Deep Yellow LIMITED

NEWS RELEASE

5 March 2021

31 DECEMBER 2020 HALF-YEAR FINANCIAL REPORT

Attached please find Half-Year Financial Report for the six months ended 31 December 2020.

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.

DYL: ASX & NSX (Namibia)

DYLLF: OTCQX (USA)

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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 and the pursuit of accretive, counter-cyclical acquisitions to build a global, geographically diverse asset portfolio. A PFS has recently been completed on its Tumas Project in Namibia and a DFS commenced February 2021. 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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Deep Yellow LIMITED

(ACN 006 391 948)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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Board of Directors

Rudolf Brunovs	Chairman (Non-executive)
John Borshoff	Managing Director/CEO*
Mervyn Greene	Non-executive Director
Justin Reid	Non-executive Director
Gillian Swaby	Executive Director
Christophe Urtel	Non-executive Director

* referred to as Managing Director throughout this report.

Registered Office

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Email: info@deepyellow.com.au

Company Secretary

Mark Pitts

Postal Address

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Subiaco Western Australia 6904

Stock Exchange Listings

Australian Securities Exchange (**ASX**)	Code: DYL
OTC Markets Group (**OTCQX**)	Code: DYLLF
Namibian Stock Exchange (**NSX**)	Code: DYL

Auditor

Ernst & Young
11 Mounts Bay Road
Perth Western Australia 6000

Website Address

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Australian Business Number

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Share Registry

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The Directors of Deep Yellow Limited (**Company**) submit herewith the financial report of the Company and its subsidiaries (the **Group**) for the half-year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001,* the Directors report as follows:

Directors

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Rudolf Brunovs	Chairman (Non-executive)
John Borshoff	Managing Director
Mervyn Greene	Non-executive Director
Justin Reid	Non-executive Director
Gillian Swaby	Executive Director
Christophe Urtel	Non-executive Director

REVIEW AND RESULTS OF OPERATIONS

Overview

Activities for the six-month period to 31 December 2020 continued advancing both the Company's Namibian Projects and completion of the Tumas Pre-Feasibility Study (PFS), together with continued M&A efforts.

Key achievements:

- Tumas PFS completed and presented to the Board in January, post-reporting period, with approval given for commencement of a Definitive Feasibility Study (DFS).

- Tumas PFS incorporated uranium resources from parts of the Tumas 1, 2 and 3 ore bodies with resource estimations redefined using a 100ppm lower cut-off applying Multiple Indicator Kriging as the estimation method.

- Infill resource upgrade drilling in support of the PFS completed at Tumas 3 with exploration focusing towards the west in the Tubas mineralised area.

- JOGMEC completed A$4.5M earn-in obligation in September with drilling identifying a prospect of significance at Barking Gecko. JOGMEC continues to contribute to the JV.

REPTILE PROJECT, NAMIBIA (EPLs 3496, 3497) – 100% DEEP YELLOW

A total of 3,770m involving 161 RC holes was completed at Tumas 3 and Tubas during the reporting period. Positive results from the Ore Reserve (**OR**) estimate allowed completion of a resource upgrade for the Tumas 1, 2, 3 and 1 East orebodies. The Tumas PFS was finalised at the end of the reporting period.

Tumas Resource Upgrade

An updated Mineral Resource Estimate (**MRE**) for the Tumas 1, 2, 3 and 1 East deposits, located within the Reptile Project, was completed during the period. The update was required due to the Ore Reserve estimate indicating that the production costs of the Project were trending lower than previously assumed and that the marginal cut-off grade for reserve estimation, using the Measured and Indicated Resources, could be optimally decreased to 100ppm eU_3O_8 from the 200ppm previously used. This introduced a significant increase in the quantity of uranium into the revised Mineral Resource model albeit at lower grade, as shown in Table 1. The pit shells and reserves estimated use the more accurately defined 100ppm cut-off grade.

The MRE for Measured, Inferred and Indicated Resources has utilised the Multiple Indicator Kriging (**MIK**) method for resource determination rather than Ordinary or Single Indicator Kriging (**OK** or **SIK**) methods as used previously.

