

Deep Yellow Limited

ASX Announcement

ASX & NSX: DYL / OTCQX: DYLLF

23 October 2018

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2018

HIGHLIGHTS

REPTILE PROJECT

- **New zone of significant uranium mineralisation discovered in untested Tumas 1 East tributary channel area**
 - With post-quarter drilling to 12 October included, four tributary channels confirmed - two of which are well mineralised
 - 71% of the 121 holes drilled on the Tail 1 tributary returned >100ppm eU₃O₈ over 1m
 - Work has opened >5km of continuous mineralisation 7-17m thick
 - Second drill rig now being sourced to allow concurrent resource upgrade drilling to be carried out on the highly prospective Tumas 1 East and Tumas 3 West areas in 2018
- **Best intersections include**
 - TA028 5m at 1099ppm eU₃O₈ from 2m
 - TA029 6m at 541ppm eU₃O₈ from 2m
 - TA032 7m at 821ppm eU₃O₈ from surface
 - TA033 4m at 523ppm eU₃O₈ from surface
 - TA060 12m at 412ppm eU₃O₈ from 2m
 - TA100 17m at 329ppm eU₃O₈ from surface
 - TA120 12m at 407ppm eU₃O₈ from surface

NOVA JV PROJECT

- The 5,000m RC drilling program was commenced early October 2018
- Drilling focussing on 7 targets expected to be completed mid-December

CORPORATE

- Deep Yellow qualifies to trade on OTCQX - the top tier of OTC Markets allowing more U.S. brokers to trade Deep Yellow securities through increased visibility.

During the September quarter work on the 2 Namibian projects continued: Reptile Project (EPLs 3496 and 3497) and the Nova Joint Venture Project (EPLs 3669 and 3670). See Figure 1 for locations. For the Reptile Project this report also includes the post end-quarter drilling results up to 12 October covered in the ASX release dated 17 October 2018. On the Nova

Joint Venture, exploration concentrated on ground follow-up of targets defined by the April/May airborne geophysical survey with drilling commencing in the first week of October.

