

# Uraniumletter INTERNATIONAL

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Investment Alert – November 18, 2019

www.deeptyellow.com.au



## Deep Yellow Limited (A\$ 0.28)

ASX	: DYL
OTCQX Best Market	: DYLLF
H+L prices (12 months)	: A\$ 0.53 – 0.26
Issued shares	: 237.8 million
Fully diluted	: 300.1 million
Market capitalization	: A\$ 66.6 million (US\$ 45.4 million)

**2020 share price target: A\$ 0.90**

## INVESTMENT ALERT

**Strong growth continues at Reptile Project, Namibia by delivering a 34% increase of resource growth at Tumas 1 East**

On 18 November 2019, **Deep Yellow** announced an updated **Mineral Resource** estimate for the **Tumas 1 East deposit**, located within the **Reptile Project** in **Namibia**.

At a 200 ppm eU<sub>3</sub>O<sub>8</sub> cut-off, **Tumas 1 East** has **Inferred Mineral Resources of 24.8 million pounds** at 319 ppm eU<sub>3</sub>O<sub>8</sub>, resulting in a 34% increase from Mineral Resource estimate announced in March 2019.

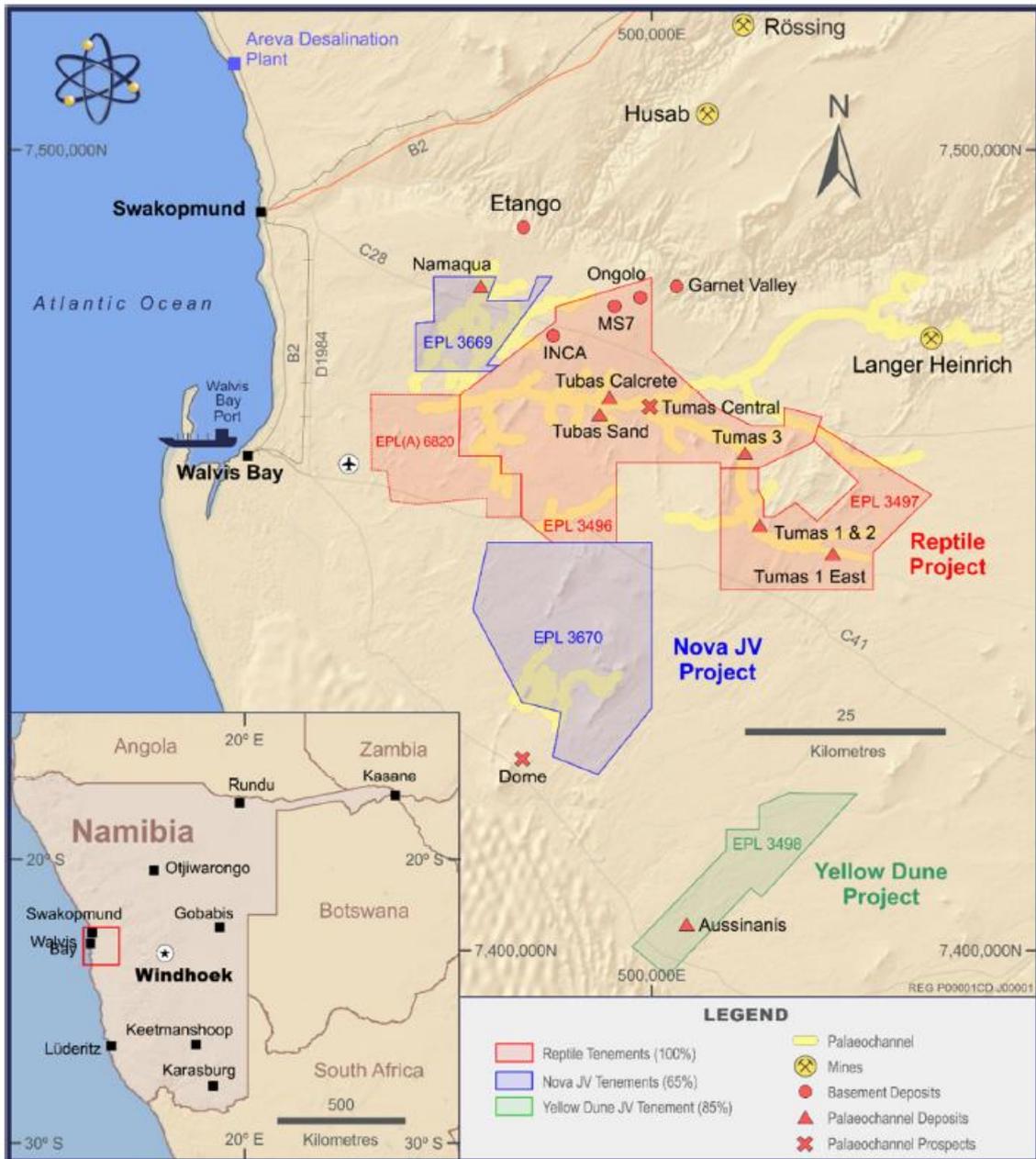
**Total combined Measured, Indicated and Inferred calcrete resources in the Tumas palaeochannel (Tumas 1 E, 1, 2, 3 and Tumas Red Sands/calcrete deposits) now stand at 92.5 million pounds at 303 ppm eU<sub>3</sub>O<sub>8</sub>.**