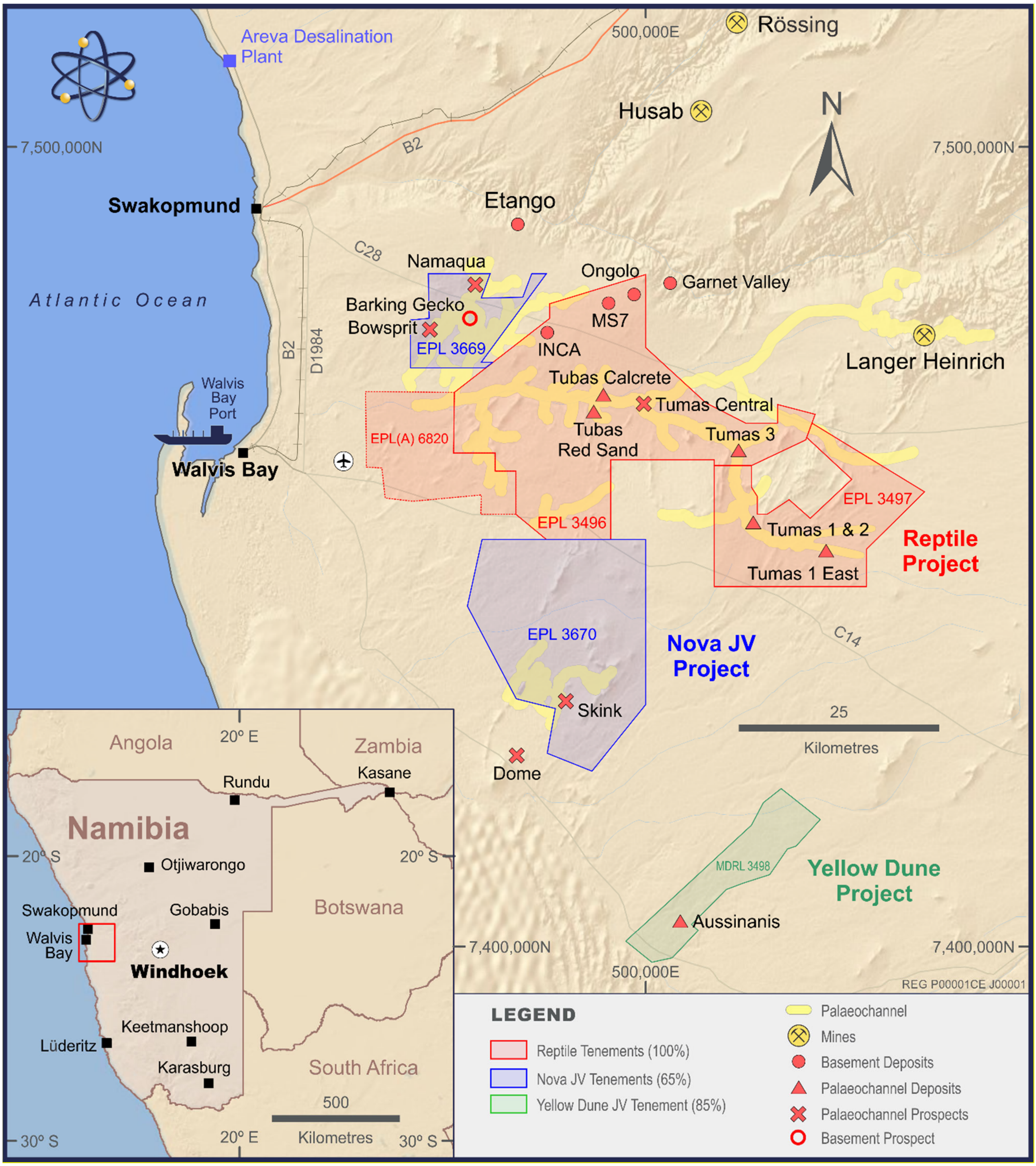

***Figure 1:** Namibian locality map showing position of the Tumas Project.*

Previously the deposits at Tumas 1, 2 and 3, with the Measured and Indicated resources reported at a 200ppm cut-off, totalled 37.2Mlb at 337ppm eU_3O_8. At the 100ppm eU_3O_8 cut-off these resources now report at 52.6Mlb at 227ppm eU_3O_8, a 40% increase in metal content with a 30% decrease in grade. Table 1 summarises all Measured, Indicated and Inferred resources at Tumas 1, 2 and 3 at both the 200 and 100ppm eU_3O_8 cut-off grades.

In future, the Tumas MRE work will report headline resource results using a 100ppm eU_3O_8 cut-off grade.

Table 1 *– Tumas 1, 2 & 3 Resource Estimate at 200 and 100ppm eU_3O_8 cut-off.*

TUMAS 1, 2 & 3 - RESOURCES AT 200 & 100PPM CUT-OFF							
TUMAS 1, 2 & 3 RESOURCES JORC 2012 MAY 2020 STATUS 200PPM CUT-OFF					DECEMBER 2020 STATUS 100 CUT-OFF		
TUMAS DEPOSITS (2017/18 RESOURCE) - JORC 2012					TUMAS DEPOSITS		
Deposit	Category	Tonnes (M)	Grade (ppm)	U_3O_8 Mlb	Tonnes (M)	Grade (ppm)	U_3O_8 Mlb
Tumas 3	Indicated	34.9	313	24.1	43.2	299	28.4
Tumas 3	Inferred	16.1	358	12.7	39.6	245	21.4
Sub Total		51.0	328	36.8	82.8	273	49.8
Tumas 1 & 2 deposit	Measured	10.8	383	9.1	-	-	-
Tumas 1 & 2 Deposit	Indicated	5.5	333	4.0	54.1	203	24.2
Tumas 1 & 2 Deposit	Inferred	40.9	304	27.5	53.9	251	29.8
Sub Total		57.2	322	40.6	108	227	54
TUMAS 1, 2 & 3 TOTAL		108.2	324	77.4	190.8	246	103.8

The uranium mineralisation defined to date in the Tumas palaeochannel system occurs as three distinct mineralised bodies: the Tumas 1 and 2 deposits (now including the Tumas 1 East tributary extensions), the Tumas 3 deposit and the Tubas Red Sand/Calcrete deposits (Figure 1).

The combined overall Tumas palaeochannel resource totals 122.6Mlb eU_3O_8 at 245ppm over EPLs 3496/97. The overall total surficial calcrete-related Mineral Resources across the Company's Namibian projects, including the Aussinanis Deposit on MDRL3498, have nearly tripled since 2017 to 140.6Mlb U_30_8.

