

**ASX Announcement** 

# 30 January 2013

# QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 DECEMBER 2012

# HIGHLIGHTS

## **Corporate – Capital Raising**

- **\$6.5 million raised in placement of shortfall shares** from previous quarter's non-renounceable entitlement issue to Laurium L.P., a specialist UK based mining fund.
- Laurium is a cornerstone investor with 10.87% of DYL's expanded share capital.
- Laurium's senior fund advisor, Mr Urtel, joined the DYL board as a Non-Executive Director.
- DYL is in a sound financial position with end quarter cash resources of \$7.2 million.

## **Omahola Project**

- CSA Global (UK) Pty Ltd. completed a resource upgrade for the MS7 Alaskite deposit.
- Contained U<sub>3</sub>O<sub>8</sub> increased by 18% (1 Mlbs) with 65% of the resource classified as Measured and a further 15% in the Indicated category.
- The resource now totals 6.8 Mt at 442 ppm U<sub>3</sub>O<sub>8</sub> for 6.6 Mlbs U<sub>3</sub>O<sub>8</sub> at a 250 ppm cut-off.
- Omahola Project resource base increased to 39.6 Mt at 437 ppm U<sub>3</sub>O<sub>8</sub> for 38 Mlbs U<sub>3</sub>O<sub>8</sub>.
- More encouraging fusion XRF chemical assay results were received from the **Ongolo Alaskite deposit** drilling programme. Selected results include:
  - o ALAR1484 19 metres at 808 ppm U<sub>3</sub>O<sub>8</sub> from 143 metres
  - o ALAR1454 15 metres at 402 ppm U<sub>3</sub>O<sub>8</sub> from 198 metres
  - ALAR1415 18 metres at 406 ppm U<sub>3</sub>O<sub>8</sub> from 227 metres
  - o ALAR1417 25 metres at 497 ppm U<sub>3</sub>O<sub>8</sub> from 245 metres
- Drilling to recommence mid-January with an Ongolo resource upgrade expected in February 2013.

## **Tubas Sand Project**

- An 8,000 metre RC resource drilling programme commenced in November, infilling two priority areas to increase levels of confidence in the current Inferred Resource.
- Pre-feasibility study planning is underway which will include additional metallurgical testwork but is contingent on the success of the drill programme.

### Shiyela Iron Project

- The Company accepted a **Notice of Preparedness to Grant a Mining Licence for the Project** provided by the Namibian Ministry of Mines and Energy of the Republic of Namibia. Issue of a Mining Licence is imminent.
- Golder Associates Pty Ltd (Perth) completed a resource update for the Project with total resource increased by 36.4 Mt to 115.1 Mt at an enhanced grade of 19.5% Fe.
- The magnetite-dominant M62 deposit has an Indicated and Inferred Resource of 44.7 Mt at 17.3% Fe and overall weight recovery of 16.37%.
- The mixed magnetite-hematite M63 deposit has an Indicated and Inferred Resource of 61.2 Mt at 21.6% Fe with an overall weight recovery of 28.9%.
- After further metallurgical testwork supervised by Mintrex Pty Ltd the updated Scoping Study was completed with encouraging results.
- The capital cost estimate for a 2 Mtpa (product) operation was US\$367 million whilst operating costs were estimated at US\$63.20 per tonne of concentrate FOB (both +/-30%).
- Three types of ore can be processed by the new plant design magnetite, magnetite with significant hematite tails, and hematite with minor magnetite tails.
- Magnetite can be produced at 68% Fe with a grind of 80% -250 micron or finer and hematite can be produced at 61% Fe with a low gauss WHIMS at 3000 gauss at a similar grind size.
- The updated resource and scoping study result will allow the company to pursue its previously announced partner strategy for the project.





