

Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Investment Alert – December 27, 2018

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Deep Yellow Limited (A\$ 0.39)

ASX : DYL
OTCQX Best Market : DYLLF

H+L prices (12 months) : A\$ 0.58 – 0.21

Issued shares : 201.1 million
Fully diluted : 257.8 million

Market capitalization : A\$ 78.4 million
(US\$ 55.3 million)

2019 share price target: A\$ 0.90

INVESTMENT ALERT

Drilling completed for 2018 at the Nova JV Project, Namibia

On December 19 28, 2018, **Deep Yellow** advised the completion of the 2018 exploration drilling program carried out on the **Nova Joint Venture Project (Nova JV)**, where Japanese Japan Oil, Gas and Metals Nation Corporation (JOGMEC) is earning a 39.5% interest on expenditure of A\$ 4.5 million.

The drilling program started on October 4 and was suspended on December 14 to allow for the Christmas break.

The overall drilling program was designed to follow up encouraging drilling results from 2017 at the **Namaqua palaeochannel** and to test other channels in addition to various basement targets defined by the 2018 airborne spectrometric and magnetic survey. Four basement targets and six palaeochannels (including Namaqua) were targeted for this investigation. This exploration drilling totalled 4,874 metres and involved 122 RC holes.

► Drilling results

Drilling campaign completed on EPLs 3069 and 3070 encountered encouraging results in palaeochannels.

- On EPL 3670 uranium mineralization was intersected in previously unexplored Day Gecko palaeochannel
- At the Iguana Prospect on EPL 3669 four of seven drill holes intersected narrow uranium mineralization including:
 - TNO 109 RC 10 metres at 136 ppm eU3O8 from 36 metres, and 14 metres at 184 ppm eU3O8 from 74
 - TNO 111 RC 10 metres at 187 ppm eU3O8 from 27 metres

Conclusions

The follow-up drilling at Namaqua did not identify any economic uranium mineralisation at this stage, however the indication that previously unexplored (and unknown) palaeochannels are fertile and carry uranium mineralisation at Bowsprit and Day Gecko is regarded as a positive development.

Although exploration drilling did not encounter economic uranium mineralisation, the identification of calcrete associated mineralisation within the palaeochannels in the Nova JV area is considered significant as this has confirmed the prospectively of the system of palaeochannels that has been identified.

Further drilling is planned in 2019 to explore previously untested palaeochannels in the Nova JV area.

The north-western extension of Iguana which is blanketed by extensive cover will be explored by shallow bed-rock drilling to isolate specific targets for follow-up RC drilling. RC drilling will also be used to continue to explore the newly identified prospective palaeochannels on EPLs 3669 and 3670 which remain untested.

Company Profile

Deep Yellow's strategy is focused upon growing the existing uranium resources across the Company's uranium projects in **Namibia** and the pursuit of appropriate accretive counter-cyclical acquisitions to build a global geographically diverse project portfolio during a time of depressed uranium outlook.

Deep Yellow's cornerstone suite of properties in **Namibia** are situated within a top-ranked African mining destination; the country's jurisdiction has a long, well-regarded history of safety and effectively developing producing and regulating its considerable uranium mining industry.

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, following up with a revised resource expanded by 32% to **31.2 million pounds grading 377ppm U₃O₈ in July 2018**. In parallel, the Company will pursue accretive counter cyclical acquisitions to create a multi-project uranium platform.