Tumas 3 Resource Upgrade Drilling

A 91 hole, 1,939m RC drilling program to support the PFS was carried out at Tumas 3 primarily for resource upgrade purposes. The drilling also aimed to clarify the sedimentological knowledge of the deposit for orebody characterisation to support metallurgical considerations applied in the PFS. To gain this better geological understanding, optical borehole scanner technology (**OPTV**) was utilised down-hole on 38 drill holes, to determine grain size distribution associated with the Tumas 3 mineralisation.

72% of the 91 holes completed returned uranium mineralisation greater than 100ppm eU_3O_8 over 1m, and 53 % returned uranium mineralisation greater than 200ppm eU_3O_8 over 1m. The mineralisation intersected by this drilling confirmed grade continuity along the periphery of the Tumas 3 deposit, allowing the possibility of locally extending the existing resource base in selected areas.

Tubas Exploration Drilling

The Tubas RC drilling program, located on EPL3496 (Figure 1), completed 70 holes for 1,831m. This involved drilling in areas of the Tubas Red Sand and Tubas Calcrete deposits located within the extensive, mainly east-west trending Tumas palaeochannel system, approximately 10km to the west of the Tumas 3 deposit.

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.

The drilling confirmed the wide- spaced historical drilling data and provided added information to plan further drilling to determine the potential for future resource enhancements in this area.

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. This drilling largely confirmed 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.

Only 50% of the 125km of highly prospective palaeochannels have been sufficiently explored over the past three years with approximately 55km of this palaeochannel system, which deepens to the west, remaining to be tested.

TUMAS PFS

The PFS, which commenced in February 2020 on the Tumas Project, was completed in January 2021 with positive outcomes.

The Tumas PFS has delivered encouraging results, based around a strategically located 3Mlb per annum process facility to mine deposits similar to those processed at the nearby Langer Heinrich mining operation. The PFS confirmed the technical and commercial viability of the development concept assumed in the preceding Scoping Study completed in January 2020. Key results include:

- 11.5 years Life of Mine (LOM)
- post tax, ungeared NPV8.6 of US$208M (A$277M) and US$223M 50% geared (A$297M)
- 2.5Mlb U_3O_8 pa average LOM production
- post tax, real, ungeared IRR 21.2% and 28.9% 50% geared
- C1 Costs US$27.18/lb after biproduct vanadium credit
- total initial CAPEX US$98M per 1Mlb design capacity

The reserves detailed in the maiden Ore Reserve statement are a product of the work completed as part of the PFS. The OR states 40Mt of ore at an average grade of 344ppm U_3O_8 containing 31Mlb U_3O_8 of Probable Reserves which is sufficient for + 11 years mine life.

The PFS utilises only 50% of the total Mineral Resources available on Tumas giving upside to the eventual project that is expected to be identified in the forthcoming DFS.

The Company, based on previous results, is confident that with further resource upgrade drilling, sufficient Inferred Resources will be converted to Indicated Resources to allow Ore Reserves sufficient for a +20-year mine life to be defined.

Figure 2 shows the Tumas ore bodies, PFS area and proposed Mining Lease Application (**MLA**) area.

The PFS was being undertaken in parallel with the development of the Environmental Impact Assessment (**EIA**) for the Project. The EIA and subsequent Environmental Clearance Certificate are necessary elements of the MLA, a key milestone in the pre-development activities for Tumas, which the Company intends to submit in April 2021.

