



# Deep Yellow Limited

**ASX Announcement**

**ASX & NSX: DYL / OTCQX: DYLLF**

**8 May 2020**

## **CORPORATE UPDATE PRESENTATION**

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Attached is the Corporate Update that was presented live by John Borshoff, Managing Director/CEO at the OTC Metals & Mining Virtual Investor Conference on 7 May 2020. Deep Yellow is listed on the OTC QX Exchange (code DYLLF).

A link to the presentation webcast from the virtual conference is below.

<https://www.virtualinvestorconferences.com/?DisplayItem=E375125>

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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[www.deepyellow.com.au](http://www.deepyellow.com.au)

# Building a Tier-One Uranium Producer

## Deep Yellow Growth Strategy Update

OTC Virtual Investor Conference - 7 May 2020

John Borshoff  
Managing Director/CEO

ASX / NSX : DYL OCTQX : DYLLF





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The information in this presentation in so far as it relates to exploration results and Mineral Resource Estimates is based on and fairly represents information and supporting documentation prepared or reviewed by Mr Martin Hirsch, a Competent Person who is a Member of the Institute of Materials, Mining and Metallurgy (IMMM) in the UK. Mr Hirsch, who is currently the Manager Resources and Pre-Development for Deep Yellow's subsidiary, Reptile Mineral Resources and Exploration (Pty) Ltd, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' and the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hirsch consents to the inclusion in this presentation of the matters based on the information in the form and context in which it appears.

Mineral Resource Estimates disclosed in this presentation and compiled under the JORC Code 2004 have not yet been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.



# Key Considerations

- Uranium supply is in a fragile and precarious situation with most of the players ill-prepared to face the future challenges
- The competitive landscape remains fragmented and technically deficient
- The Deep Yellow strategy and vision is driven by a pragmatic and realistic dual-pillar growth strategy
- Growth strategy is supported by a well-articulated path, M&A execution, and timetable
- Deep Yellow is the only independent platform capable of initiating a necessary consolidation process among explorers





