

5 June 2014

ASX ANNOUNCEMENT

1 FOR 8 NON RENOUNCEABLE ENTITLEMENT ISSUE

Deep Yellow Limited (DYL or the Company) is pleased to announce that it will be offering eligible shareholders the opportunity to acquire additional fully paid shares in the capital of the Company through a 1:8 non-renounceable entitlement issue at 1.7 cents per share, to raise up to approximately \$3.4 million (the Offer).

The Offer price represents a discount of approximately 27.9% to the volume weighted average price (VWAP) of DYL's shares for the thirty trading days before the announcement (30 day VWAP is 2.36 cents).

The Company has received the support of major shareholders who have indicated their willingness to participate in the Offer.

Background information and information about the use of proceeds from the Offer

The ongoing difficult equity market conditions have been compounded in the uranium sector by the hesitant restart of Japan's nuclear fleet. This meant that the end of the HEU agreement passed almost without notice in the last quarter of 2013 despite the fact that there are more reactors operating, under construction or in the active planning stage than prior to the Fukushima nuclear accident.

There has been widespread curtailment of production, restricted project development and limited exploration activity in the past three years and in particular over the last year as the spot price has declined.

There remains a reasonable chance that some reactors will be re-started in Japan before the end of the year, an event likely to change both sentiment and the underlying supply and demand balance.

In spite of the risk averse nature of global equity capital markets, DYL believes that the recent strong signals of uranium producer discipline and the current level of unsustainable prices should provide a correction in the medium term. DYL, like most uranium players, remains highly leveraged to any positive movement in the spot price.

Over the past three years the Company's strategy has been one of cautiously progressing its attractive Namibian projects whilst expeditiously using its cash resources in areas that had the greatest potential for longer term benefit. We have made tough decisions to protect our cash balance, such as substantially reducing Australian overhead costs, cutting director fees and executive salaries, freezing all other salaries and disposing of non-core assets. Unfortunately we have also had to reduce the size of our team in Namibia and yet we have still managed to make progress on our projects there, such as the:

- Successful resource update and DRA processing study on the Tubas Sand Project;
- Completion of the groundbreaking targeting study which demonstrated that DYL holds amongst the most prospective uranium exploration ground in Namibia; and
- Conclusion of a sighter column test on a composite sample from the MS7 and Ongolo deposits opening the path to a heap leach, as opposed to a tank leach, operation for the Omahola Project.

5 June 2014
ASX ANNOUNCEMENT

Deep Yellow aims to ensure that it can maintain its momentum by utilising the funds raised from the Offer to primarily progress the Company's Tubas Sands Project in Namibia, undertake additional low level exploration work and for general working capital purposes. More specifically, in regard to the Tubas Sand Project it aims to:

- Complete an expansion and infill drilling program and associated resource update on the Tubas Sand Deposit;
- Conduct metallurgical test work and complete a pre-feasibility study for the Project by the end of the 2014; and
- Commence a definitive feasibility study for the Project assuming a successful outcome to the pre-feasibility study and offtake negotiations.

In addition to the above a resource update is planned for the Omahola Project to reflect its changed status to that of an acid heap leach project rather than a tank leach, as well as very limited, highly selective exploration work.

As a result of these efforts it is envisaged that the Company will be well positioned in 12 to 18 months' time – the point at which most commentators suggest the market recovery could well be underway.

Key Terms

Nature of offer	Non-renounceable Entitlement Issue of new shares
New share issue price	\$0.017 per new share
Offer ratio	1 new share for every 8 existing shares held on record date
Number of new shares to be issued	Up to 202,130,171 new shares
Amount to be raised under the Entitlement Issue	Up to approximately \$3.4 million before costs of the offer

Eligible Shareholders

Shareholders with registered addresses inside Australia, New Zealand, Hong Kong, Namibia, Ireland and the United Kingdom who hold ordinary shares in the Company (Existing Shares) as at 5.00pm AWST on 12 June 2014 (Eligible Shareholders) will be entitled to participate in the Issue.

All Eligible Shareholders will be offered 1 new ordinary share in the Company (New Share) for every 8 Existing Shares held by the Eligible Shareholder, at an issue price of \$0.017 per New Share (the Offer).

The Directors reserve the right to place sufficient of the shortfall at their absolute discretion (subject to the ASX Listing Rules) to meet the minimum requirements of the Company. In addition Directors will give existing shareholders the opportunity to apply for additional shares over and above their entitlements.

5 June 2014
ASX ANNOUNCEMENT
Key dates

Key dates for the Offer are set out in the following table. The dates are indicative only and DYL reserves the right to vary them, subject to the Corporations Act 2001 (Act) and the ASX Listing Rules.

Announcement of Entitlement Issue and Cleansing Statement given to ASX	5 June 2014
Record date for determining entitlements to New Shares	12 June 2014
Invitation to participate in Entitlement Issue and Entitlement Acceptance Forms dispatched to Eligible Shareholders	16 June 2014
Closing Date and final time for receipt of Entitlement and Acceptance Forms and payment in full for New Shares	4 July 2014
Issue of New Shares	11 July 2014
Holding Statements dispatched to Shareholders	14 July 2014

Information provided in relation to the Entitlement Issue

The Offer is being made without disclosure to investors under Part6D.2 of the Act, in accordance with section 708AA of the Act.

Eligible Shareholders will not receive a prospectus in relation to the Offer but will receive a written invitation providing details on how to take up their entitlement under the Offer. Any decision to acquire New Shares should only be made after making independent enquiries and consulting relevant professional advisers, such as stockbrokers, financial advisers, accountants or solicitors. Eligible Shareholders should have regard to publicly available information about DYL before deciding whether or not to acquire New Shares.

Copies of the Company's announcements to ASX can be obtained from its website www.deeptyellow.com.au or from the ASX website www.asx.com.au. The Company's ASX code is DYL.

5 June 2014**ASX ANNOUNCEMENT****Capital structure on completion of the Offer**

The following table shows the proposed capital structure of the Company on completion of the Entitlement Issue. The exact number of New Shares to be issued may vary and will be dependent on the number of Eligible Shareholders and their entitlements, and the level of acceptances under the Entitlement Issue.

Shares	Number
Existing Shares on issue at the date of this announcement	1,617,041,367
Maximum number of New Shares to be issued under the Offer	202,130,171
Maximum total shares on issue after the Offer¹	1,819,171,538
1. Assumes full acceptance of the offer	

Additional information

New Shares, once issued, will rank equally with the Company's Existing Shares on issue.

The rights and obligations attached to shares in the Company are set out in DYL's Constitution which may be examined free of charge by appointment between 9.00am and 5.00pm on normal business days at the registered office of the Company at Level 4, 502 Hay Street, Subiaco WA and in certain circumstances, regulated by the Act, the ASX Listing Rules and the general law.

Foreign shareholders

Shareholders with registered addresses outside of Australia, New Zealand, Hong Kong, Namibia, Ireland and the United Kingdom are not eligible to participate in the Offer.

Enclosure

The attached Appendix 3B and a Notice pursuant to s708AA(2)(f) of the Corporations Act (Cth) provide a summary of the proposed Entitlement Issue.

Yours faithfully



MARK PITTS
Company Secretary