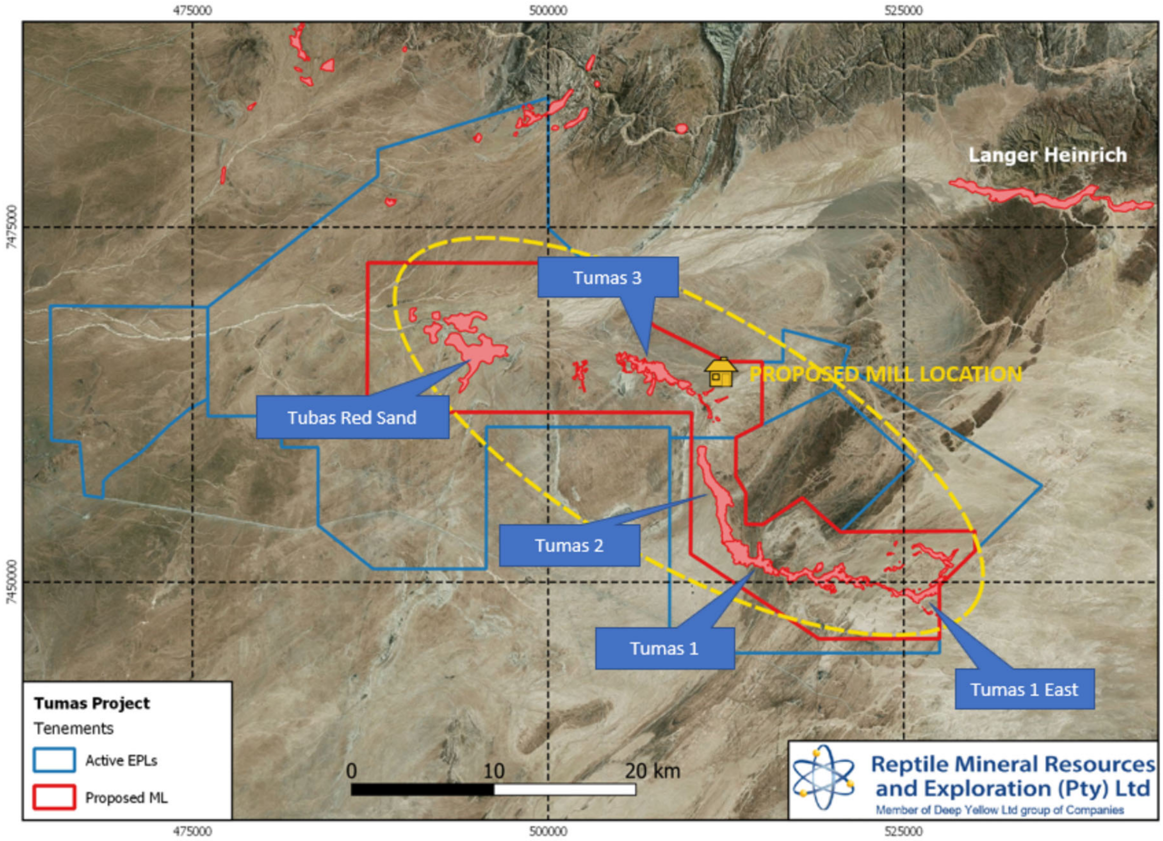

Figure 2: *Tumas Project showing PFS area, orebodies and relationship to proposed ML Application*

NOVA JOINT VENTURE (EPLS 3669, 3670) – 39.5% DEEP YELLOW

JOGMEC completed its A$4.5M earn-in obligation in the Nova Joint Venture (NJV) during September.

The equity position of the parties in the NJV post earn is as follows:

Reptile Mineral Resources & Exploration (Pty) Ltd Subsidiary of Deep Yellow Limited	39.5% (and Manager)
Japanese Oil, Gas and Metals National Corporation (JOGMEC)	39.5% (right to equity)
Nova Energy (Africa) Pty Ltd Subsidiary of Toro Energy Ltd	15%
Sixzone Investments (Pty) Ltd Namibia	6% (carried interest)

The follow up drilling program being carried out post the JOGMEC earn-in is being funded by all joint venture partners on a pro-rata basis.

The early results are confirming the prospectivity for alaskite-type basement deposits similar to Rössing and Husab uranium deposits at the 4km by 1km Barking Gecko prospect.

In July drilling delineated a highly prospective target at Barking Gecko (see Figure 1) with thick 17m to 27m zones of uranium mineralisation intersected in two holes. Subsequent follow up drilling in February 2021 confirmed the prospectivity, also returning thick intersections of uranium in the first two holes.

Best U_3O_8 intersections above 100ppm from the last two holes include TN245RC: 27m@291ppm U_3O_8 from 36m, TN246RC: 6m@228ppm U_3O_8 from 56m and 11m@214ppm U_3O_8 from 73m.

Drilling on the NJV is expected to be completed in March 2021.

DEEP YELLOW GROWTH STRATEGY

The Deep Yellow strategic growth plan is focused on establishing the Company as a low-cost, tier-one global uranium platform. The dual-pillar strategy has been developed to deliver organic and inorganic growth through firstly, advancing the development of its Namibian projects and secondly, via sector consolidation, to acquire additional projects through merger and acquisition. This utilises the strong uranium project development, operational and corporate capabilities and proven track record of the Deep Yellow management team.

The Company remains well-funded to continue the execution of this strategy over the next 12 months.

CAPITAL RAISING POST REPORTING PERIOD

On 18 February 2021 the Company announced a placement of 62,768,803 fully paid shares to raise approximately $40.8M at an issue price of $0.65 to fund growth. In addition, a Share Purchase Plan (**SPP**) was launched for $2M. The placement was successfully completed and shares issued on 24 February 2021. The SPP is due to close on 18 March 2021 and is not underwritten**.**

Competent Person's Statements

Uranium Resources

*The information in this announcement that relates to the **Mineral Resource Database, Tumas Mineral Resources Estimate and DFS Exploration Target** is based on work completed by Mr. Martin Hirsch, M.Sc. Geology, who is a member of the Institute of Materials, Minerals and Mining (UK) and the South African Council for Natural Science Professionals, Mr. David Princep who is a Fellow and Chartered Professional of the AusIMM and Mr. Eduard Becker who is a Member of the AusIMM respectively. Mr. Hirsch is the Manager for Resources and Pre-Development for Reptile Mineral Resources (Pty) Ltd, Mr. Princep is an independent consultant and Mr. Becker is Head of Exploration/Resources Development for Deep Yellow. Messer's Hirsch, Princep and Becker have 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 a Competent Persons in terms of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code 2012 Edition). Messer's Hirsch, Princep and Becker consent to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.*

Results of operations

Exploration expenditure for the half-year was $1,222,932 (December 2019: $1,306,512).

Consolidated loss from continuing operations after income tax for the half-year was $2,074,551 (December 2019: $2,117,102). Total expenses for the period were $2,217,318 (December 2019: $2,308,931).

Auditor's Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 9 and forms part of this Directors' Report for the half-year ended 31 December 2020.

Signed in accordance with a resolution of the Board of Directors.

JOHN BORSHOFF
Managing Director/CEO
Dated this day 5 March 2021

Auditor's Independence Declaration

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Auditor's independence declaration to the Directors of Deep Yellow Limited

As lead auditor for the review of the half-year financial report of Deep Yellow Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Deep Yellow Limited and the entities it controlled during the financial period.

