

Investment Alert – March 27, 2019

www.deeptyellow.com.au



## Deep Yellow Limited (A\$ 0.39)

ASX	: DYL
OTCQX Best Market	: DYLLF
H+L prices (12 months)	: A\$ 0.58 – 0.24
Issued shares	: 201.3 million
Fully diluted	: 257.8 million
Market capitalization	: A\$ 78.5 million (US\$ 56.0 million)

**2019 share price target: A\$ 0.90**

## INVESTMENT ALERT

### Uranium resources expanded by 51% at Tumas 1, 2 and 3 deposits in Namibia

On March 27, 2019, **Deep Yellow** announced that an updated Mineral Resource Estimate (MRE) for the **Tumas 1, 2 and 3 deposits** at a **200 ppm eU3O8 cut-off** now contains **67.4 million pounds of Measured, Indicated and Inferred Mineral Resources** at **352 ppm eU3O8**.

This represents an increase of 51% from the MRE announced to the ASX on July 11, 2018. These deposits occur on EPLs 3496 and 3497, held by the **Deep Yellow** wholly-owned subsidiary **Reptile Uranium Namibia (Pty)**. The MRE was undertaken using various cut-off grades using a minimum thickness of 1 metre and confirms to the 2012 JORC Code of Mineral Source reporting.

A four-month resource extension RC drilling program was completed in December 2018, testing areas immediately east of **Tumas 1 deposit** and west of **Tumas 3 deposit** (see figure 1). This work also included some limited infill drilling within the **Tumas 1** and **Tumas 2 deposits**.

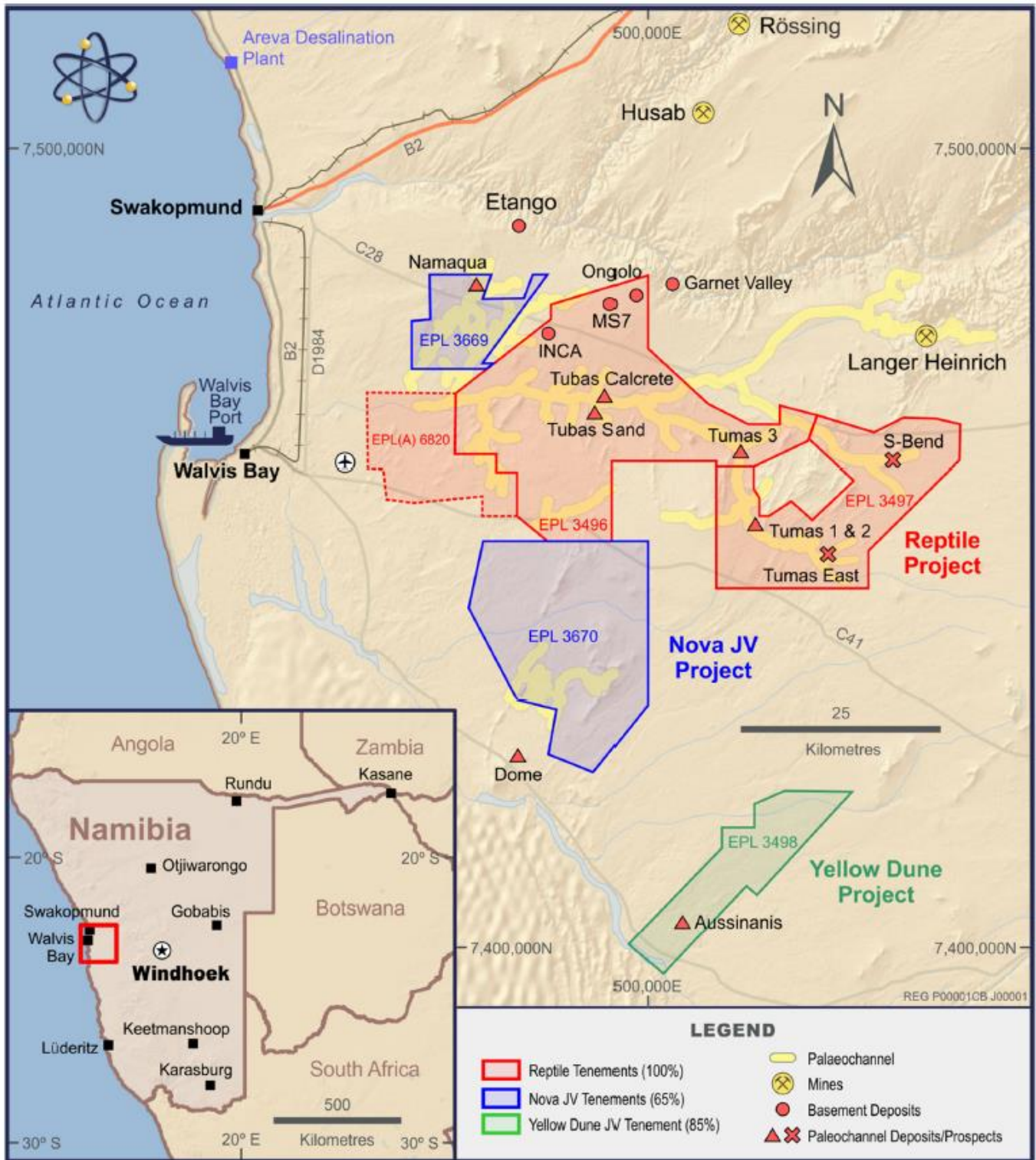
Drilling extended the mineralised Tumas palaeochannel system in this area by 8.4 kilometres and detailed extensive uranium mineralization therein. On the 346 RC holes drilled for 5,999 metres during this campaign 221 holes returned positive results – an overall 64% success rate.