**Overall palaeochannel-related Mineral Resources across the Namibian project portfolio have more than doubled in size to 110.5 million pounds at 290 ppm eU<sub>3</sub>O<sub>8</sub>.**

**Deep Yellow** continues to advance the Project towards achieving its stated calcrete Mineral Resource target of 100 million to 150 million pounds at a grade range of 300 ppm to 500 ppm eU<sub>3</sub>O<sub>8</sub>.

Only 60% of the known paleochannel system has been drilled, with 60 kilometres of this target still to be tested.

Mineralisation is calcrete-associated and hosted in palaeochannels, similar to the **Langer Heinrich uranium mine** located 30 kilometres to the north-east.



*Namibian locality map showing position of the Tumas Project.*

Commenting on the significant increase in resource at Tumas 1 East, **Deep Yellow** Managing Director and CEO, John Borshoff said: “Results to date strongly justify our increased effort both in exploration to further increase the resource base and in evaluating the economic potential of this project with the initiation of a **Scoping Study due for completion in December 2019**. We fully expect this to progress to commencement of a **Pre-Feasibility Study in late January 2020**”.

## Investment Comments:

**Deep Yellow** has a two-pronged growth strategy involving the growing of existing uranium resources in **Namibia**.

Innovative operation undertaken by **Deep Yellow** over the past three years has resulted in a remarkable three-fold increase in the resource base of the deposit type within the highly prospective **Tumas** palaeochannel to **92.5 million pounds U<sub>3</sub>O<sub>8</sub> grading 303 ppm U<sub>3</sub>O<sub>8</sub>**.

Importantly, with the Company's stated Exploration Target there remains strong upside for further discovery with supportable expectations that this calcrete-associated uranium in **Mineral Resource could be increased to between 100 million pounds and 150 million pounds U<sub>3</sub>O<sub>8</sub> in the grade range of 300 to 500 ppm U<sub>3</sub>O<sub>8</sub>**.

The positive results achieved so far at **Reptile** justify advancing the Project by completing a **PFS**. A **Scoping Study** is due to be completed by **December 2019**, with the **Feasibility Study (FS)** activities scheduled to commence in **early 2020** and completion expected late in the **September quarter 2020**.

The timing of the **Scoping Study** and **PFS** is structured such that, if these studies prove positive, there is sufficient time to complete a **Definitive Feasibility Study to align with the potential development of the Reptile Project around the target period of 2023/24**.

**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.

**JOGMEC** has 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.

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**, supported by cash equivalents of A\$ 15.75 million as at September 30, 2019, in my view, at a current market valuation of approximately US\$ 45.4 million, offers a high investment leverage potential.

My 2019 share price target remains A\$ 0.90.