

## NEWS RELEASE

20 July 2021

# QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 JUNE 2021

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## HIGHLIGHTS

- Tumas Definitive Feasibility Study progressing well and on schedule for completion in December quarter 2022
  - Tumas Project Environmental Impact Assessment Scoping Report delivered to Namibian Government agencies and Mining Licence Application will be submitted by end of July 2021
  - Infill resource upgrade RC drilling at Tumas 3 completed in support of the DFS, with 755 holes drilled in the quarter for 14,955m
  - Completion of drilling at Tumas 3 West finalises broader Tumas 3 RC infill program with 911 holes completed for 17,679m
  - Notable intersections from this program include:
    - T3I930 10m at 1,945ppm eU<sub>3</sub>O<sub>8</sub> from 28m
    - T3I963 8m at 2,242ppm eU<sub>3</sub>O<sub>8</sub> from 10m
    - T3I973 9m at 1,897ppm eU<sub>3</sub>O<sub>8</sub> from 7m
    - T3I459 7m at 997ppm eU<sub>3</sub>O<sub>8</sub> from 4m
    - T3I756 6m at 688ppm eU<sub>3</sub>O<sub>8</sub> from 17m
  - Infill resource upgrade drilling program continuing at Tumas 1 East and expected to be completed late July 2021
  - \$1.1M annual budget for 2021/22 agreed for Nova JV, with \$580,000 approved for 3,500m RC drilling program commenced in July targeting promising results at Barking Gecko
  - Deep Yellow strengthens its Board and Executive Management through the appointment of Mr Chris Salisbury as Chairman and Andrew Mirco as Head of M&A
  - Deep Yellow added to MSCI Global Market Cap Index
  - Strong cash balance of \$52.4M at quarter end, with 51M 50c options remaining to be exercised
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## REPTILE PROJECT, NAMIBIA

### Tumas Definitive Feasibility Study

The Definitive Feasibility Study (DFS) is progressing well, further evaluating the economic feasibility of mining the calcrete-associated uranium deposits located within the Tumas palaeochannel (**Tumas Project** or **Tumas**) in the Deep Yellow Limited (ASX: DYL) (**Deep Yellow** or the **Company**) 100% owned Reptile Project (EPLs 3496 and 3497), located in Namibia, (see **Error! Reference source not found.**).