## **BUSINESS REVIEW**

## **OMAHOLA PROJECT**

### **MS7** Resource Update

An updated JORC Code Compliant Resource for the MS7 Alaskite deposit was completed by CSA Global (UK) Pty Ltd. Contained  $U_3O_8$  was increased by 18% (1 Mlbs) with 65% of the resource classified as Measured and a further 15% in the Indicated category. The resource estimate (Table 1), at 6.8 Mt at 437 ppm  $U_3O_8$  for 6.6 Mlbs  $U_3O_8$  at a 250 ppm cut-off is an increase of 1.0 Mlbs  $U_3O_8$  over the 2011 estimate, taking the Omahola Project Resource base to 39.6 Mt at an average grade of 437 ppm  $U_3O_8$  for 38 Mlbs  $U_3O_8$  at a 250 ppm cut-off. Figure 1 shows the Project's resource outlines whilst Figure 2 shows the MS7 resource outline at the 250 ppm cut-off together with the 2012 drill collars.

Table 1:	MS7 JC	RC Comp	liant Mineral	Resource	Estimate -	November	2012

Classification	Cut-off	Tonnage	Dry Bulk Density	U <sub>3</sub> O <sub>8</sub> Grade	U <sub>3</sub> O <sub>8</sub> Metal
CidSSilication	(U₃Oଃ ppm)	(Mt)	(t/m <sup>3</sup> )	(ppm)	(Mlbs)
Measured	250	4.43	2.65	441	4.31
Indicated	250	1.02	2.65	433	0.97
Sub-Total M&I	250	5.45	2.65	440	5.28
Inferred	250	1.32	2.65	449	1.31
TOTAL	250	6.77	2.65	442	6.59

Grade estimation was completed using MIK. The portion of the MRE classified as Measured is based on drill holes located on an approximately 50x25 metre grid. Indicated and Inferred are based on drill holes located on an approximately 50x50 metre (and wider) grid. The MRE utilises all available drill hole sampling data collected over the history of the Project. Data used for the MRE comprised a combination of Fusion XRF assay values and down-hole gamma  $U_3O_8$  equivalent grades. All figures are in metric tonnes based on a Dry Bulk Density of 2.65 t/m<sup>3</sup>. M&I is Measured + Indicated. Significant figures do not imply an added level of precision after all MRE tabulations. Conversion factor kilograms to pounds - 2.2046. No Ore Reserves have been estimated.



Figure 1: Resource Outlines and Drilling – Ongolo - MS7 - INCA Area





Figure 2: MS7 Deposit – 2012 Drill Programme and Footwall Discovery Location

Uranium mineralisation at MS7 is hosted by alaskitic granite, which occurs as voluminous masses and sheeted intrusive dykes, within the meta-sedimentary Khan Formation. The uraniferous alaskites at the MS7 Project are located in a large fold structure comprised of Khan-Rössing Formation marble and calc-silicates with localised large garnet clinopyroxene / magnetite skarns.

The major marble footwall unit is shown in Figure 3, and mineralized (>75 ppm  $U_3O_8$  alaskite envelope) in Figure 4.



Figure 3: MS7 Drill Holes in Relation to the Marble Country Unit





Figure 4: MS7 Mineralised Alaskite Shell and Footwall Marble Unit

The drill programme resulted in an improved alaskite interpretation and increased the reliability of the geological model as well as improving grade confidence in some areas. The repeatability of the previous results with the infill drilling has added to the increased confidence in the estimate.

## **Ongolo Alaskite Deposit**

Fusion XRF chemical assay results from the 'south-west' sector of the Ongolo deposit (Figure 5) were received confirming high grade zones and deeper intercepts which are open to depth. The planned Ongolo drill programme comprises approximately 120 holes for 25,000 metres. It is anticipated that the programme will be completed early in 2013 with an updated resource estimate due in February 2013.

