

14 April 2020

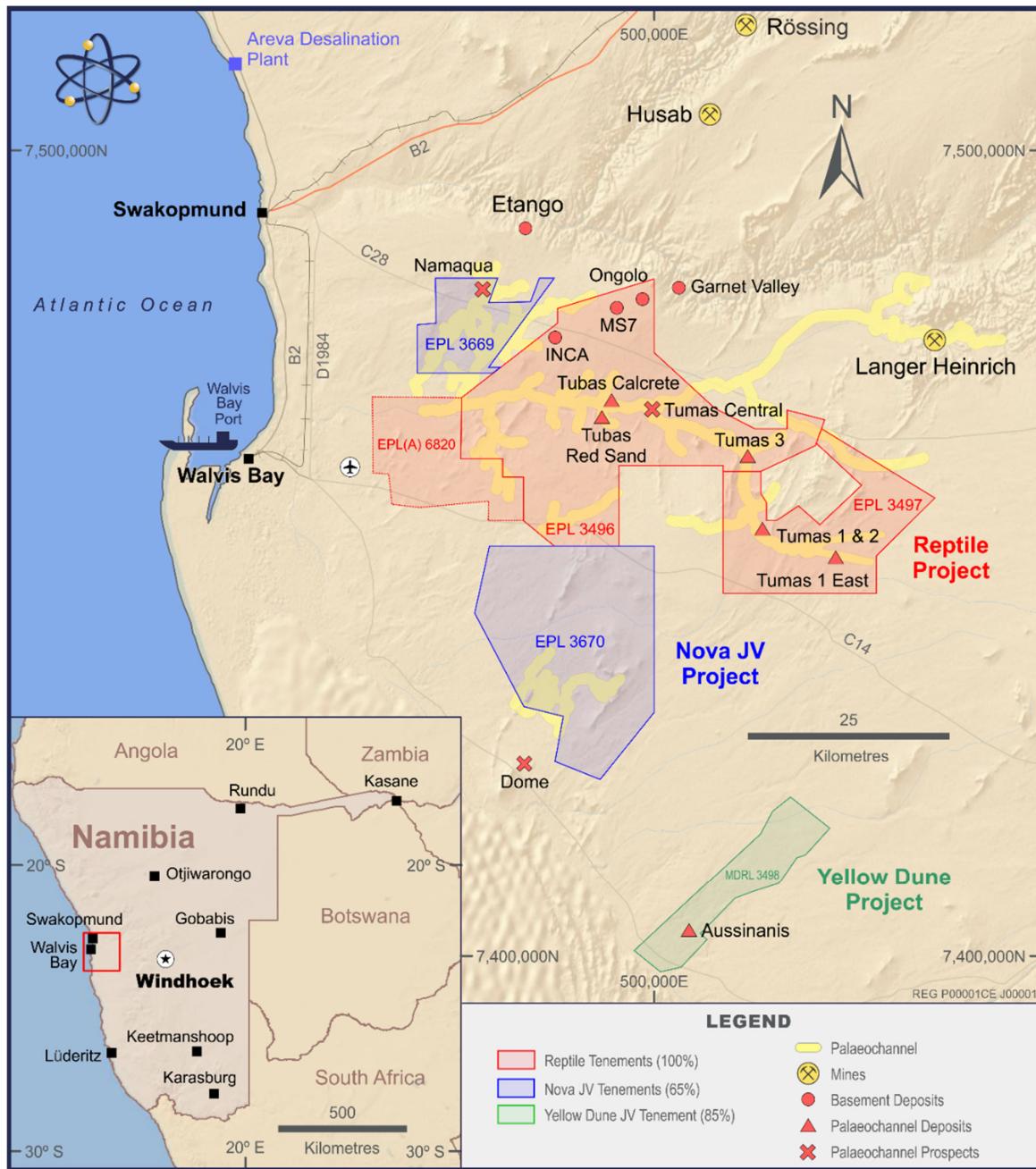
## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 MARCH 2020