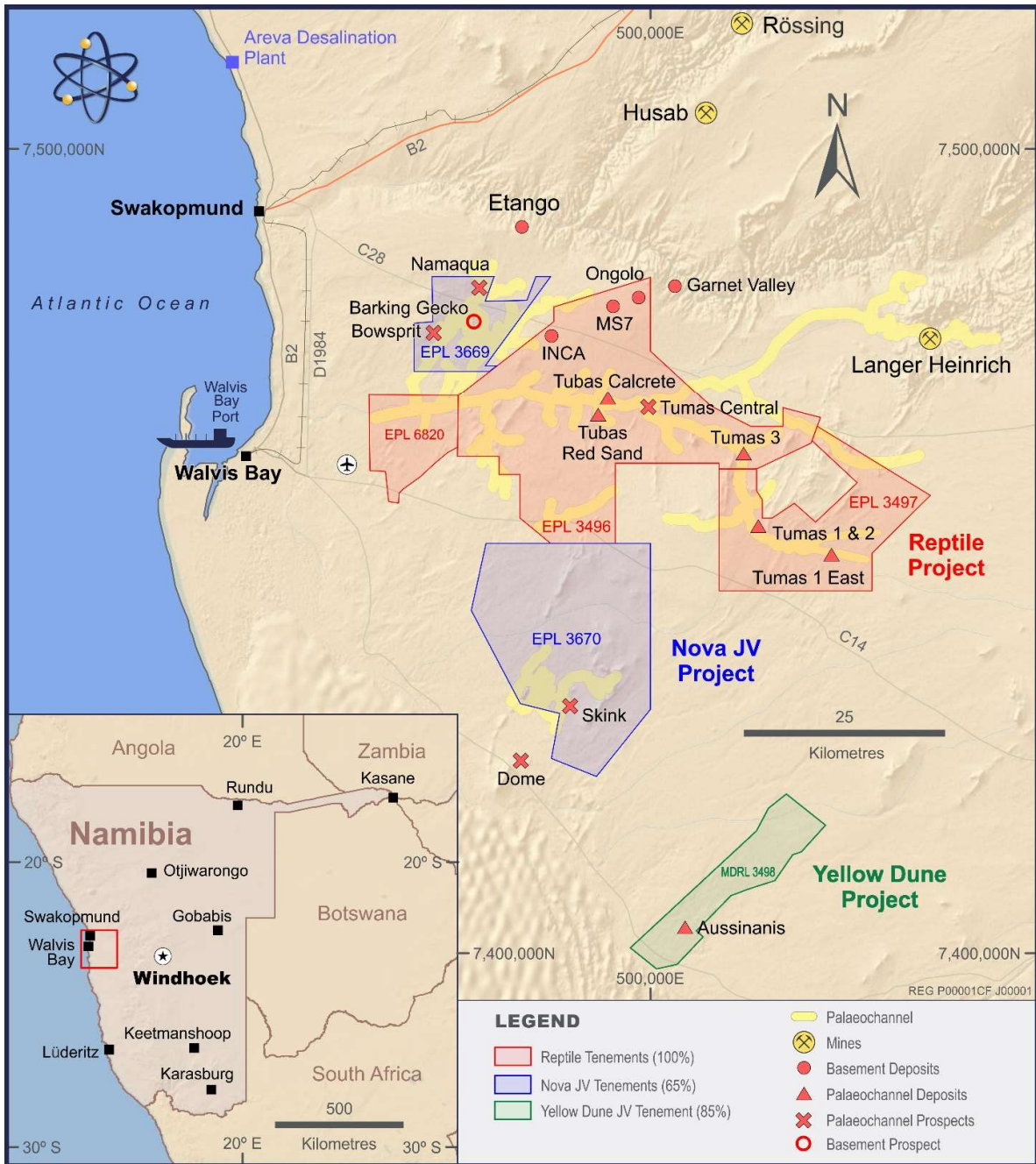


Figure 1 - Namibian location map showing position of the Tumas Project

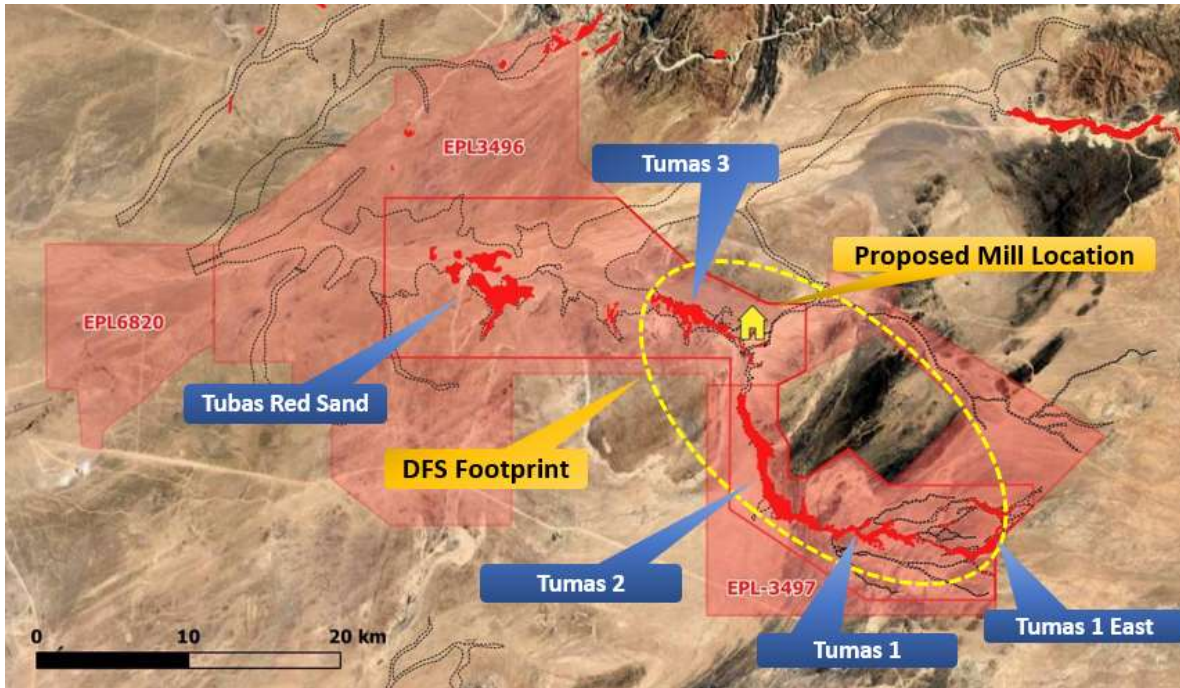
The DFS is targeting a +20-year Life Of Mine (LOM) and a 2.5 to 3Mib annual production rate. To achieve this target, the Company commenced a resource upgrade drilling program to convert the remaining Inferred Mineral Resources at Tumas 3 and Tumas 1 East into the Indicated Resource category (JORC, 2012).