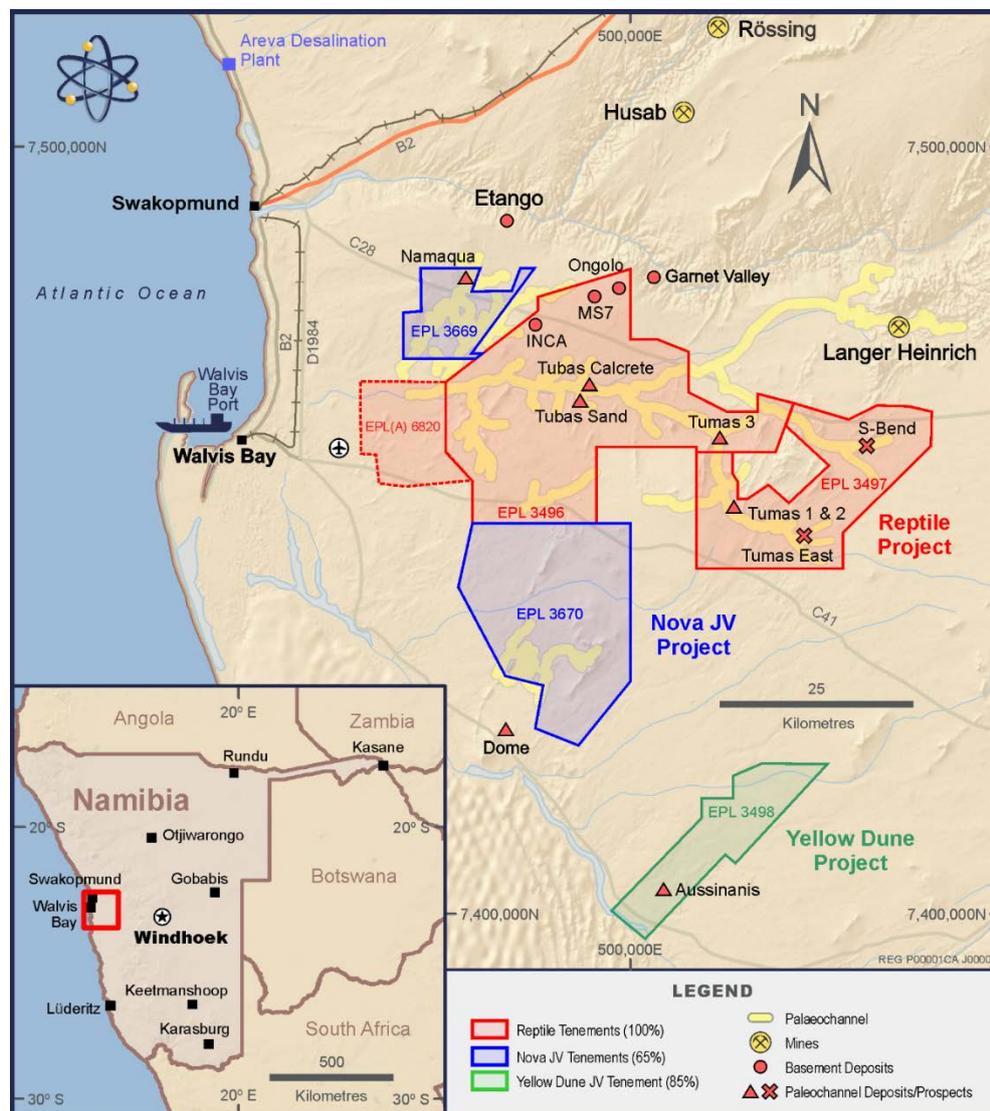


Figure 1: Showing Reptile Project (EPLs 3496, 3497) with Tumas Deposits and main prospect locations over palaeochannels and Nova JV Project (EPLs 3669,3670)

REPTILE PROJECT, NAMIBIA (EPLs 3496, 3497) – 100% Deep Yellow

Activities on the Reptile Project focused on EPL 3497 and, on 3 October, Deep Yellow Ltd (Deep Yellow) reported on encouraging drilling results where new continuous mineralisation has been identified in the Tumas 1 East palaeochannel area. Drilling was also conducted in the S-Bend channel area to the north which did not identify significant mineralisation. This EPL is held by Reptile Uranium Namibia (Pty) Ltd (RUN), part of the group of companies wholly owned by Deep Yellow.

As previously announced, drilling programs commenced in July 2018 with semi-regional exploration drilling in the S-Bend Area. This regional program was completed at the end of August with 148 RC holes drilled for 2,171m and was immediately followed by exploration

drilling starting early September, east of the Tumas 1 uranium deposit with 95 RC holes for 1,199m drilled to end of September on the Tail 1 tributary channel.

Post quarter, a further update was released to the ASX on 17 October 2018 detailing drilling results to 12 October during which 49 exploration holes for 564m were completed testing Tails 1, 2, 3 and 4. In total, 144 holes have been drilled for 1,763m in the region east of the Tumas 1 deposit. This work focussed on:

- a) defining the extent of the newly discovered continuous mineralisation found within the Tail 1 tributary; and
- b) exploring the tributary paleochannels occurring immediately to the south (Tails 2 and 3) and to the north (Tails 4 and 5) of Tail 1 as can be seen in Figure 2.

Tumas East Drilling

Up until 12 October, work concentrated on testing for presence of mineralisation in four of the five tributaries converging into the main palaeochannel at the Tumas 1 deposit. A total of 121 holes were drilled for 1,561m in the Tail 1 tributary. Five of these holes extended north into the newly discovered Tail 4. 23 RC holes for 202m were drilled in Tails 2 and 3.

The exploration drilling at the main tributary (Tail 1, Fig. 2) is now completed and has outlined a uranium rich channel 4.6km in strike length showing continuous calcrete uranium mineralisation. Channel widths are ranging from 200m to 900m. The mineralisation is located at shallow depth between 0 to 17m below surface. Except for localised hot spots, large parts of this mineralisation do not show any surface radiometric expression.

A drill line across Tail 1 was extended to the north and identified uranium mineralisation greater than 100ppm eU_3O_8 over 1m in 4 of 5 holes in a new tributary, Tail 4 (Fig 2). This could add an additional 4km of untested prospective palaeochannel to this target area. Exploration drilling testing tributary channels Tails 2 and 3 involving 23 RC holes and 202m did not identify significant mineralisation in these channels.