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### HIGHLIGHTS

- **Commencement of the Tumas PFS following the successful completion late January of the Tumas Scoping Study**
  - **Tumas PFS progressing well with positive results being achieved:**
    - 117m diamond drilling completed, collecting 460kg of mineralised core sample material this quarter
    - 14 groundwater bores completed for the required hydrogeological baseline study
    - First-pass metallurgical test work showing encouraging results that confirm the validity of the beneficiation and leach parameters assumed in the Scoping Study, with further confirmatory work underway
  - **Successful completion of infill drilling program at Tumas 3 with 246 holes drilled for 5,154m**
  - **Drilling focussed on converting 50% of the existing Inferred Resource base to eventual Indicated Resource status. Key results include:**
    - Drilling confirms continuity of mineralisation across the 2.5km tested within the 7km long Tumas 3 deposit
    - Importantly, 85% of the 246 holes drilled returned greater than 100ppm eU<sub>3</sub>O<sub>8</sub>, with an overall 4.5m average thickness at an average grade of 364ppm eU<sub>3</sub>O<sub>8</sub>
    - Results provide a high level of confidence that the conversion rate from Inferred to Indicated JORC resource status to complete the PFS can be achieved
  - **An updated Tumas 3 Mineral Resource Estimate is expected in early May**
  - **Following a complete review of operations, current workstreams were adjusted to safeguard key assets against COVID-19. The revised work program will preserve the Company's strong balance sheet, whilst maintaining and advancing core objectives**
  - **Uranium price beginning to show early signs of recovery**
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During the March 2020 quarter, Deep Yellow Limited (ASX: DYL) (**Deep Yellow** or the **Company**) focussed on advancing the Tumas Pre-Feasibility Study (**PFS**) including completion of infill drilling for resource upgrade on its Reptile Project (EPLs 3496 and 3497) and finalisation of reporting on 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**

### **Tumas Pre-Feasibility Study**

Deep Yellow continued to execute and advance core workstreams of the Company's dual-pillar growth strategy. The primary objective of the strategy is to establish a multi-platform, low-cost, global uranium company with multiple mines producing in aggregate 5-10Mlb per annum, with the expectation of each project achieving a minimum 2-3Mlb per annum production capability.

In January, Deep Yellow announced the successful completion of the Tumas Scoping Study (**Study**). This Study assessed the development potential of the Tumas palaeochannel calcrite uranium project and delivered highly encouraging results, which provided confidence for the Board to approve, with immediate effect, the commencement of a formal PFS at Tumas.

The Study led to Deep Yellow refining and upgrading the key objectives (outlined below) of the organic pillar of the growth strategy. These objectives will provide clear guidelines as the threshold measures for determining success of the Tumas PFS: -

- Potential life-of-mine greater than 20 years.
- Cash costs of sub US\$30/lb U<sub>3</sub>O<sub>8</sub>.
- Capital requirements of US\$115M to US\$130M per 1Mlb U<sub>3</sub>O<sub>8</sub> per annum design capacity,
- Minimum internal rate of return (IRR) of 20%.

The Tumas PFS commenced in late January. Outlined below is a progress update on key PFS workstreams:

- Successful completion of an infill drilling program focused on upgrading the Tumas 3 Resource from an Inferred to Indicated JORC status.
- Five RC composite samples from the Tumas Project area comprising approximately 5kg each have been collected, transported and subsequently received in Perth for preliminary metallurgical test work in the March and June quarters (see preliminary results below).
- Continued the triple-tube diamond drilling program and completed collection of 1,050kg of mineralised core samples for metallurgical test work and mineralogical studies to be commenced in following quarter (*Note*: 590kg of this core sample material were collected and delivered to Perth during the December quarter which will be utilised for further test work (primarily beneficiation and leaching)).
- Commenced data gathering surveys to establish essential baseline data for ground water, flora/fauna, air quality and radiological aspects for incorporation into the Environmental Impact Assessment. 14 groundwater bores for 612m were completed during the quarter adding to the 6 monitoring bores already in place to support the hydrogeological studies required for the PFS.

Preliminary metallurgical test work results conducted on the RC composite samples have confirmed the validity of the beneficiation and leach assumptions used in the Scoping Study.

