



**Deep Yellow**  
LIMITED

## NEWS RELEASE

19 October 2020

### QUARTERLY ACTIVITIES REPORTS - SEPTEMBER 2020

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Please see attached Deep Yellow Limited's Quarterly Activities Report, Appendix 5B Quarterly Cashflow Report and Schedule of Mineral Tenure for the period ending 30 September 2020.

Yours faithfully

**MARK PITTS**  
Company Secretary  
Deep Yellow Limited

*This ASX announcement was authorised for release by Mr Mark Pitts, Company Secretary, for and on behalf of the Board of Deep Yellow Limited.*

#### For further information contact:

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## NEWS RELEASE

19 October 2020

# QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2020

## HIGHLIGHTS

- First phase of the Tumas 3 RC drilling program completed, with 92% of 38 holes drilled returning grades greater than 100ppm eU<sub>3</sub>O<sub>8</sub> over 1m hole T3I284 returned 7m at 5,820ppm U<sub>3</sub>O<sub>8</sub> (0.58%), the highest recorded grade intersected on this deposit to date
- Best intersections include:
  - T3I282 5m at 413ppm eU<sub>3</sub>O<sub>8</sub> from 8m
  - T3I284 1m at 599ppm eU<sub>3</sub>O<sub>8</sub> from surface  
1m at 212ppm eU<sub>3</sub>O<sub>8</sub> from 8m  
7m at 5,820ppm eU<sub>3</sub>O<sub>8</sub> from 14m
  - T3I289 5m at 335ppm eU<sub>3</sub>O<sub>8</sub> from 8m
  - T3I299 7m at 332ppm eU<sub>3</sub>O<sub>8</sub> from 6m
  - T3I334 6m at 358ppm eU<sub>3</sub>O<sub>8</sub> from 7m
- Drilling continues at Tumas 3, with a further 52 holes underway to support resource and reserve estimation work
- Tumas 3 Central drill program successfully generated the required 1,000kg of material for future metallurgical testing
- Ausenco Services Pty Ltd appointed for completion of engineering and capital cost estimate for Tumas PFS
  - Cube Consulting Pty Ltd appointed to determine Maiden Ore Reserve Estimate
- EIA progressing in parallel with the Tumas PFS
- Nova Joint Venture proceeding towards post JOGMEC earn-in stage, with a focus on following up on the highly encouraging results at Barking Gecko

## REPTILE PROJECT, NAMIBIA

### Tumas 3 Drilling

Deep Yellow Limited (ASX: DYL) (**Deep Yellow**) completed the first phase of the current RC drilling program at the Tumas 3 deposit, located on EPL3496 as shown in Figure 1 (refer ASX Announcement 24 September 2020). The project is held by Deep Yellow through its wholly owned subsidiary Reptile Uranium Namibia (Pty) Ltd (**RUN**).

Drilling at Tumas 3 continues to deliver successful results, with 92% of the completed 38 holes returning uranium mineralisation greater than 100ppm eU<sub>3</sub>O<sub>8</sub> over 1m, with 79% showing uranium mineralisation of greater than 200ppm eU<sub>3</sub>O<sub>8</sub> over 1m. Importantly, the latest set of results confirm previous drilling success at Tumas 3.

The positive results are reflected in Figure 2, which outlines GT (grade x thickness) in colour code, comparing previous drilling results against most recent results. The GT of these infill holes combine seamlessly with those generated from previous drilling and provide the Company with a high-level of confidence regarding the robust nature of the Tumas 3 mineralisation.