Drill spacings varied from 50 to 100m along lines 200 to 800m apart. Of the 121 holes drilled at Tail 1, 86 returned positive results of more than 100ppm eU_3O_8 over 1m. This reflects a 71% success rate. Average grades at a 100 ppm eU_3O_8 cut-off are 315ppm and average thickness close to 6m. Significant intersections ranged from 300ppm to 1099ppm eU_3O_8 having thicknesses of 5m to 12m.

Drill hole locations are shown in Figure 2. Figure 3 shows a drill cross-section highlighting the continuity and thickness of the mineralisation. Figure 4 shows a drill cross-section extending from the main tributary Tail 1 into one of the northern untested channels (Tail 4). Tail 5 remains untested at this stage.

The immediate ongoing drilling is aimed at concluding the broad definition of the mineralised system occurring in the general Tumas 1 East area after which work will concentrate on infill drilling for upgrading the uranium resource base of the project.

Analysis/Conclusion

The results of the ongoing exploration in the Tumas 1 East region are very promising. The current drilling has now defined a 4.6km extent of the new continuous zone of mineralisation associated with the eastern extensions of Tumas 1 in Tail 1 tributary. As importantly, new uranium mineralisation north-adjacent to the Tail 1 tributary paleochannel has opened the potential for further mineralisation in the Tail 4 tributary. The Tail 5 tributary remains untested.

The current drilling is still ongoing focusing on extending the known mineralisation identified at Tumas 1 East in Tail 4.

The Tumas 1 East Tail 1 discovery is clearly demonstrating the potential for further additions to the uranium resource base. The mineralisation is expected to be found in tributary channels entering the main channel from the north-east makes this a priority region for upgrade of the overall palaeochannel-related resource base. As previously shown, the uranium mineralisation is not confined to one simple, single channel but rather is associated with a complex palaeodrainage system containing several channels.

There are now five distinct mineralised zones (Tumas 1 & 2, Tumas 3, Tubas Sand/calcrete deposits and Tumas 1 East) identified within the 125km of palaeochannels that occur within the Reptile Project tenements (Figure1). Some 60%, or approximately 75 km, of this palaeochannel system which regionally deepens toward the west remains to be properly tested.

Drilling during the late October to mid-December period will concentrate on increasing the uranium resource base in the Tumas 3 West and Tumas 1 East areas. Because of the new discovery made within the Tail 1 tributary channel there are now two definite targets needing resource definition work. For this reason, Deep Yellow is currently seeking to contract a second drill rig so both priority areas can be investigated concurrently and will be the focus for completing the balance of the 10,000m planned to be drilled by the end of 2018.

An updated Inferred Resource estimation for Tumas 1 East and the area west of Tumas 3 is expected to be delivered early 2019.

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 after \$4.5M has been spent by them over a four-year period. Work on the Nova JV is focussing on target definition and drilling to test for both basement- related uranium targets (Rössing/Husab style deposits) and palaeochannel/calcrete associated uranium targets (Langer Heinrich style deposits).

Exploration on the Nova JV tenement concentrated on ground follow-up of targets defined by the high resolution airborne magnetic and radiometric survey.

On EPL 3669 the work identified calcrete-type targets for follow-up drilling at Namaqua, Bowsprit, Bungarra and Iguana and basement targets for Alaskite-type uranium mineralisation at Iguana where ground work identified a set of uranium bearing veins in sheared granitic lithologies worthy of follow-up drilling.

On EPL 3670 detailed ground radiometric surveys identified drill targets for Alaskite-type uranium mineralisation at Cape Flat, Agama and Meerkat Hill, where extensive, uranium dominated radiometric anomalies are associated with sub-cropping prospective leucogranite intrusive rocks.

A 5,000m RC drilling program commenced in early October and this work is expected to be completed by mid-December 2018 after testing the 7 targets that have been identified for drilling.

CORPORATE

Performance Rights

During the quarter 211,750 ordinary shares were issued following the vesting of employee performance rights and 121,000 performance rights lapsed in accordance with their terms.

OTCQX Best Market

Post-quarter on 9 October 2018 Deep Yellow announced that the Company's ordinary shares commenced trading on the OTCQX Best Market in the United States (U.S.) having upgraded from the OTCQB Venture Market. This upgrade, after successfully building shareholder value and visibility on the OTCQB Venture Market, will allow more U.S. brokers to trade Deep Yellow securities through increased visibility.

