

## NEWS RELEASE

21 January 2021

# QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 DECEMBER 2020

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## HIGHLIGHTS

- **Second phase of the Tumas 3 RC drilling program completed with 53 holes for 1,115m**
    - **Best intersections (200ppm eU<sub>3</sub>O<sub>8</sub> cut-off grade) include:**
      - T3I319: 5m at 454ppm eU<sub>3</sub>O<sub>8</sub> from 6m
      - T3I274: 3m at 340ppm eU<sub>3</sub>O<sub>8</sub> from 11m
      - T3I321: 2m at 339ppm eU<sub>3</sub>O<sub>8</sub> from 6m
      - T3I307: 1m at 515ppm eU<sub>3</sub>O<sub>8</sub> from 8m
    - **57% of drilling intersected mineralisation greater than 100ppm eU<sub>3</sub>O<sub>8</sub> over 1m**
    - **38 drill holes logged using optical borehole scanner technology (OPTV) to determine grain size distribution within the mineralisation in support of the Tumas Pre-Feasibility Study (PFS).**
  - **1,000kg of Tumas 3 Central zone material arrived in Perth in early January for metallurgical testing**
  - **Tubas RC drilling program aimed at testing potential for extending the Tubas Calcrete resource at depth was paused for the Christmas break, with 70 holes for 1,831m completed**
    - **Best intersections include:**
      - TRSR612: 4m at 442ppm eU<sub>3</sub>O<sub>8</sub> from 4m
      - TRSR589: 6m at 281ppm eU<sub>3</sub>O<sub>8</sub> from surface
      - TRSR615: 3m at 412ppm eU<sub>3</sub>O<sub>8</sub> from 8m
      - TRSR605: 5m at 242ppm eU<sub>3</sub>O<sub>8</sub> from 9m
    - **60% of these holes intersected mineralisation greater than 100ppm eU<sub>3</sub>O<sub>8</sub> over a minimum thickness of 1m**
    - **Results indicate that the mineralisation located in the eastern part of the Tubas area connects to the Tumas Central mineralisation, highlighting potential to further expand the resource base**
  - **Follow-up exploration drilling commenced at the Nova Joint Venture Barking Gecko prospect. Two holes for 502m were completed by December 2020. Both holes were surveyed using OPTV technology to collate structural information**
    - **Best intersections above 200ppm U<sub>3</sub>O<sub>8</sub> (pXRF):**
      - TN243RC: 1m at 277ppm U<sub>3</sub>O<sub>8</sub> from 63m
      - TN243RC: 1m at 295ppm U<sub>3</sub>O<sub>8</sub> from 91m
      - TN244RC: 2m at 212ppm U<sub>3</sub>O<sub>8</sub> from 34m
  - **Tumas PFS finalised and currently being reviewed by the Board**
  - **Environmental Impact Assessment (EIA) progressing on schedule. Focus Group meetings were held with Interested and Affected Parties in November 2020**
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# REPTILE PROJECT, NAMIBIA

## Tumas 3 Drilling

Deep Yellow Limited (ASX: DYL) (**Deep Yellow**) completed the second phase of the September/October RC drilling program at the Tumas 3 deposit, located on EPL3496 (Figure 1) in October (ASX announcement 29 October 2020). The project is held by Deep Yellow through its wholly owned subsidiary Reptile Uranium Namibia (Pty) Ltd (**RUN**).



