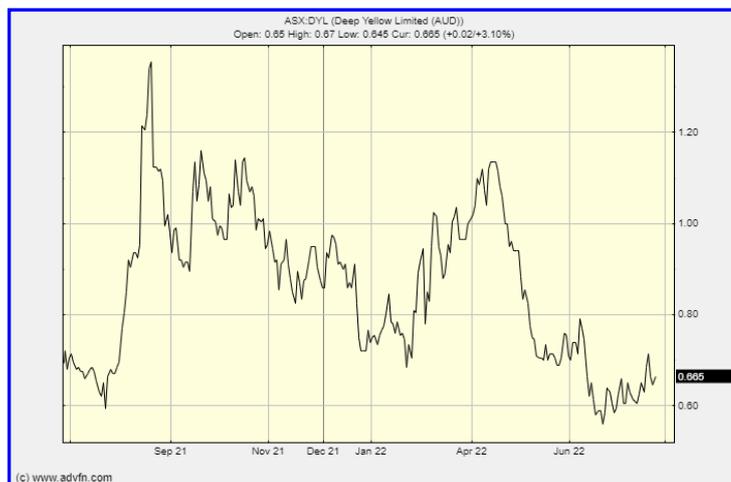


# Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Investment Alert – July 26, 2022

www.deeptyellow.com.au



## Deep Yellow Limited (A\$ 0.665)

ASX	:	DYL
OTCQX Best Market	:	DYLLF
H+L prices (12 months)	:	A\$ 1.37 – 0.55
Issued shares	:	387.0 million
Market capitalization	:	A\$ 251.8 million (US\$ 174.7 million)

**2022/23 share price target: A\$ 1.50**

## INVESTMENT ALERT

### ► Continued follow-up at Omahola Project with excellent results

On July 21, 2022, **Deep Yellow** provided an update on the follow-up RC drilling program at the **Omahola Project (Omahola)**, which lies adjacent to the **Tumas Project** (figure 1.) **Omahola** represents the **Ongolo, MS7** and **Inca** basement-related deposits and is located on EPL 3496, held by **Deep Yellow** through its wholly owned subsidiary **Reptile Uranium Namibia**.

**Uranium Mineral Resources at a 100 ppm U<sub>3</sub>O<sub>8</sub> cut-off at Omahola include a Measured, Indicated and Inferred Mineral Resource base total 125.3 million pounds at 190 ppm U<sub>3</sub>O<sub>8</sub>. At a 150 ppm U<sub>3</sub>O<sub>8</sub> cut-off the deposits contain a combined 82.9 million Mlb U<sub>3</sub>O<sub>8</sub> at 269 ppm.**

While the flagship **Tumas Project** remains the priority focus of **Deep Yellow**, with the current DFS progressing as planned and expected and to be completed during the latter part of CY 2022, **Omahola** provides a compelling exploration opportunity with potential to develop a Rössing-Husab basement-related operation should sufficient resources be delineated.

**Omahola** occurs in the highly prospective “**Alaska Alley**” corridor, which includes major uranium deposits, **Husab, Etango** and **Valencia** as shown in figure 1. These deposits contain more than 800 million pounds U<sub>3</sub>O<sub>8</sub>, with the Rössing mine alone having produced in excess of 200 Mlb U<sub>3</sub>O<sub>8</sub>.



Figure 1: Location map.

### Highlights:

- RC drilling continues at the **Omahola Project**, following excellent results from the 2021 shallow exploration drilling program
- The follow-up drilling program, which commenced in March 2022, is a two-stage, 10,000m program. Phase one has concluded, with 40 holes for 5,252m completed
- 13 deep RC follow-up holes for 2,522m completed, with a focus on testing 50% of the fertile zones previously identified
- Best results were identified at Inca South and include:
  - o OMH0254: 8 m at 512ppm eU3O8 from 79m - 5m at 308ppm eU3O8 from 130m
  - o OMH0255: 5 m at 270ppm eU3O8 from 52m
- A further 17 shallow RC holes and 10 resource definition holes for 2,730m at **Ongolo** and **MS7** have been completed
- **Omahola** holds a Measured, Indicated and Inferred Resource base of 125 Mlb at 190ppm U3O8 at a 100ppm U3O8 cut-off across the **Ongolo**, **MS7** and **Inca** deposits
- **Omahola** provides exciting upside potential for new discoveries through zones that have already been tested by the first pass drilling and by further shallow drilling across remaining 34km of this highly prospective zone, which needs to be tested

## Conclusion :

The 2021 shallow drilling and current follow-up drill programs have both been successful in confirming the highly prospective nature of the broader **0** target zone and further exploring the **Inca South** prospect located within that zone. Deeper drilling for possible resource extensions at **Ongolo** is continuing.

Of the 50 km structural target zone that has been identified as being highly prospective for alaskite-type uranium mineralisation, 16 km of strike length has now been tested by shallow drilling. To date, only half of the anomalous >50 ppm eU<sub>3</sub>O<sub>8</sub> zones identified during the 2021 drilling has been adequately tested and the remaining anomalous zones require follow up with deeper RC drilling.

