 9286 6999  
Email: [john.borshoff@deepyellow.com.au](mailto:john.borshoff@deepyellow.com.au)

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



**Appendix 1: JORC Resource Table showing only the palaeochannel associated resources.**

Deposit	Category	Cut-off (ppm U <sub>3</sub> O <sub>8</sub> )	Tonnes (M)	U <sub>3</sub> O <sub>8</sub> (ppm)	U <sub>3</sub> O <sub>8</sub> (t)	U <sub>3</sub> O <sub>8</sub> (Mlb)	Resource Categories (Mlb U <sub>3</sub> O <sub>8</sub> )		
							Measured	Indicated	Inferred
<b>PALAEOCHANNEL ASSOCIATED MINERALISATION</b>									
<b>Tumas 3 Deposit - JORC 2012 (New Resource)</b>									
Tumas 3 Deposit ♦	Inferred	200	27.9	382	10,700	23.5			
<b>Sub-Total</b>			<b>27.9</b>	<b>382</b>	<b>10,700</b>	<b>23.5</b>	-	-	23.5
<b>Tubas Sand Deposit - JORC 2012</b>									
Tubas Sand Deposit #	Indicated	100	10.0	187	1,900	4.1	-	4.1	-
Tubas Sand Deposit #	Inferred	100	24.0	163	3,900	8.6	-	-	8.6
<b>Sub-Total</b>			<b>34.0</b>	<b>170</b>	<b>5,800</b>	<b>12.7</b>			
<b>Tumas 1 &amp; 2 Deposit - JORC 2012</b>									
Tumas Deposit ♦	Measured	200	9.7	386	3,700	8.2	8.2	-	-
Tumas Deposit ♦	Indicated	200	6.5	336	2,200	4.8	-	4.8	-
Tumas Deposit ♦	Inferred	200	0.4	351	150	0.3	-	-	0.3
<b>Sub-Total</b>			<b>16.6</b>	<b>366</b>	<b>6,050</b>	<b>13.3</b>			
<b>Tubas Calcrete Deposit - JORC 2004</b>									
Tubas Calcrete Deposit	Inferred	100	7.4	374	2,800	6.1	-	-	6.1
<b>Sub-Total</b>			<b>7.4</b>	<b>374</b>	<b>2,800</b>	<b>6.1</b>			
<b>Aussinanis Deposit - JORC 2012</b>									
Aussinanis Deposit ♦	Indicated	150	5.6	222	1,200	2.7	-	2.7	-
Aussinanis Deposit ♦	Inferred	150	29.0	240	7,000	15.3	-	-	15.3
<b>Sub-Total</b>			<b>34.6</b>	<b>237</b>	<b>8,200</b>	<b>18.0</b>			
<b>Calcrete Deposits Sub-Total</b>			<b>120.5</b>	<b>278</b>	<b>33,550</b>	<b>73.6</b>	<b>8.2</b>	<b>11.6</b>	<b>53.8</b>

**Notes:** Figures have been rounded and totals may reflect small rounding errors.  
XRF chemical analysis unless annotated otherwise.  
♦ eU<sub>3</sub>O<sub>8</sub> - equivalent uranium grade as determined by downhole gamma logging.  
# Combined XRF Fusion Chemical Assays and eU<sub>3</sub>O<sub>8</sub> values.  
Where eU<sub>3</sub>O<sub>8</sub> values are reported it relates to values attained from radiometrically logging boreholes.  
Gamma probes were calibrated at Pelindaba, South Africa in 2007 and sensitivity checks are conducted by periodic re-logging of attest hole to confirm operation between 2008 and 2013.  
During drilling, probes are checked daily against standard source.

**Competent Person's Statement**

Exploration Results and Mineral Resource Estimates:

The information in this report that relates to Exploration Results for the Tumas and Tubas Mineral Resource Estimates, Mineral Resource Database and Bulk Densities, and the Nova Joint Venture exploration results are based on information compiled by Mr. Martin Hirsch, M.Sc. Geology, who is a member of the Institute of Materials, Minerals and Mining (UK) and the South African Council for Natural Science Professionals. Mr. Hirsch, who is the Exploration Manager for Reptile Mineral Resources and Exploration (Pty) Ltd (RMR – the Manager), has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2012 Edition). Mr. Hirsch consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Where the Company summarises its 2012 and 2004 Calcrete Associated Mineral Resource Estimates in Appendix 1 it references the most recent Annual Mineral Resources Statement in its 2017 Annual Report and confirms that it is not aware of any new information or data that materially affects the information and / or material assumptions and technical parameters underpinning each of those resource estimates and that all material assumptions and technical parameters underpinning each of those resource estimates continue to apply and have not materially changed.