

# Uraniumletter INTERNATIONAL

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Investment Alert – August 26, 2019

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Deep Yellow Ltd, Australia, Sydney:DYL, M



## Deep Yellow Limited (A\$ 0.30)

ASX	: DYL
OTCQX Best Market	: DYLLF
H+L prices (12 months)	: A\$ 0.58 – 0.28
Issued shares	: 237.7 million
Fully diluted	: 300.1 million
Market capitalization	: A\$ 70.1 million (US\$ 47.3 million)

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

## INVESTMENT ALERT

### Completed **Tributory 5 resource drilling** sufficient to undertake an **Inferred Resource estimate** at Tumas I East

On August 25, 2019, **Deep Yellow** announced positive results from the completion of the exploration and resource upgrade drilling in the **Tumas I East** palaeochannel involving 118 holes for 895 metres.

#### Highlights are:

- Identifications of new high-grade uranium zone at the confluence of **Tributory 8 channel** and the main **Tumas channel**

Best intersections include:

- TA 637** - 6 metres at 1,514 ppm eU<sub>3</sub>O<sub>8</sub> from surface
- TA 643** - 6 metres at 446 ppm eU<sub>3</sub>O<sub>8</sub> from surface and 1 metre at 530 ppm eU<sub>3</sub>O<sub>8</sub> from 10 metres
- TA 661** - 8 metres at 302 ppm eU<sub>3</sub>O<sub>8</sub> from 1 metre

- Resource drilling in the peripherals of **Tributory 5** closes off the previously discovered mineralisation to undertake an Inferred Resource estimation

Best intersections include:

- **TW 563** - 5 metres at 267 ppm eU<sub>3</sub>O<sub>8</sub> from 5 metres
- **TW 564** - 5 metres at 351 ppm eU<sub>3</sub>O<sub>8</sub> from 5 metres
- **TW 576** - 8 metres at 275 ppm eU<sub>3</sub>O<sub>8</sub> from 6 metres

Drilling now moves to testing the prospective **Tumas 3 West and East areas**.

To date, only 50% of the known highly prospective palaeochannel system drilled with substantial 60 kilometres of this target remaining to be tested.

Mineralisation is calcrete-associated hosted within paleochannels similar to the Langer Heinrich uranium mine located 30 kilometres to the north.

As advised in the June 2019 Quarter Report, the first phase of drilling for the 2019/20 program commenced in July 2019 with resource-focused infill RC drilling at **Tributory 5** (409 metres involving 40 holes) and concluded mid-August after completing exploration drilling of **Tributories 3, 6 and 8** (486 metres involving 78 holes). Total drilled in this program was 118 RC holes for 895 metres.

All tributories in the **Tumas 1 East area** have now been explored with resources established in **Tributories 1, 2, 4;** and **Tributory 5** is now ready for resource estimation to begin (Figure 1).

Approximately 50% of these have now sufficiently been explored over the past two and a half year and to date, the inferred uranium resource based in the Tumas channel system has been increased by 160%. Some 50%, or approximately 60 kilometres of this paleochannel system which deepens to the west, remains to be properly tested.

## ► **Second half of 2019 planned drilling**

Thee positive results from the current 2019/2020 and previous 2018 and 2017 drilling, together with the correct re-interpretation of historic exploration data which outlined the regional palaeochannel target, confirm management of **Deep Yellow**'s confidence the existing uranium resource base for Langer Heinrich-style deposits within the **Reptile Project** area can be further increased.

It is planned that drilling will continue in the second half of 2019 with emphasis now changing towards testing both the east and west extensions of the **Tumas 3 deposit** and exploration at **Tumas Central** and **Tubas Red Sand** areas.