This addition to the Tumas palaeochannel uranium resource basis has increased **Deep Yellow's** total surficial calcrete-related Mineral Resource over the Namibian projects by a significant 28%.

Importantly, since the new exploration approach was applied from November 2016, **the overall palaeochannel-hosted resources have been doubled over the Namibian projects totalling 104.2 million pounds U3O8.**

This is fully indicating the change of focus that was made which identified the extensive, regionally occurring, prospective palaeochannel thus expanding the exploration target significantly.

**Figure 1: Namibian locality map showing position of the Tumas Project**



## ► Exploration target

The uranium mineralization that has been defined to date in the Tumas palaeochannel system occurs as three distinct mineralised bodies. These are the **Tumas 1** and **2 deposits**, now including the **Tumas East tributary extensions**, the **Tumas 3 deposit** and the **Tubas Red Sands/calcrete deposits**.

**Deep Yellow** has identified 125 kilometres of highly prospective palaeochannel systems, of which only 65 kilometres have been adequately tested leaving much opportunity to continue increasing the uranium resource base with further drilling.

Over the past 2 years exploration and resource drilling mainly concentrated in the eastern and central parts of the Tumas palaeochannel system. This work has been highly successful producing **86.2 million pounds eU3O8 at 310 ppm** over EPLs 3496/97 associated with the **Reptile Project** palaeochannel.

With this latest addition to its resource base **Deep Yellow** has notably increased its calcrete-associated uranium resources and with each drilling campaign is approaching closer to its stated total **Exploration Target of 100 million to 150 million pounds U3O8 at a grade range of 300 ppm to 500 ppm** for this type of uranium mineralization.

**Deep Yellow's** total JORC confirming uranium Mineral Resources on its Namibian projects are shown below.

**Table 1. Combined Tumas 1, 2 and 3 - JORC 2012 MRE - Indicated, Measured and Inferred Resources at various cut-off grades**

Cut-off (ppm U <sub>3</sub> O <sub>8</sub> )	Tonnes (M)	U <sub>3</sub> O <sub>8</sub> (ppm)	U <sub>3</sub> O <sub>8</sub> (Mlb)
100	185.5	243	99.6
150	132.3	290	84.7
200	86.6	352	67.4
250	57.3	423	53.4

*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.*

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

Tumas 1, 2 and 3 Resources			July 2018 Status			March 2019 Status		
Tumas 3 Deposit (2017/18 Resource) - JORC 2012			Tumas 3 Deposit			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	37.5	377	31.2	39.7	378	33.1	
<b>Sub Total</b>		<b>37.5</b>	<b>377</b>	<b>31.2</b>	<b>39.7</b>	<b>378</b>	<b>33.1</b>	
Tumas Project - JORC 2012			Tumas Project			Tumas Project		
Tumas 1&2 Deposit	Measured	9.7	386	8.2	10.8	383	9.1	
Tumas 1&2 Deposit	Indicated	6.5	336	4.8	5.5	333	4.0	
Tumas 1&2 Deposit	Inferred	0.4	351	0.3	5.7	211	2.7	
Tumas 1 - East	Inferred	-	-	-	25	335	18.5	
<b>Sub Total</b>		<b>16.6</b>	<b>366</b>	<b>13.3</b>	<b>47</b>	<b>331</b>	<b>34.3</b>	
<b>Tumas 1, 2 and 3 Total</b>		<b>54.1</b>	<b>372</b>	<b>44.5</b>	<b>86.7</b>	<b>352</b>	<b>67.4</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.*

## 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 eU3O8 grading 377 ppm U3O8 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 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 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** 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\$ 56.0 million, offers a high investment leverage potential.

My 2019 share price target remains A\$0.90.