# Uranium Sector Outlook

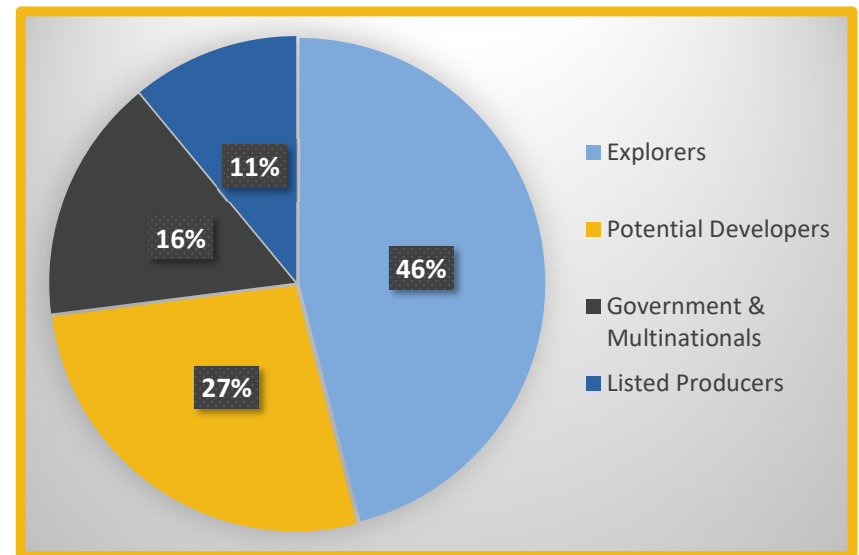
*vital signs are excellent*



# Severe Recalibration of the Uranium Sector

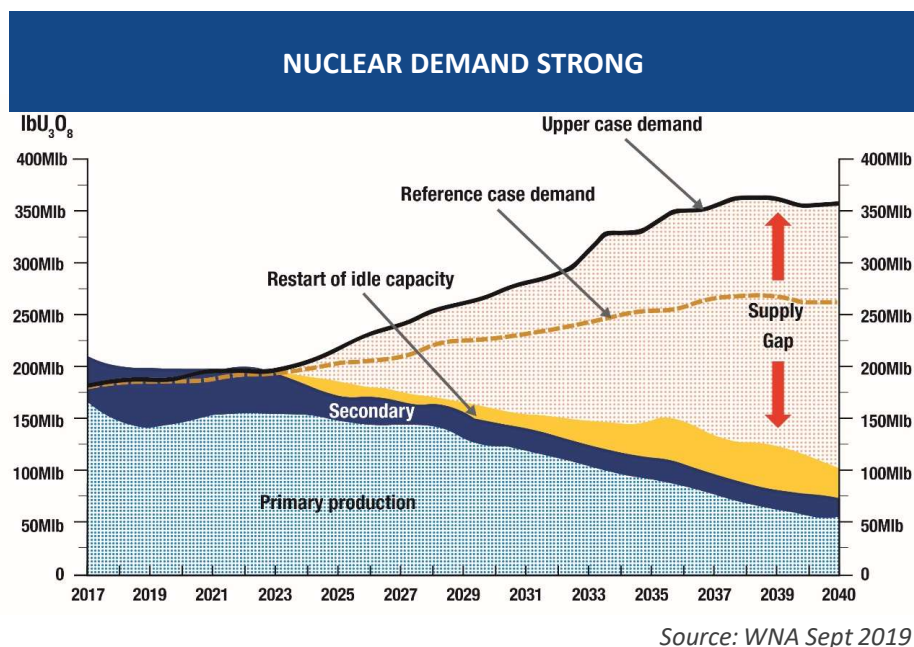
- **Massive industry attrition post Fukushima**
- **In 2011 ~420 uranium companies**
- **Today 62 companies world-wide:**
  - 10 government associated or multi-national uranium producers
  - 7 listed uranium producers (Cameco, ERA\* included)
  - 18 potential developers (emerging producers) with 30% diversifying into battery metals to survive and some having threatened projects due to geopolitical and/or technical reasons
  - 27 explorers with limited to non-existent resources, mostly looking to diversify or move out of uranium entirely

*\*ERA phasing out*





# Uranium Price Primed for Recovery



**CLEAR URANIUM PRICE LAG**

Date/Event	Operable Reactors	Under Construction	Planned	Proposed	$\text{U}_3\text{O}_8$ Required	Prevailing $\text{U}_3\text{O}_8$ Price
Feb 2011 (pre-Fukushima)	443	62	156	322	80kt	\$73/lb
April 2020	441	54	111	328	80.5	\$32.50/lb

Source: WNA April 2019

Strong Disconnect



# Expected Supply Shortage by 2023

## SUFFICIENT URANIUM SUPPLY UNCERTAIN POST 2023

- Major suppliers mothballing mines or exiting the sector
- Production cutbacks of ~40Mlb pa
- Current production unsustainable, majority “under water” at current spot price
- COVID-19 impact – further production cutbacks ~20Mlb

## NUCLEAR UTILITY COMPLACENCY ON LOOMING SUPPLY SHORTAGE OUTLOOK CONTINUES

- Uranium price still languishing at low US\$30/lb range despite recent COVID-19 led production cutbacks
- Juniors overpromising on future supply
- Utilities do not fully appreciate challenges of developing new mines

## LACK OF PROJECT QUALITY

- Of the 18 potential projects cited for development, 15 are sub 1,500ppm grade – most sub 500ppm
- Excluding ISR, operations will need to work at the very high end of difficulty scale
- Chernobyl and Fukushima have had a devastating effect on sector expertise
  - Impacting new development/operational capability

## SUPPLY SHORTAGE INEVITABLE POST 2023

- Sector ill-prepared to supply looming shortage in time
- No significant new mining development without a substantial and sustained shift in uranium price to minimum US\$60/lb+
- Clear implications for the uranium term price to overshoot forecast US\$60-\$70/lb incentive price levels





# Uncertainty Supply will Meet Demand Post 2023

- **Sufficient uranium supply growth highly uncertain over the mid to long-term**
  - Major suppliers mothballing mines – **current production cutbacks of >60Mlb pa**
  - Rio exiting sector will create supply vacuum
  - Production unsustainable with majority “under water” at current spot price and long term prices
  - No new mine development until long term prices at least >US\$55/lb
- **Nuclear utility complacency on supply outlook continues**
  - Uranium price remains at low levels (US\$30/lb range) despite production cutbacks, including latest Cameco and Kazatomprom COVID-19 related cutbacks. Price reaction restrained US\$24/lb to US\$33/lb
  - Juniors continually overpromising on future supply without substance
- **Supply shortage is inevitable post 2023**
  - The shortage, once realised (late 2021/22) has clear implication for the long-term uranium price to overshoot forecast US\$65-\$70/lb incentive price levels
- **Sector totally unprepared to build and operate large production capacity operations to fill the looming shortage**

A photograph of three workers in white hard hats and high-visibility yellow safety vests over blue work clothes. They are standing in front of industrial equipment, possibly a drilling rig, in a desert-like environment. A large, faint, stylized atomic symbol is visible in the background on the right side.