Ernst & Young

Robert A Kirkby
Partner
5 March 2021

RK:DA:DYL:005

	Notes	Consolidated 31 December 2020 $	Consolidated 31 December 2019 $
Revenue from contracts with customers	4(a)	**31,315**	51,756
Interest and other income	4(b)	**111,452**	140,073
Revenue and other income		**142,767**	191,829
Depreciation and amortisation expenses	5	**(107,085)**	(118,146)
Interest expense		**(11,992)**	(14,261)
Marketing expenses		**(101,974)**	(143,678)
Occupancy expenses		**(44,195)**	(44,725)
Administrative expenses		**(914,510)**	(1,048,190)
Employee expenses	5	**(1,033,235)**	(939,931)
Impairment of capitalised mineral exploration and evaluation expenditure	9	**(4,327)**	-
Loss before income tax		**(2,074,551)**	(2,117,102)
Income tax expense	5	**-**	-
Loss for the period after income tax		**(2,074,551)**	(2,117,102)
Other comprehensive income, net of income tax			
Items to be reclassified to profit and loss in subsequent periods, net of tax			
Foreign currency translation gain		**2,348,632**	236,136
Other comprehensive income for the period, net of tax		**2,348,632**	236,136
Total comprehensive profit/(loss) for the period, net of tax		**274,081**	(1,880,966)
		Cents	Cents
Loss per share attributable to the ordinary equity holders of the Company			
Basic loss per share		(0.85)	(0.89)
Diluted loss per share		(0.85)	(0.89)

The accompanying notes form part of these financial statements

Interim Consolidated Statement of Financial Position
As at 31 December 2020

	Notes	Consolidated 31 December 2020 $	30 June 2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	**9,893,697**	12,116,972
Receivables	7(a),10	**528,058**	298,265
Other assets	7(b)	**181,625**	187,567
Total Current Assets		**10,603,380**	12,602,804
Non-Current Assets			
Right-of-use assets	8	**560,060**	617,015
Property, plant and equipment	8	**520,759**	518,897
Capitalised mineral exploration and evaluation expenditure	9	**38,722,197**	35,415,745
Total Non-Current Assets		**39,803,016**	36,551,657
Total Assets		**50,406,396**	49,154,461
LIABILITIES			
Current Liabilities			
Trade and other payables	10	**629,961**	492,605
Interest bearing liabilities	10	**103,049**	99,221
Employee provisions		**56,944**	57,562
Total Current Liabilities		**789,954**	649,388
Non-Current Liabilities			
Employee provisions		**35,182**	48,794
Interest bearing liabilities	10	**483,958**	536,664
Total Non-Current Liabilities		**519,140**	585,458
Total Liabilities		**1,309,094**	1,234,846
Net Assets		**49,097,302**	47,919,615
EQUITY			
Issued capital		**249,910,820**	249,753,196
Accumulated losses		**(195,340,884)**	(193,266,333)
Employee equity benefits' reserve		**14,222,255**	13,476,273
Foreign currency translation reserve		**(19,694,889)**	(22,043,521)
Total Equity		**49,097,302**	47,919,615

The accompanying notes form part of these financial statements

	Issued capital	Accumulated losses	Employee equity benefits' reserve	Foreign currency translation reserve	Total equity
	$	$	$	$	$
At 1 July 2020	249,753,196	(193,266,333)	13,476,273	(22,043,521)	47,919,615
Loss for the period	-	(2,074,551)	-	-	(2,074,551)
Other comprehensive income	-	-	-	2,348,632	2,348,632
Total comprehensive income for the period	-	(2,074,551)	-	2,348,632	274,081
Conversion of Performance Share Rights	157,624	-	(157,624)	-	-
Performance Share Rights expensed	-	-	171,940	-	171,940
Share options expenses	-	-	15,741	-	15,741
Share-based payments expenses	-	-	726,709	-	726,709
Loan plan shares forfeited	-	-	(10,784)	-	(10,784)
At 31 December 2020	**249,910,820**	**(195,340,884)**	**14,222,255**	**(19,694,889)**	**49,097,302**

	Issued capital	Accumulated losses	Employee equity benefits' reserve	Foreign currency translation reserve	Total equity
	$	$	$	$	$
At 1 July 2019	247,264,524	(196,141,196)	12,140,341	(15,774,349)	47,489,320
Loss for the period	-	(2,117,102)	-	-	(2,117,102)
Other comprehensive income	-	-	-	236,136	236,136
Total comprehensive loss for the period	-	(2,117,102)	-	236,136	(1,880,966)
Issue of share capital	2,289,507	-	-	-	2,289,507
Capital raising costs	(26,540)	-	-	-	(26,540)
Conversion of Performance Share Rights	153,202	-	(153,202)	-	-
Performance Share Rights expensed	-	-	128,573	-	128,573
Share options expenses	-	-	7,275	-	7,275
Share-based payments expenses	-	-	588,448	-	588,448
Loan plan shares forfeited	-	-	(57,962)	-	(57,962)
At 31 December 2019	**249,680,693**	**(198,258,298)**	**12,653,473**	**(15,538,213)**	**48,537,655**