The beneficiation results to date demonstrate the potential to achieve:

- The mass rejection ratio (35%) assumed in the Scoping Study.
- A beneficiation barren stream, at that rejection ratio or above, with a very low uranium grade (below 20ppm U<sub>3</sub>O<sub>8</sub>).
- Beneficiation recovery at or above the 97.5% assumed in the Scoping Study.

The leach results to date are regarded as positive demonstrating:

- Leach extraction greater than that assumed for the Scoping Study (95%).
- Leach residence times significantly lower than those assumed for the Scoping Study.
- Leach reagent conditions assumed for the Scoping Study are sufficient to achieve the assumed extraction.

This work, using composite samples from RC drilling, was designed to give early guidance for the more detailed test work to follow. The test work will now be expanded to test these outcomes using composite samples derived from the diamond core material. The diamond drill core material will provide more representative samples of the mineralisation at the Tumas 3 deposit and suitable to provide information for the generation of the PFS design criteria.

### **Tumas 3 Infill Drilling Program Completed (Post Quarter)**

As announced on 1 April, Deep Yellow completed a resource infill drilling program at the Tumas 3 deposit with 246 holes completed for 5,154m. The drill program was concentrated in the centre 2.5km core of the 7km long deposit.

Previous drilling at Tumas 3 was on 100m by 100m spacing. The infill program was carried out infilling to 50m spaced lines, offset on 100m spaced centres, achieving an overall diamond shaped drill hole spacing of 70m by 70m, which is deemed sufficient for Indicated Resource determination.

210 holes, or 85% of the 246 holes drilled, returned greater than 100ppm eU<sub>3</sub>O<sub>8</sub>, at an average grade of 364ppm eU<sub>3</sub>O<sub>8</sub> over an average thickness of 4.5m. Of greater interest and importance is that 157 holes, or 64% of the 210 mineralised holes intersected greater than 200ppm eU<sub>3</sub>O<sub>8</sub>, with an average grade of 568ppm eU<sub>3</sub>O<sub>8</sub> over an average thickness of 5.9m.

The positive results from this drill program closely reflect the statistics of previous drilling programs completed at Tumas 3 and indicate that a resource conversion of Inferred to Indicated JORC status much greater than the 40% to 50% initially anticipated will be achieved. A detailed updated Mineral Resource Estimate of the Tumas 3 resource is expected to be completed in early May.

Figure 2 shows the area of infill drilling, outlining hole locations and grade thickness distribution (GT= eU<sub>3</sub>O<sub>8</sub>ppm x Metre Thickness). Importantly, Figure 2 also highlights that the drill program was successful in confirming previously identified high-grade areas.

All equivalent uranium values (eU<sub>3</sub>O<sub>8</sub>) from the infill drilling are based on down-hole radiometric gamma logging carried out by a fully calibrated Auslog gamma logging system and were reported in the ASX announcement released on 1 April 2020.

### **Conclusions**

The Tumas 3 PFS is progressing very well. Key workstreams are advancing on numerous fronts, with early results indicating that the Scoping Study assumptions remain valid.

The results from the successful infill drilling program have provided the Company with a better definition of the uranium mineralisation at Tumas 3 and a high-level of confidence that the required resource upgrade to support the PFS currently underway will be achieved. The results have also reinforced the Company's positive expectation for the deposit and the highly encouraging prospectivity of the Tumas palaeochannel system.

Importantly, the Tumas 3 uranium mineralisation remains open along strike and available for future resource infill drilling when required.

The Tumas PFS, notwithstanding the impact to the work schedule from COVID 19 restrictions, remains on track for completion in the December 2020 quarter.

### **NOVA JV, NAMIBIA (EPLS 3669, 3670) – 65% DEEP YELLOW**

JOGMEC is currently earning a 39.5% equity interest in the Nova JV, with \$4.5M required to be spent over a four-year period. The balance of the earn in obligation is expected to be fulfilled during calendar year 2020 for which budget approval is expected by mid-April.

Work on the Nova JV is focussing on follow-up drill testing on both the previously identified basement-related uranium targets (Rössing/Husab style deposits) and the palaeochannel/calcrete-associated uranium targets (Langer Heinrich style deposits).

