

Deep Yellow Limited

ASX Announcement

ASX & NSX: DYL / OTCQX: DYLLF

15 January 2019

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 DECEMBER 2018

HIGHLIGHTS

- **Tumas 1 East** (EPL 3496 Reptile Project) - **highly significant uranium mineralisation identified in previously unknown tributary channels 1, 2, 4 and 5.**
 - To date a total of 16km of highly prospective mineralised channel has been identified for follow-up resource drilling.
 - First stage of infill resource drilling has delineated a zone of 6.2km ready for resource estimation work with the balance to be infill-drilled during 2019.
- **Tumas 3 West** (EPL 3497 Reptile Project) - **infill resource drilling of a tributary palaeochannel identified 2.2km of mineralised channel also to be considered for resource estimation work.**
- **Nova JV Project** (EPLS 3669/3670) - **2018 exploration drilling totalling 122 RC holes involving 4,874m was completed.**
 - Encouraging results encountered in palaeochannels on both EPLs.
 - At the Iguana Prospect on EPL 3669 drilling intersected narrow uranium mineralisation in basement rocks.
- **An updated Mineral Resource Estimate is expected in Q1 2019 incorporating Tumas 1 East and Tumas 3 West.**

During the December 2018 quarter, drilling continued on the two Namibian projects: Reptile Project (EPLs 3496 and 3497) and the Nova Joint Venture Project (EPLs 3669 and 3670). See Figure 1 for locations.

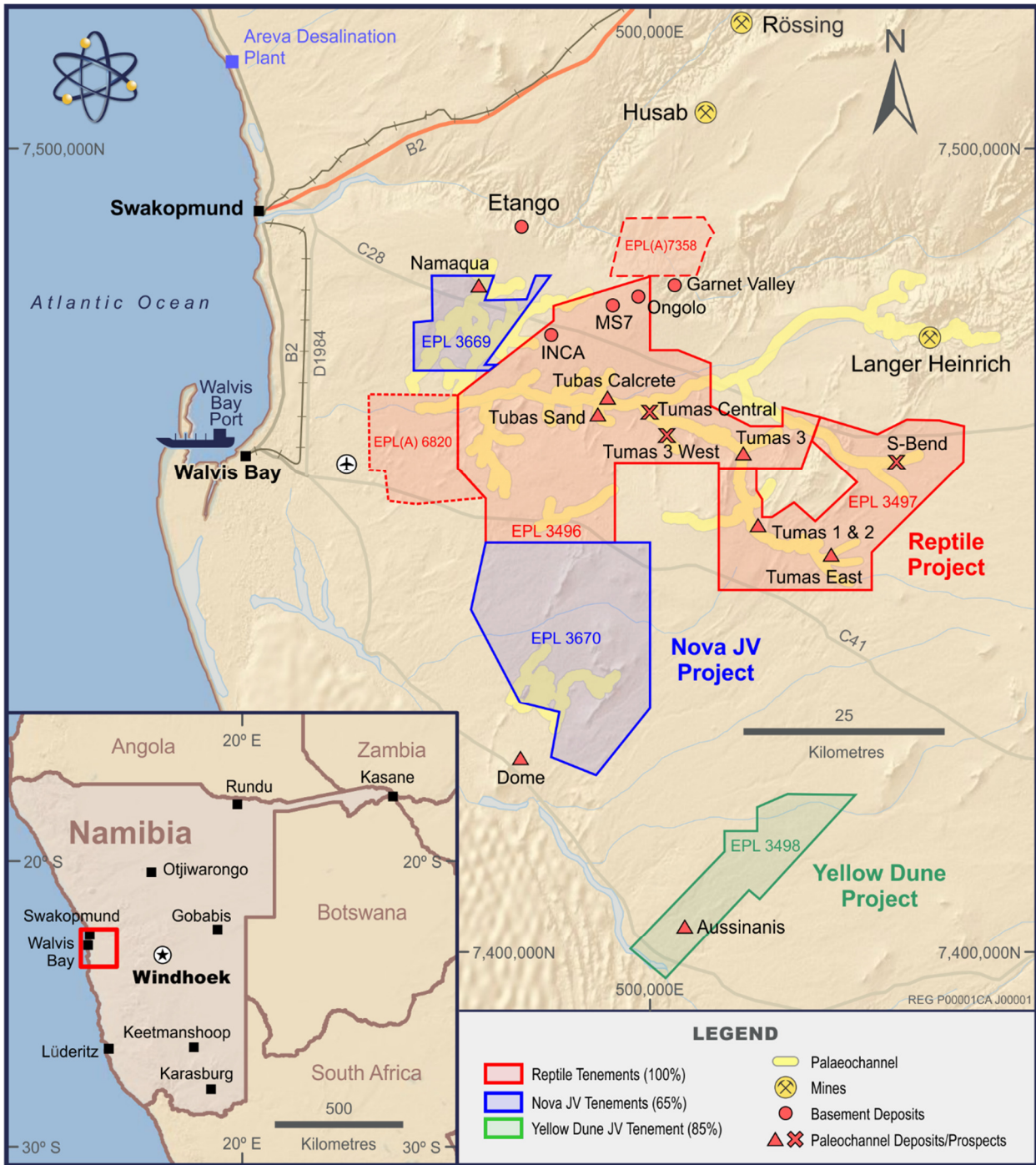


Figure 1: Showing Reptile Project (EPLs 3496, 3497) with Tumas Deposits and main prospect locations over palaeochannels and Nova JV Project (EPLs 3669,3670).

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

Activities on the Reptile Project commenced on EPL 3497. On 5 and 28 November 2018 Deep Yellow Limited (**Deep Yellow**) reported on very positive drilling results discovering new continuous mineralisation in the Tumas 1 East palaeochannel area. Drilling was also conducted on EPL 3496 at the Tumas 3 West area which was reported to the ASX on 20 December 2018. These EPLs are held by Reptile Uranium Namibia (Pty) Ltd (**RUN**), part of the group of companies wholly owned by Deep Yellow.