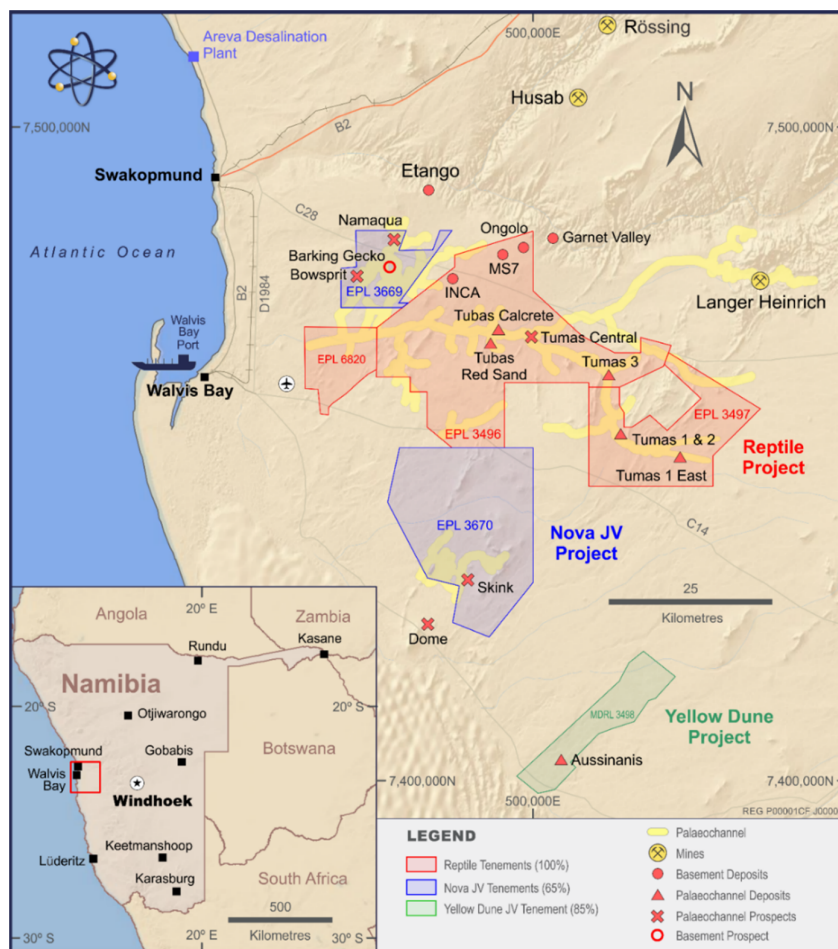
The results highlight the exciting potential of Tumas 3, showing greater than 200ppm cut-off intersections, with grades ranging from 212ppm to 599ppm  $eU_3O_8$  at an average thickness of 2m. It is important to note (and excluded from range given) the spectacular intersection in hole T31284, which returned 7m at 5,820ppm  $U_3O_8$  (0.58%), the highest-grade intersection recorded on this deposit to date.

The mineralisation at Tumas 3 occurs as a discrete mineralised deposit, occurring separately from the other uranium deposits within this fertile palaeochannel system, namely Tumas 1 (which also includes Tumas 1 East) and 2 and Tubas Red Sands/Calcrete deposits (see Figure 1).

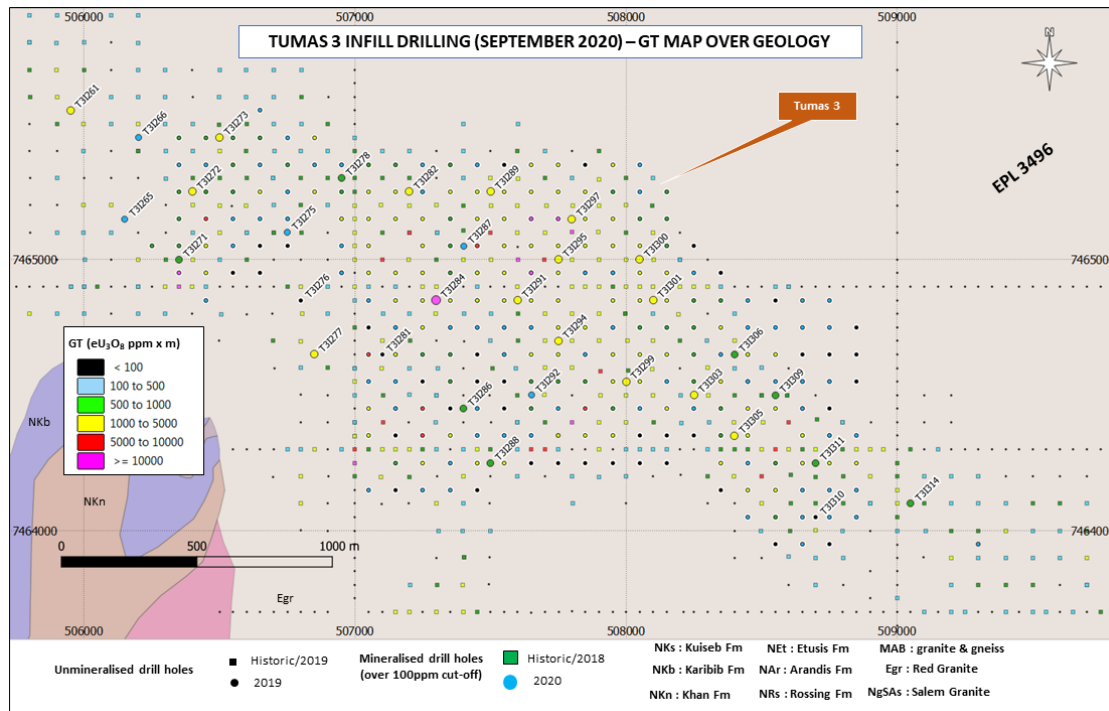
Another primary purpose of the drilling work completed to date, was to collect 1,000kg of mineralised material which was successfully achieved. This large sample is intended to be utilised for further metallurgical testing in any future feasibility studies and is expected to be shipped by sea container to Perth in late October.