Exploration of the basement targets on EPL 3669 has identified a promising zone of uranium anomalism at Barking Gecko and some prospectivity at Turtle's Neck. Prospect locations are shown on Figure 3.

Although grade and thickness of the mineralisation encountered at Barking Gecko is mostly low-level, some of the higher grade and thicker intersections encountered require follow-up drilling. Field work during the quarter concentrated on ground surveys following up these positive results, with the objective of establishing targets and drill hole locations for deeper follow-up drilling scheduled for July and August 2020.

The Turtle's Neck target identified by semi-regional drilling will also be tested by follow-up drilling planned for later this year.

## **CORPORATE**

### **COVID-19 Influenced Adjustment to Preserve Cash while Maintaining Core Objectives (Post Quarter)**

In April, Deep Yellow completed a full review of the Company's activities focussing on adjusting current workstreams to safeguard the Company's key assets against the growing uncertainty and volatility caused by the COVID-19 pandemic.

To date, COVID-19 is expected to have minimal impact on operations in Namibia. The Namibian government has instituted a 21-day lockdown which is in place until 17 April 2020 (staff working from home as required), however mining and related industries have been declared as critical services. The specific details of this are currently being finalised with the relevant Ministries and input from the Chamber of Mines following submissions by the industry, including Deep Yellow.

Deep Yellow understands the severity of COVID-19 and acted quickly to implement new protocols and procedures to ensure the safety and well-being of the Company's employees and contractors in Australia and in Namibia. Work programs were also re-adjusted to maintain the Company's healthy cash balance whilst retaining and advancing the core key drivers of the Company's dual-pillar growth strategy.

The revised work programs will include the continued development of key activities of the Tumas PFS, carrying out critical exploration at the Nova JV Project, with finalisation of the JOGMEC earn-

in obligation awaiting approval in mid-April and lastly, proceeding with more selected M&A with care not to lose sight of opportunities that could arise in the meantime.

The Board approved a revised work program and budget up until the end of June 2020. The revised budget includes labour cost reduction across the Company, including a reduction of directors' fees. Activities which do not impact the progress of the Tumas PFS and selected M&A assessment will be suspended.

The normally scheduled strategic board meeting to be held in June will determine the FY21 program/budgets along the principles that have been outlined above and to be finalised at a time when we expect to have much clearer knowledge of the COVID-19 influence and how best to specifically deal with this over the following 9-12 months.

## URANIUM OUTLOOK

Deep Yellow remains confident about the nuclear industry and the important role the sector will play in supplying clean energy in the coming years. There are signs that uranium is in an early recovery mode, highlighted by the recent 20% price increase, due to the particular supply dynamics of the sector.

Although the 4-week shutdown of Cameco's last remaining producing asset in Canada did not act as the price catalyst anticipated by many, the decision by Kazatomprom, also due to COVID-19 considerations, to cease production for 3 months has added to uranium price tension.

The price reaction remains relatively muted as both companies are assuring all contracts to utilities will be delivered and there will be no disruption. Nevertheless, the price movement, even if comparatively small, does indicate the precarious nature of the supply/demand dynamic of the current uranium sector.

This represents clear opportunities to companies like Deep Yellow preparing prudently for this inevitable positive outcome, even during the current difficult circumstances.

Yours faithfully



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

*This ASX announcement was authorised for release by Mr John Borshoff, Managing Director/CEO, for and on behalf of the Board of 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, please visit the website at:  
[www.deepyellow.com.au](http://www.deepyellow.com.au)