Tumas 1 East Exploration Drilling

As reported previously, broad exploration delineation drilling testing the headwaters east of the Tumas 1 deposit identified a multipronged channel system, at this stage comprising 7 tributaries, draining into the main Tumas palaeochannel as shown in Figure 2.

The additional 85 exploration holes drilled in this area in the December 2018 quarter have continued to indicate promising mineralisation, including the eastern portion of Tributary 2 and the Tributary 5 area where a wide mineralised channel has been identified (see Figure 2). This work has expanded the area of high significance for uranium mineralisation to a considerable extent. With this work, the drilling has identified a total of 15-16km of highly prospective mineralised channels available for consideration in future resource upgrade work. Large portions of Tributary 4 and 5 still remain to be tested to the west of where currently drilled. The interpreted Tributary 6 remains untested.

These new results produced intersections in the range of 143ppm eU₃O₈ over 10m (TA165) to 430ppm U₃O₈ over 5m (TA154). The average thickness of the mineralisation is close to 5m. Drill spacings for this work varied between 50m to 100m along 400m to 800m spaced lines. Drill hole and channel locations are shown in Figure 2. Details of these results were reported on 5 November 2018.

Note: All equivalent uranium values reported in this report are based on down-hole radiometric gamma logging carried out by a fully calibrated Aus-Log gamma logging system.

Tumas 1 East Resource Drilling

As reported, of the 7 tributaries that have been identified, continuous uranium mineralisation has been encountered along Tributary 1 and the upper reaches of Tributary 2 (see Figure 2). Resource infill drilling from 1 to 23 November 2018 has confirmed the continuity of this uranium mineralisation for 4.6km in Tributary 1 and 1.6km for Tributary 2, totalling 6.2km.

These mineralised channels range from 100m to 900m in width. The mineralisation is located at shallow depths from surface to 20m. Except for localised hot spots, large parts of this mineralisation do not show any surface radiometric expression.

The 265 RC holes drilled in the 2018 drilling program to test Tributaries 1 and 2 are now earmarked for resource estimation work. Of this, 192 or 72% show uranium mineralisation above 100ppm eU₃O₈ over 1m. The average grade, at >20ppm eU₃O₈ over 1m cut off, is 434ppm with an average thickness of 6.6m and is well within the range of the 300ppm to 500ppm target that has been set. In places the mineralisation can reach a thickness of up to 14m (TA238) and grade of up to 1,799ppm eU₃O₈ (TA230).

Drill hole and channel locations are shown in Figure 2. Figures 3 and 4 show a drill cross-section through the main Tributary 1 and a drill long-section respectively, highlighting the continuity and thickness of mineralisation. More detailed drill hole results were reported in the 28 November 2018 ASX release.

Tumas 3 West Resource Drilling

81 RC holes involving 2,499m have been completed for the resource definition drilling over a tributary channel entering the main Tumas palaeochannel from the south (**Tributary South**). This is located west of the Tumas 3 deposit.

The mineralised channel that has been identified is between 100m to 500m wide and 2.2km long. The mineralisation is situated in a zone ranging from 5m to 30m below surface. None of this mineralisation shows any surface radiometric expression.

The 81 RC holes drilled since 23 November 2018 will also be considered for the forthcoming resource estimation work. Of these 81 holes, 29 (or 36%) show uranium mineralisation above 100ppm eU₃O₈ over 1m. The average grade, at a 200ppm eU₃O₈ cut-off over 1m, is 411ppm with an average thickness of 3m. This is well within the range of the 300ppm to 500ppm target grade that is being sought. In places the mineralisation reaches a thickness of up to 10m at 627ppm eU₃O₈ (T3W0029).

Drill hole and channel locations are shown in Figure 5. All drill hole details were reported on 20 December 2018.

Tumas Central Semi-Regional Exploration Drilling

8 RC holes involving 338m were completed in the Tumas Central palaeochannel 6km NW of the current Tumas 3 deposit (Figure 5 NW corner). Testing of this area is incomplete as drilling had to be suspended due to the Christmas break. The area is one of the seven semi-regional exploration targets which were identified early in the year but this particular priority zone could not be tested previously due to access problems which have now been resolved. The area covers the confluence of two channels and shows some surface radiometric anomalism over the main palaeochannel.

Two short lines were drilled across the channel with exploration drill hole spacings of 200m along the lines. Uranium mineralisation was encountered on all cross-lines. Four of the eight exploratory drill holes showed uranium mineralisation greater than 100ppm eU₃O₈ over 1m, the average grade of which was 227ppm.

Figure 5 shows the exploration drill hole locations in relation to the Tumas 3 discovery and the Tumas 3 West drilling. All drill hole details were reported to the ASX on 20 December 2018.

Analysis/Conclusion

During the December 2018 quarter a total of 331 holes were drilled on the Tumas palaeochannel targets involving 5,647m.

Over the Tumas 1 East area, 336 RC holes for 4,100m were completed since drilling started in early September 2018. Drill spacings in the Tumas 1 East area have varied from 50m to 100m along lines 100m to 1,600m apart. Of these holes, 211 returned positive results of more than 100ppm eU₃O₈ over 1m. This reflects an almost 63% success rate. The average grade of the 1m intersections >200ppm U₃O₈ is 429ppm which is the cut-off used in the previous resource estimates and well within the 300ppm to 500ppm grade that is being targeted.

The resource infill drilling has been highly successful, identifying 6.2km of continuously mineralised palaeochannel in two of the five prospective tributaries that have been infill drilled. This will be the focus of a new Mineral Resource Estimate to be completed in early 2019.

Significantly, the new uranium mineralisation identified in the tributaries of this palaeochannel system in the Tumas 1 East area has opened up the potential for further mineralisation in Tributaries 4, 5 and possibly 6, along an extensive strike length.

In the Tumas 3 West area resource infill drilling has also been successful, confirming the presence of 2.2km of uranium mineralised palaeochannel. When historic holes are included, a total of 247 RC holes for 7,100m has been drilled, completed over the Tumas 3 West Tributary South area. Drill spacings used have varied from 50m to 100m along lines with lines 100m apart. Of these holes, 85 or 35% returned positive results of more than 100ppm eU_3O_8 over 1m. The average grade of the 1m intersections $>200ppm U_3O_8$ cut-off as used in the previous resource estimates is 399ppm. The average thickness is close to 4m. These results will now be included in a new Mineral Resource Estimate expected to be completed in early 2019.