Annual General Meeting

The Company looks forward to welcoming shareholders to its AGM to be held at the offices of BDO, 38 Station St, Subiaco, Western Australia at 9.30am on 19 November, 2018.

Yours faithfully



JOHN BORSHOFF

Managing Director/CEO
Deep Yellow Limited

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For further information on the Company and its projects, please visit the website at:
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.

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.

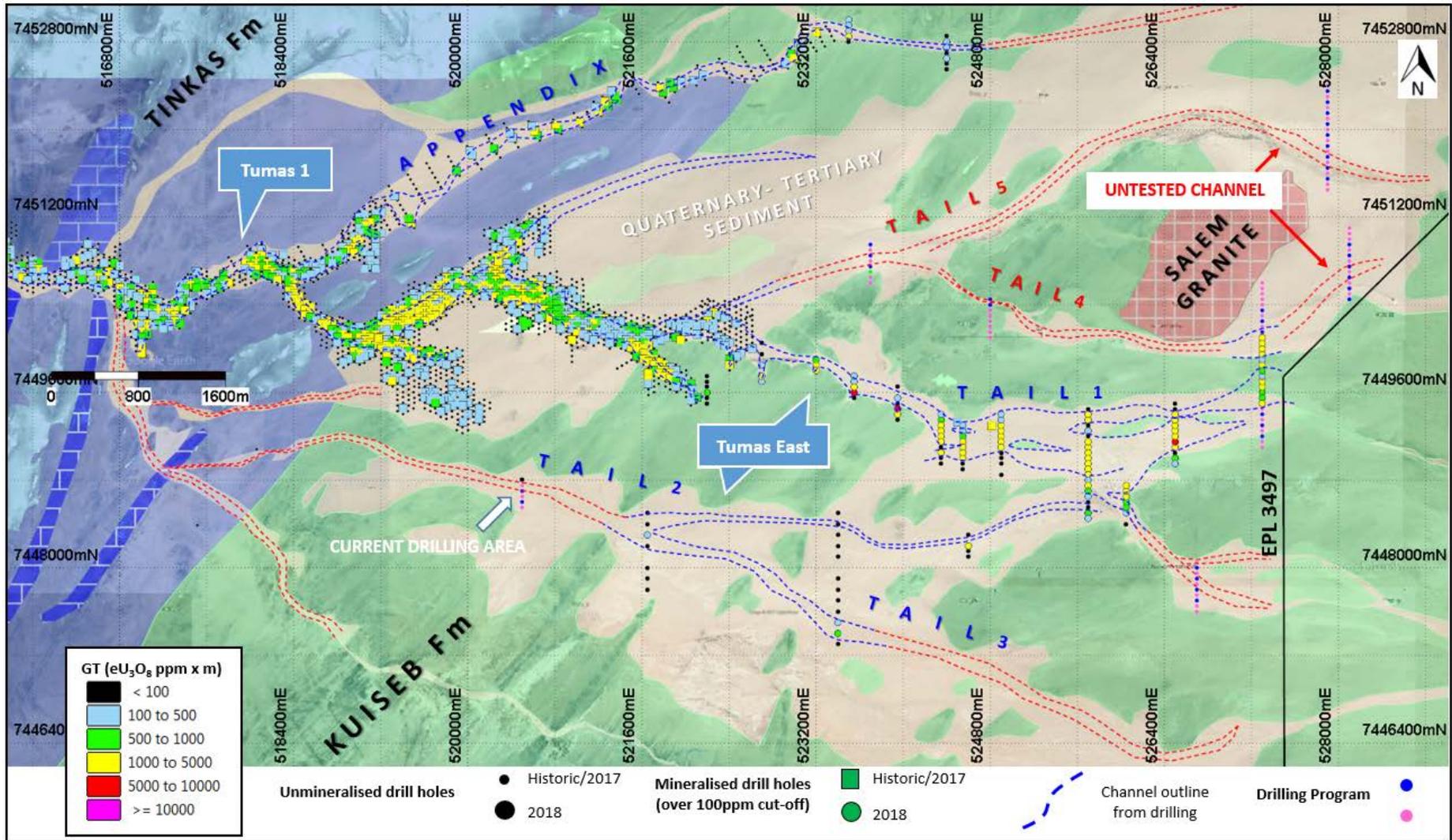


Figure 2: Drill hole locations showing the drilling at Tumas 1 East (Tails 1, 2, 3 and 4). Drill hole collars are coloured in eU₃O₈ grade thickness values (GT: eU₃O₈ppm x m. Tail 5 is also indicated.