## **ABOUT DEEP YELLOW LIMITED**

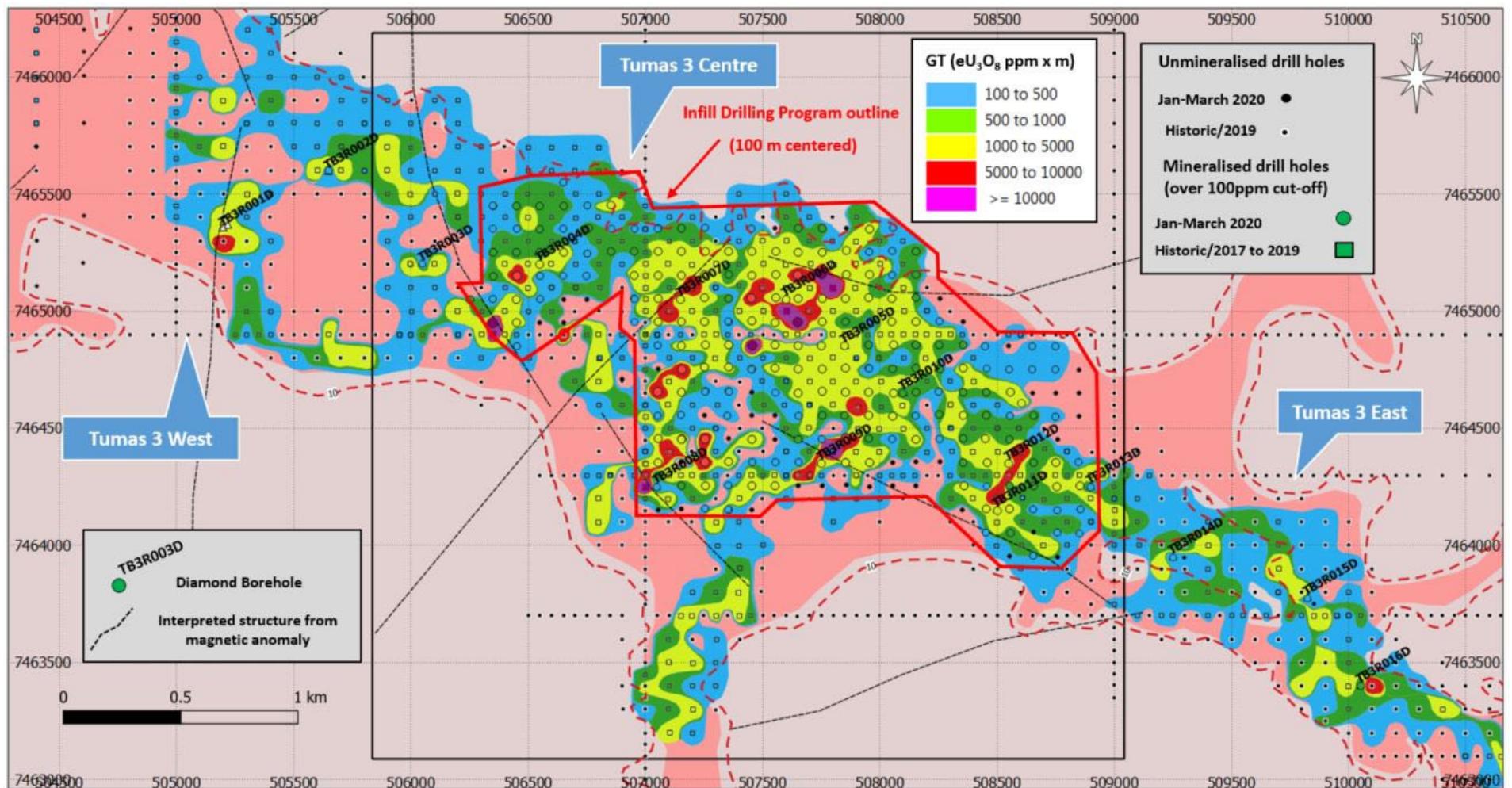
*Deep Yellow Limited is a specialist differentiated uranium company implementing a new contrarian strategy to grow shareholder wealth. This strategy is founded upon growing the existing uranium resources across the Company's uranium projects in Namibia and the pursuit of accretive, counter-cyclical acquisitions 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**