Selected significant results from the quarter's drilling programme include:

ALAR1453	6 metres at 448 ppm U3O8 from 57 metres
ALAR1402	6 metres at 496 ppm U <sub>3</sub> O <sub>8</sub> from 63 metres
ALAR1409	5 metres at 431 ppm U <sub>3</sub> O <sub>8</sub> from 78 metres
ALAR1470	9 metres at 401 ppm U <sub>3</sub> O <sub>8</sub> from 120 metres
ALAR1484	19 metres at 808 ppm U <sub>3</sub> O <sub>8</sub> from 143 metres
ALAR1454	6 metres at 510 ppm U <sub>3</sub> O <sub>8</sub> from 146 metres
and	6 metres at 406 ppm U <sub>3</sub> O <sub>8</sub> from 155 metres
and	15 metres at 402 ppm U <sub>3</sub> O <sub>8</sub> from 198 metres
ALAR1498	17 metres at 515 ppm U <sub>3</sub> O <sub>8</sub> from 149 metres
ALAR1465	5 metres at 497 ppm U <sub>3</sub> O <sub>8</sub> from 149 metres
and	3 metres at 1,127 ppm U <sub>3</sub> O <sub>8</sub> from 203 metres
ALAR1490	8 metres at 1,280 ppm U <sub>3</sub> O <sub>8</sub> from 150 metres
ALAR1499	6 metres at 749 ppm U <sub>3</sub> O <sub>8</sub> from 176 metres
ALAR1417	6 metres at 491 ppm U <sub>3</sub> O <sub>8</sub> from 217 metres
and	25 metres at 497 ppm U <sub>3</sub> O <sub>8</sub> from 245 metres
ALAR1415	18 metres at 406 ppm U <sub>3</sub> O <sub>8</sub> from 227 metres
	ALAR1453 ALAR1402 ALAR1409 ALAR1470 ALAR1484 ALAR1454 and ALAR1458 ALAR1498 ALAR1490 ALAR1499 ALAR1417 and ALAR1415

Particularly encouraging is that the drilling is confirming contiguous zones of mineralised alaskite open to depth such as intersected in holes such as ALAR 1400, 1415 and 1417 (Figure 5) in the 'south-west' Ongolo Area. In addition, continuity of mineralisation from section to section will improve the resource category.





Figure 5: Ongolo Deposit and Regional Reconnaissance Drill Programmes

## **Tubas Sand Project**

An 8,000 metre detail resource drill programme on the Tubas Sand Project commenced in November 2012, targeting the conversion of JORC Code Inferred Mineral Resource estimates to higher levels of confidence in two priority areas (Figure 6). Planning is also underway for a pre-feasibility study which will include additional metallurgical testwork although this is contingent on a successful outcome of the drill programme.

The 2012 Inferred Mineral Resource for the deposit totals 87 Mt at 148 ppm  $U_3O_8$  for 28.4 Mlbs  $U_3O_8$  at a 70 ppm  $U_3O_8$  cut-off comprising a carnotite bearing red sand that is amenable to upgrading via physical beneficiation.

The drill programme should be completed early in 2013, with drillhole spacing of 100 by 50 metre in the initial phase and then to 50 by 50 with close-off areas at 25 metre spacing on the 50 metre lines. Holes will mostly be shallow (<15 metre deep) based on mineralisation in previously drilled surrounding holes. All holes are being gamma logged within the rods and collars surveyed by DGPS. Samples are collected every metre and those from anomalous zones are analysed by pressed powder XRF in RUN's Swakopmund laboratory with regular check samples being sent to third party laboratories.

In preparation for the planned PFS for the Project, the following programmes will also be undertaken in addition to the RC drilling:

- Metallurgical testwork.
- Bulk sampling to establish a representative bulk density for the deposit.
- Gangue acid consumption testwork assays.
- Survey control to establish an accurate topographic surface over the deposit.





Figure 6: Tubas Sand Project Drill Areas

## **Shiyela Iron Project**

## Mining Licence

The Ministry of Mines and Energy of the Republic of Namibia (MME) issued a **Notice of Preparedness to Grant a Mining Licence** for the Project (Figure 7). The standard terms and conditions contained within the notice of preparedness were accepted and therefore, in accordance with Namibia's Minerals (Prospecting and Mining) Act, 1992, it is expected that the Minister of Mines will now direct the Mining Commissioner to issue a Mining Licence to the company.