The Company expects that the DFS will define a project of similar CAPEX and OPEX to the PFS, but with at least 20-years operating life. In achieving this anticipated outcome, the DFS will consider the Ore Reserves available to the Project at the completion of the current resource upgrade drilling program and will include the Tumas 1 East, Tumas 1, Tumas 2 and Tumas 3 orebodies as depicted in Figure 2.

Also, potential is seen to further expand the operating life of the Project outside the current scope of the DFS once those prospective areas that remain untested along the Tumas palaeochannel system have been explored.

The Company is also in the final stages of completion of all the necessary documentation for the anticipated lodgement of a Mining Licence Application (**MLA**) for Tumas. The successful and positive Tumas PFS is being used as the key foundation document for the MLA, outlining the technical and commercial viability of the Project within the development paradigm assumed by the Company.

The lodgement of the MLA for Tumas will mark an important milestone in the Company's plans to establish its maiden uranium production platform at the Project.



*Figure 2: Tumas Project showing DFS area and relationship to conceptual central processing plant.*

The Company expanded the technical team through the addition of two new and experienced process engineers, including Mr Simon Donegan, a recognised expert in uranium hydrometallurgy.

Mr Donegan was previously a senior member of the Paladin Energy Technical and Project Development team and played a lead role in developing, commissioning and operating the nano-filtration process at Langer Heinrich. This process was very successful in improving process plant operability at Langer Heinrich and reduced process operating costs considerably.

The DFS work program to date and for the rest of 2021 is focussed on completion of the optimisation and trade-off studies recommended in the PFS, additional metallurgical testwork and any further work required as part of the MLA or Environmental Impact Assessment (**EIA**) programs.

The DFS remains on track for completion in the December quarter 2022. The Company is focused on progressing Tumas towards a development decision, in preparation for the anticipated uranium price increase expected around this time.

### **EIA Progress**

The Company continues to work with its expert advisers and sub-consultants on the tasks required to complete the EIA process for the Tumas Project.

Baseline studies have either been completed or are well advanced in all required disciplines.

Despite the restrictions caused by COVID-19, the initial and final consultations with Interested and Affected Parties (**IAPs**), as required by the Namibian EIA regulations, have been completed successfully and the draft EIA Scoping Report was released for review by the IAPs. The EIA

Scoping Report was subsequently finalised and submitted post quarter on 15 July to the required Namibian Government agencies.

The process design for the Tumas Project has been specifically focussed at reducing the short and long-term environmental impacts of the Project. To this end, the process incorporates a high degree of not only water recycling, but also reagent recycling (benefiting both long-term environmental rehabilitation of the site and reducing process operating costs). Additionally, final tailings will be washed with water containing very low levels of process reagents or contaminants and all tailings will be permanently stored by back-filling completed mine open-pits. A specialist tailings storage consultant has been engaged by the Company to assist with the detailed design of this tailings storage facility concept.

### Tumas 3 Resource Upgrade Drilling

The Tumas 3 RC infill resource upgrade drilling program, located on EPL3496 (Figure 1), has been completed (ASX announcements 13 July and 8 June). The infill drilling has been moved to drill-out the Tumas 1 East deposit.

In the June quarter, 755 RC holes were drilled for 14,955m to complete the Tumas 3 infill drilling program in total involving 911 RC holes for 17,697m. The infill drilling on the Tumas 1 East deposit, is anticipated to be completed by late July.

The objectives of the drill program are to convert most of the existing Inferred Resources to an Indicated Resource (JORC 2012) category at Tumas 3 (includes Tumas 3 East, Tumas 3 Central and Tumas 3 West) and Tumas 1 East to produce an expanded Ore Reserve having the objective of providing at least a 20-year LOM for evaluation in the DFS.

Drilling completed to date has confirmed previous results and expectations, with some additional positive results generated along the edges of the previously identified mineralisation. This drilling has resulted in 46% of the 755 holes drilled in the June quarter returning uranium mineralisation greater than 100ppm eU<sub>3</sub>O<sub>8</sub> over 1m.

