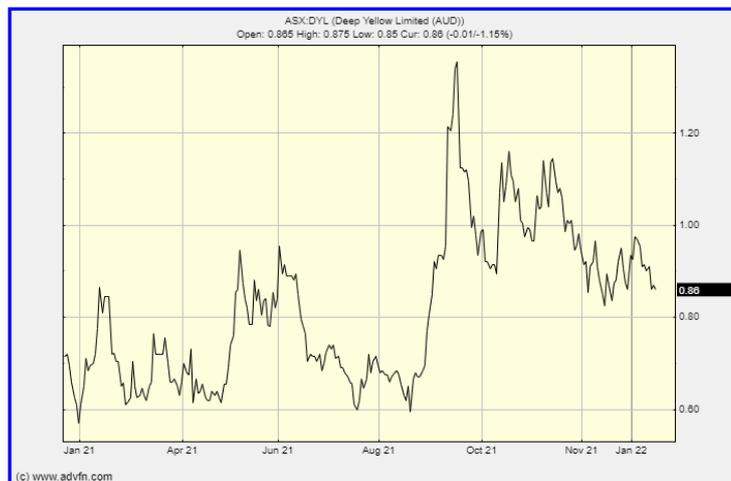


# Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Investment Alert – January 19, 2022

www.deeptyellow.com.au



## Deep Yellow Limited (A\$ 0.88)

ASX : DYL  
OTCQX Best Market : DYLLF

H+L prices (12 months) : A\$ 1.37 – 0.535

Fully paid shares : 381.3 million

Market capitalization : A\$ 338.7 million  
(US\$ 243.6 million)

**2022 share price target: A\$ 1.50**

## INVESTMENT ALERT

### ► Thick high-grade mineralisation identified at **Barking Gecko North prospect, Namibia**

On 18 January 2022, **Deep Yellow** announced that the Phase 2 follow-up drilling program at the **Barking Gecko North prospect** (EPL 3669) was initiated on 18 November 2021, through the commencement of the program's first diamond drill hole TN270DDT. This hole was successfully completed on 15 December reaching a depth of 266 metres (m).

The **Barking Gecko prospect** is part of the **Nova Joint Venture (NJV)** located within EPL 3369 in **Namibia** (Figure 1). **Japan Oil, Gas and Metals National Corporation (JOGMEC)** completed its 39.5% earn-in obligation through expenditure of A\$4.5M in October 2020.

Since completion of the earn-in, the NJV parties are now jointly contributing in accordance with their equity holdings as follows:

Reptile Mineral Resources & Exploration (Pty) Ltd - <i>Manager (Subsidiary of Deep Yellow Limited)</i>	39.5%
Japan Oil, Gas and Metals National Corporation (JOGMEC)	39.5% (Right to equity)
Nova Energy (Africa) Pty Ltd <i>(Subsidiary of Toro Energy Ltd)</i>	15%
Sixzone Investments (Pty) Ltd <i>Namibia</i>	6% (Carried interest)

The purpose of drilling diamond hole TN270DDT was to acquire critical core sample material for detailed geological and structural logging to assist with the clarification of the 3D setting of Page 2 of 14 the highly prospective, strongly mineralised zone discovered at Barking Gecko North (Figure 2). To date, this zone has only been tested by RC drilling. With completion of hole TN270DDT, the mineralised alaskite intrusions can be more accurately studied to develop a better understanding of the mineralisation controls, enabling optimal positioning of the RC holes planned for the next stage of the Phase 2 drill program.

#### Highlights:

- **Phase 2 follow-up drill program at [Barking Gecko North](#) was initiated on 18 November through commencement of diamond drill hole [TN270DDT](#) and was successfully completed on 15 December 2021**
- **[TN270DDT](#) reached a depth of 266m and returned cumulative intersections of 118 metre at 352 ppm eU3O8 from eight intersections between 75m and 265m. Best individual intersections include:**
  - 9m at 954ppm eU3O8 from 88m
  - 60m at 304ppm eU3O8 from 150m
  - 30m at 382ppm eU3O8 from 235m
- **The excellent results from TN270DDT will be integrated with previous results from Phase 1 drilling to identify optimal positioning of RC holes planned for the next stage of Phase 2 drilling**
- **Next stage of the drill program is scheduled to commence on 24 January and will comprise of 10 RC holes for ~2,500m, with results expected by early/mid-March**

#### ► Conclusion

The results from [TN270DDT](#), in conjunction with [Phase 1](#) drilling at [Barking Gecko North](#), remain encouraging, with the prospective nature of this zone being confirmed.

The size of the prospective zone containing high grade and thick uranium mineralisation, as identified to date, appears to be restricted at this stage to 700m by 200m. However, further drilling is required to test the continuation of the mineralisation to the north and south as well as at depth.

The interesting feature of [Barking Gecko North](#) is the high-grade character of the mineralisation that is being encountered, which is very similar to what is found at the near-adjacent Rössing and Husab uranium deposits. On this basis alone the follow up drilling that is planned on this target is highly justified.

