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5 May 2017

NON-RENOUNCEABLE ENTITLEMENT OFFER TO RAISE UP TO A\$15 MILLION

- **Eligible shareholders able to subscribe for new shares priced at \$0.25 per share on the basis of 7 shares for every 15 shares held**
- **Each new share to attract a free attaching, listed DYL option with an exercise price of \$0.50 and expiring on 1 June 2022 (unless accelerated)**
- **Strong support from the Sprott Group of Companies (Sprott) through a commitment to take up its 12.41% entitlement and seek to place the first A\$7.5 million (less the amount of Sprott commitment) of any shortfall**
- **Capital raising will place DYL in a strong financial position to continue its successful exploration program in Namibia and the assessment of acquisition opportunities**

Deep Yellow Limited (**DYL** or the **Company**) advises that it plans to undertake a non-renounceable entitlement offer to raise up to approximately \$15,117,405 before costs (the **Entitlement Offer**).

The Entitlement Offer will place DYL in a strong financial position to continue to deliver on its growth strategy that was implemented by the new Management team appointed in October 2016 to create a multi-project, geographically diverse uranium development company.

This new strategy is built on a dual approach of extracting full value from its Namibian exploration projects and pursuing counter-cyclical, accretive acquisition opportunities in the current low uranium price environment.

Drilling of the first of a series of new targets at DYL's 100% owned Namibian project has identified a significant new zone of calcrete associated and palaeochannel hosted uranium mineralisation, similar to the Langer Heinrich deposit located 30km to the north east (refer to ASX announcement 19 April 2017). Further drill results from the 10,000m program are anticipated in the coming weeks.

In late March, a landmark strategic earn-in was signed with Japan Oil, Gas and Metal National Corporation (**JOGMEC**) for the Nova Joint Venture (**Nova**). By spending A\$4.5 million over four years, JOGMEC can earn a 39.5% interest in Nova and DYL, which remains manager of the Joint Venture, will see its interest diluted to 39.5%. Nova is considered prospective for both alaskite-associated uranium targets (e.g. Rössing) and palaeochannel-related calcrete uranium targets (e.g. Langer Heinrich) and has only been subject to minimal testing. An IP survey at Nova is scheduled to begin in the middle of this month to assist with drill targeting for later in 2017.

The DYL management team has completed a high-level review of opportunities in the uranium sector and the detailed consideration of strategies to build long-term shareholder value through counter-cyclical acquisitions is underway.

Summary of offer

The Company is pleased to announce that it will be offering eligible shareholders the opportunity to participate in a non-renounceable entitlement issue of up to approximately 60,469,620 fully paid ordinary shares (**Shares**) at an issue price of \$0.25 per Share on the basis of 7 Shares for every 15 Shares held on the record date and up to approximately 60,469,620 options on the basis of 1 free attaching listed option for every 1 Share issued, with each



Non Renounceable Entitlement Offer

option having an exercise price of \$0.50 and expiring on 1 June 2022 (unless accelerated)¹ (**Option**) to raise up to approximately \$15,117,405 before expenses (**Entitlement Offer**). Further details including the timetable, the key risks and how to accept the Entitlement Offer, will be set out in a prospectus (**Prospectus**).

In accordance with the ASX Listing Rules, eligible shareholders have been determined to comprise those shareholders with a registered address in Australia, New Zealand, Hong Kong, Ireland, Namibia, Panama, and the United Kingdom.

Shortfall and potential private placement

Sprott Private Wealth LP and CPS Capital Group Pty Ltd (**CPS**) will be Co-Lead Managers to the Entitlement Offer as outlined below.

The Company has entered into finders agreements with Sprott Private Wealth LP and certain of its affiliates (together, **Sprott**), pursuant to which Sprott has agreed to seek to place the first A\$7,501,000 of any shortfall under the Entitlement Offer (**Sprott Shortfall Placement Amount**) with the take up (if any) by Exploration Capital Partners 2014 Limited Partnership (**Explo**)² of its entitlement credited towards the Sprott Shortfall Placement Amount (**Sprott Shortfall Placement**).

