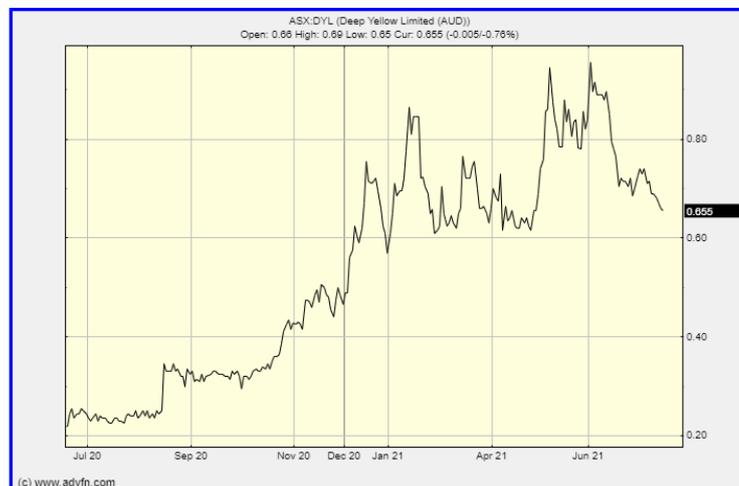


# Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Investment Alert – July 19, 2021

www.deeptyellow.com.au



## Deep Yellow Limited (A\$ 0.62)

ASX : DYL  
OTCQX Best Market : DYLLF

H+L prices (12 months) : A\$ 0.98 – 0.22

Issued shares : 328.0 million  
Fully diluted : 382.8 million

Market capitalization : A\$ 203.4 million  
(US\$ 150.4 million)

**2021 share price target remains: A\$ 1.50**

## INVESTMENT ALERT

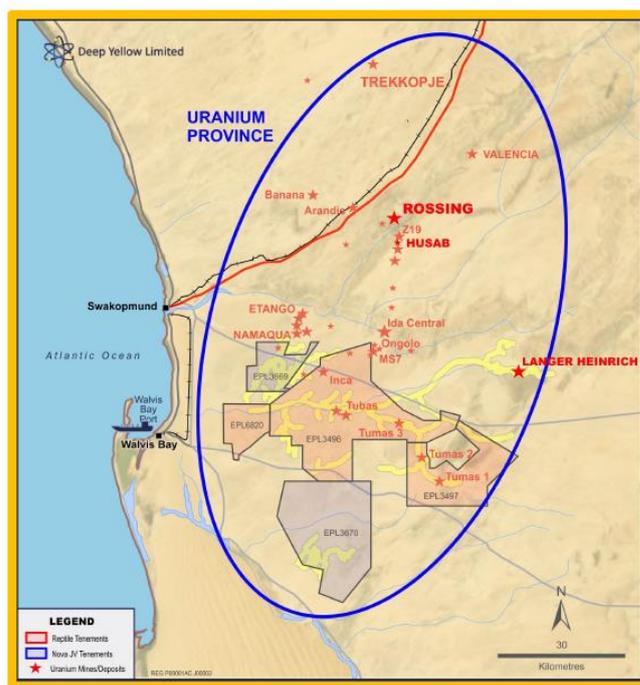
### ► Deep Yellow completes RC infill Definitive Feasibility Study drilling program at the Tumas 3 Deposit, Namibia

On July 13, 2021, Deep Yellow announced completion of the RC infill DFS drilling program at the **Tumas 3 Deposit** located on **EPL7496** (Figure 1). The **Tumas Project** is held by the Company through its wholly owned subsidiary **Reptile Uranium Namibia (Pty) (RUN)**.

The DFS resource drilling program is focused to expanding the current **Life of Mine (LOM)** to **20+ years**.