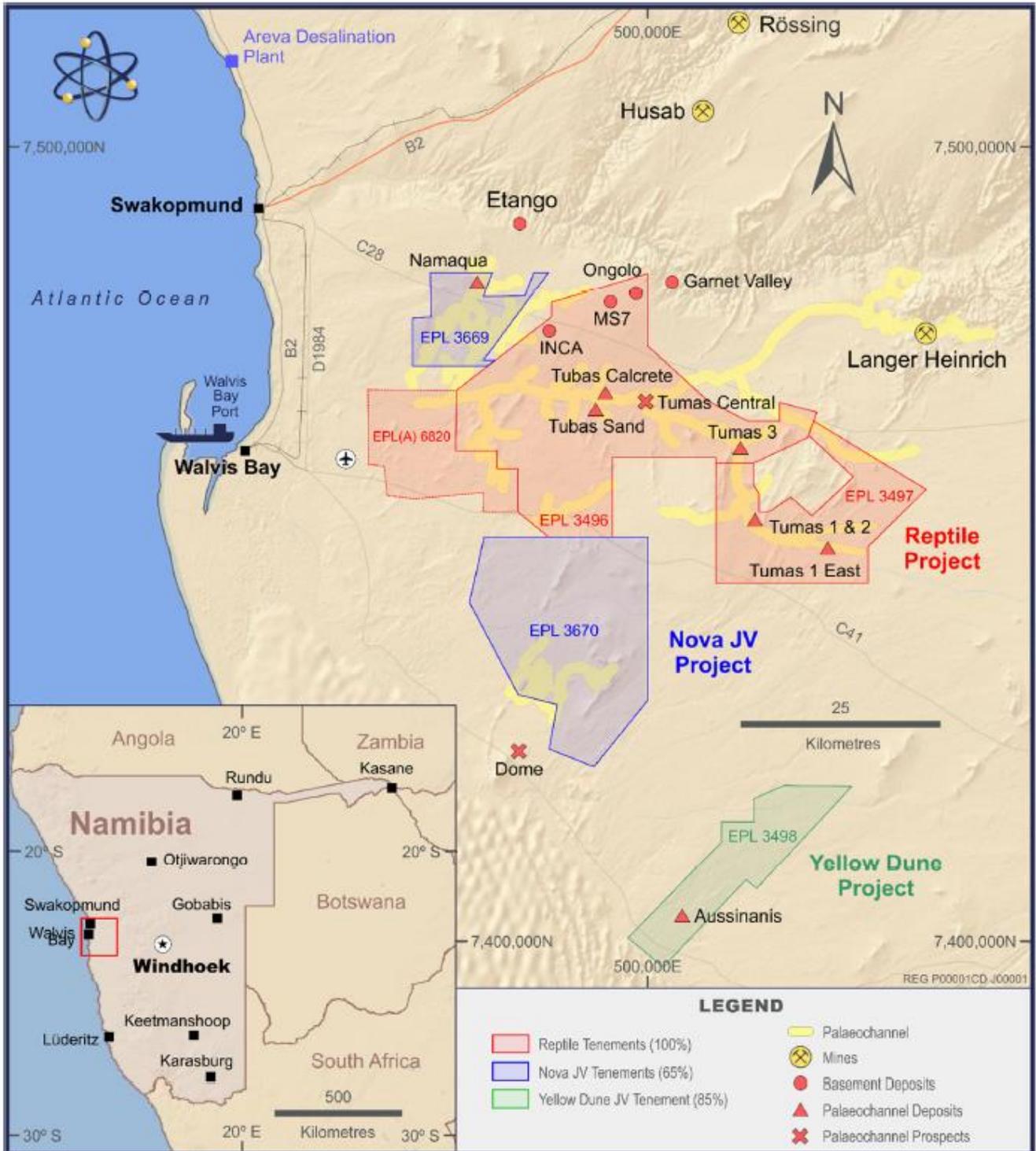


Figure 1: EPLs 3496, 3497 showing Tumas Deposits and main prospect locations over palaeochannels.

## Investment Comments:

**Deep Yellow** has a two-pronged 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 eU<sub>3</sub>O<sub>8</sub> grading 377 ppm U<sub>3</sub>O<sub>8</sub> at a 200 ppm cut-off in July 2018.**

On March 27, 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 eU<sub>3</sub>O<sub>8</sub> 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 U<sub>3</sub>O<sub>8</sub> 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.

**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**, in my view, at a current market valuation of US\$ 47.3 million, offers a high investment leverage potential.

My 2020 share price target remains A\$ 0.90 over an extended period including 2020, as a result of the still ongoing bad sentiment for U<sub>3</sub>O<sub>8</sub> prices.