

Uraniumletter INTERNATIONAL

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Investment Alert – September 26, 2019

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Deep Yellow Ltd, Australia, Sydney:DYL, M



Deep Yellow Limited (A\$ 0.29)

ASX	: DYL
OTCQX Best Market	: DYLLF
H+L prices (12 months)	: A\$ 0.58 – 0.26
Issued shares	: 237.7 million
Fully diluted	: 300.1 million
Market capitalization	: A\$ 67.7 million (US\$ 45.8 million)

2020 share price target: A\$ 0.90

INVESTMENT ALERT

Scoping Study to be finalised by the end of this year and
Pre-Feasibility Study planned to commence in the
March quarter of 2020

On September 24, 2019, **Deep Yellow** announced the approval of its Board of an additional \$ 1.1 million budget to advance the Company's **Reptile Project** in **Namibia** and determine its economic feasibility in a staged manner.

The A\$ 1.1 million is in addition to the existing Fiscal Year 2020 Reptile Project budget of \$ 1.65 million.

The success of the exploration work undertaken by **Deep Yellow** on the Project over the past 2 years remains a major accomplishment having delineated additional deposits containing Langer-Heinrich style uranium mineralisation in the grade range of 300 ppm to 500 ppm U₃O₈.

This has involved the discovery of significant additional near-surface calcrete-associated uranium resources through **identification of the highly prospective 125 kilometres long Tumas palaeochannel-target zone, of which about 50% remaining unexplored.**

Innovative exploration undertaken by **Deep Yellow** has resulted in a remarkable three-fold increase in the resource base of the deposit type within the highly prospective **Tumas palaeochannel to 86 million pounds grading 310 ppm U₃O₈**.

Importantly, with the Company's stated **Exploration Target** there remains strong upside for further discovery with supportable expectation that this calcrete-associated uranium Mineral Resource could be increased to between 100 million pounds and 150 million pounds in the grade range 300 to 500 ppm U₃O₈.

The positive results achieved so far at **Reptile** justify advancing the Project by completing a **Pre-Feasibility Study (PFS)**. This work at Reptile will commence from **October 1, 2019**.

A **Scoping Study** will be completed by **December 2019** with the **PFS activities** scheduled to commence in **early 2020**.