**The next stage of Phase 2 drilling will comprise of 10 RC holes for 2,500m and is planned to start 24 January. Results are expected by early/mid-March.**

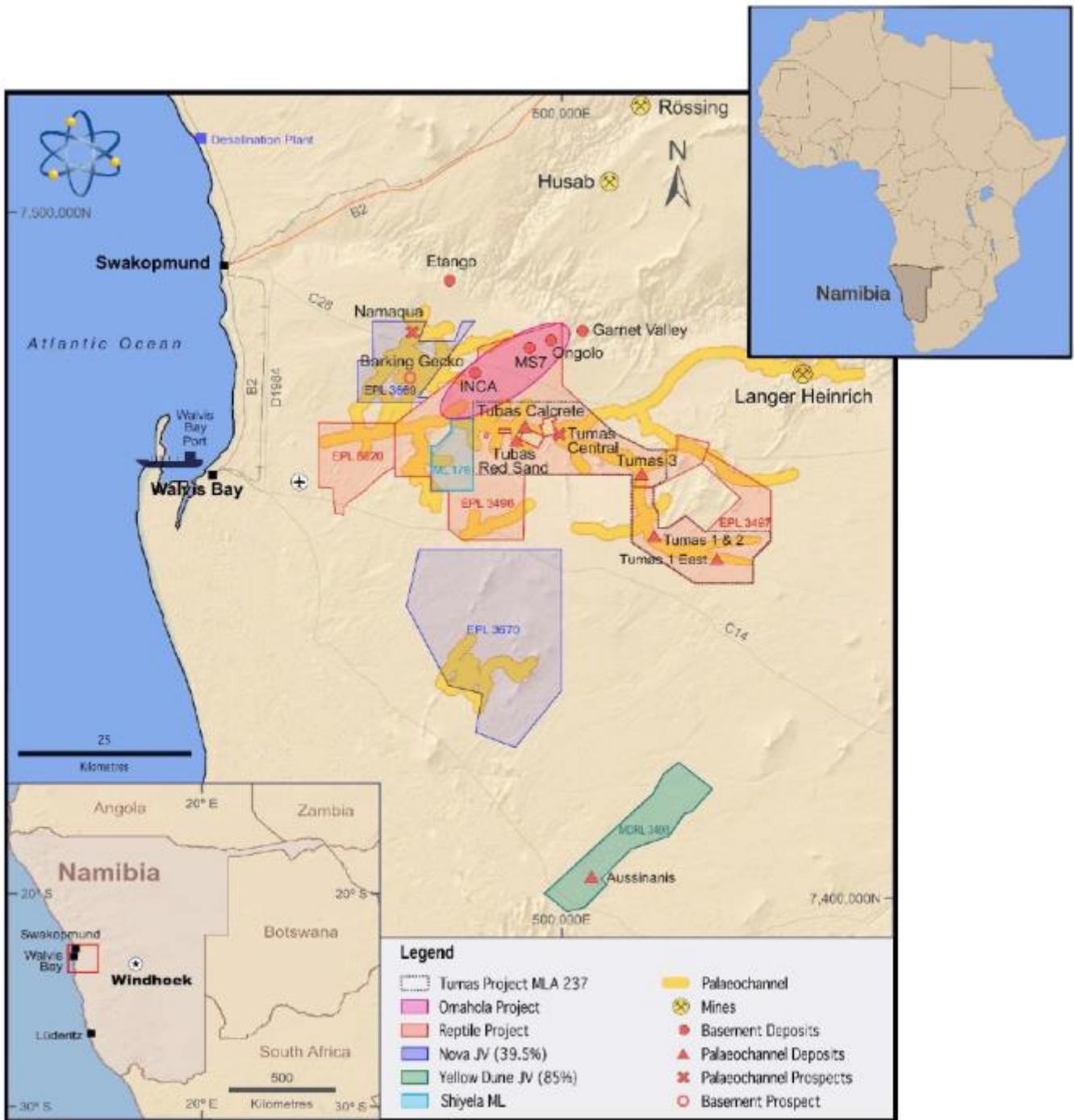


Figure 1: location of the Nova JV EPLs 3669 and 3670

## Investment Comments:

**Deep Yellow** has a two-pronged growth strategy involving the growing of existing uranium resources in **Namibia**. The country has an excellent jurisdiction and infrastructure for development and mining. It is ranked 4<sup>th</sup> among the world's top 10 uranium countries and the highest ranked African country.

Since 2017 successful exploration over the highly prospective **Tumas Palaeochannel** has resulted in a remarkable four-fold increase in the resource base of the deposit type.

**The total Tumas updated ore reserves by deposit stands now at 68.40 Mlb.**

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 completion of a highly positive **PFS** confirms technical and economic viability of the **Tumas Project**, as a result of which the Board has approved proceeding directly to a **DFS to align with the potential development of the Reptile Project around the target period of 2023/24.**

The announced thick high-grade mineralisation identified at the **Barking Gecko North** prospect, part of the **Nova Joint Venture** with **JOGMEC** offers a prospective added value to **Deep Yellow's Tumas Project.**

Having a strong cash balance of A\$ 52.35 million as at September 30, 2021, and 51 million 50 cent options remaining exercisable, **Deep Yellow**, in particular compared to the valuation of US-focused stand by producers and advanced development companies, from my point of view, at a current market valuation of US\$ 243.6 million, remains substantially undervalued.

**My 2022 share price target is A\$ 1.50.**