# Differentiated with a Unique Growth Strategy



# A Bold & Unique Strategy

## Dual-Pillar Growth Strategy

- **Development of the Namibian Project**
- **Establishing a multi-project, global uranium platform through consolidation in a counter-cyclical market (M&A activity)**

## Well-Positioned to Deliver Organic and Inorganic Growth

- **Strategy focused on establishing Deep Yellow as a low cost, tier-one uranium producer**
- **Effective strategy execution requires a leadership team with a proven track record, extensive industry knowledge and capability to deliver – Deep Yellow has this in place**
- **Well-funded to execute the strategy**
- **Deep Yellow aims to provide a secure and reliable supply of uranium to a growing market through:**
  - Development of a multi-project asset base; and
  - Multi-jurisdiction presence



# A Standout Uranium Team

**A highly-credentialed team (majority ex-Paladin Energy) with proven success in the uranium sector, highlighted by:**

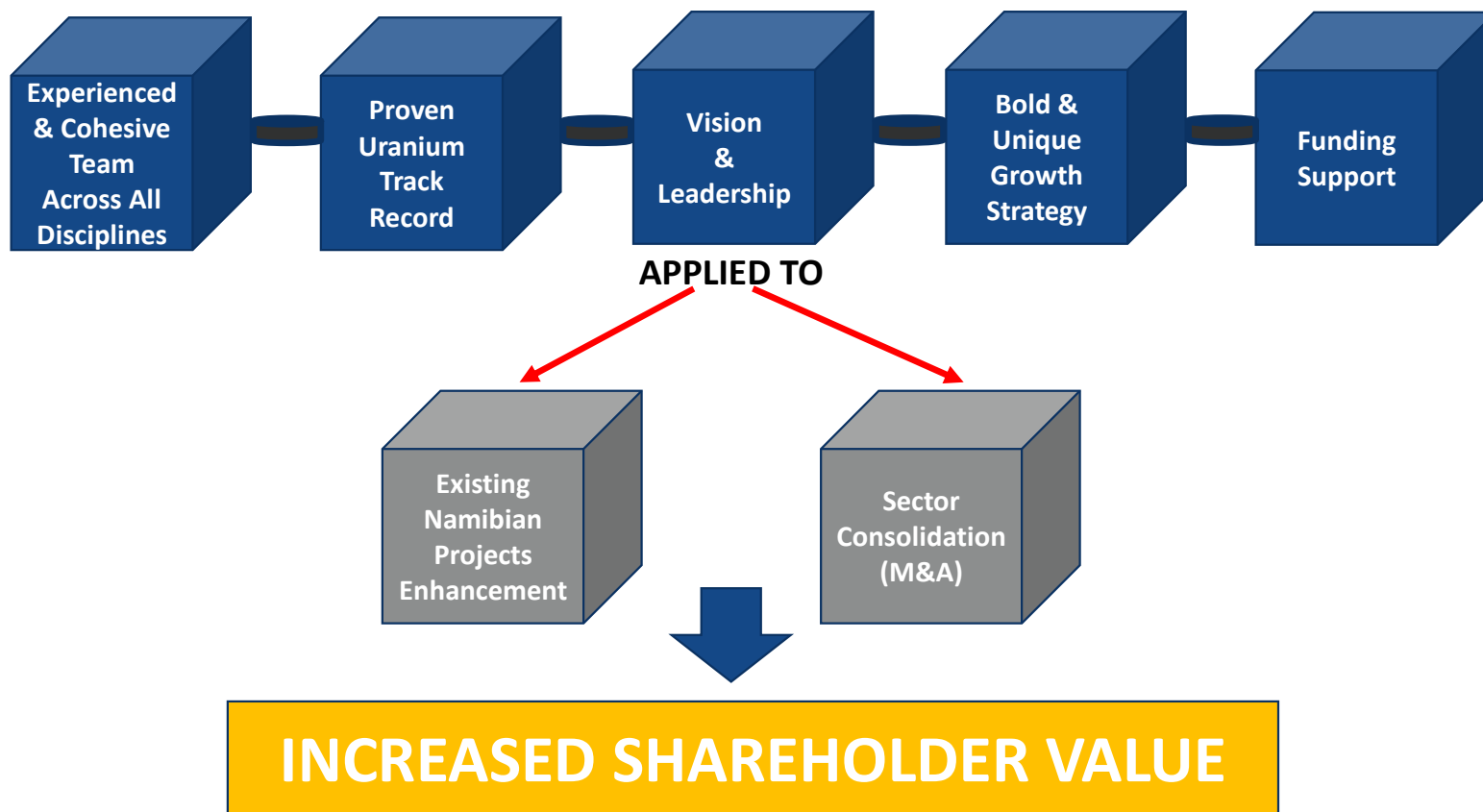
- **Strong project development, operational and corporate capabilities**
- **Highly experienced team who have successfully worked together in the past covering technical, innovation, marketing, finance, corporate, governance, legal and sustainability areas**
- **Built and operated two innovative conventional uranium operations**
  - Only team to accomplish this from 1982 to 2019, other than the latest build in 2016 by CGN on its Husab operation
- **Grew Paladin from a market capitalisation of \$2M to \$4Bn – pre-Fukushima**