The accompanying notes form part of these financial statements

Interim Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2020

	Notes	Consolidated 31 December 2020 $	31 December 2019 $
Cash flows from operating activities			
Payments to suppliers and employees		**(973,684)**	(1,143,907)
Interest received		**60,316**	164,690
COVID-19 employer stimulus		**51,085**	-
Other receipts		**51**	46
Interest paid		**(11,992)**	(13,889)
Net cash used in operating activities		**(874,224)**	(993,060)
Cash flows from investing activities			
Payments for property, plant and equipment		**(35,242)**	(135,714)
Payments for exploration expenditure		**(1,986,616)**	(2,540,388)
Proceeds on disposal of fixed assets		**5,905**	524
JV earn-in contribution		**497,211**	606,787
Net cash used in investing activities		**(1,518,742)**	(2,068,791)
Cash flows from financing activities			
Proceeds from the issue of shares		**-**	2,289,507
Capital raising costs		**-**	(57,131)
Payment of lease liabilities		**(48,877)**	(46,980)
Net cash from financing activities		**(48,877)**	2,185,396
Net decrease in cash held		**(2,441,843)**	(876,455)
Net foreign exchange difference		**218,568**	22,323
Cash and cash equivalents at the beginning of the period		**12,116,972**	14,975,063
Cash and cash equivalents at the end of the period	6	**9,893,697**	**14,120,931**

The accompanying notes form part of these financial statements

Note 1 Corporate information

The interim consolidated financial statements of Deep Yellow Limited and its subsidiaries (collectively, the Group) for the half-year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 4 March 2021, subject to minor changes. Deep Yellow Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded. The Group's principal activities are uranium mineral exploration activities in Namibia and evaluating uranium projects for growth opportunities.

Note 2 Basis of preparation and changes to the Group's accounting policies

Basis of preparation

The interim consolidated financial statements for the half-year ended 31 December 2020 have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The interim consolidated financial statements do not include all the information and disclosures normally included within the annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the annual financial statements.

It is recommended that the interim consolidated financial statements be read in conjunction with the Group's annual financial statements for the year ended 30 June 2020 and considered together with any public announcements made by Deep Yellow Limited during the half-year ended 31 December 2020 in accordance with the continuous disclosure obligations of the ASX listing rules.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2020, except for adoption of new standards effective for annual periods beginning on or after 1 July 2020. The Group has not early-adopted any other standard, interpretation or amendment that have been issued but are not yet effective.

Several amendments and interpretations apply for the first time in 2020, but do not have an impact on the interim consolidated financial statements of the Group.

Note 3 Operating segment information

The following tables present revenue and profit information for the Group's operating segments for the half-years ended 31 December 2020 and 2019, respectively.

	Australia $	Namibia $	Total $
Half-Year Ended 31 December 2020			
Revenue from contracts with customers *	**-**	**31,366**	**31,366**
Unallocated			
Interest income			**60,316**
COVID-19 employer stimulus grant			**51,085**
Total revenue			**142,767**
Expenses			
Impairment of capitalised mineral exploration and evaluation expenditure	**-**	**4,327**	**4,327**
Profit and Loss			
Pre-tax segment loss	**(2,065,164)**	**(120,788)**	**(2,185,952)**
Unallocated			
Interest income			**60,316**
COVID-19 employer stimulus grant			**51,085**
Loss from continuing operations after income tax			**(2,074,551)**

	Australia $	Namibia $	Total $
Half-Year Ended 31 December 2019			
Revenue from contracts with customers *	-	51,756	51,756
Unallocated			
Interest income			140,073
Total revenue			191,829
Profit and Loss			
Pre-tax segment loss	(2,089,273)	(167,902)	(2,257,175)
Unallocated			
Interest income			140,073
Loss from continuing operations after income tax			(2,117,102)

* Asset recharges and administration fee earned in the Namibia segment amounted to $31,315 (2019: $51,756).

Note 3 Operating segment information (cont.)

	Australia $	Namibia $	Total $
Assets			
31 December 2020			
Segment Assets	752,894	39,231,747	39,984,641
Unallocated assets			
Cash			9,718,654
Receivables			528,058
Total assets			**50,231,353**
Total additions to non-current assets*	-	1,258,174	1,258,174
31 December 2019			
Segment Assets	914,886	33,979,743	34,894,629
Unallocated assets			
Cash			14,120,930
Receivables			499,661
Total assets			**49,515,220**
Total additions to non-current assets*	789,314	1,402,472	2,191,786

*Includes right-of-use assets, property, plant and equipment and capitalised mineral exploration and evaluation expenditure

Adjustments and eliminations

The following items and associated assets and liabilities are not allocated to operating segments as the underlying instruments are managed on a Group basis and are not considered as part of the core operations of both segments:

* Interest income.
* COVID-19 employer stimulus grant
* Foreign currency gains and losses.
* Liabilities are not allocated to the segments as they are not monitored by the executive management team on a segment-by-segment basis.

Note 4 Revenue, interest and other income

	Consolidated	
	31 December 2020 $	31 December 2019 $
a) Revenue from contracts with customers		
Asset recharges and administration fee earned	**31,315**	51,756
	31,315	51,756
Timing of revenue recognition		
Services transferred over time *	**31,315**	51,756
	31,315	51,756
Contract balances		
Trade receivables	**31,315**	32,618
	31,315	32,618

*Revenue relates to Namibia as geographical market with services transferred over time and up to 31 December 2020 being the end of the reporting period.

b) Interest and other income		
Interest	**60,316**	140,073
COVID-19 employer stimulus grant	**51,085**	-
Other	**51**	-
	111,452	140,073

Note 5 Expenses

Profit/(Loss) before income tax includes the following specific expenses:

Depreciation expense		
Office equipment	**22,565**	28,378
Vehicles	**1,314**	1,493
Site equipment	**13,822**	16,307
Buildings	**12,429**	13,560
Right-of-use assets	**56,955**	58,408
	107,085	118,146
Administrative expenses		
Consultancy fees: Executive directors*	**122,719**	139,347
Technical and other consultants: Project evaluation	**160,557**	287,841
Non-executive directors' fees	**132,982**	147,878
Corporate and listing costs	**200,462**	175,104
Other costs	**297,790**	298,020
	914,510	1,048,190

*Excludes costs included in capitalised mineral exploration and evaluation expenditure (Note 9) and Technical and other consultants: Project evaluation (Note 5: Administrative expenses).