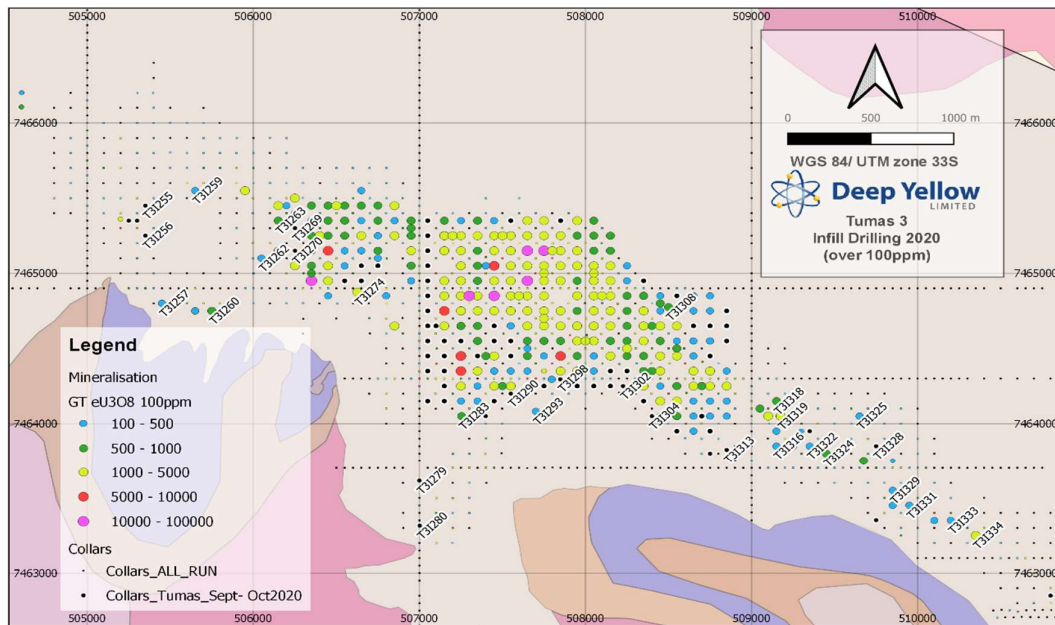
**Figure 1:** Location of the Nova JV EPLs 3669 and 3670 in relation to the wholly owned EPLs 3496 & 3497.

The second phase of the drilling program targeted the peripheral zones of the Tumas 3 deposit, to clearly define the edges of the uranium mineralisation along and across the palaeochannel to assist reserve estimation.

Drill results along the margins of the deposit exceeded expectations, with 57% of the 53 holes completed returning uranium mineralisation greater than 100ppm  $eU_3O_8$  over 1m, and 34% returning uranium mineralisation greater than 200ppm  $eU_3O_8$  over 1m.

These excellent 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 intervals of the latest drill holes confirm grade continuity along the periphery of the Tumas 3 deposit, with the possibility of locally extending the existing resource base in selected areas.

The Tumas 3 uranium mineralisation is of the calcrete-type, located within an extensive, mainly east-west trending, palaeochannel system. Uranium mineralisation occurs in association with calcium carbonate precipitations (calcrete) in sediment-filled palaeovalleys. The Tumas 3 mineralisation 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 as well as Tubas Red Sands/Calcrete deposits (see Figure 1).



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

Optical televiewer down-hole technology imagery in support of the Tumas PFS was produced from all Phase 1 drill holes (ASX announcement 24 September 2020), using the optical borehole scanner technology (OPTV) to investigate grain size distribution in the Tumas 3 mineralisation.

Note: All equivalent uranium values ( $eU_3O_8$ ) in this announcement are based on down-hole radiometric gamma logging carried out by a fully calibrated Aus-Log gamma logging system.

### Tubas Drilling

The Tubas RC drilling program, located on EPL3496 (Figure 1), commenced in mid-October and was shut down for the Christmas break after completing 70 holes for 1,831m.