If the shortfall available under the Entitlement Offer is less than Sprott Shortfall Placement Amount (after any take up by Explo of its Entitlement that is credited towards the Sprott Shortfall Placement Amount), the Company will arrange for Sprott to place the number of Shares representing the difference between the number of Shares issued under the Sprott Shortfall Placement and the number of Shares (and an equal number of Options) required for the Shortfall Placement Amount (after any take up by Explo of its Entitlement that is credited towards the Shortfall Placement Amount), by way of a private placement (**Sprott Makeup Offering**). The Sprott Makeup Offering will be capped to the Company's Listing Rule 7.1 capacity ie 15% of its Equity Securities on issue.

DYL has agreed to pay Sprott a fee of 6% cash commission on all Shares placed by Sprott.

*The Company has also entered into an agreement with CPS pursuant to which CPS has agreed to place on a best endeavours basis up to A\$7,500,000 of any remaining shortfall under the Rights Issue which exceeds the amount placed by Sprott under the Sprott Shortfall Placement (**Remaining Shortfall**).*

DYL has agreed to pay CPS fee of: (i) 6% cash commission (excluding GST) on all Shares placed by CPS; and issue CPS (ii) 2,000,000 Options (which will be subject to voluntary escrow for a period of 3 months from the date of issue).

Use of funds

DYL intends to apply the funds raised under the Entitlement Offer and placement towards:

- a) further drilling and exploration activities in Namibia to build on recent positive results;
- b) the continued evaluation and potential funding for strategic, value accretive acquisitions to build a global multi-project platform;
- c) in support of acquisition of possible new projects (if identified);
- d) general working capital; and
- e) expenses associated with the Offer.

¹ The Options will expire on the earlier of: (i) 1 June 2022; and (ii) 22 ASX Business Days after the Notification Date (defined below) (**Expiry Date**). The Company will give notice of the new Expiry Date to the Option Holders on the Notification Date, and again before the 8th last ASX Business Day before the new Expiry Date.

Notification Date means the date (being any date within 5 ASX Business Days of the Acceleration Trigger Date) on which Option holders are notified of the Acceleration Trigger Date (defined below) such notification to be released on the Exchange; and

Acceleration Trigger Date means that date, at any time after 30 days after the issue date of the Options, that the closing price of the Shares on ASX is higher than A\$0.78 for any 20 consecutive ASX Business Day period, then on the 20th consecutive ASX Business Day of any such period.

² Explo is a substantial shareholder of the Company and is an affiliate of Sprott.

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Prospectus and timetable

Eligible shareholders should carefully read the Prospectus and accompanying entitlement and acceptance form, which are expected to be despatched on 16 May 2017.

An Appendix 3B for the Shares and Options to be issued pursuant to the Entitlement Offer follows this announcement.

| Event | Date* |
|---|--------------------------|
| Announcement of Offer | 5 May 2017 |
| Lodgement of Appendix 3B with ASX | 5 May 2017 |
| Prospectus lodged at ASIC and ASX | 5 May 2017 |
| Notice sent to Shareholders | 9 May 2017 |
| "Ex" Date (date Shares are quoted ex-rights) | 10 May 2017 |
| Record Date to determine Entitlements | 5.00pm (WST) 11 May 2017 |
| Prospectus (together with Entitlement and Acceptance Form) despatched to Shareholders | 16 May 2017 |
| Opening Date | 16 May 2017 |
| Closing Date** | 30 May 2017 |
| Shares quoted on a deferred settlement basis | 31 May 2017 |
| Notification to ASX of under subscriptions | 2 June 2017 |
| Allotment date with respect to Shares and Options | 6 June 2017 |

John Borshoff
Managing Director and CEO
Deep Yellow Limited



About Deep Yellow Limited

Deep Yellow (ASX:DYL) is a specialist uranium company implementing a new 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 geographically diverse asset portfolio.

About the Sprott Group of Companies

With a history dating back to 1981, Sprott is a leading alternative asset manager with a history of delivering outstanding long-term performance to clients through a diverse range of innovative products and investment strategies. Sprott's products include asset management, physical bullion trusts, private equity and debt, and wealth management through its private client and brokerage businesses.

Disclaimer as to Forward Looking Statements

Some of the statements appearing in this announcement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which DYL operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. None of DYL, its officers and persons named in this announcement with their consent, or any person involved in the preparation of this announcement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfillment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. Any forward looking statements in this announcement reflect views held only as at the date of this announcement.

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