#### Highlights:

- Tumas 3 West resource upgrade drilling completed with 107 holes for 3,058 metres
- 36% of holes drilled intersected mineralisation greater than 100ppm eU3O8 over 1 metre. Best intersections (200ppm eU3O8 cut-off grade) include:
  - o T31386: 9m@280ppm eU3O8 from 20 metres
  - o T311222: 3m@391ppm eU3O8 from 9 metres



Namibian Uranium Province

- ▶ **Completion of drilling at Tumas 3 West finalises broader Tumas 3 RC infill program, with 911 holes completed for 17,679 metres**
- ▶ **Tumas 3 drill program focused on converting existing Inferred Resources to Indicated JORC status, to enable expansion of the DFS LOM to 20+ years**
- ▶ **Updated Mineral Resource Estimate for Tumas 3 Deposit expected in July**
- ▶ **Drilling has commenced at Tumas 1 East and once completed will conclude the planned DFS resource upgrade drilling program**

Since commencement of the infill drilling program in February 2021, 911 holes have been drilled for 17,679 metres. Three drill rigs are engaged for this work.

Importantly, drilling completed at **Tumas 3 West** indicates that expectations for the conversion rate to Indicated Resource category are being met, with 38% of the 107 holes completed returning uranium mineralisation greater than 100 ppm eU3O8 over 1 metre. Although statistics of uranium grades are slightly lower at **Tumas 3 West**, this was expected as this small area occurs at the periphery of the main **Tumas 3 deposit** and had to be tested to complete the infill drilling program. Mineralisation in certain areas at Tumas 3 West is narrower and more holes were required to close off the mineralisation than toward the major, central part of Tumas 3.

The primary objective of the overall program including **Tumas 3 East, Central and West** is to expand the LOM from 11.5 years (as defined in the recently completed PFS) to 20+years. This program is expected to be completed later this month.

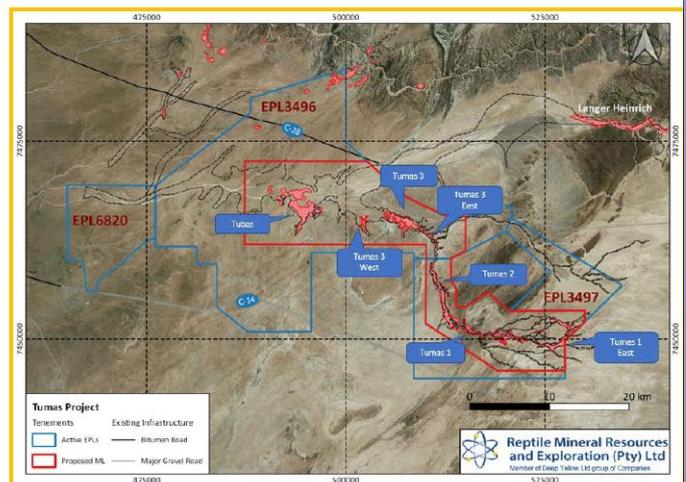
Following the completion of the drill program, a new Mineral Resource Estimate will be produced for incorporation in the **Tumas DFS** to enable consideration of a 20+year life of mine.

**An intermediate updated Mineral Resource Estimate for Tumas 3 will be announced in late July.**

The Probable Reserves (as identified for the recently completed PFS), remaining Indicated and Inferred Resources on the **Tumas Project** have all been derived from testing of only 60% of the known regional palaeo-channel system. Significant upside potential remains to further increase the resource base associated with this highly prospective target, with 50 km of channel systems remaining to be tested.

## Tumas Overview

- Multiple deposits discovered along 55km of the 125km of regional channel explored to date
- Tumas Project within 100% owned Reptile tenements
- Only 50% of the 125km highly prospective palaeochannel system has been tested
- Exploration since early 2017 has increased the resources over threefold at an impressive discovery cost of 11.5cents/lb (A\$)
- Tumas Project is similar to deposit mined at the Langer Heinrich which is very well understood by the Deep Yellow team