## JORC Resource Update

An updated resource estimate was produced by Golder Associates Pty Ltd (Golder) (Perth) during the quarter. The December 2011 Inferred Mineral Resource was increased by 36.4 Mt to 115.1 Mt at an enhanced grade of 19.5% Fe.

The magnetite-dominant M62 deposit, capable of producing a 68% Fe product, has an Indicated and Inferred Resource of 44.7 Mt at 17.3% Fe and overall weight recovery of 16.37%. A satellite deposit to M62, known as M62R (Figure 7), has an Inferred Resource of 9.3 Mt at 16.3% Fe with an overall weight recovery of 17.4%.

The mixed magnetite-hematite M63 deposit, capable of producing a 63.8% Fe product, has an Indicated and Inferred Resource of 61.2 Mt at 21.6% Fe with an overall weight recovery of 28.9%.

The resource update was based on results obtained from a PQ core drilling campaign completed early in 2012 and additional metallurgical testwork; Davis Tube Recovery (DTR) and Davis Tube Concentrate (DTC) assays on the magnetite domain samples and Fusion X-ray Fluorescence (XRF) assays on hematite domain samples. As a result, almost 80% of the M62 magnetite deposit is in the Indicated category, whilst for M63 approximately 10% of the mineralisation has been classified as Indicated. A summary of the Shiyela Mineral Resource is given in Appendix 3.





Figure 7: MLA 176 Plan showing the location of the M62, M62R and M63 deposits

# Metallurgical Testwork Programme

A large diameter diamond drilling programme (PQ - 85 mm) was completed early in 2012 to provide core for the next phase of metallurgical testwork, which was overseen by Mintrex Pty Ltd (Mintrex), as a part of an updated Scoping Study. The programme comprised approximately 1,000 metres of PQ core and generated some 16 tonnes of mineralised material from M62 and M63.

A series of metallurgical testwork programmes were conducted on the core, including testwork on the magnetite, recovery of hematite from magnetite tailings and recovery of hematite from a predominant hematite source. The additional testwork provided the information required for an improved flowsheet design (Figure 8) to allow the recovery of both magnetite and hematite. It is expected that up to 85% of the contained Fe will be recovered by the new plant design.

The process flow plant will initially recover iron by dry magnetic separation (at a 3 millimetre grind size) at two fields strengths followed by a relatively coarse grind to 80% passing 250 micron followed by low intensity magnetic separation (LIMS) and low strength wet high intensity magnetic separation (WHIMS). The magnetite can be recovered to a concentrate grade of 68% Fe and the hematite to a grade of 61% Fe, demonstrated on a range of samples from 5% Fe in feed up to 40% Fe with varying proportions of magnetite and hematite.

Testwork demonstrated that grade could be adjusted by slight changes in grind size which was therefore designed into the capability of the plant. On this basis a 68% Fe product has been adopted as the nominal grade of the magnetite after grinding to 80% passing 250 micron.

The plant has a 1200 gauss collection of magnetite followed by a 7000 gauss dry magnetic separation and 3000 gauss WHIMS in a wet section – it has been assumed that all magnetite measured by the Davis Tube (3000 gauss) will be collected in the plant – i.e. 100% yield.

Hematite testwork looked at hematite recovery from magnetite tailings and hematite recovery from ores classed as hematite. A programme conducted to test the possible process route involved testing three sizes



for dry magnetic separation (DMS) and medium intensity dry magnetic separation (MIMS) and testing the dry concentrate at four different sizes using heavy liquid and tabling at three different gauss levels.

As a result of these tests the final process selection was for a grind of 80% passing 250 micron and a WHIMS gauss of 3000 gauss, which gave a concentrate grade of 63.8% (mixed magnetite and hematite) and a 92.9% Fe yield to concentrate. A conservative estimate was thus made of an 85% Fe yield and with 68% Fe from the magnetite and 61% Fe from the hematite. The hematite grade was 62.3% Fe at the target conditions and magnetite from the same sample was 68.6% Fe.



