24 July 2019

QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDING 30 JUNE 2019

HIGHLIGHTS

REPTILE PROJECT

- Drilling at Tumas 1 East identified 3km of continuous mineralisation in Tributary 5.
- 60km of uranium-fertile palaeochannel targets remain to be properly tested (only 50% of target evaluated to date).
- 11,000m RC drilling approved for FY20 on Reptile Project.
  - Follow-up drilling at Tumas 1 East commenced in July.

NOVA JV PROJECT

- Annual JV budget of A$1.05M to March 2020 approved by JOGMEC.
- 7,000m drilling program commencing early August.

CORPORATE - Post Quarter

- $11.29M successfully raised via Placement and Share Purchase Plan to advance growth strategy.
- President Trump rejects Section 232 petition.

Tumas 1 East Drilling

On 23 April 2019 Deep Yellow reported encouraging drilling results on EPL3497 where new continuous mineralisation has been identified in the Tumas 1 East palaeochannel area along Tributary 5.

This program was completed in April 2019 with a total of 211 RC drill holes for 1,951m drilled. Drill spacings varied from 50m to 100m along lines 200m to 800m apart. 76 of these holes returned positive results of greater than 100ppm eU$_3$O$_8$ over 1m. The average thickness of the mineralisation is close to 5m. The average grade of all the 1m intersections >100ppm eU$_3$O$_8$ was 228ppm and >200ppm eU$_3$O$_8$ was 356ppm U$_3$O$_8$. 

The resource drilling at the Tributary 5 north of Tumas 1 outlined a uraniferous channel 3km in strike length showing continuous calcrete uranium mineralisation. The mineralised channel ranges from 100m to 600m in width. The mineralisation is located at shallow depth between 2m to 15m below surface. In the Tributary 5 resource drilling area, uranium mineralisation >100ppm eU₃O₈ was identified in 56 (48%) of the 119 holes drilled in this zone with an average grade of 232ppm eU₃O₈. At >200ppm/m cut-off the average grade is 361ppm eU₃O₈. The mineralisation does not show any surface radiometric expression.

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

The Tributary 5 mineralisation thins out towards the west, is closed off to the east but the southern edge of the channel needs further infill drilling before an Inferred Resource Estimate.
can be undertaken. Figures 1 and 2 show the prospective palaeochannel system and prospect locations related to the tributaries.

Drill hole locations from this program are shown in Figure 2. Figures 3 and 4 show a drill cross-section and long section respectively, highlighting the continuity and thickness of the mineralisation in Tributary 5.

A follow-up drilling program commenced on 22 July 2019 at Tributary 5 in Tumas 1 East. This phase will involve 2,500m of RC drilling.

The equivalent uranium values (eU₃O₈) as reported here are based on down-hole radiometric gamma logging carried out by a fully calibrated Aus-Log gamma logging system.

Analysis/Conclusion

In April 2019 the fourth drilling campaign was completed since the change in strategic direction undertaken by the Company in November 2016. The latest drilling continued delivering successful results, confirming extensions to the previously discovered Tumas 1, 2 and 3 mineralisation. The ability to add to the current uranium resource base of this project emphasises the strong exploration potential of the uranium-fertile, extensive palaeochannel system including its mineralised tributaries.

At this stage, four distinct mineralised zones (Tumas 1 & 2, Tumas 3 and Tubas Red Sand/calcrete deposits) have been identified within the 125km of palaeochannels (see Figure 1) occurring within the Reptile Project tenements. Some 50%, or approximately 60km, of these palaeochannels still remain to be adequately tested.

An updated resource can be expected early in the December quarter.

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 on expenditure of A$4.5M over a four-year period. Work on the Nova JV is focussing on target definition and drilling to test both basement related uranium targets (Rössing/Husab style deposits) and palaeochannel/calcrete associated uranium targets (Langer Heinrich style deposits).

As announced in April 2019, JOGMEC approved a budget of A$1.05M for the year ending March 2020. This includes a 7,000m RC drilling program.

Drilling is planned to start in early August and will concentrate on basement targets which are covered by younger sediments and palaeochannels which have not been tested to date.

Groundwork has also been conducted for the preparation of the drilling targets following the discovery of a previously unknown radiometric anomaly at Bibron on EPL3670 where uranium occurrences were confirmed by pitting to 1m depth. Testing of this anomaly will be included in the upcoming drilling program.

Analysis/Conclusion

The identification of calcrete-associated mineralisation within the palaeochannels in the Nova JV area is considered significant confirming the prospectivity of the system of palaeochannels identified so far. Further drilling is planned in 2019 to explore previously untested palaeochannels.
The next stage of basement exploration in 2019 will start testing blind targets which were defined by geophysical methods extending beneath areas of extensive sand cover.

The drilling program is planned to start on EPL3669 in early August.