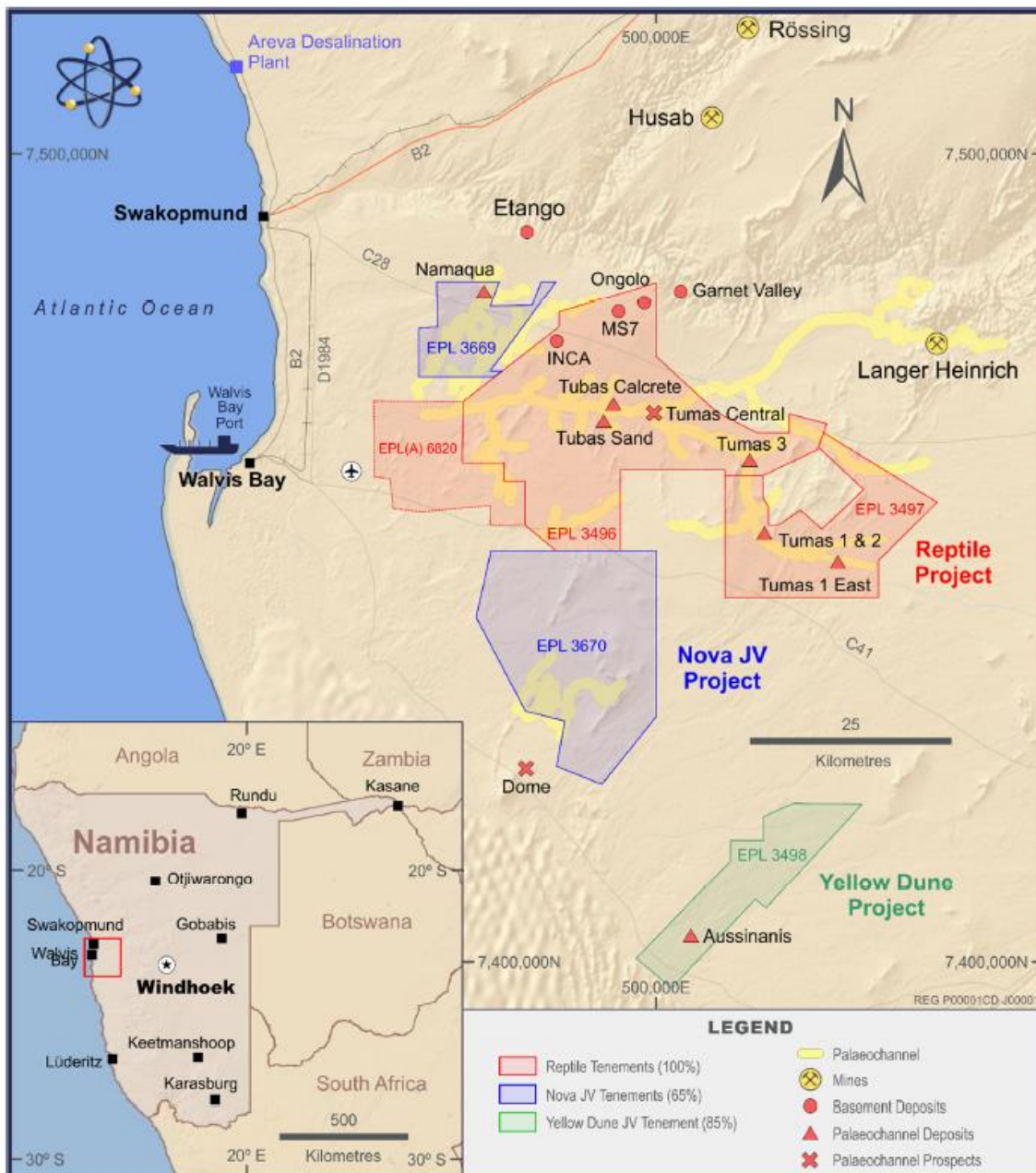


Figure 1: EPLs 3496, 3497 showing Tumas Deposits and main prospect locations over palaeochannels.

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\$ 45.8 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.23</i>	<i>focus</i>	<i>valuation</i>
			<i>2019</i>		<i>(US\$ million)</i>
Global Atomic	1)	TSX.V GLO	C\$ 0.51	Niger	55.2
Deep Yellow		ASX DYL	A\$ 0.30	Namibia	46.9
GovEx		TSX.V GXU	C\$ 0.15	Niger/other African countries	46.1
Berkeley Energia		ASX BKY	A\$ 0.26	Spain	45.7
Bannerman Resources		ASX BMN	A\$ 0.04	Namibia	28.4
Forsys Metals		TSX FSY	C\$ 0.16	Namibia	18.8
A-Cap Energy	2)	ASX ACB	A\$ 0.03	Botswana	17.8
Plateau Energy Metals	3)	TSX.V PLU	C\$ 0.26	Peru	16.4
Blue Sky Uranium	4)	TSX.V BSK	C\$ 0.12	Argentina	9.8
Aura Energy	5)	ASX AEE	A\$ 0.01	Mauritania	7.8
Total market capitalization					292.7
1) also 49% interest in operating zinc project in <u>Turkey</u>					
2) entered on December 20, 2018 into a joint venture agreement to acquire up to a 75% farm-in interest with <u>Blackham Resources</u> to develop a cobalt project in Western Australia					
3) uranium-lithium project; main focus on lithium					
4) uranium-vanadium project					
5) also Haggån Vanadium Project in <u>Sweden</u> , representing one of the world's largest undeveloped vanadium resources					