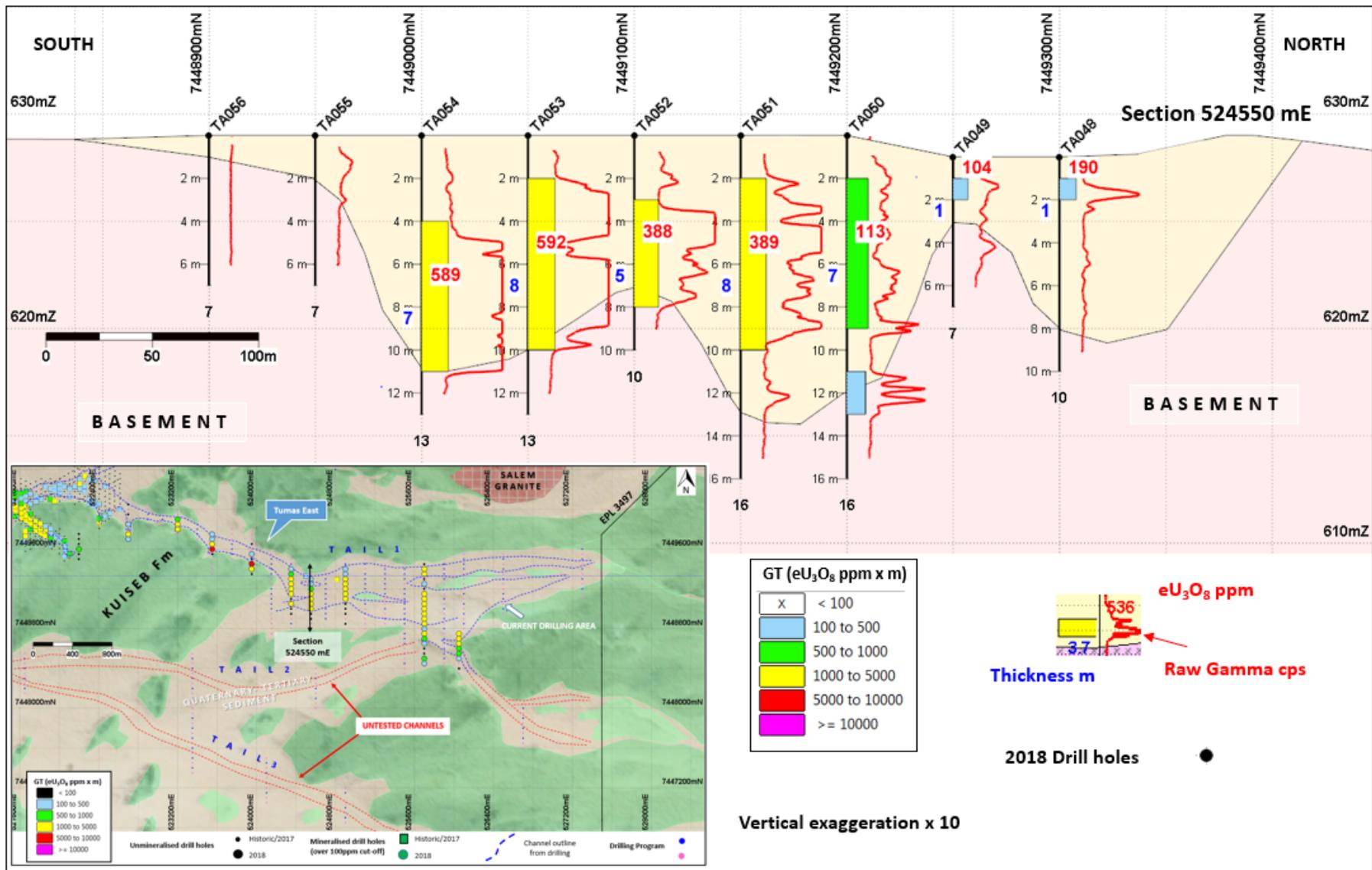


Figure 3: Tumas 1 East – Cross Section 524550E