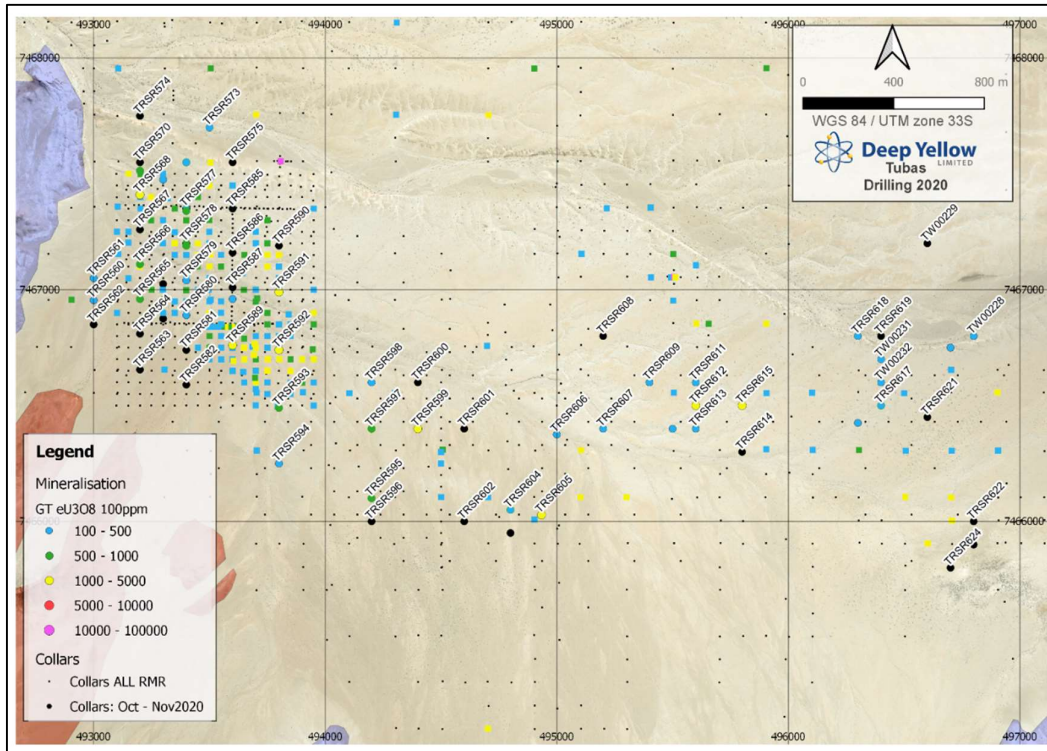
The Tubas area includes the Tubas Red Sand and Tubas Calcrete deposits and is located within the extensive, mainly east-west trending Tumas palaeochannel system, approximately 10km to the west of the Tumas 3 deposit (see previous ASX releases).

Uranium mineralisation in the Tubas Calcrete deposit occurs in association with calcium carbonate precipitations (calcrete) in palaeovalley-fill sediments. In places, the calcrete is overlain by transported reddish aeolian sand which shows carnotite uranium mineralisation and is also referred to as Tubas Red Sand deposit.

Drilling targeted sections of the Tubas Red Sand and Calcrete deposits to confirm the wide-spaced historical drilling data and provide information to define further follow-up drilling programs to determine the full potential in terms of future resource enhancements.

Forty-two (60%) of the 70 holes in this scouting program returned uranium mineralisation greater than 100ppm  $eU_3O_8$  over 1m, with 30% returning uranium mineralisation greater than 200ppm  $eU_3O_8$  over 1m.

These positive results are reflected in Figure 3, which outlines GT (grade x thickness) in colour code, comparing previous drilling results against most recent results. The GT intervals of the latest drill holes largely confirm the historical drill data and grade continuity within the Tubas deposits and in part extended the mineralisation along the periphery areas. Results further suggest that the mineralisation located in the eastern part of the Tubas area connects to the Tumas Central mineralisation, highlighting the possibility of future resource definition in that combined area.



**Figure 3:** GT map showing existing drill collars and October/November drill holes (labelled)

The palaeochannels occurring west of Tumas 3, Tubas Red Sand and Calcrete deposits have only been sparsely drilled along widely spaced regional lines, with large sections remaining completely untested. With only 60% of the known regional Tumas palaeochannel system drilled, significant upside potential remains to further increase the resource base that is associated with this highly prospective target, with 50km of channels remaining to be tested.