The drilling program at Tumas 3 continues with an additional 52 RC holes planned in support of resource and reserve estimation work, which is currently in progress.

Cube Consulting Pty Ltd has been appointed to carry out pit optimisation and reserve estimations for the Tumas PFS.



**Figure 1:** Location of the Nova JV EPLs 3669 and 3670 in relation to the wholly owned EPLs 3496 & 3497.



**Figure 2:** GT map showing existing drill collars and September infill holes (labelled).

### Tumas PFS Study and Associated Activities (Figure 3)

The Tumas PFS continues to progress on schedule, with a number of key workstreams being advanced (refer ASX Announcement 19 August 2020).

The Company appointed Ausenco Services Pty Ltd (**Ausenco**) to complete the required engineering and capital cost estimate for the Project, based on process flow diagrams, Process Design Criteria (**PDC**) and metallurgical models supplied by Deep Yellow.

The scope of services covered by Ausenco will include but is not limited to:

- reviewing the PDC and adding detail where required for the beneficiation and leaching circuits to allow equipment sizing;
- developing a Mechanical Equipment List, focussed on major equipment (mills, thickeners, packaged plant); and
- developing a Class 4 level capital cost estimate based on major equipment quotes and factors.

Ausenco is required to deliver a Basis of Estimate to be utilised as a key element of the PFS and associated financial modelling.

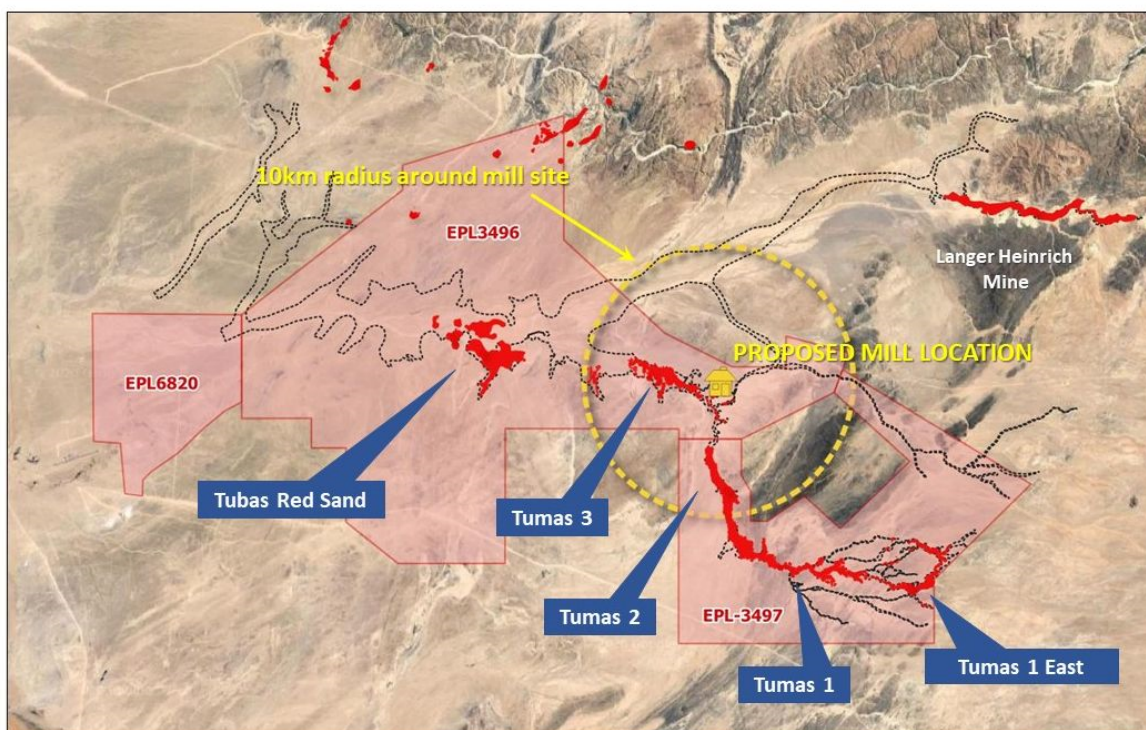
The PFS, scheduled for completion in the December 2020 quarter, is being undertaken in parallel with the development of the Environmental Impact Assessment (**EIA**) for the Project. The EIA and subsequent Environmental Clearance Certificate (**ECC**) are necessary elements of the Mining Licence Application (**MLA**), a key milestone in the pre-development activities for the Project, which the Company intends to submit in the March/April 2021.