Note 5 Expenses (cont.)

	Consolidated	
	31 December 2020 $	31 December 2019 $
Employee expenses		
Wages, salaries and fees	**176,109**	299,333
Superannuation	**10,495**	10,700
Share-based payments	**846,631**	629,898
	1,033,235	939,931

Income Tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings.

Numerical reconciliation between aggregate tax expense recognised in the Statement of Profit and Loss and Other Comprehensive Income and the tax expense calculated per the statutory income tax rate

Loss before income tax	**(2,074,551)**	(2,117,102)
Prima facie tax on result at 30% (2019: 30%)	**(622,365)**	(635,131)
Effect of tax rates in foreign jurisdictions	**10,391**	57,303
Non-deductible share-based payment expense	**254,400**	202,639
Under-provision in prior year	**(1,298)**	(11,352)
Carry forward tax losses not brought to account	**363,118**	380,061
Non-assessable income: COVID-19 employer stimulus grant	**(15,326)**	-
Other	**11,080**	6,480
Income tax expense recognised in Statement of Profit and Loss and Other Comprehensive Income	**-**	-

Note 6 Current assets – cash and cash equivalents

	Consolidated		
	31 December 2020 $	30 June 2020 $	31 December 2019 $
Cash at bank and in hand	**5,195,902**	3,449,063	14,120,931
Short term deposits	**4,697,795**	8,667,909	**-**
Total cash and cash equivalents	**9,893,697**	12,116,972	14,120,931

Note 7 Current assets – trade and other receivables

	Consolidated	
	31 December 2020 $	30 June 2020 $
(a) Receivables		
GST recoverable	**205,338**	76,830
Other receivables	**322,720**	221,435
	528,058	298,265
(b) Other assets		
Bonds	**89,237**	89,101
Prepayments	**92,388**	98,466
	181,625	187,567

Note 8 Property, plant and equipment

There have been no significant acquisitions or disposals of assets for the half-year ended 31 December 2020.

Note 9 Deferred exploration expenditure

	Consolidated		
	31 December 2020 $	30 June 2020 $	31 December 2019 $
Cost brought forward at the start of the reporting period	**35,415,745**	33,346,694	31,831,939
Exploration expenditure incurred during the period at cost	**1,222,932**	822,063	1,306,512
Exchange adjustment	**2,087,382**	(5,817,039)	208,243
Reversal of impairment loss	**-**	7,100,920	-
Impairment loss	**(3,862)**	(36,893)	-
Cost carried forward at the end of the reporting period	**38,722,197**	35,415,745	33,346,694

The impairment loss relates to Namibian assets for which the expenditure is not expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale.

Note 10 Financial assets and financial liabilities

Set out below is an overview of financial assets, other than cash and deposits, held by the Group as at 31 December 2020 and 30 June 2020:

	Consolidated	
	31 December 2020 $	30 June 2020 $
Financial assets		
Financial asset at amortised cost		
Trade and other receivables	**528,058**	298,265
Total current	**528,058**	298,265
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**629,961**	492,605
Current interest-bearing liabilities	**103,049**	99,221
Non-current interest-bearing liabilities	**483,958**	536,664
Total liabilities	**1,216,968**	1,128,490
Total current	**733,010**	591,826
Total non-current	**483,958**	536,664

The fair value of financial assets and liabilities approximate their carrying amounts.

Note 11 Share-based payments

(a) Performance Share Rights

On 10 August 2020 and 27 November 2020, the Company granted 364,365 and 770,000 Performance Share Rights respectively under the Deep Yellow Limited Awards Plan (**Awards Plan**). The Performance Share Rights were granted under the Awards Plan for no consideration. The rights vest if certain time and, in some instances, performance measures are met in the measurement period. If these time and performance measures are not met, the rights lapse. The fair value of the rights granted is estimated to be the share price of Deep Yellow Ltd at the date of acceptance. Some rights will lapse, if they have not already lapsed or vested 15 years after the date of grant. The granted rights have vesting dates between 31 January 2021 and 30 November 2022. There is no cash settlement of the rights. The fair value of rights granted during the six months ended 31 December 2020 was estimated on the date of acceptance using an underlying security spot price of $0.235 and $0.43 for those granted on 10 August 2020 and 27 November 2020 respectively.

The weighted average fair value of the Performance Share Rights granted during the six-month ended 31 December 2020 was $0.367 (year ended 30 June 2020: $0.275). For the six months ended 31 December 2020, the Group has recognised an expense of $114,965 in the Consolidated Statement of Comprehensive Income (31 December 2019: $92,137).