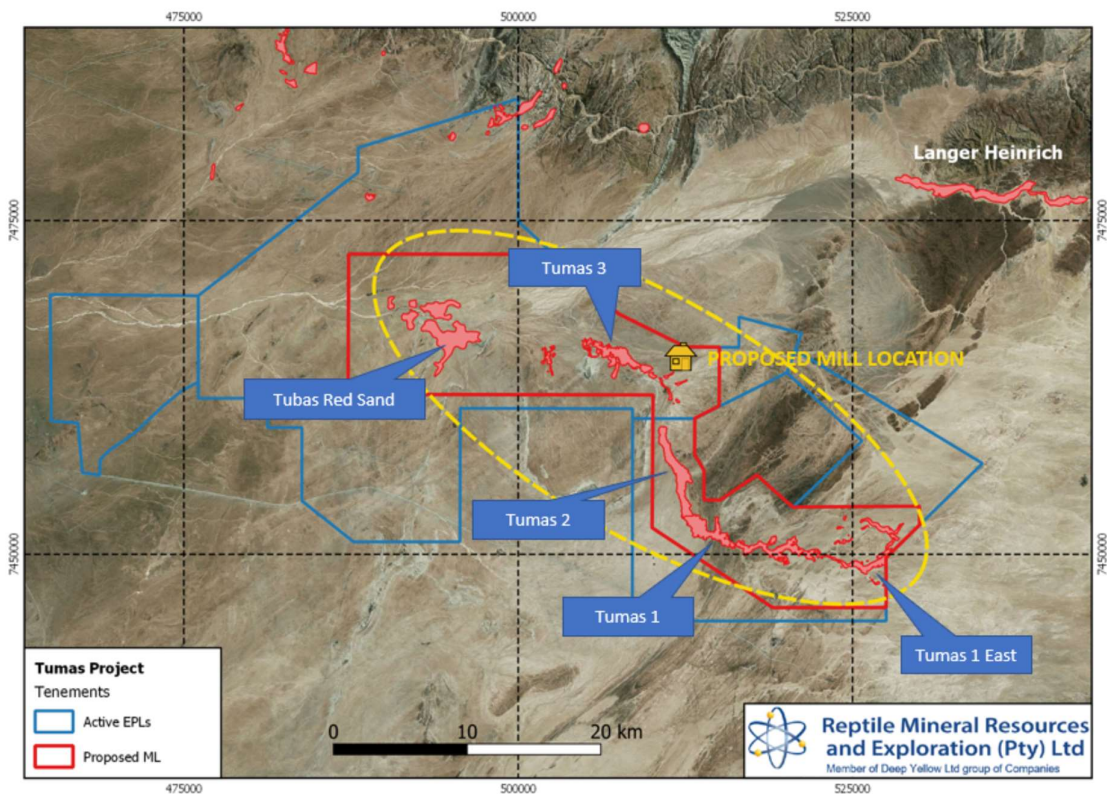
### Tumas PFS

The Tumas PFS has been finalised and is currently in the final stages of review by the board. The PFS outcomes are in accordance with the assumptions of the Tumas Scoping Study.

The PFS 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 Tumas, which the Company intends to submit in March/April 2021.

A range of studies have continued as part of the EIA work program, to complete baseline studies in the key areas of groundwater, flora, fauna, air quality, meteorology, and radiology. Focus group meetings with various stakeholder parties were held in November 2020.

The PFS indicates that the key findings of the Tumas Scoping Study were well-founded.



**Figure 4:** Tumas Project showing PFS area, orebodies and relationship to proposed ML Application

## NOVA JOINT VENTURE

Post completion of the JOGMEC earn-in, all parties in the Nova Joint Venture (**NJV**) agreed to a six-month budget of A\$570,000 to 31 March 2021, to fund the next drilling campaign at the Barking Gecko prospect, which commenced on 23 November 2020.