Figure 8: Shiyela Project – Schematic Plant Layout

## **Scoping Study Update**

Mintrex Pty Ltd completed a scoping study for the Shiyela Iron Project, with economically encouraging results. The capital cost estimate for a mine producing 2 Mtpa of concentrate and at a confidence level of +/-30% was US\$367 million whilst operating costs were estimated at US\$63.20 per tonne of concentrate FOB. Plant capital cost is US\$207.3 million with the remainder made up of mining-related capex and infrastructure.

Three types of ore can be processed by the plant design, magnetite, magnetite with significant hematite tails, and hematite with minor magnetite tails.

The Scoping Study was based on the results obtained from a comprehensive three-stage testwork programme which allowed the development of the process flowsheet and preliminary plant design (see Figure 8).

The positive outcome of the scoping study will allow the company to pursue its previously announced partner strategy for the project.



## AUSTRALIA

#### **Divestment of Australian Exploration Portfolio**

DYL announced in June that it had decided to divest its portfolio of early stage exploration assets in Australia to allow it to focus on its advanced stage projects in Namibia. The Australian portfolio consists of projects located in both Queensland and the Northern Territory and includes the 7.4 Mlb of JORC compliant resources at the Napperby Deposit. DYL appointed Patersons Securities Limited (Patersons) to investigate a trade sale, merger or spin-off of the portfolio which may lead to a full or partial divestment of its interest in these projects. Patersons identified a number of target companies that were approached to gauge interest and discussions with these are ongoing. Interest picked up after the announcement of the process to allow uranium mining in Queensland.

### CORPORATE

#### Financial

DYL completed the Quarter with cash and liquid assets of \$7.2 million at 31 December 2012.

During the quarter 5,500,000 performance share rights were issued and 920,000 lapsed according to their terms and conditions.

#### Capital Raising and Share Issues

DYL successfully completed the placement of shortfall shares from the previous quarter's non-renounceable entitlement issue. The placement of **154,761,905** ordinary fully paid shares at 4.2 cents per share for \$6.5 million was made to a specialist mining fund, Laurium L.P. ('Laurium'). As a result of the placement Laurium became a substantial shareholder with 9.96% of the Company's expanded share capital.

On 24 December 2012 DYL issued 129,333,333 to Raptor Partners Limited ('Raptor') and remitted \$100,000 in consideration for the termination of an Earnout Agreement between the two parties. The Earnout Agreement required DYL to pay Raptor1.5% of the in-ground value of each identified uranium oxide Mineral Resource within the RUN Tenements upon completion of a definitive feasibility study and in respect of which a decision to mine is made.

## **Board Appointment**

DYL announced the appointment of Mr Christophe Urtel, Laurium's Senior Fund Advisor, to the Board as a Non-executive Director. Mr Urtel has more than 13 years' industry experience and prior to joining Liberum Capital in 2011 he was an Executive Director in J.P.Morgan's Principal Investment franchise in London responsible for natural resources investments.

### For further information regarding this announcement, contact:

Greg Cochran Managing Director Phone: +61 8 9286 6999 Email: info@deepyellow.com.au

For further information on the Company and its projects - visit the website at www.deepyellow.com.au

### **About Deep Yellow Limited**

Deep Yellow Limited is an ASX-listed, Namibian-focussed advanced stage uranium exploration company. It also has a listing on the Namibian Stock Exchange.

Deep Yellow's operations in Namibia are conducted by its 100% owned subsidiary Reptile Uranium Namibia (Pty) Ltd (RUN). Its flagship is the Omahola Project currently under Pre-Feasibility Study with concurrent resource drill-outs on the high grade Ongolo Alaskite – MS7 trend. It is also evaluating a stand-alone project for its Tubas Sand uranium deposit utilising physical beneficiation techniques it successfully tested in 2011.