These positive drilling results are reflected in Figure 3, which outlines GT (grade x thickness) in colour codes, comparing previous drilling results against most recent results. Figure 4 shows a cross-section through the centre of Tumas 3 highlighting the continuity of the mineralisation.

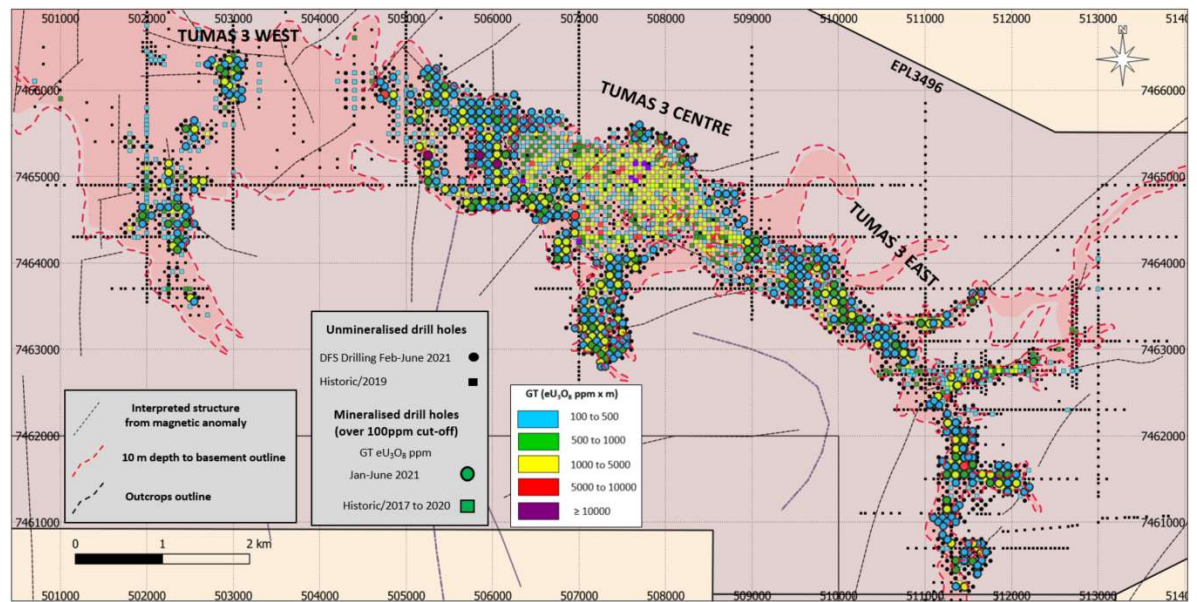


Figure 3: Tumas 3 drill hole locations showing previous drill collars and February to June resource upgrade infill holes.