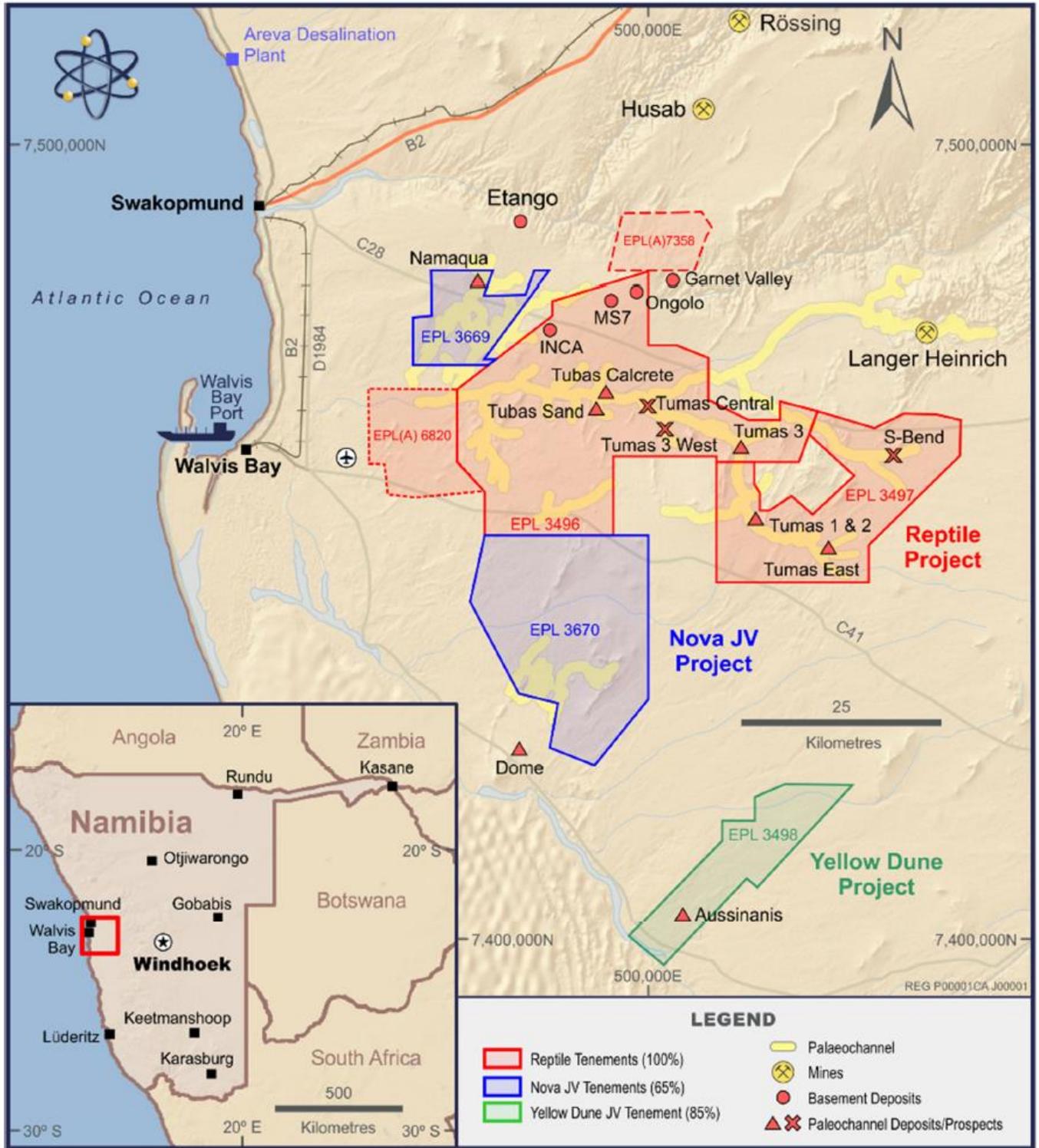
The encouraging results at **Tumas 3** from drilling over 10.4 km and **Tumas 1 East** gives **Deep Yellow** confidence that the Company has notably advanced towards reaching its stated **total exploration target of 100-150 million pounds U₃O₈ at a grade range of 300ppm – 500ppm for this type of uranium 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 can earn a 39.5% interest in the Project through expenditure of A\$4.5 million within 4 years.

With **Deep Yellow** ranked as **Namibia's** top-ranked exploration/development company by market valuation, in my view, based on the quality of its prospective **Reptile Project**, at a current market valuation of US\$ 55.3 million offers a high investment leverage potential.

My 2019 share price target remains A\$0.90.



Tenement locations and prospect location maps