In Australia the Company owns the Napperby Uranium Project and numerous exploration tenements in the Northern Territory and in the Mount Isa District in Queensland.





Appendix 1: Namibian Tenement Map and Project Localities as at 31 December 2012



## Appendix 2: JORC Mineral Resource Estimate Summary – 31 December 2012

Deposit	Category	Cut-off (ppm U3O8)	Tonnes (M)	U3O8 (maga)	U3O8 (t)	U3O8 (MIb)	
NAMIBIA							
Omahola Project							
INCA •	Indicated	250	7.0	470	3,300	7.2	
INCA ♦	Inferred	250	5.4	520	2,800	6.2	
Ongolo #	Indicated	250	14.7	410	6,027	13.2	
Ongolo #	Inferred	250	5.8	380	2,204	4.8	
MS7 #	Measured	250	4.4	441	1,955	4.3	
MS7 #	Indicated	250	1.0	433	433	1.0	
MS7 #	Inferred	250	1.3	449	584	1.3	
Omahola Project Tota	al		39.6	437	17,303	38.0	
<b>Tubas Sand Project</b>							
Tubas Sand	Inferred	70	87.0	148	12,876	28.4	
Tubas Sand Project	<b>Fotal</b>		87.0	148	12,876	28.4	
Tubas-Tumas Palaeo	channel						
Tumas ♦	Indicated	200	14.4	366	5,270	11.6	
Tumas ♦	Inferred	200	0.4	360	144	0.3	
Tubas Calcrete	Inferred	100	7.4	374	2,767	6.1	
Tubas-Tumas Palaeo	channel Total		22.2	369	8,181	18.0	
Aussinanis Project							
Aussinanis 🔶	Indicated	150	5.6	222	1,243	2.7	
Aussinanis 🔶	Inferred	150	29.0	240	6,960	15.3	
Aussinanis Project T	otal		34.6	237	8,203	18.0	
TOTAL - NAMIBIA			183.4	254	46,563	102.4	
AUSTRALIA							
Napperby Project (N	Г)						
Napperby	Inferred	200	9.3	359	3,351	7.4	
Napperby Total			9.3	359	3,351	7.4	
Mount Isa Project (QLD)							
Mount Isa	Indicated	300	2.2	470	1,050	2.3	
Mount Isa	Inferred	300	2.5	450	1,120	2.5	
Mount Isa Total			4.7	460	2,170	4.8	
TOTAL - AUSTRALIA			14.0	394	5,521	12.2	
TOTAL INDICATED RESOURCES 47.2 387 18.290 40.2						40.2	
TOTAL INFERRED RESOURCES			148.8	224	33,322	73.4	
TOTAL RESOURCES			197.4	264	52,084	114.6	

Notes: Figures have been rounded and totals may reflect small rounding errors

XRF chemical analysis unless annotated otherwise

◆ eU<sub>3</sub>O<sub>8</sub> - equivalent uranium grade as determined by downhole gamma logging

# Combined XRF Fusion Chemical Assays and eU\_3O\_8 values



#### **Compliance Statements**

#### Namibia

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Leon Pretorius, a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Pretorius, who was at the time, Managing Director of Reptile Uranium Namibia (Pty) Ltd 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Pretorius consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this Report that relates to the **MS7** Mineral Resources is based on information compiled by Malcolm Titley of CSA Global UK Ltd. Malcolm Titley takes overall responsibility for the Report. He is a Member of the Australasian Institute of Geoscientists ('AIG') and the Australasian Institute of Mining and Metallurgy ('AusIMM') and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2004 Edition). Malcolm Titley consents to the inclusion of such information in this Report in the form and context in which it appears.

The information in this report that relates to the **Ongolo and INCA** Mineral Resources is based on work completed by Mr Neil Inwood and Mr Doug Corley. Mr Inwood is a Fellow of the Australasian Institute of Mining and Metallurgy and Mr Corley is a member of the Australian Institute of Geoscientists. Messrs Inwood and Corley have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Messrs Inwood and Corley consent to the inclusion in the report of the matters based on his information in the form and context in which it appears. Messrs Inwood and Corley are full-time employees of Coffey Mining.