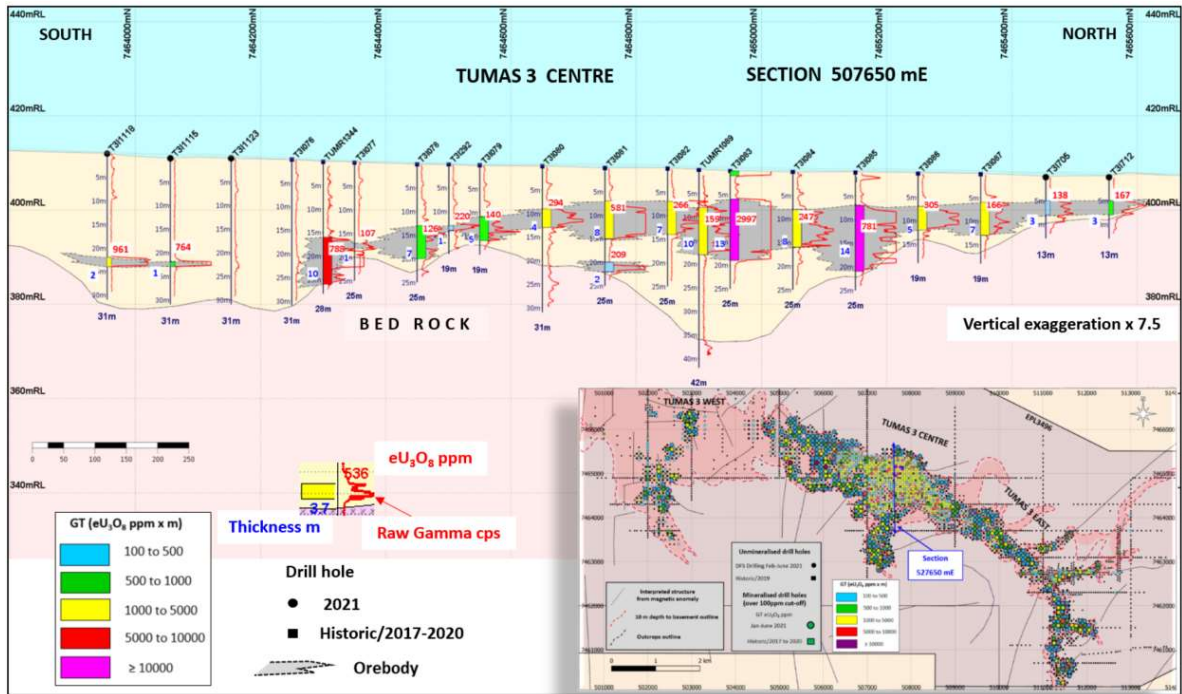


Figure 4: Tumas 3, Cross-section 507,650mE.

## NOVA JOINT VENTURE

### Barking Gecko

The Nova JV partners agreed a 12-month program with a budget of \$1.1M, to be applied as two 6-month modules. Except for Sixzone, which has a carried interest, the other three parties to the JV (Deep Yellow, JOGMEC and Toro) are contributing to the funding on a pro rata basis.

Phase 1 involves a 14 hole, 3,500m RC drilling program for \$580,000. The program will follow up encouraging results at Barking Gecko reported 20 April 2021. The follow-up program is focussing on gaining a better understanding of the 3-dimensional setting of this “blind” discovery and testing its possible easterly extension.

Drilling commenced on 12 July and is expected to be completed in August.

## CORPORATE

### New Chairman Appointed

On 12 May, Deep Yellow appointed highly experienced executive Mr Chris Salisbury to the Board as a non-executive Chairman, replacing Mr Rudolf Brunovs. Mr Brunovs remains on the Board as a Non-Executive Director and will retain Chair of the Audit Committee.

Mr Salisbury is a metallurgical engineer who brings more than 30 years of mining, strategy and operational experience across a diverse range of commodities and has extensive uranium experience having worked in the industry in both Australia and Namibia, through senior roles for the Rio Tinto Group.

The appointment of Mr Salisbury strengthens and diversifies the capabilities of the Board importantly, at a critical time for Deep Yellow, as the Company embarks on the next phase of its dual-pillar growth strategy to establish a multi-platform, 5-10Mlb per annum, low-cost, tier-one uranium producer.

The Board has agreed, that under the stewardship of Mr Salisbury, the Board composition will be reviewed to ensure it remains aligned to the emerging needs of the Company and further changes are anticipated in the second half of 2021.

### **Executive Team Strengthened**

Head of M&A: Deep Yellow appointed Mr Andrew Mirco as the Company's Head of Business Development.

Mr Mirco is an experienced corporate finance and business development executive, with a successful and proven background in financing, M&A, and risk management. Through his time at Paladin Energy Limited, he worked closely with the current Deep Yellow management and technical team.

Mr Mirco will be responsible for advancing the Company's inorganic pillar of its growth strategy, working in close association with Managing Director and CEO John Borshoff. At the appropriate time, he will also be responsible for leading and progressing project debt funding as the Company advances the Tumas Project towards production.

Tumas DFS Peer Review Chair: To further strengthen its Owner's Team, Deep Yellow hired Mr Ben Zikmundovsky to assist with the development of the DFS together with the Study Manager. Mr Zikmundovsky is a mechanical engineer, who brings 40 years' experience in managing development of projects in mining, mineral processing, construction and equipment industries.

Mr Zikmundovsky has a successful track record of operating in Africa. For eight years he held the role of Senior Projects Manager with Minproc Engineers, was Managing Director - Africa with GRD Minproc for eight years, Executive Vice President Goldfields for four years and Managing Director of KPS Power Africa for five years.

Mr Zikmundovsky brings strong credentials and African mining knowledge to effectively contribute to the development of the Tumas Project. Mr Zikmundovsky will also assume the role of Chairman of the Peer Review Committee.

### **Option Conversion**

A total of 6,561,694 of 50c listed options were exercised during this quarter raising a further \$3,280,847.

### **Cash Position**

The cash balance of the Company at the end of the quarter was A\$52.4M (31 March 2021: A\$51.3M).

