

Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Investment Alert – October 15, 2019

www.deeptyellow.com.au



Deep Yellow Limited (A\$ 0.28)

ASX : DYL
OTCQX Best Market : DYLLF

H+L prices (12 months) : A\$ 0.58 – 0.26

Issued shares : 237.8 million
Fully diluted : 300.1 million

Market capitalization : A\$ 65.4 million
(US\$ 44.3 million)

2020 share price target: A\$ 0.90

INVESTMENT ALERT

Accelerated drilling programs commenced on **Reptile Project** in **Namibia** to initiate project economic evaluation

On October 15, 2019, **Deep Yellow** advised the start of the accelerated work programs to advance the Company's **Reptile Project** in **Namibia** and determine, in a staged manner, the economic feasibility of the **Tumas channel uranium deposit**.

The increased tempo of the work program has necessitated the contracting of two additional drilling rigs and additional personnel to supervise their operation. The incoming drill rigs comprise a second RC rig to accelerate exploration and resource drilling and a diamond rig specialising in soft core recovery to help with more detailed geological evaluation and to obtain sampling for metallurgical testing.

Originally, 10,800 metres of RC drilling were planned for the whole of the FY19 field season. **This has now been upgraded to 22,000 metres of RC drilling and 600 metres of diamond drilling. It is scheduled to complete 10,800 metres of RC drilling by December 2019 along with 600 metres of diamond drilling.** A total of 4,089 metres of RC drilling for 261 holes had been completed by 12 October 2019.

The overall program to December is aiming to increase the **Inferred Resource** inventory in the **Tumas 1 East** area and define areas for resource drilling west of **Tumas 3 West** in the **Tumas Central** and **Tubas areas**. An upgraded Mineral Resource statement is expected to be released early November.

The additional 11,200 metres of RC drilling, required to complete the revised FY19 program, is planned for March to June 2020 to further increase the Inferred Resource inventory and convert some Inferred Resources to the Indicated Resource (JORC, 2012) status.

The DDH drilling program is required to confirm the current geological model of the **Tumas** paleochannel uranium mineralisation in detail and provide sufficient sample material **to complete a metallurgical test program for the planned Pre Feasibility Study in 2020**.

DDH drilling commenced 10 October and the second RC rig started on 16 October. Drilling in 2019 is anticipated to be completed by early December