The information in this report that relates to the **Tubas Sand** and **Tubas Calcrete** Mineral Resource is based on information compiled by Mr Willem H. Kotzé Pr.Sci.Nat MSAIMM. Mr Kotzé is a Member and Professional Geoscientist Consultant of Geomine Consulting Namibia CC. Mr Kotzé 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Kotzé consents to the inclusion in this release of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the **Aussinanis and Tumas** Mineral Resources is based on work completed by Mr Jonathon Abbott who is a full time employee of Hellman and Schofield Pty Ltd and a Member of the Australasian Institute of Mining and Metallurgy. Mr Abbott 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and as a Qualified Person as defined in the AIM Rules. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

#### Queensland

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Martin Kavanagh, a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Kavanagh is an Executive Director of Deep Yellow Limited and 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Kavanagh consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Queensland Mineral Resource is based on information compiled by Mr Neil Inwood. Mr Inwood is a Member of The Australasian Institute of Mining and Metallurgy. Mr Inwood is employed by Coffey Mining Pty Ltd and 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Inwood consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

#### **Northern Territory**

The information in this report that relates to the **Napperby Project** Mineral Resource is based on information compiled by Mr Daniel Guibal who is a Fellow (CP) of the Australasian Institute of Mining and Metallurgy. Mr Guibal is a full time employee of SRK Consulting and 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Guibal consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Where eU3O8 values are reported it relates to values attained from radiometrically logging boreholes with Auslog equipment using an A675 slimline gamma ray tool. All probes are calibrated either at the Pelindaba Calibration facility in South Africa or at the Adelaide Calibration facility in South Australia.



## Appendix 3: JORC Mineral Resource Estimate Shiyela – 31 December 2012

Deposit	Category	Cut-off Grade	Tonnes (M)	Fe (%)	DTR (%)
M62 – Magnetite	Indicated	10 wt% DTR	35.2	-	17.62
	Inferred	10 wt% DTR	9.4	-	15.75
	Total		44.7	17.33	16.37
M62R – Magnetite	Inferred	10 wt% DTR	9.3	16.30	17.40
	lotal		9.3	16.30	17.40
M63 – Magnetite	Indicated Inferred	10% Fe 10% Fe	5.3 29.2	22.32 20.80	15.78 15.21
	Total		34.5	-	15.30
M63 – Hematite	Inferred Total	10% Fe	26.7 26.7	22.29 22.29	

**Notes:** Figures have been rounded and totals may reflect small rounding errors Resources were reported using a 10% DTR wt% cut-off grade. The DTR estimates are based on samples prepared at a grind size of 80% passing 45 micron. Fe% - head assay of composited drill samples

#### **Compliance Statements:**

The information in this report that relates to the **Shiyela** Mineral Resources is based on information compiled by James Farrell who is a full-time employee of Golder Associates Pty Ltd and a Member and Chartered Professional of the Australasian Institute of Mining and Metallurgy. James Farrell has sufficient experience 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 JORC Code (2004). James Farrell has relied on exploration data compiled by Dr Leon Pretorius who was at the time the Managing Director of Reptile Uranium Namibia (Pty) Ltd and a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Pretorius 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 JORC Code (2004). James Farrell has relied on exploration and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2004). James Farrell has also relied on interpretation of metallurgical testwork compiled by Brian Povey who is a full-time employee of Mintrex Pty Ltd and a Fellow of the Australasian Institute of Mining and Metallurgy. Brian Povey has sufficient experience 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 JORC Code (2004). James Farrell has also relied on interpretation and to the activity which he is undertaking, to qualify as a Competent Person as defined in the JORC Code (2004). James Farrell, Leon Pretorius and Brian Povey consent to the inclusion of this information in the form and context in which it appears.