The results of the ongoing exploration are regarded as highly promising. The drilling of the previously unexplored, central part of the Tumas palaeochannel system and three of the newly discovered tributaries in the east again has identified new zone of calcrete-type uranium mineralisation. This occurs at shallow depth and will require further exploration drilling to test for the possibility of outlining additional economic accumulations for which the potential is regarded as high.

An updated inferred Mineral Resource Estimate for the Tumas 1 East Zone, in conjunction with Tumas 1 & 2 and Tumas 3 West, is expected to be announced in early 2019.

Further drilling at Tumas 1 East is planned to start in early March 2019.

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

JOGMEC is currently earning a 39.5% equity interest in the Nova JV to be achieved after \$4.5M has been spent by them over a four-year period. Work on the Nova JV is focussing on target definition and drilling to test for both basement- related uranium targets (Rössing/Husab style deposits) and palaeochannel/calcrete associated uranium targets (Langer Heinrich style deposits).

On 19 December 2018 Deep Yellow advised the completion of the 2018 exploration drilling program which was suspended on 14 December 2018 due to the Christmas break. This exploration drilling totalled 4,874m and involved 122 RC holes. Drilling is planned to resume in January 2019.

The overall drilling campaign was designed to follow up on encouraging drilling results from 2017 at the Namaqua palaeochannel and to test other channels in addition to testing various basement targets defined by the 2018 airborne spectrometric and magnetic survey. Figure 1 shows the Nova JV tenements – EPLs 3669 and 3670. Figure 6 shows the exploration target locations where drilling occurred in 2018. Results of those targets where notable uranium mineralisation was encountered are in the Namaqua, Bowsprit and Day Gecko palaeochannel areas in addition to the Iguana basement target and are summarised below. Detailed results can be found in the 20 December 2018 ASX announcement.

Palaeochannel Target Exploration

A total of 105 holes for 3,129m were drilled to explore the paleochannel targets. At Namaqua the objective was to establish the extent of the palaeochannel calcrete-hosted mineralisation located in 2017. The drilling identified weak uranium mineralisation in two drill holes (TN063RC and TN075RC) on two lines to the south of the 2017 discovery and extended the NW-SE trending mineralisation over a strike length of approximately 500m. Low grades and thicknesses were

encountered, the best intersection at a 75ppm eU₃O₈ cut-off being 3m at 107ppm in TN075RC. Some drilling remains to be carried out to fully test this target.

At Bowsprit the drilling tested the southern extension of the Namaqua channel. Two adjacent holes (TN101RC & 106RC) intersected 3m intervals of <100ppm U₃O₈ indicating a thin mineralised body approximately 80m - 100m wide.

The previously unexplored Day Gecko Channel on EPL 3670 was tested with 11 holes involving 107m and intersected promising uranium mineralisation in hole CH065RC including 5m averaging 60ppm eU₃O₈ over 5m, peaking at 320ppm.

Basement Target Exploration

A total of 17 RC holes involving 1,745m was completed to explore basement hosted targets.

At the Iguana target on EPL3669, ground follow-up of an airborne radiometric anomaly identified three northwest trending sets of distinctly dark grey to black uranium bearing quartz vein sets. Figure 7 shows the drill hole locations with respect to the surface radiometric anomalies and Figure 8 shows the drill hole cross-section through holes TN108 and 109. Uranium mineralisation was recorded in four of the seven holes drilled. The results are listed on Table 1 below. These results are regarded potentially significant for directing the future exploration with the best intersections (10m at 136ppm and 14m at 185ppm eU₃O₈ in TN109RC) showing improvement at depth in an area lacking a substantial surface radiometric response indicating need for deeper drilling at this locality (Figure 8).

Table 1: Iguana Prospect: Drill intersections greater than 100ppm eU₃O₈/m

Hole ID	From (m)	To (m)	Interval (m)	Average ppm eU ₃ O ₈	Peak eU ₃ O ₈	Background (cps)
TN107RC	33	36	3	118	490	29
TN109RC	38	48	10	136	380	52
	72	86	14	184	543	52
TN112RC	10	12	2	111	951	54
TN111RC	27	37	10	187	818	59

Conclusions

Although the follow-up drilling at Namaqua did not identify economic uranium mineralisation the indication that previously unexplored (and unknown) palaeochannels are fertile and carry uranium mineralisation (as previously identified at Namaqua and now at Bowsprit and Day Gecko) is highly significant and this is regarded as a very positive development. The identification of calcrete associated mineralisation within the palaeochannels in the Nova JV area has confirmed the prospectivity of the system of palaeochannels that has been identified. Further drilling is planned in 2019 to explore other untested palaeochannels.

The exploration of the basement targets has identified a promising zone of uranium anomalism at Iguana. Although grade and thickness of the mineralisation encountered is of a low-level, results show a mineralising event has occurred and needs to be followed up. Mineralisation may improve at depth and toward the north-west where the prospective zone is blanketed by alluvium cover. This will be tested in 2019.

CORPORATE

- On 9 October 2018 Deep Yellow announced that the Company's ordinary shares commenced trading on the OTCQX Best Market in the United States (**U.S.**) having upgraded from the OTCQB Venture Market. This upgrade, after successfully building shareholder value and visibility on the OTCQB Venture Market will allow more U.S. brokers to trade Deep Yellow securities through increased visibility.
- During the quarter 6,283,941 ordinary shares were issued to management and staff in accordance with the Deep Yellow Loan Share Plan. In addition the Company issued 265,476 performance rights pursuant to the Deep Yellow Awards Plan.
- The AGM was held 19 November 2018 and all resolutions were passed.