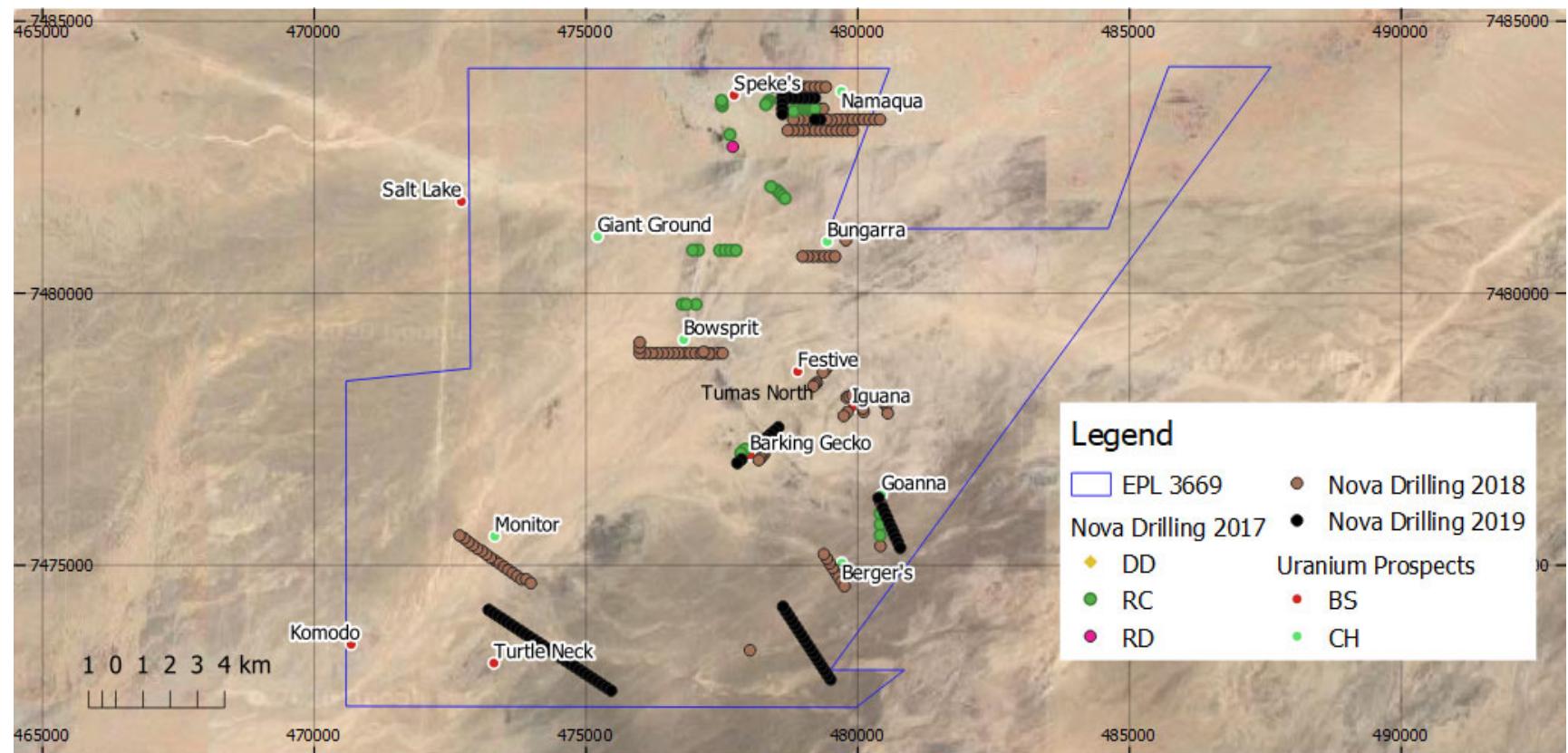
*The information in this announcement as it relates to exploration results was compiled by Dr Katrin Kärner, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Dr Kärner, who is currently the Exploration Manager for Reptile Mineral Resources and Exploration (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 she 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'. Dr Kärner consents to the inclusion in this announcement of the matters based on the information in the form and context in which it appears. Dr Kärner holds shares in the Company*

### **Project and Technical Expertise**

*Mr Darryl Butcher is a process engineer/metallurgist working for Deep Yellow and has sufficient relevant experience to advise the Company on matters relating to mine development and uranium processing, project scheduling, processing methodology and project capital and operating costs. Mr Butcher is satisfied and consents to the information provided in this ASX announcement with regard to the Tumas Pre-Feasibility Study progress.*



**Figure 2:** Tumas 3, Infill drilling: drill hole locations and grade thickness (GT) contours.



**Figure 3:** Nova JV, EPL3669: Prospect locations, with tenement and drill collars.