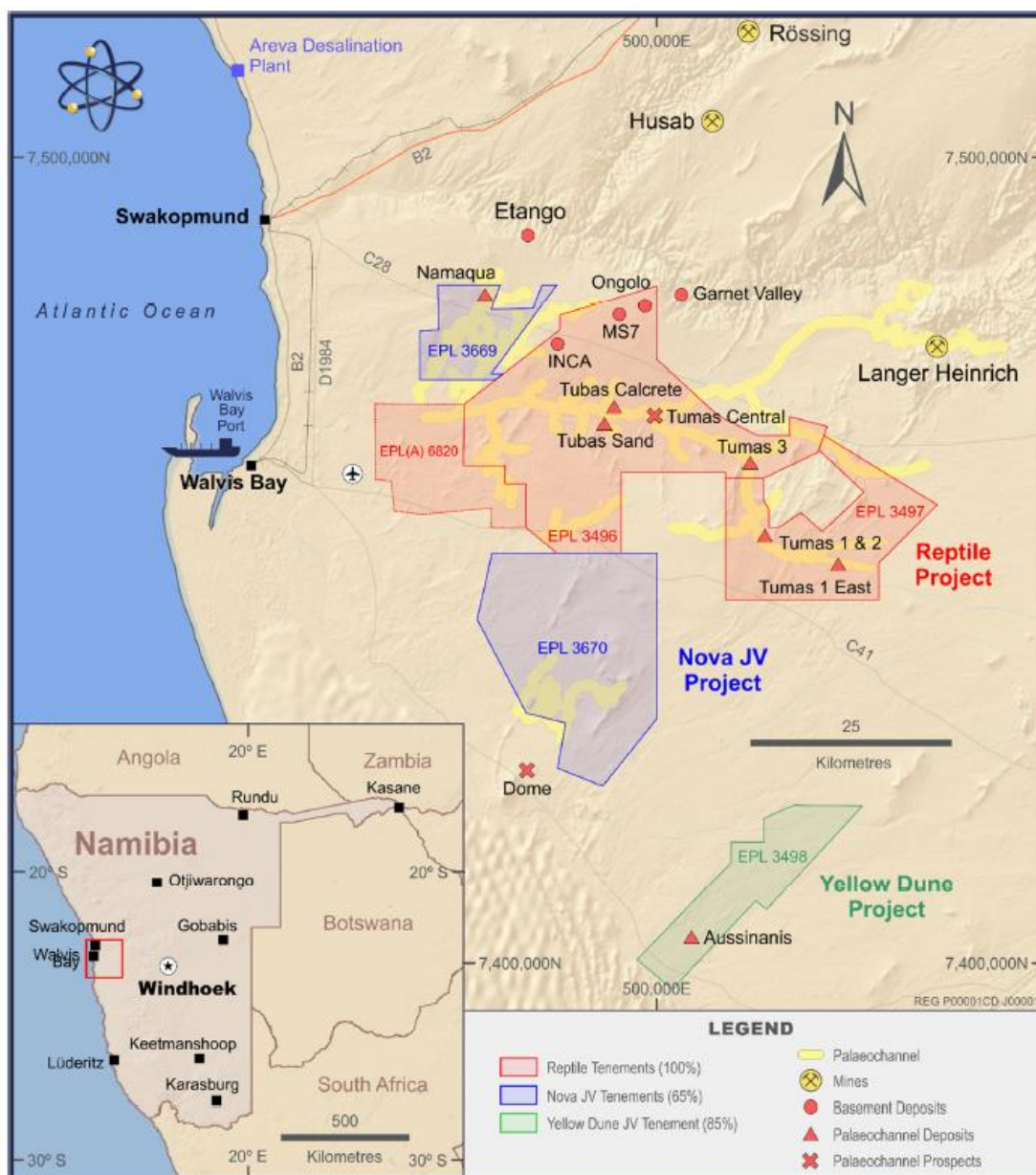


Figure 1: EPLs 3496, 3497 showing Tumas Deposits and main prospect locations over palaeochannels.

Investment Comments:

Deep Yellow has a three-fold growth strategy involving the growing of existing uranium resources in **Namibia** and has already made a significant new discovery called **Tumas 3** on the 100%-owned **Reptile Project** in March 2017. This Followed up with a revised resource expanded by 32% to **31.2 million pounds eU₃O₈ grading 377 ppm U₃O₈ at a 200 ppm cut-off in July 2018.**

In March 2019, the Company announced that the uranium resources expanded by 51% at **Tumas 1, 2 and 3 deposits**. **These deposits now contain 67.4 million pounds of Measured, Indicated and Inferred Mineral Resources grading 362 ppm eU₃O₈ at a 200 ppm cut-off.**

The expanded resources by 51% give **Deep Yellow** confidence that the Company has notably advanced towards reaching its stated **total exploration target of 100-150 million pounds U₃O₈ at a grade range of 300 ppm – 500 ppm for this type of uranium mineralisation.**

Deep Yellow and its partners entered into a strategic agreement with **JOGMEC** of Japan in the **Nova Joint Venture** which adjoins the Company's **Reptile Project** where significant uranium resources have been defined and reported.

With **JOGMEC** having approved a sole funding program and budget of A\$ 1.05 million over the next 12 months for the period ending March 31, 2020 and can earn a 39.5% interest in the Project through expenditure of A\$ 4.5 million within 4 years, the additional \$ 1.1 million budget increases the Fiscal year 2020 **Reptile** budget to \$ 2.75 million.

Rated as **Namibia's** top-ranked exploration/development company by market valuation, based on the quality and further expansion potential of its prospective **Reptile Project, Deep Yellow**, in my view, at a current market valuation of US\$ 44.3 million, offers a high investment leverage potential.

My 2020 share price target remains A\$ 0.90.

World's top 10 listed uranium exploration/development companies focused on emerging countries (by market valuation)

		<i>Trade symbol</i>		<i>Share price</i>	<i>Country</i>	<i>Market</i>
				<i>Sept.30</i>	<i>focus</i>	<i>valuation</i>
				<i>2019</i>		<i>(US\$ million)</i>
Global Atomic *	1)	TSX.V	GLO	C\$ 0.54	Niger	58.4
GovEx *		TSX.V	GXJ	C\$ 0.16	Niger/other African countries	50.8
Deep Yellow *		ASX	DYL	A\$ 0.30	Namibia	48.5
Berkeley Energia		ASX	BKY	A\$ 0.26	Spain	45.7
Bannerman Resources		ASX	BMN	A\$ 0.05	Namibia	35.4
Forsys Metals		TSX	FSY	C\$ 0.16	Namibia	18.2
A-Cap Energy	2)	ASX	ACB	A\$ 0.03	Botswana	17.8
Plateau Energy Metals	3)	TSX.V	PLU	C\$ 0.27	Peru	17.3
Blue Sky Uranium	4)	TSX.V	BSK	C\$ 0.12	Argentina	9.8
Aura Energy	5)	ASX	AEE	A\$ 0.01	Mauritania	8.8
Total market capitalization						310.7

* featured as a **Special Situation** and included in the 2019 Shortlist of investment recommendations

1) also 49% interest in operating zinc project in Turkey

2) entered on December 20, 2018 into a joint venture agreement to acquire up to a 75% farm-in interest with Blackham Resources to develop a cobalt project in Western Australia

3) uranium-lithium project; main focus on lithium

4) uranium-vanadium project

5) also Häggån Vanadium Project in Sweden, representing one of the world's largest undeveloped vanadium resources