Yours faithfully



JOHN BORSHOFF
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For further information on the Company and its projects, please visit the website at:
www.deepyellow.com.au

ABOUT DEEP YELLOW LIMITED

Deep Yellow Limited is a specialist differentiated uranium company implementing a new contrarian strategy to grow shareholder wealth. This strategy is founded upon growing the existing uranium resources across the Company's uranium projects in Namibia and the pursuit of accretive, counter-cyclical acquisitions to build a global, geographically diverse asset portfolio. The Company's cornerstone suite of projects in Namibia is situated within a top-ranked African mining destination in a jurisdiction that has a long, well regarded history of safely and effectively developing and regulating its considerable uranium mining industry.

Exploration Competent Person's Statement

The information in this announcement as it relates to exploration results was compiled by Mr Martin Hirsch, a Competent Person who is a Member of the Institute of Materials, Mining and Metallurgy (IMMM) in the UK. Mr Hirsch, who is currently the Exploration Manager for Reptile Mineral Resources and Exploration (Pty) Ltd (RMR), 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 as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hirsch consents to the inclusion in this announcement of the matters based on the information in the form and context in which it appears. Mr Hirsch holds shares in the Company.

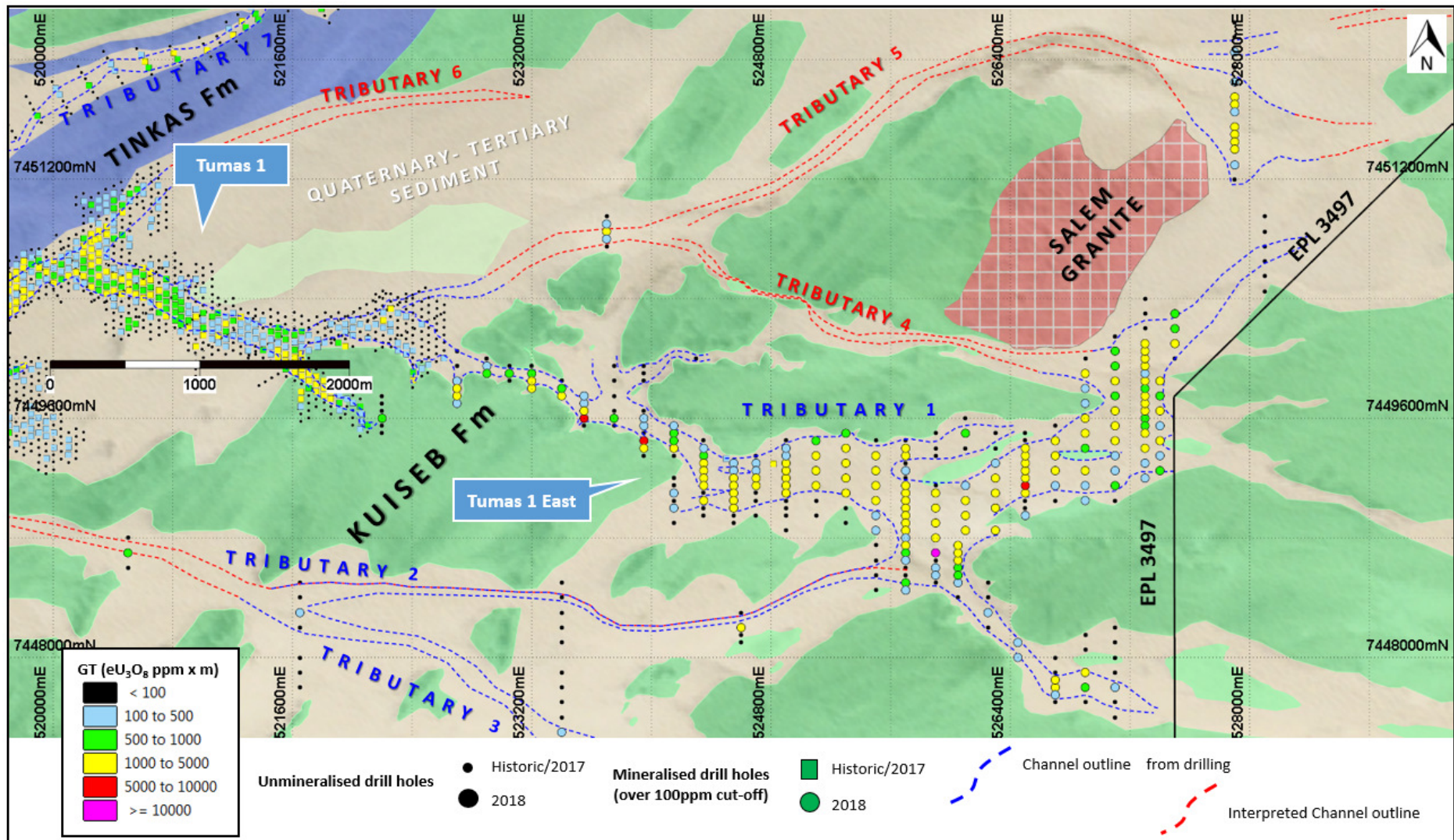


Figure 2: Drill hole locations showing the drilling at Tumas 1 East (Tails 1, 2, 3 and 4). Drill hole collars are coloured in eU₃O₈ grade thickness values (GT: eU₃O₈ppm x m).