The drill program initially targeted follow-up areas where thick intersections of uranium were identified, analogous to that occurring in the Rössing and Husab uranium deposits.

The program included 13 RC holes totalling 3,200m, to test in the vicinity of the positive holes that were drilled in the previous program and establish a better understanding of the 4km by 1km prospective zone that has been delineated.

By 4 December, two holes undercutting the main previously identified mineralisation 100m north and south respectively were completed for 502m. Both holes were surveyed using optical televiewer down-hole technology (OPTV) to collate litho-structural information. The data was interpreted by the contractor Terratec Geoservices. Their interpretation allows for a better definition of the prospective corridor and understanding of the structural setting of the previously encountered mineralised leucogranites.

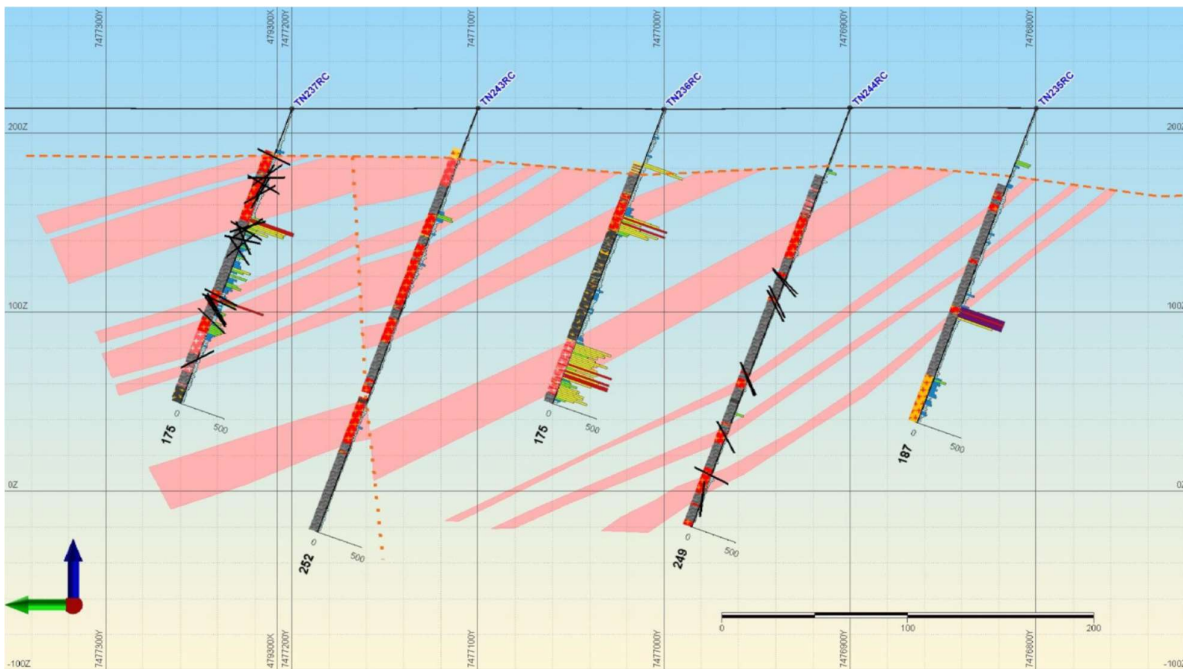
Best  $eU_3O_8$  intersections above 100ppm from the two holes include TN243RC: 2m@171ppm  $eU_3O_8$  from 63m, TN244RC: 1m@114ppm  $eU_3O_8$  from 37m and 1m @105ppm  $eU_3O_8$  from 181m.

The results of the first 2 holes did not intersect the expected up-dip and down-dip extensions of the previously identified thick mineralisation. Subsequently, the geology was re-evaluated based on the new structural findings as determined from the OPTV down-hole logging structural analysis, indicating NNE orientation for the Barking Gecko mineralisation (rather than WSW) and a revised drilling program is currently being developed to intersect the mineralisation in an optimal manner. The results are shown in the cross-section in Figure 5.