**CORPORATE**

**Appointment of Investor Relations Advisors for North America**

In May 2019 Deep Yellow advised it has appointed New York-based investor relations firm, Columbus Circle Corporate Relations (CCC) to represent the Company in North America. CCC has extensive experience in this line of business and has strong ties to the investment, banking and media sectors internationally. It specialises in acting on behalf of Australian mining companies seeking to expand investor interest and better service its existing shareholders in the US.

This appointment follows Deep Yellow's addition of the OTCQX Best Market listing to its ASX public status which gives it a significant platform to expand its global investment audience.

**Post Quarter**

**Placement and Share Purchase Plan (SPP) to Advance Growth Strategy**

Following the announcement of a capital raising (at an issue price of 31 cents per share) through a combined Placement ($9M) and SPP ($2.5M) to advance its growth strategy, Deep Yellow advised on 4 June 2019 that settlement of the $9M placement had taken place. The Placement was very well received and subscribed by a number of quality investors, with demand exceeding the funds the Company sought to raise. Aitken Murray Capital Partners (AMCPs) was Sole Lead Manager. It was pleasing to welcome Paradise Investment Management Pty Ltd onto the register as a substantial shareholder.

The SPP closed raising a total of $1,677,700. Under the terms of the SPP, the Board reserved the right to place any shares not subscribed for. With the assistance of AMCPS, a further $611,807 was raised from certain of the institutional holders who had participated in the earlier Placement. The placement of the shortfall was restricted only by the limit available under the Company’s 15% placement capacity as determined by ASX Listing Rule 7.1.

On closing, funds raised totalled $11.29M before costs.

The funds raised will be used to fund short-term working capital requirements to continue advancing the Company’s well-articulated two-limbed growth strategy:

(a) to further expand the existing uranium resource base of its Namibian projects; and

(b) to evaluate the best approach to advance its project acquisition growth strategy, taking advantage of the current uranium downturn.

**FY20 Program Approval and Namibian Management Changes**

The Company advised, following Board approval for its FY20 program/budgets and the Company’s recent successful capital raising, it is about to embark on an important year in the development of the Company.

To accommodate the expected increase in activities, the advancement of Deep Yellow’s Reptile Project and the growing exploration effort in Namibia, the Company announced senior
management changes in its Namibian office. Dr Katrin Kärner, a highly qualified and experienced geologist, will become Exploration Manager – Namibia, effective 1 September 2019. Katrin worked as Manager of Training and Development in Namibia for the past 18 months prior to her new appointment. Previously she has worked in senior capacities both for Paladin Energy Limited and Deep Yellow in the periods 2005 to 2009 and 2013 and is well suited to take on this role and responsibility.

Mr Martin Hirsch, current Exploration Manager in Namibia, has accepted a newly created role; Manager Resources and Pre-development commencing 1 September 2019. Martin’s primary role will be to focus on advancing the Reptile Project to its next phase with detailed resource evaluation and associated studies to ensure all critical elements are in place when the time comes to transition this project toward economic consideration. As advised in the July announcement Martin has extensive experience in resource estimation; and economic and mine geology - essential pre-requisites to his new role.

Uranium Outlook – Section 232 Rejection

On 12 July 2019, President Trump made his long-awaited decision regarding the Section 232 petition. While acknowledging the difficulties facing the domestic uranium sector, the President nevertheless rejected the petitioners’ demands. He did, however, in the process of evaluating the petitioners’ claims identify concern over the state of domestic nuclear fuel cycle. On this basis President Trump initiated a 90-day review with immediate effect through the establishment of a high-level Nuclear Fuel Working Group to determine the true status and whether improvements need to be made. Unlike the Section 232 petition, the powerful nuclear utility lobby fully support such an investigation.

Although some uncertainty still exists, the Section 232 decision and its aftermath has had some dramatic consequences. Share prices of US uranium companies (or those with assets in the US) have fallen uniformly and substantially, in the order of 30%, adjusting to the reality of the new situation. Australian and Canadian uranium companies had mixed results in the main correcting positively, in some cases by up to 10%, but subsequently have essentially returned to previous levels.

In all this, uranium spot price reaction has been muted moving from US$24.80/lb to US$26/lb immediately post announcement of the Section 232 decision and now has relaxed to US$25.25/lb. These are early days however the nuclear utilities still appear complacent and clarity regarding Section 232 has not achieved the desired results in rebooting the uranium market with the possibility that uranium price breakout will not occur in the shorter term.

Yours faithfully

JOHN BORSHOFF
Managing Director/CEO
Deep Yellow Limited
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 2019 drilling program at Tumas 1 East. The resource contours and the drill hole collars are coloured in eU₃O₈ grade thickness values (GT: eU₃O₈ pmm x m).
Figure 3: Tumas 1 East, Tributary 5 – Cross Section 526900E.
Figure 4: Tumas 1 East, Tributary 5 - NW-SE Long Section.