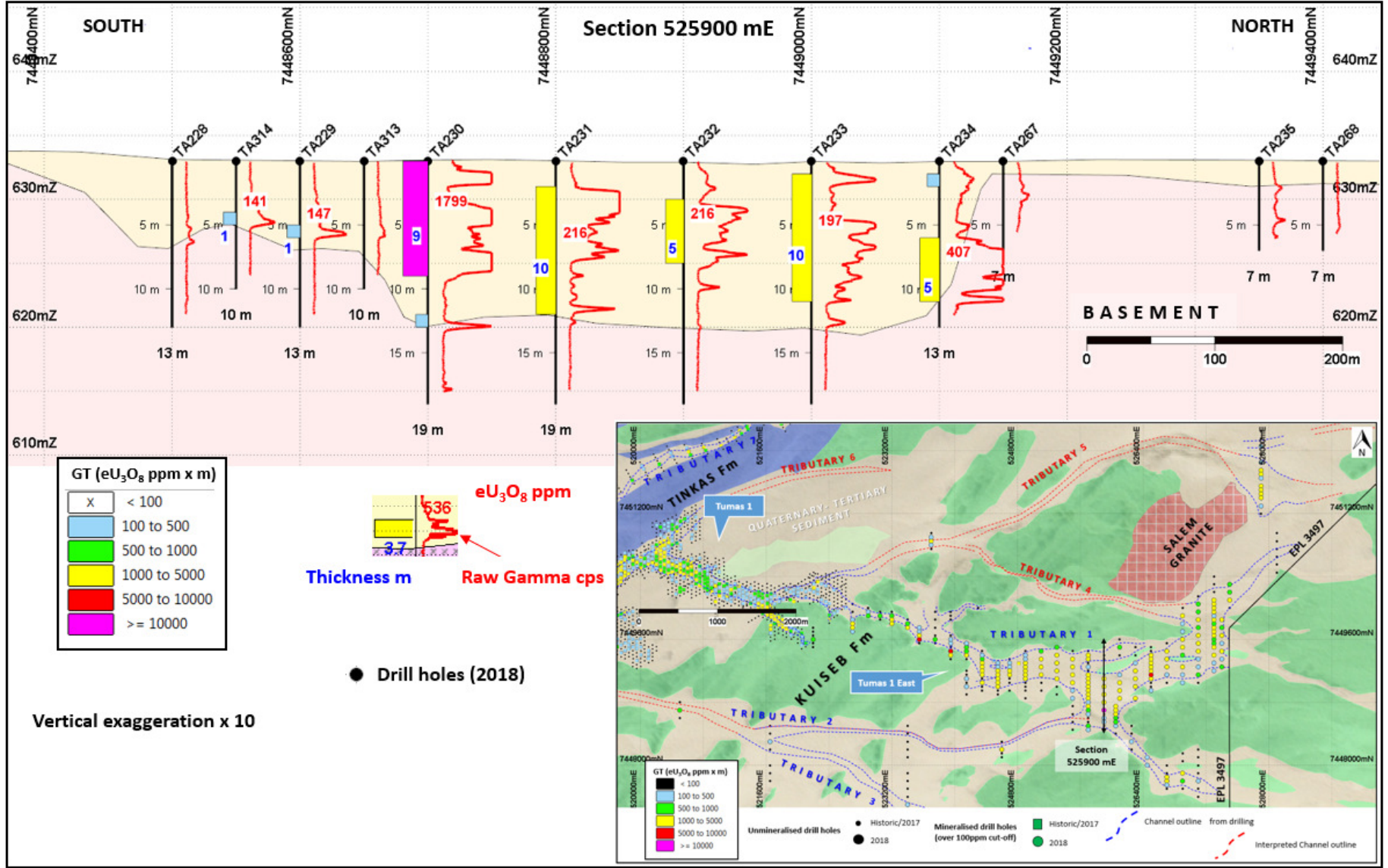


Figure 3: Tumas 1 East – Cross Section 525900E.

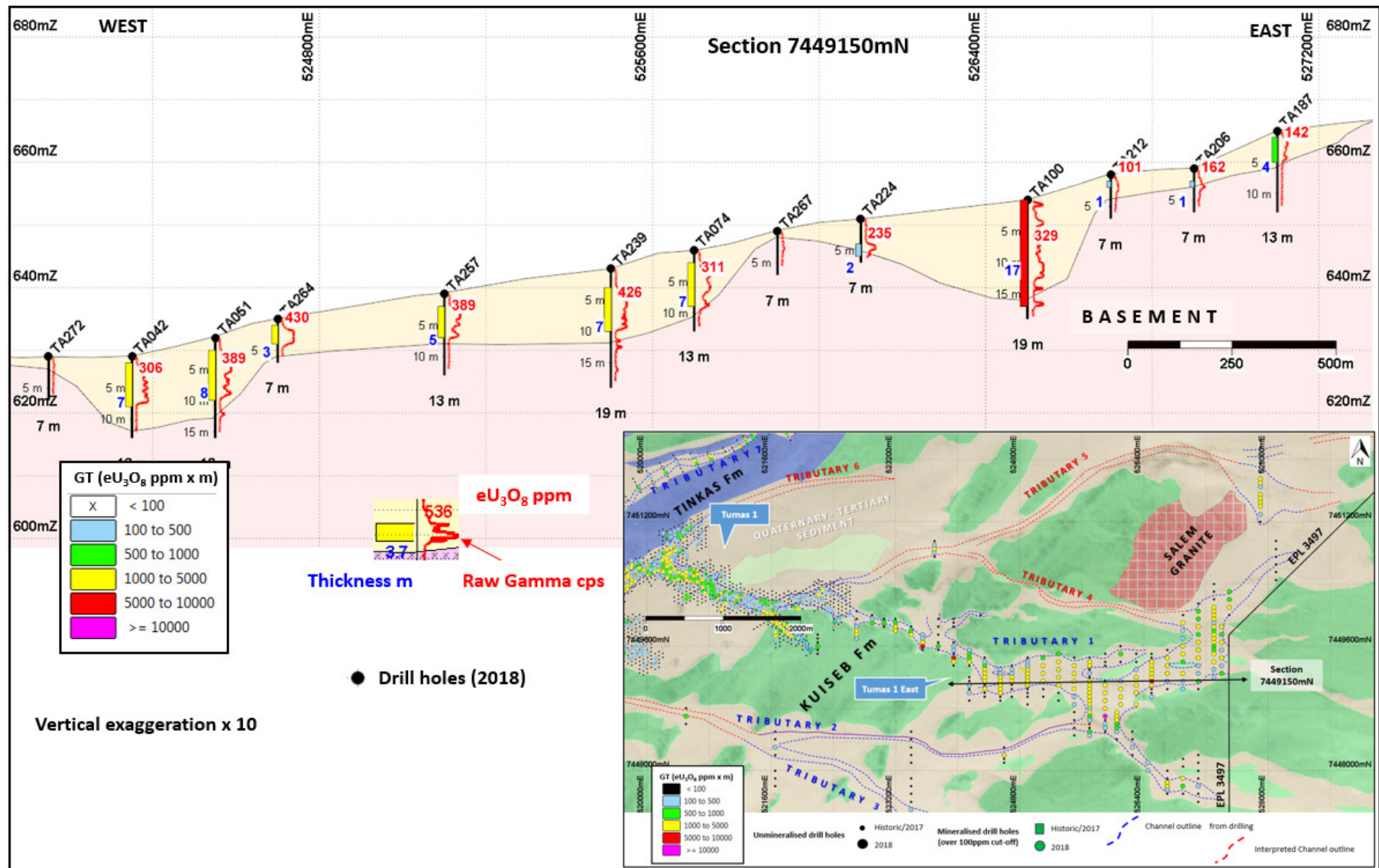


Figure 4: Tumas 1 East – Long Section 7449150N.

