

# Uraniumletter INTERNATIONAL

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Investment Alert – January 21, 2020

www.deeptyellow.com.au



## Deep Yellow Limited (A\$ 0.27)

ASX	: DYL
OTCQX Best Market	: DYLLF
H+L prices (12 months)	: A\$ 0.53 – 0.26
Issued shares	: 246.7 million
Fully diluted	: 300.1 million
Market capitalization	: A\$ 66.6 million (US\$ 45.8 million)

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

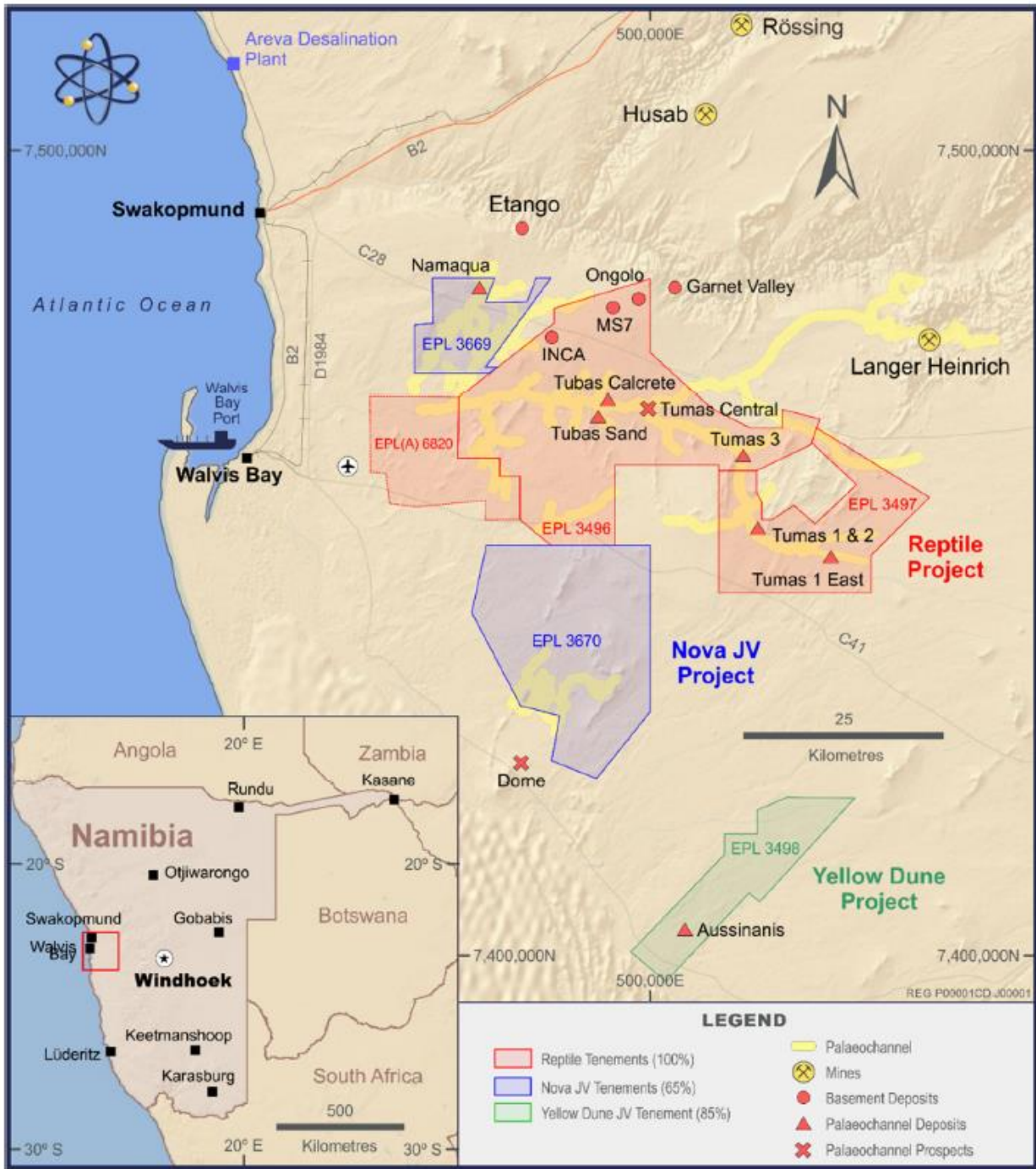
## INVESTMENT ALERT

- ▶ **Positive Scoping Study completed on Reptile Project Tumas deposits, Namibia**
- ▶ **Board approves proceeding, with immediate effect, to a formal Pre-Feasibility Study**

On January 21, 2020, **Deep Yellow** announced the completion of a **Scoping Study** focused on the **Reptile Project Tumas** palaeochannel calcrete deposits in **Namibia**. Importantly, the Tumas Scoping Study has delivered encouraging results, which provided the Board with the confidence to proceed directly to a **Pre-Feasibility Study**.