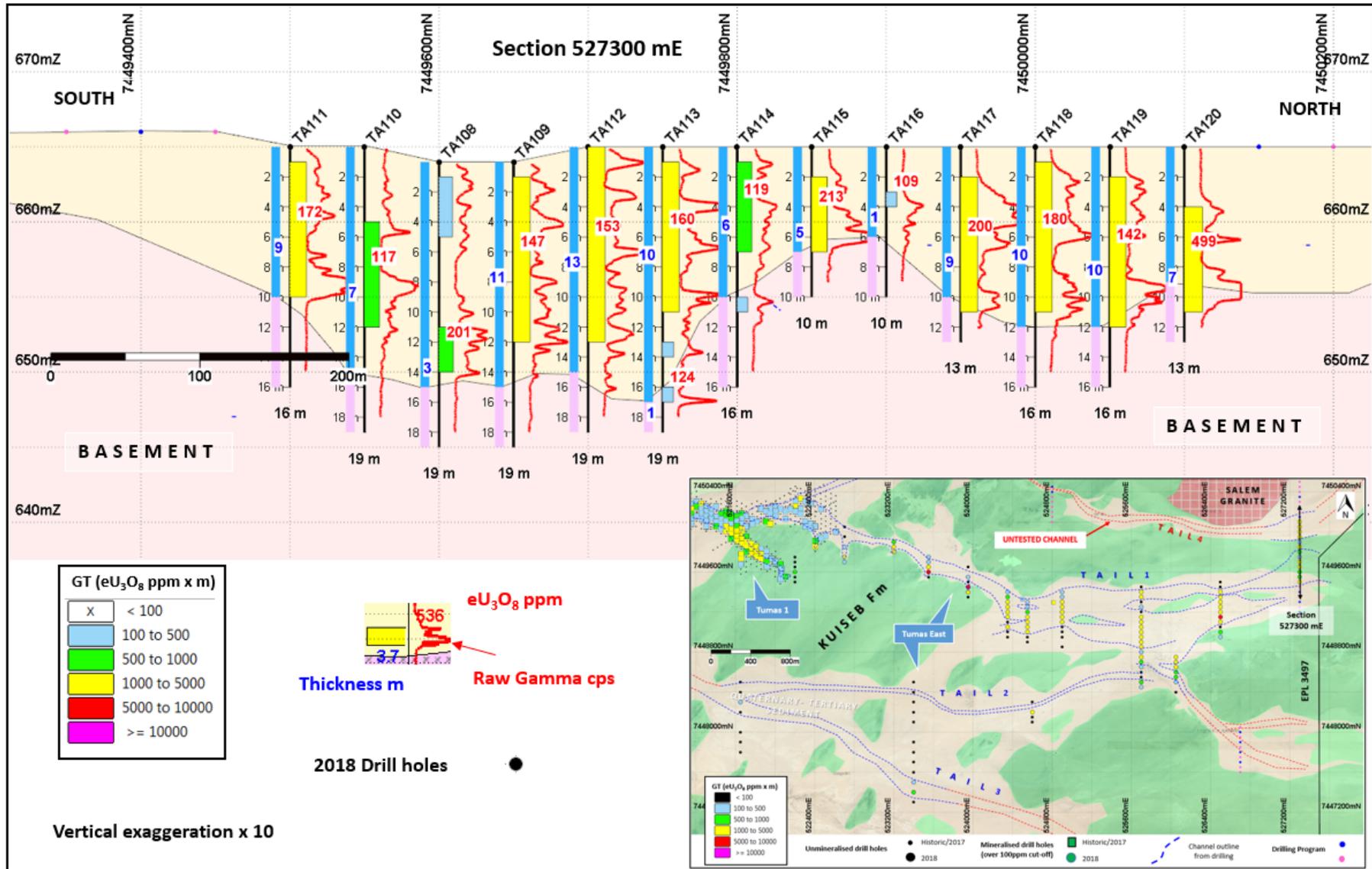


Figure 4: Tumas 1 East – Cross Section 527300E