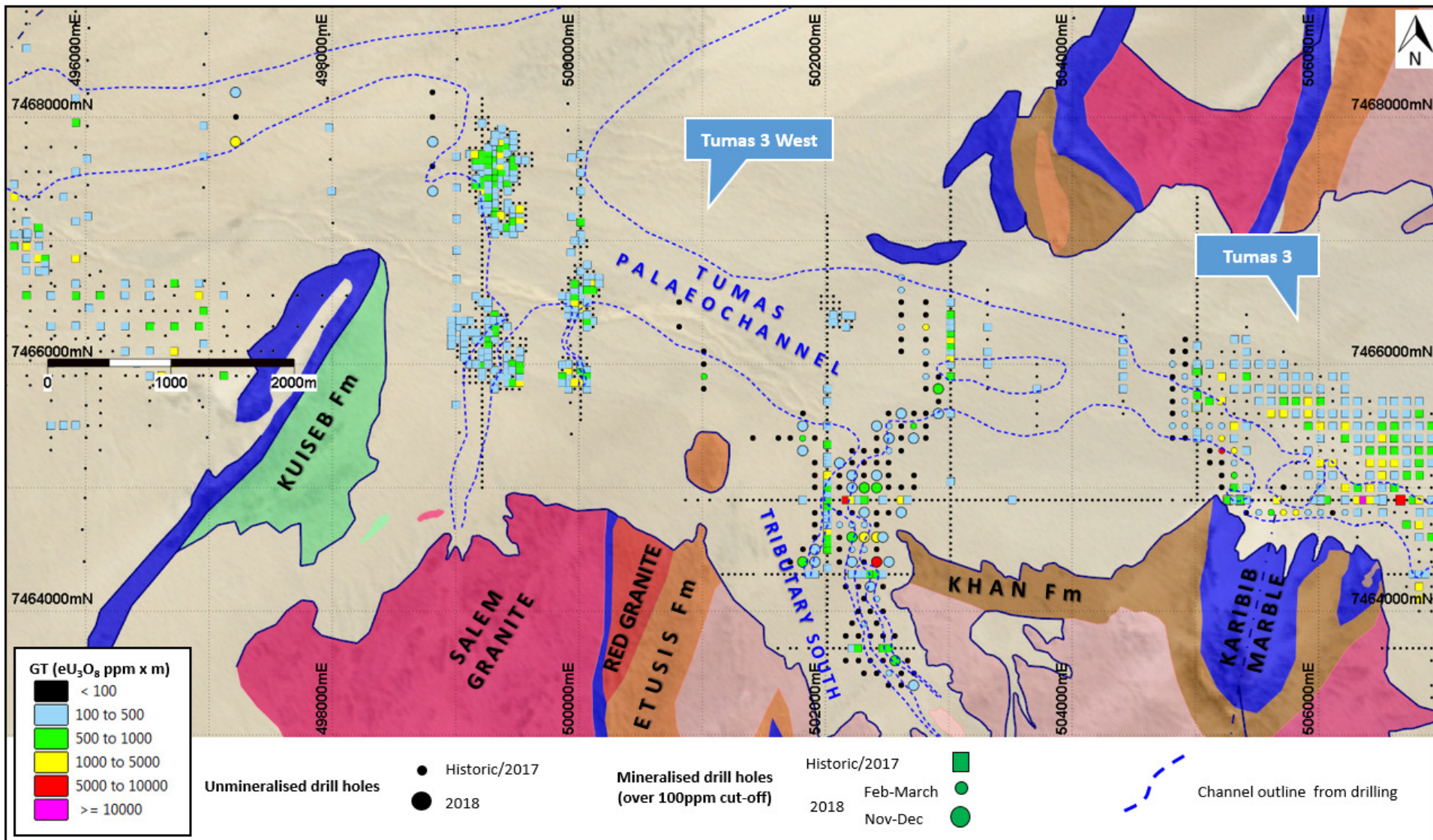


Figure 5: Tumas 3 West, Tributary South and Tumas central exploration drill hole locations.