The decision has been based on the economic benchmarks indicated in the **Tumas Scoping Study**.

Commencing on the encouraging outcome of the **Tumas Scoping Study**, **John Borshoff, Managing Director/CEO** said “the completion of the Tumas Scoping Study and the positive decision that has emanated from it, represents an important milestone in the corporate evolution of **Deep Yellow**”.



Namibian locality map showing position of the Tumas Project.

The Company developed a unique and bold dual pillar growth strategy to establish a multi-platform, low-cost global uranium company. **Successful execution of the stage strategy it is aiming to deliver a multi-mine 5-10 Mlb per annum low-cost uranium company with the expectation of each project achieving a minimum of 2-3 Mlb per annum production capacity.**

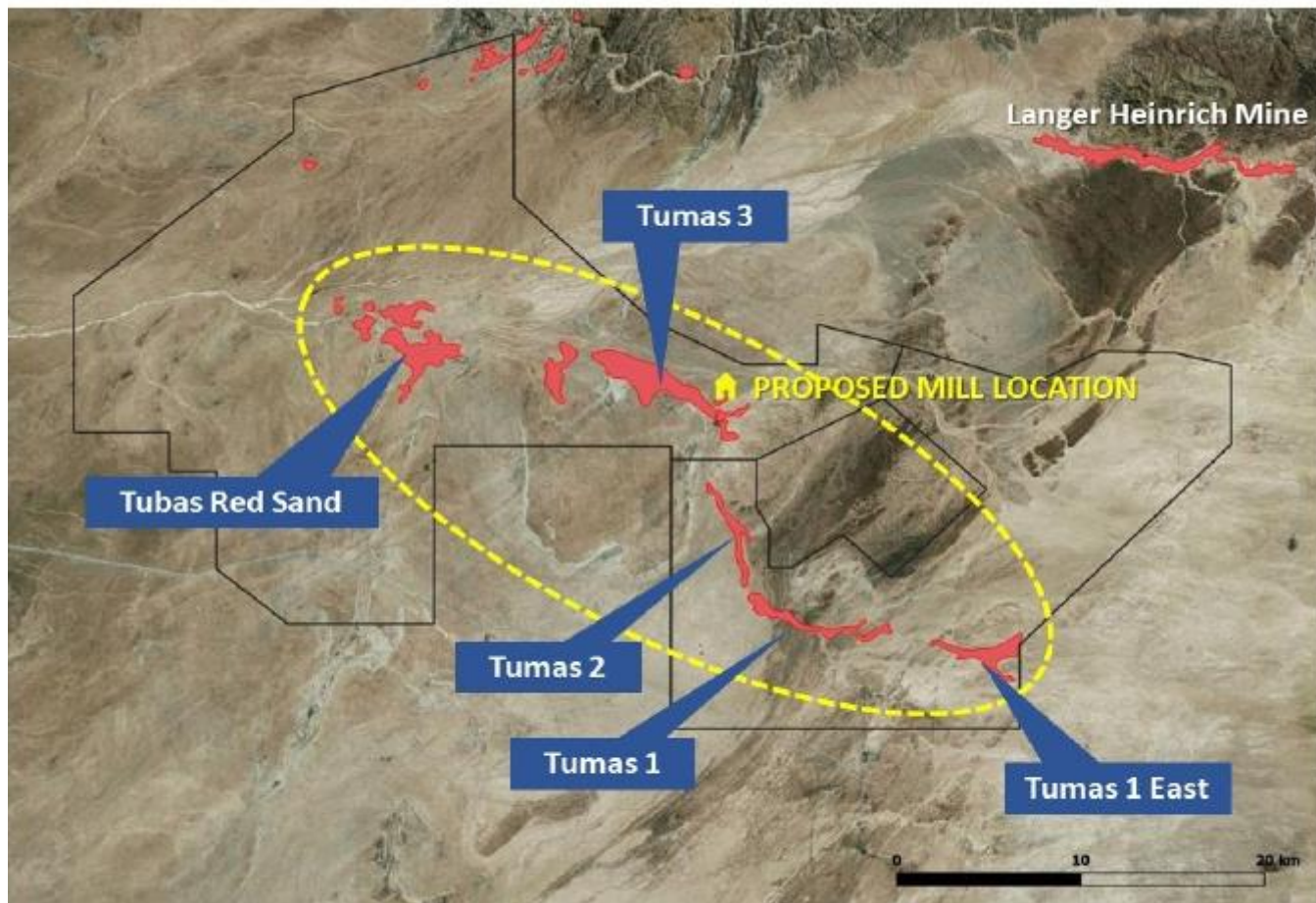
The **Tumas palaeochannel** system is located within **Deep Yellow's** 100%-owned **Reptile Project** in **Namibia**. At the commencement of the exploration campaign initiated in 2016 by the new management, the Company announced an **Exploration target of between 100 million to 150 million pounds in the grade of 300 ppm to 500 ppm U<sub>3</sub>O<sub>8</sub> for the Reptile prospects.**