# A Significant Opportunity for Deep Yellow

The Key Ingredients Available to Deep Yellow to Build a Tier-One Uranium Platform







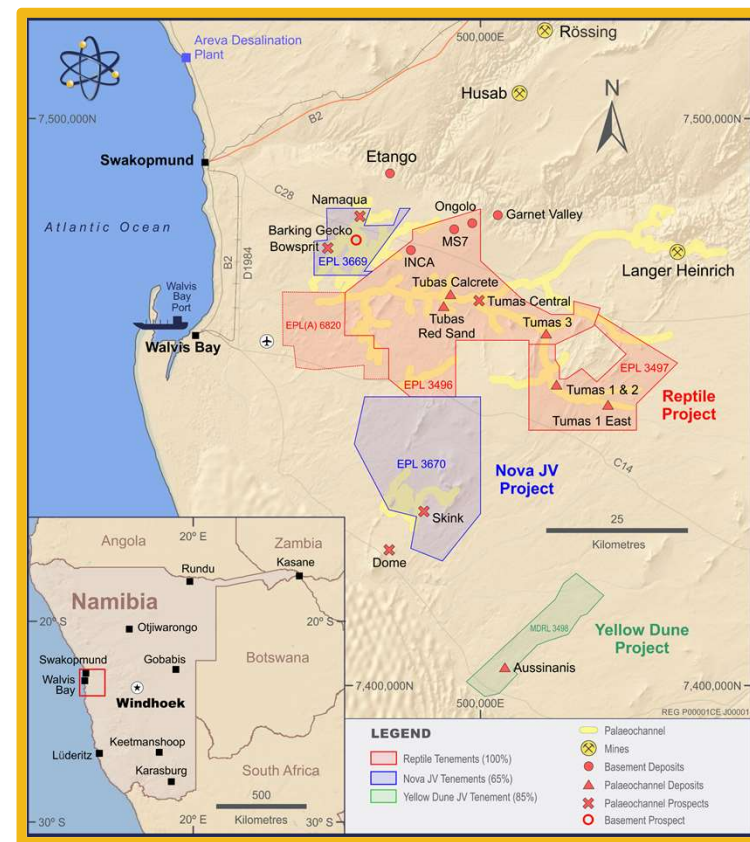
# Advancing the Namibian Projects

*our organic growth*

# Namibian Project Portfolio

Overall Namibian Resources = 156.6Mlb  $U_3O_8$  grading 320ppm

- **Reptile Projects – 896km<sup>2</sup> (DYL 100%)**
  - Palaeochannel/calcrete targets (Langer Heinrich style) – 110.5Mlb  $U_3O_8$ /290ppm
  - Basement/alaskite targets (Rössing/Husab style) – 45.1Mlb  $U_3O_8$ /420ppm
- **Nova Joint Venture Project 599km<sup>2</sup> (DYL 65%)**
  - Strategic farm-in agreement with Japanese partner JOGMEC spending A\$4.5M over 4 years to earn 39.5% (commenced November 2016)
- **Exploration Target\***
  - Targeting 125Mlb – 150Mlb  $U_3O_8$  in palaeochannels
  - In the grade range 300-500ppm  $eU_3O_8$ \*