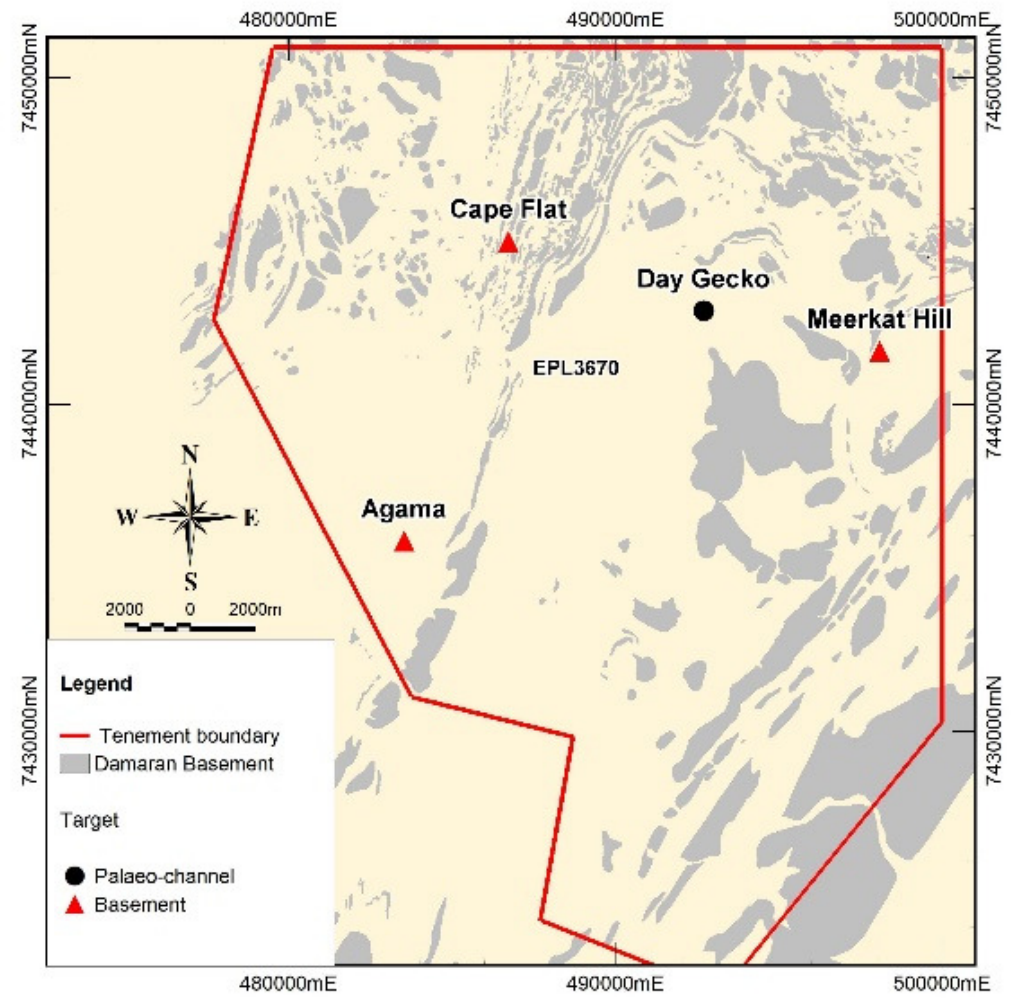
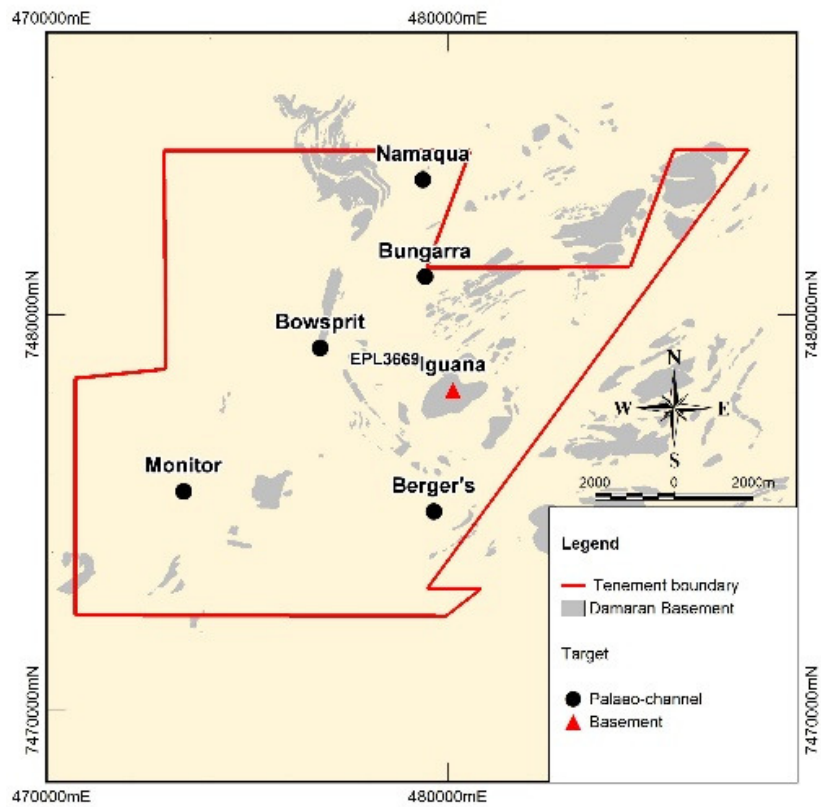


Figure 6: Exploration target locations where drilling occurred in 2018. Exploration targets EPL 3669 and EPL3670.