Continued success over the past three years through various exploration programs has been the resource base from this highly prospective palaeochannel increase threefold to a total calcrete/palaeochannel related **Measured, Indicated and Inferred Resource of 92.5 million pounds U<sub>3</sub>O<sub>8</sub> grading 303 ppm** (see table 1).

*Table 1: Tumas 1, 2 and 3 - current and previous JORC 2012 MRE - Indicated, Measured and Inferred Resource Estimates at 200ppm eU<sub>3</sub>O<sub>8</sub> cut off*

Tumas 1, 2 and 3 Resources			March 2019 Status			October 2019 Status		
Tumas Deposit - JORC 2012						Tumas 3 Deposit		
Deposit	Category		Tonnes (M)	Grade (ppm)	U <sub>3</sub> O <sub>8</sub> Mlb	Tonnes (M)	Grade (ppm)	U <sub>3</sub> O <sub>8</sub> Mlb
Tumas 3 Expanded	Inferred		39.7	378	33.1	39.7	378	33.1
<b>Sub Total</b>			<b>39.7</b>	<b>378</b>	<b>33.1</b>	<b>39.7</b>	<b>378</b>	<b>33.1</b>
Tumas Project - JORC 2012						Tumas Project		
Tumas 1&2 Deposit	Measured		10.8	383	9.1	10.8	383	9.1
Tumas 1&2 Deposit	Indicated		5.5	333	4.0	5.5	333	4.0
Tumas 1&2 Deposit	Inferred		5.7	211	2.3	5.7	211	2.7
Tumas 1 – East	Inferred		25	335	18.5	35.2	319	24.8
<b>Sub Total</b>			<b>47</b>	<b>331</b>	<b>34.3</b>	<b>57.2</b>	<b>322</b>	<b>40.6</b>
Tubas Sand Project - JORC 2012						Tubas Sand Project		
Tubas Sand Deposit #	Indicated		10.0	187	4.1	10.0	187	4.1
Tubas Sand Deposit #	Inferred		24.0	163	8.6	24.0	163	8.6
<b>Sub Total</b>			<b>34.0</b>	<b>170</b>	<b>12.7</b>	<b>34.0</b>	<b>170</b>	<b>12.7</b>
Tubas Calcrete Resource – JORC 2004						Tubas Calcrete Resource		
Tubas Calcrete Deposit	Inferred		7.4	374	6.1	7.4	374	6.1
<b>Sub Total</b>			<b>7.4</b>	<b>374</b>	<b>6.1</b>	<b>7.4</b>	<b>374</b>	<b>6.1</b>
<b>Tumas 1, 2, 3 &amp; Tubas Total</b>			<b>128.1</b>	<b>305</b>	<b>86.2</b>	<b>137.8</b>	<b>303</b>	<b>92.5</b>

*Note: Figures have been rounded and totals may reflect small rounding errors. eU<sub>3</sub>O<sub>8</sub> - equivalent uranium grade as determined by downhole gamma logging. Gamma probes were calibrated at the Langer Heinrich uranium mine test pit. During drilling, probes were checked daily against a standard source.*



*Figure 2: Study area showing potential operational footprint.*

### ► Development Timing

Development Timing The timing of both the Study and the Pre-Feasibility Study, as advised previously (see ASX release dated 24 September 2019), has been developed for a possible development decision (should all subsequent studies prove positive) which is at least two to three years away and based on the uranium price reaching US\$ 60/lb to US\$ 70/lb on a predicted supply/demand dynamic where **Deep Yellow** is anticipating shortages at that time in the global uranium market.

The studies are structured to provide **Deep Yellow** with sufficient time to align with a potential development in the period 2023-24.

### ► The Deep Yellow Growth Strategy

**Deep Yellow** has declared its strategic growth plan on previous occasions, built around establishing the Company as a low-cost, tier-one global uranium platform able to offer production optionality. This is a two-pronged strategy focused on 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**<sup>4</sup>.

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

## 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**, which has been approved by the Board with immediate effect.

**Feasibility Study (FS)** activities are 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\$ 45.8 million, offers a high investment leverage potential.

My 2020 share price target remains A\$ 0.90.