It is expected that the 51,031,154 x 50c options remaining to be converted (which expire in June 2022) will be exercised. There is opportunity for their exercise to be accelerated if the Deep Yellow share price trades at or higher than 78c for 20 consecutive trading days, after which exercise within a notified 30-day period becomes compulsory.

### **Listing Rule 5.3.1 and 5.3.2**

There was no mining development or production activities conducted during the quarter. The Company spent \$1,742,000 on exploration and evaluation activities during the quarter.

Exploration and evaluation expenditure predominantly related to:

- Feasibility Study activities including metallurgical testing, engineering and resource 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;
- Non-field related activities; and
- Joint venture activities.

### **Listing Rule 5.3.5**

Payments to Related Parties and their associates during the quarter totalled approximately \$558,000 and 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 have access to or employ. The Managing Director has a financial interest in and control of Scomac.

### **Deep Yellow added to the MSCI Global Market Cap Index**

Deep Yellow was added to the MSCI (Morgan Stanley Capital International) Global Market Cap Index. As part of the MSCI semi-annual rebalance, Deep Yellow was added to the Australia Micro-Cap Index ("Index") effective 27 May 2021.

MSCI is a leading global provider of indexes, data, analytical models, regulatory reporting and ESG research. MSCI's clients include 95 of the world's 100 largest money managers, as ranked by P&I.

### **URANIUM OUTLOOK**

*EU Taxonomy for Sustainable Financing*: Nuclear and the need for more uranium to supply increased demand has potential to receive a significant boost from developments in the European Union (EU).

Participation of new nuclear for electricity production over the past 20 years, particularly in the EU, has been hampered largely by its exclusion from low interest, long-term financing, as available through the EU Taxonomy for Sustainable Financing to renewables such as wind and solar. This has resulted in considerable disadvantage to the competitiveness of expanding the EU nuclear reactor fleet.

In the past year, EU legislators have been heavily lobbied and tested to include nuclear in the financing taxonomy, as it has become obvious that the aggressive decarbonisation targets being set cannot be met with renewables due to their inherent limitations. The opponents to nuclear, which are especially prevalent in Europe, have consistently argued and lobbied that nuclear does not meet the environmental and sustainability criteria to qualify for favourable financing arrangements as enjoyed by the renewable energy industry, namely on the question of nuclear waste management, which has effectively held the industry at bay.

However, this appears to be changing.

Focusing on the context surrounding the decarbonisation revolution that is confronting almost all major economies (and its short timeframe for adoption and execution), the reasons for considering nuclear more seriously for the emission-free energy mix is becoming even more compelling.

It is becoming clear the enormous challenges of decarbonisation are beyond the capability of renewables to achieve on their own. Level-headed lobbying has created the opportunity for this unfair situation to be rectified, after a major reassessment including completion of two follow-up specialist technical reviews which provided further support for nuclear, highlighting that science

has identified that nuclear has no more environmental impact than wind or solar. This has now opened the strong possibility for nuclear to be included into the EU Taxonomy for Sustainable Financing meaning additional nuclear capacity forming part of the emission free energy mix.

The World Nuclear Association (**WNA**) announced in July that nearly 100 Members of the European Parliament (**MEP**) called on the European Commission "to follow the science" and include nuclear under the EU's Sustainable Finance Taxonomy. According to a letter sent to Commissioners and published by European nuclear trade body Foratom, the MEPs are urging them "to choose the path that their scientific experts have now advised them to take", namely, to include nuclear power in the EU Taxonomy on Sustainable Finance.

Success in the EU for nuclear to qualify for inclusion into the Taxonomy for Sustainable Finance framework will likely also have a quick positive knock-on effect as the United States, United Kingdom and Asian countries take up similar advantageous financing possibilities for nuclear. This would result in giving added impetus to accelerate rate of new reactor builds facilitated by this form of incentivisation. Russia has already adopted favourable financing to support its nuclear programs.

*Upward Pressure on Uranium Price:* The reasons for uranium price turnaround, remain very strong as supply shortages appear inevitable in the post 2023/24 period and for which the supply industry appears poorly prepared and possibly will be unable to respond in time. The medium to long-term outlook for uranium becomes even more positive if these new more favourable financing developments come to fruition, to ensure the emerging zero emission targets can be met.

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 and the pursuit of accretive, counter-cyclical acquisitions to build a global, geographically diverse asset portfolio. A PFS was completed in early 2021 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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### ***Competent Person's 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.