(b) Loan Plan Shares

On 27 November 2020, 10,918,707 shares were granted to executive directors, employees and contractors under the Deep Yellow Limited Share Loan Plan (**Share Plan**). The Share Plan rewards and incentivises employees, contractors and Directors (participant), where shareholder approval has been granted, through an arrangement where participants are offered shares subject to long term performance conditions. The shares are offered at market value such that the incentive is linked to the increase in value over and above the purchase price and so aligns the participants to the risks and rewards of a shareholder. The purchase price payable by the participant for the ordinary shares is lent to the participant under an interest free limited recourse loan, with the loan secured against the shares. The loan can be repaid at any time, however, the loan must be repaid on the earlier of periods ranging between 5-7 years (determined with each issue) after the issuance of the shares and the occurrence of:

a) in the case of vested shares, the date being 12 months after cessation of employment or service contract for any reason; or

Note 11 Share-based payments (cont.)

b) pre-determined occurrences as per the Share Plan including but not limited to a Control Event or material breach by the Participant.

The shares vest if certain time measures, Company share price targets and clearly defined business goals (where applicable) covering financial and non-financial performance measures are met and the holder of the awards remains employed or contracted to the Company during the measurement period. If these conditions are not met the shares are forfeited and the forfeited shares are treated as full consideration for the repayment of the loan. A participant may not trade shares acquired under the Plan until the shares have vested, any imposed dealing restrictions have ended and the limited recourse loan in respect to those shares has been paid in full. The fair value at grant date is estimated using a Black Scholes option pricing model for shares with non-market based vesting conditions and a Monte-Carlo model for those with market based vesting conditions. The fair value of shares granted during the six-month period ended 31 December 2020 was estimated on the date of grant using the following assumptions:

Dividend yield (%)	Zero
Expected volatility (%)	80.00
Risk free interest rate (%)	0.29
Expected loan term (years)	5-7
Share price at valuation date ($)	0.415

The weighted average fair value of the shares granted during the six-month period was $0.25 (year ended 30 June 2020: $0.14)

For the six months ended 31 December 2020, the Group has recognised $715,925 of loan plan share expense in the Statement of Profit or Loss (31 December 2019: $530,482).

c) *Zero Exercise Price Options*

On 27 November 2020, the Company granted 229,884 zero exercise price options (**Options**) to Non-executive directors under the Deep Yellow Limited Awards Plan (**Awards Plan**). Options were granted under the Awards Plan for no consideration. The options vest if certain time measures are met in the measurement period. If these time measures are not met, the options lapse. The fair value of the options granted is estimated to be the share price of Deep Yellow Ltd at the date of acceptance. The options will lapse, if they have not already lapsed or vested for any other reasons, on 1 July 2025. The options will vest on 1 July 2021 and have a nil exercise price. There is no cash settlement of the options. The fair value of options granted during the six months ended 31 December 2020 was estimated on the date of acceptance using an underlying security spot price of $0.435.

The weighted average fair value of the Options granted during the six-month ended 31 December 2020 was $0.435 (year ended 30 June 2020: $0.275). For the six months ended 31 December 2020, the Group has recognised an expense of $15,741 in the Consolidated Statement of Comprehensive Income (31 December 2019: $7,275).

Note 12 Contingent assets and liabilities

There were no material contingent assets or liabilities as at 31 December 2020.

Note 13 Events after the reporting date

On 10 February 2021, the Company announced it had completed a highly positive PFS on its Tumas palaeochannel project in Namibia. On the back of the PFS results, the Board approved proceeding directly to a DFS.

On 18 February 2021 the Company announced a placement of 62,768,803 fully paid shares to raise approximately $40.8M at an issue price of $0.65 to fund growth. In addition, a Share Purchase Plan (SPP) was launched for $2M. The placement was successfully completed and shares issued on 24 February 2021. The SPP is due to close on 18 March 2021 and is not underwritten.

Note 14 Dividends

No dividends were paid or proposed for the six months ended 31 December 2020 or 31 December 2019.

Note 15 Key Management Personnel disclosures

There have been no significant change to transactions with and/or compensation to Key Management Personnel since the end of the last annual reporting period, except for:

Other Transactions with Key Management Personnel

Mr Borshoff continued to provide services to the Group through Scomac Management Services Pty Ltd (**Scomac**) as described in the 2020 Financial Report. During the reporting period Scomac billed the Company $746,519, inclusive of GST and on-costs, for technical and geological services rendered by him and other Scomac personnel on normal commercial terms and conditions.

Ms Swaby continued to provide services to the Group through Strategic Consultants Pty Ltd (**Strategic**) as described in the 2020 Financial Report. During the reporting period Strategic billed the Group $159,340, inclusive of GST, for consultancy services on normal commercial terms and conditions.

There were no other transactions with any Director or Key Management Personnel or any of their related entities during the reporting period.

Note 16 Related party transactions

There were no other related party transactions during the year other than those disclosed in Note 15 in relation to Key Management Personnel.

Note 17 Commitments

There were no significant changes in commitments since the last annual financial report.

In accordance with a resolution of the Directors of Deep Yellow Limited (the **Company**), I state that:

In the opinion of the Directors:

1. The financial statements and notes of the consolidated entity for the half-year ended 31 December 2020 are in accordance with the *Corporations Act 2001*, including:

   a. giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

   b. complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors.

JOHN BORSHOFF
Managing Director/CEO
Dated this day 5 March 2021

INDEPENDENT REVIEW REPORT

Building a better working world

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Independent auditor's review report to the Members of Deep Yellow Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Deep Yellow Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

RK:DA:DYL:004

Building a better working world

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Robert A Kirkby
Partner
Perth
5 March 2021

RK:DA:DYL:004