Namibia tenements

\* The potential quantity and grade of the exploration target is conceptual in nature, and that there has been insufficient additional exploration to estimate an expanded Mineral Resource at the date of this presentation and whilst additional exploration is planned, it is uncertain if this will result in the estimation of an expanded Mineral Resource. Following a complete review and evaluation of calcrete associated mineralisation already identified on the Company's tenements (Refer ASX Announcement 19 January 2017), the Company has a greater understanding of the stratigraphy of the palaeochannels which host mineralisation. This work provided renewed confidence that mineralisation is likely to be identified in targeted but contiguous areas on our tenements. Targeted tonnage/grades are based on results and understanding from work carried out over past 14 years in this region. The exploration targets are regarded as valid being confirmed by the exploration carried out since then. Work is continuing forwards achieving the resource targets as stated.



# Tumas Pre-Feasibility Study Underway

- **Tumas PFS delivering outstanding early results and are within parameters set in the recent Scoping Study**
  - Successful completion of infill resource drilling program delivers positive results and maintains confidence that Reserve target can be achieved
  - Updated Tumas 3 Mineral Resource Estimate expected in early May
  - Highly encouraging early metallurgical test work indicates desirable beneficiation and leaching ore characteristics (*see ASX release 6 May 2020*)
  - Baseline studies ahead of schedule

## Key PFS Benchmarks

- **LOM:** > 20 years
- **OPEX:** low cash cost <US\$30/lb
- **Minimum Annual Production:** 2.5Mlb to 3Mlb
- **CAPEX:** US\$115M – US\$130M per 1Mlb/annum plant design
- **IRR:** minimum 20%
- **PFS Accuracy:** circa 30% for CAPEX
- **PFS Completion:** December 2020 quarter



# Establishing a Multi-Project Global Uranium Platform

- *Unique Strategy*
- *Right Timing*
- *Standout Team*
- *Well Funded*





# Well-Funded for Inorganic Growth

- Ongoing evaluation of M&A throughout 2019/20
- The opportunity to act is now due to the depressed nature of the sector
- Focused on acquiring 2-3 projects to establish a pipeline for development from 2023 – 2030
  - Currently assessing a pool of 6-8 targeted projects
- First acquisition expected mid-2020
- Execution of the inorganic growth pillar will assist in delivering an overall 5-10Mlb pa low cost, multi-platform global uranium portfolio







# Key Milestones

		Calendar Year			
Project	Activities	2H19	1H20	2H20	2021
Reptile	Resource Upgrade Drilling	○		○	○
	Ongoing Palaeochannel Testing				
	Scoping Study		○		
	Reserve Statements		○		○
	Pre-Feasibility Study			○	
	Optimisation Studies				
M&A	Targeting 2 to 3 Projects		○	○	

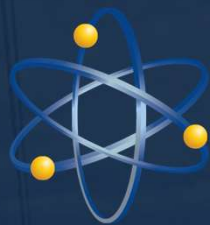
○ Expected Completion



# Conclusions

- A re-energised, well-funded and advanced uranium explorer that is highly differentiated from other mid-sized uranium market players
- Outlook for uranium is positive, with nuclear power integral to meeting clean energy targets
- Well positioned to continue successful execution of the dual-pillar growth strategy, to deliver a 5-10Mlb low cost, multi-platform global uranium platform
- Well defined M&A execution strategy with first acquisition expected in mid-2020
- Strong capital position (A\$13M) and continued support from equity markets
- Deep Yellow aims to provide security and certainty of uranium supply into a growing market

# Thank you



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## THE KEY

*Led by a proven and experienced management team, Deep Yellow is focused on becoming a tier-one, low cost uranium producer, by developing a multi-project, global uranium portfolio*





# Appendix





# Significant Growth in Nuclear Demand Expected

- **20 new reactors globally scheduled to be connected by end 2020**
  - Increasing demand supported by aggressive reactor construction in China
  - Considerable growth in 15 years from 3 operating reactors to 45 today
- **Aggressive growth to continue with ~8-10+ reactors scheduled for construction annually from 2020 - 2030**
- **If China adopted the Paris target of limiting global warming to 1.5°C, 25% of energy consumption will require nuclear energy**
  - Between 65,000tU - 90,000tU required annually by 2050
  - This requirement (even at the lower limit) is equivalent to the total current global nuclear fleet consumption
- **India, Russia and Middle East also undertaking ambitious nuclear reactor construction programs from 2020 - 2040**
- **Essential for renewables to partner with nuclear**