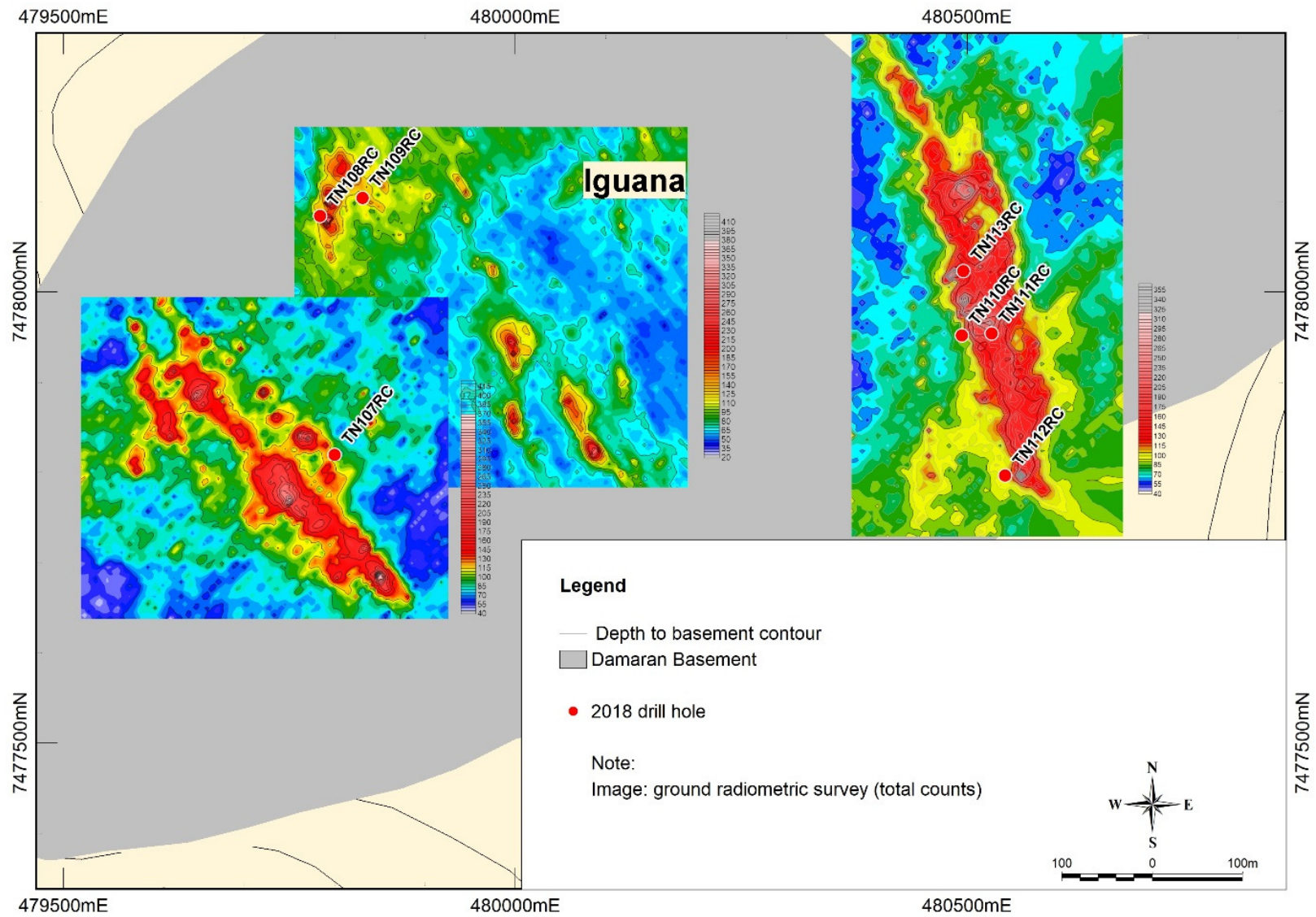


Figure 7: Drill hole locations at Iguana showing gridded total count radiometric survey data.

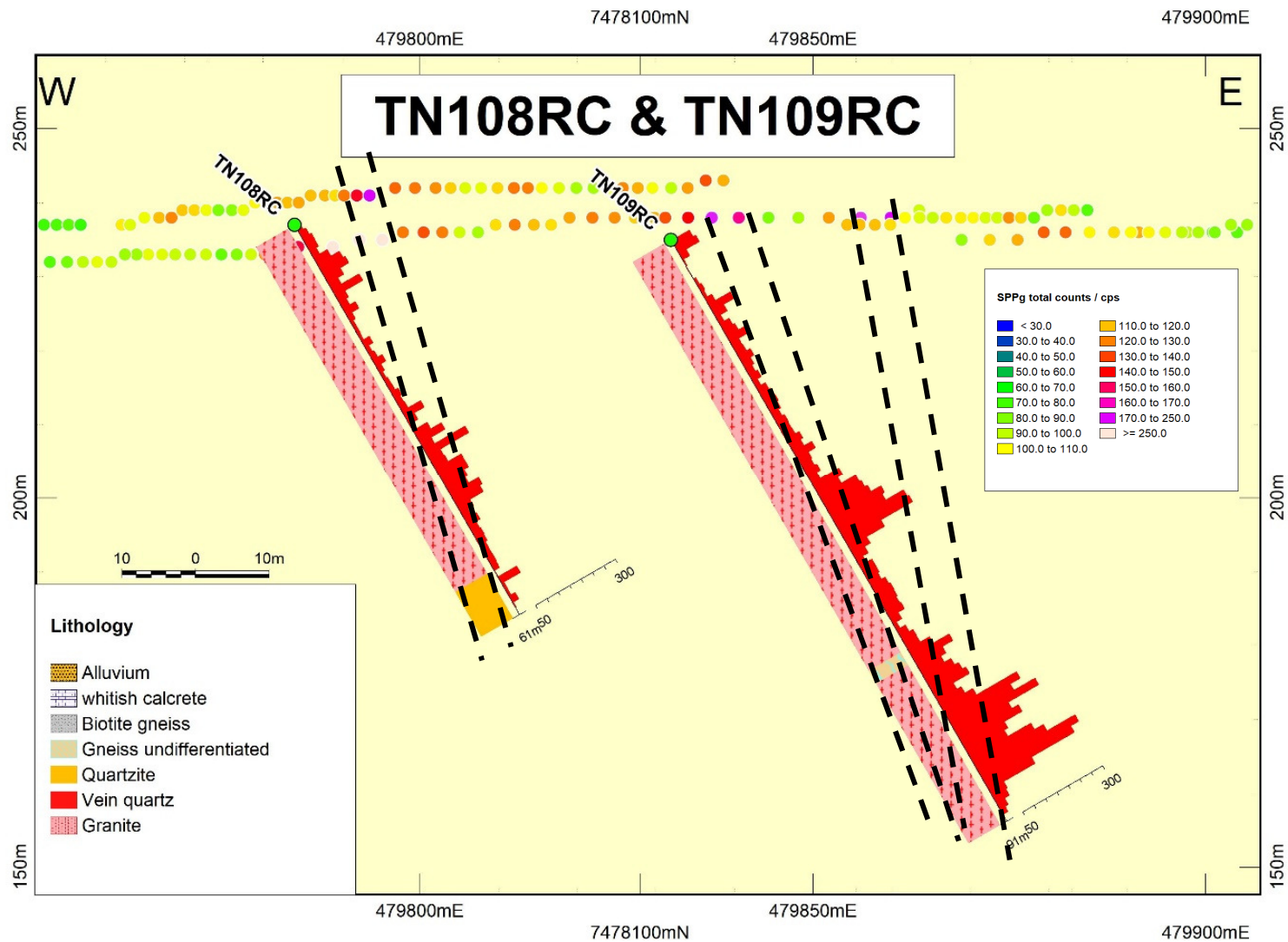


Figure 8: Drill holes TN108 and 109 with eU_3O_8 1m Composite and radiometric survey data (coloured dots). The black dashed lines indicate interpreted dip and thickness of uranium mineralisation.