Although the initial drill results were not as expected due to incorrect orientation of the follow up holes, Deep Yellow remains confident that a mineralised system of significance has been identified

at Barking Gecko and the identification of the new structural parameters controlling this blind uranium mineralisation should improve drill targeting.

The second phase of the drill program will commence after a full analysis is completed and is planned to start 1 February 2021.



*Figure 5: Barking Gecko Prospect, Cross-section 479,300mE showing interpreted leucogranites in pink. Black lines represent orientation of contacts as defined by the OPTV system.*

## CORPORATE

### Annual General Meeting

The Deep Yellow Annual General Meeting was held on the 26 November, with all resolutions passed.

### Sustainability

Following release of its first Sustainability Report, Deep Yellow was nominated as a finalist in the 2020 Australia Africa Minerals & Energy Group (AAMEG) Awards in the Emerging ESG Leader category.

Although unsuccessful in winning the award, the Company is extremely pleased that its commitment and ongoing approach to ESG has been recognised by a highly reputable industry body such as AAMEG sponsored by the Minerals Council of Australia.

### Listing Rule 5.3.1 and 5.3.2

The Company spent \$1,062,000 on exploration and evaluation activities during the quarter. There was no mining development or production activities conducted during the quarter.

Exploration and evaluation expenditure predominantly related to:

- Pre-Feasibility Study activities including Engineering, Resource estimation and Cost estimation services,
- Environmental Impact Assessment activities including Environmental and baseline studies,
- Drilling to support resource and reserve estimation work,

- Geophysical surveying,
- Geochemistry work,
- Technical consulting services,
- General fieldwork including rehabilitation,
- Non-field related activities and,
- Joint venture activities including drilling, rehabilitation and general fieldwork.

### **Listing Rule 5.3.5**

Payments to Related Parties and their associates during the quarter totalled approximately \$459,000 and were 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**

The long-awaited revaluation of uranium equities essentially commenced during the quarter and more specifically from the beginning of December.

According to research by Uraniumletter International, of the 56 publicly listed uranium companies monitored (excluding Kazatomprom), the market capitalisation (as a collective) increased from US\$7.3Bn (30 September 2020) to US\$11.4Bn (30 December 2020), an overall increase of 56%.

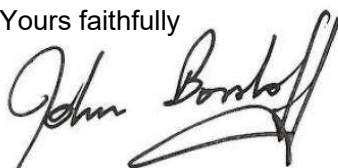
The top 20 listed companies (of which Deep Yellow is part), where 86% of the market capitalisation value resides (excluding Kazatomprom), experienced an overall increase of 60% from a base of US\$6.6Bn (30 September 2020) to US\$10.5Bn (30 December 2020). Importantly, it should be highlighted that these gains have continued into January 2021.

Looking at the underlying uranium supply/demand dynamics, there is little to suggest why this revival has occurred. The uranium price has remained largely static during this period, maintaining a narrow range of US\$29.20/lb to US\$30.75/lb (currently at US\$30.00/lb) and the significant increase in market capitalisation is not being affected nor has affected the lacklustre performance of the price of uranium.

Nevertheless, this readjustment of value is regarded as a positive and essential development, indicating that the sentiment is positively changing for the uranium sector and that some of the revaluation has been justified in the eyes of the investor world, independent of uranium price increase and is similar to what is occurring in the lithium sector where comparable dynamics are occurring.

The medium-to-long term uranium outlook remains extremely positive, even though nuclear utilities remain complacent regarding the looming supply shortage predicted to occur from 2023/24. This shortage will likely be exacerbated by a lack of incentive pricing to encourage development of new mines and a sector that has been diminished and ravaged in capability by the consequences of the downturn caused by Fukushima.

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 finalised 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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**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 those ASX Announcements.