A range of studies has been initiated as part of the EIA work program, to complete baseline studies in the key areas of groundwater, flora, fauna, air quality, meteorology, and radiology.

The PFS and EIA are proceeding as scheduled and to date indicate that the key findings of the Tumas Scoping Study are reasonable and well-founded.



The basis of the Scoping Study was to develop the Project into an operation that delivers operating costs for uranium (without vanadium credit) in the lower quartile (sub US\$30/lb), while also minimising risk, site remediation and closure costs.



**Figure 3:** Tumas Project showing PFS area and relationship to conceptual central processing plant

## NOVA JOINT VENTURE

JOGMEC completed its A\$4.5M earn-in obligation during September. The discovery of thick zones of mineralisation at the Barking Gecko prospect was reported in the June quarterly activity report. As a result of the encouraging results, the Nova Joint Venture (**NJV**) will proceed with follow-up drilling in the post JOGMEC earn-in phase, to test the potential of the alaskite-related basement mineralisation, analogous to the Rössing and Husab basement deposits (refer ASX Announcement 9 July 2020).

Legal documentation amending the joint venture agreement is underway to account for the post JOGMEC earn-in phase of the NJV. Once this has been finalised, the budget/program for the October 2020 to March 2021 period will be presented to the JV parties for their consideration and approval.

## CORPORATE

### Annual Report

The Annual Report for the year ended 30 June 2020 was released on 25 September 2020.

### Sustainability Report

The Company's inaugural Sustainability Report was released on 25 September 2020.

**Deep Yellow Managing Director Mr John Borshoff commented:** *“As an aspiring mining company, we believe we can and should progressively integrate our ESG practice from early stages of exploration and development, positively influencing our culture and communities, with attention to sustainability and transparency to support our growth in a holistic manner.”*

### **Issue and Vesting of Performance Rights**

As part of its annual incentive award program, the Company approved the issue of 364,365 new performance rights to its Namibian employees pursuant to the Deep Yellow Limited Awards Plan.

A total of 165,953 performance rights issued under the Deep Yellow Limited Awards Plan have now vested in accordance with their terms and the Company allotted and issued the resulting shares.

### **Listing Rule 5.3.5**

In item 6 of the attached Appendix 5B of the quarterly cashflow report, payments to Related Parties and their associates of approximately \$442,000 comprised of fees paid to Executive and Non-executive Directors and Scomac Management Services Pty Ltd (**Scomac**) who provide the Group with management, strategic, technical and geological expertise and services through the Consultant personnel they employ or have access to. The Managing Director has a financial interest in and control of Scomac.

### **URANIUM OUTLOOK**

Since the end of June 2020, nothing of note has occurred to positively influence the price of uranium to replicate the more significant moves that occurred during March/April/May, when both Cameco and Kazatomprom either suspended or reduced mine activity as a result of loss making operations and the impact of COVID-19.

During the September Quarter, the uranium price has suffered a steady decline with spot price decreasing from US\$33.00 to US\$29.75/lb at the end of this period.


No further progress has been made on the Nuclear Fuel Working Group recommendations to support domestic US companies and likely will continue in limbo. The Trump Administration undertaking for US Department of Energy (**DOE**) to purchase 1.2Mlb pa to 1.9Mlb pa over 10 years, via an annual funding allocation of US\$150M for the creation of a domestic uranium reserve has not eventuated. DOE has been asked to put more substance into its submission for funding and explain how such a program for purchasing product from US domestic producers would work. DOE had 180 days to report back which commenced 13 July 2020 on release of the House appropriations bill. The US domestic producers remain despondent because of perpetual delays and the low level of anticipated support generally considered to be inadequate.

The draft Russian Suspension Agreement for the period 2020 to 2040 was released, indicating no major changes to the current 20% supply quota of Russian material selling into the US. This

was not quite as the market anticipated. Although the result does involve some marginal reduction of the existing quotas, with numbers dropping from 2023, the overall quota only drops to 15% of US demand from 2028, with a longer term objective of opening up more market share for conversion and UF6 supply from within the US.