# Challenging Supply Dynamics = Opportunity

- **Strong long-term fundamentals for nuclear energy, underpinned by the growing need for clean and low-cost energy, will drive uranium demand**
- **The supply industry is not in a position to meet growing demand:**
  - Limited number of producing mines with declining production
  - Low uranium price levels have led to production cuts and assets placed in care and maintenance
  - Mothballed projects will not be easily reactivated and take longer than anticipated to restart
  - Decreasing quality of projects requires proven, highly technical teams, which the industry lacks
  - Highly fragmented “broken” industry, with majority of deposits held in mono-project companies, with limited uranium production expertise
- **Each year nuclear utilities consume 185Mlb/year - need equivalent of one Cigar Lake deposit every 1.5 years**
- **Based on estimated production of existing mines and secondary supplies, an additional ~850Mlb of  $U_3O_8$  will need to be produced on a cumulative basis by 2035/40**

# Mineral Resources: Palaeochannel, Basement Related

## Notes:

Figures have been rounded and totals may reflect small rounding errors.

XRF chemical analysis unless annotated otherwise.

◆  $eU_3O_8$  – equivalent uranium grade as determined by downhole gamma logging.

# Combined XRF Fusion Chemical Assays and  $eU_3O_8$  values.

Where  $eU_3O_8$  values are reported they relate to values attained from radiometrically logged boreholes.

Deposit	Category	Cut-off (ppm U <sub>3</sub> O <sub>8</sub> )	Tonnes (M)	U <sub>3</sub> O <sub>8</sub> (ppm)	U <sub>3</sub> O <sub>8</sub> (t)	U <sub>3</sub> O <sub>8</sub> (Mlb)	Resource Categories (Mlb U <sub>3</sub> O <sub>8</sub> )		
							Measured	Indicated	Inferred
BASEMENT MINERALISATION									
Omahola Project - JORC 2004									
INCA Deposit ♦	Indicated	250	7.0	470	3,300	7.2	-	7.2	-
INCA Deposit ♦	Inferred	250	5.4	520	2,800	6.2	-	-	6.2
Ongolo Deposit #	Measured	250	7.7	395	3,000	6.7	6.7	-	-
Ongolo Deposit #	Indicated	250	9.5	372	3,500	7.8	-	7.8	-
Ongolo Deposit #	Inferred	250	12.4	387	4,800	10.6	-	-	10.6
MS7 Deposit #	Measured	250	4.4	441	2,000	4.3	4.3	-	-
MS7 Deposit #	Indicated	250	1.0	433	400	1	-	1	-
MS7 Deposit #	Inferred	250	1.3	449	600	1.3	-	-	1.3
Omahola Project Sub-Total			48.7	420	20,400	45.1	11.0	16.0	18.1
CALCRETE MINERALISATION Tumas 3 Deposit - JORC 2012									
Tumas 3 Deposits	Inferred	200	39.7	378.3	15,000	33.1			
Tumas 3 Deposits Total			39.7	378.3	15,000	33.1	-	-	33.1
Tubas Red Sand Project - JORC 2012									
Tubas Sand Deposit #	Indicated	100	10.0	187	1,900	4.1	-	4.1	-
Tubas Sand Deposit #	Inferred	100	24.0	163	3,900	8.6	-	-	8.6
Tubas Red Sand Project Total			34.0	170	5,800	12.7			
Tumas 1, 1 East & 2 Project – JORC 2012									
Tumas Deposit ♦	Measured	200	11.0	384	4,100	9.1	9.1	-	-
Tumas Deposit ♦	Indicated	200	4.8	333	1,700	4.0	-	4	-
Tumas Deposit ♦	Inferred	200	40.9	304	12,400	27.5	-	-	27.5
Tumas Project Total			56.7	322	18,200	40.6			
Tubas Calcrete Resource - JORC 2004									
Tubas Calcrete Deposi	Inferred	100	7.4	374	2,800	6.1	-	-	6.1
Tubas Calcrete Total			7.4	374	2,800	6.1			
Aussinanis Project - JORC 2004									
Aussinanis Deposit ♦	Indicated	150	5.6	222	1,200	2.7	-	2.7	-
Aussinanis Deposit ♦	Inferred	150	29.0	240	7,000	15.3	-	-	15.3
Aussinanis Project Total			34.6	237	8,200	18.0			
Calcrete Projects Sub-Total						110.5	9.1	10.8	90.6
GRAND TOTAL RESOURCES			221.11	319	70,400	155.6			