Tumas Project Overview

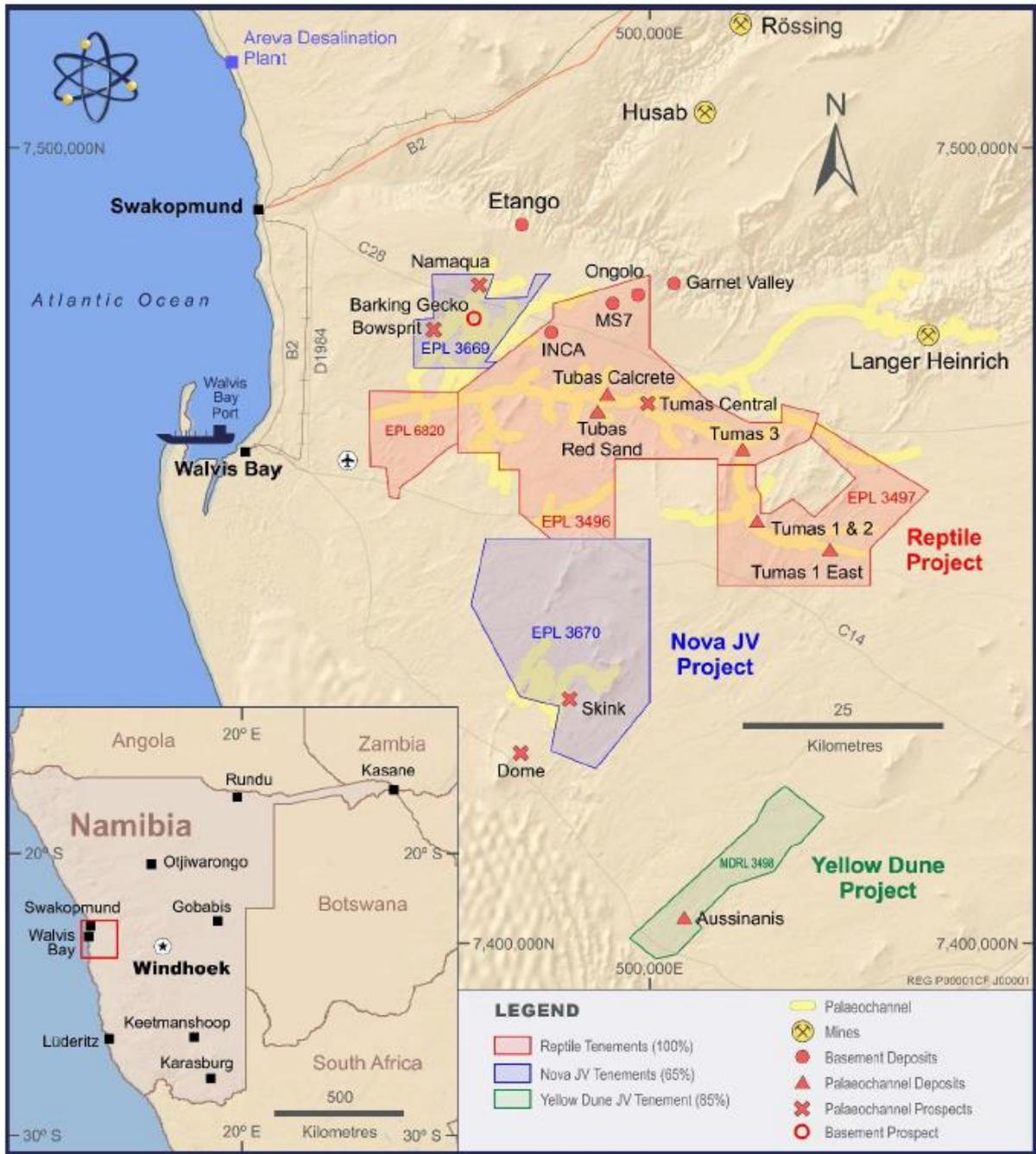


Figure 1 - Namibian location map showing position of the Tumas Project

## 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.

Innovative operation undertaken by **Deep Yellow** over the past three years has resulted in a remarkable three-fold increase in the resource base of the deposit type within the highly prospective **Tumas** palaeochannel to **92.5 million pounds U<sub>3</sub>O<sub>8</sub> grading 303 ppm U<sub>3</sub>O<sub>8</sub>**.

**The total Measured and Indicated Resource at Tumas 1, 2 and 3 stands at 37.2 Mlb at 337 ppm eU<sub>3</sub>O<sub>8</sub>, well above what is required for completion of the Tumas Pre-Feasibility Study**

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**.

Considering the recently successful A\$ 40.8 million placement, followed by the heavily oversubscribed SPP raising of A\$ 2.0 million as a token of the overall significantly improved uranium investment sentiment, in particular compared to major US-focused uranium companies, including stand by producers and advanced development companies, **Deep Yellow**, from my point of view, at a market valuation of US 150.4 million, remains substantially undervalued.

**I maintain my 2021 share price target at A\$ 1.50.**