The outlook for uranium price turnaround however, remains strong as supply shortages appear inevitable in the post 2023 period and for which the supply industry appears poorly prepared and unable to respond, until incentive pricing reaches a level to encourage new uranium mine development.

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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**About Deep Yellow Limited**

Deep Yellow Limited is a differentiated, advanced uranium exploration company, in pre-development phase, implementing a contrarian strategy to grow shareholder wealth. This strategy is founded upon growing the existing uranium resources across the Company's uranium projects in Namibia (on which a Pre-Feasibility Study is currently being conducted on its Reptile Project) 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.

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[@deepyellowltd](https://twitter.com/deepyellowltd)



[deep-yellow-limited](https://www.linkedin.com/company/deep-yellow-limited)

### **Competent Person Statement**

Where the Company references ASX Announcements made previously it confirms that the relevant JORC Table 1 disclosures are included with them and that it is not aware of any new information or data that materially affects the information included in the those ASX Announcements.



## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

DEEP YELLOW

ABN

97 006 391 948

Quarter ended ("current quarter")

30 SEPTEMBER 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(144)	(144)
(e) administration and corporate costs	(293)	(293)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	27	27
1.5 Interest and other costs of finance paid *	(30)	(30)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives**	40	40
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(400)</b>	<b>(400)</b>

\* Interest on lease liabilities

\*\* COVID-19 employer stimulus grant

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(31)	(31)
(d) exploration & evaluation (if capitalised)***	(939)	(939)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (JOGMEC earn-in contribution)***	201	201
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(769)</b>	<b>(769)</b>

\*\*\*Includes an amount of \$201,000 in relation to the Nova Joint Venture as per JOGMEC earn-in contribution noted in 2.5 above.

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	12,117	12,117
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(400)	(400)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(769)	(769)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(34)	(34)
4.6	Cash and cash equivalents at end of period	10,914	10,914

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,226	3,449
5.2	Call deposits	7,688	8,668
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,914	12,117

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

135

307

A total of \$442 was paid to related parties of the entities and their associates as follows:

- \$92 to Scamac Management Services Pty Ltd for services rendered by John Borshoff, Managing Director;
- \$76 to Strategic Mining Consultants Pty Ltd for services rendered by Gillian Swaby, Executive Director;
- \$64 to various entities and individuals as Non-executive director fees; and
- \$210 to Scamac Management Services Pty Ltd for technical and geological services rendered (excluding Mr Borshoff).

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-

7.5	<b>Unused financing facilities available at quarter end</b>	-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.  N/A		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(400)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(939)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(1,339)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	10,914
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	9,575
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	7

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?  

Answer: N/A
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?  

Answer: N/A
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?  

Answer: N/A

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 19 October 2020  
.....



Authorised: .....  
By the Disclosure Committee

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

# Annexure 1

## Schedule of Mineral Tenure – September 2020

### NAMIBIA

Number	Name	Interest	Expiry Date	JV Parties	Approx. Area (km <sup>2</sup> )
EPL 3496 <sup>#1</sup>	Tubas	100%	04.08.2021	-	672
EPL 3497 <sup>#1</sup>	Tumas	100%	04.08.2021	-	287
MDRL 3498 <sup>#2</sup>	Aussinanis	85%	05.01.2025	[5% Epangelo <sup>#4</sup> 10% Oponona <sup>#5</sup> ]	142
EPL 3669	Tumas North	65%	30.03.2022	[25% Nova (Africa) <sup>#6</sup> 10% Sixzone <sup>#7</sup> ]	122
EPL 3670	Chungochoab	65%	30.03.2022		477
ML 176 <sup>#3</sup>	Shiyela	95%	05.12.2027	5% Oponona <sup>#5</sup>	54
EPLA 6820 <sup>#1</sup>	Rooikop East	100%	02.08.2023	-	109
<sup>#1</sup> 5% right granted to Oponona <sup>#5</sup> in 2009 to participate in any projects which develop from these EPLs <sup>#2</sup> A Mineral Deposit Retention Licence (MDRL) to secure the uranium resource within EPL3498 was granted on 6 January 2020. <sup>#3</sup> Located entirely within EPL3496 <sup>#4</sup> Epangelo Mining (Pty) Ltd <sup>#5</sup> Oponona Investments (Pty) Ltd <sup>#6</sup> Nova (Africa) Pty Ltd <sup>#7</sup> Sixzone Investments (Pty) Ltd					1,959

### AGREEMENTS

	Approx. Area (km <sup>2</sup> )
ABM Resources NL - Northern Territory (100% uranium rights stay with DYL)	5,257
	5,257