Shallow drilling of the prospective zone at **Omahola** will be carried out to cover a further 10 km of untested strike length. This program is planned for execution during Q4 of CY22.

At Inca South, additional deep drilling is warranted to better define the target for possible future resource drilling and some deeper drilling at **Ongolo South** is also planned.

## ► **Vimy** shareholders vote in favour of merger with **Deep Yellow**

On 20 July 2022, **Vimy Resources** announced that the requisite majorities of its shareholders today voted in favour of the proposed scheme of arrangement pursuant to which **Deep Yellow** will acquire all the shares of **Vimy**.

As the next step **Vimy** will seek approval of the Scheme of Resolution by the Supreme Court of Western Australia scheduled 26 July 2022. If the Court approves the Scheme at the Second Court Hearing, **Vimy** intends to lodge a copy of the orders of the Court with the Australian Securities and Investment Commission on 27 July 2022, so that the Scheme will become effective on that date.

If this occurs, **Vimy** shares will be suspended from trading on ASX with effect from close of trading on 27 July 2022. The implementation date is 4 August 2022 and new **Deep Yellow** shares commence trading on 5 August 2022

**The Merged Group aims to complete Feasibility Studies by end CY22/CY23 to have two projects in the development pipeline**

### ■ **Tumas - Namibia:**

- The **Tumas DFS** is on track for completion by end CY22 and **Deep Yellow** will work with the Vimy technical team on elements of process that may be incorporated from **Mulga Rock**
- **Deep Yellow** recently advised the market that studies undertaken to date for the DFS have generally confirmed, and in some cases improved upon PFS assumptions.

### ■ **Mulga Rock - Western Australia:**

- **Vimy** has completed a **Definitive Feasibility Study (DFS)** and has advised the market of additional works including base metals, drilling / mining studies and base Metal recovery optimisation work
- **Deep Yellow** has a comprehensive team of highly experienced uranium professionals available to work on these studies and lead identification of the optimal processing route and review all mining, production, capex and opex assumptions to optimise value
- The **Merged Group** will look to produce a revised **DFS** that optimises the value of **Mulga Rock** by undertaking additional works

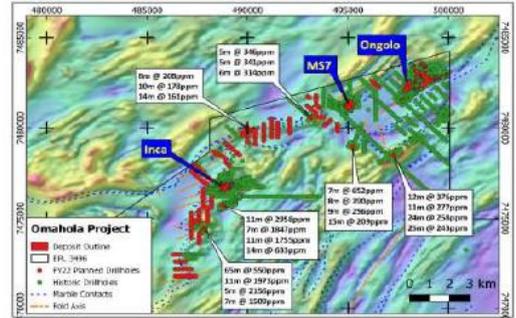
### 3 Namibian Exploration Pipeline

#### Omahola Basement Project - New Focus

- Measured, Indicated and Inferred Resource base of 125Mlbs at 190ppm  $U_3O_8$  across the Ongolo, MS7 and Inca deposits
- 50km prospective zone with strong potential for additional discoveries
- Shallow drilling program of ~200-holes for 7,100m already identified 3 highly promising targets for follow up
- 65% of the basement prospective zone remains to be tested

#### Barking Gecko Basement Target

- 14 RC holes drilled for 3,561m and 1 diamond hole for 266m
- 14 of 15 holes returned uranium mineralisation, majority of holes with multiple intersections
- Standout hole TN270DDT with cumulative intersections of 118m at 352ppm  $eU_3O_8$



Refer to ASX Announcement dated 4 November 2021

Hole ID	From (m)	To (m)	Thickness (m)	$eU_3O_8$ (ppm)
TN270DDT	75	76	1	467
	88	97	9	954
	150	210	60	304
	235	265	30	382

Refer to ASX Announcement dated 18 January 2022

### 3 Australian Project Pipeline

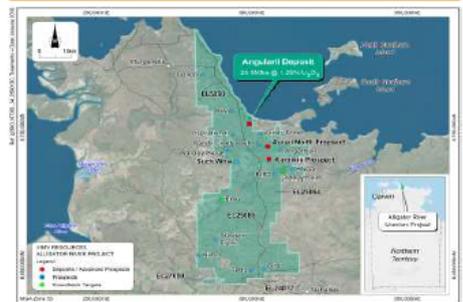
#### Alligator River Project, Northern Territory – 100%

- ✓ Located in the world class uranium province of Alligator River, which hosts some of the highest grade uranium deposits in Australia
- ✓ High-grade, unconformity uranium-gold deposits (Athabasca-style)
- ✓ Mineral Resource at Angularli of 26Mlbs @ 1.29%  $U_3O_8$
- ✓ Strong and long-standing relationship with Arnhem Land Traditional Owners
- ✓ Potential for large, Tier-1 uranium assets
- ✓ Positive Scoping Study boosted by ore sorting trials

#### Planned Activities in Next 18 Months

- 7,000m diamond drill program aims to commence in May 2022, with a focus on resource definition and extension drilling at the Angularli Deposit
- Geophysical work including airborne surveys
- Soil sampling and analysis of ultrafine fraction
- Continue ore sorting test-work
- Commence update to Scoping Study

#### Project Location

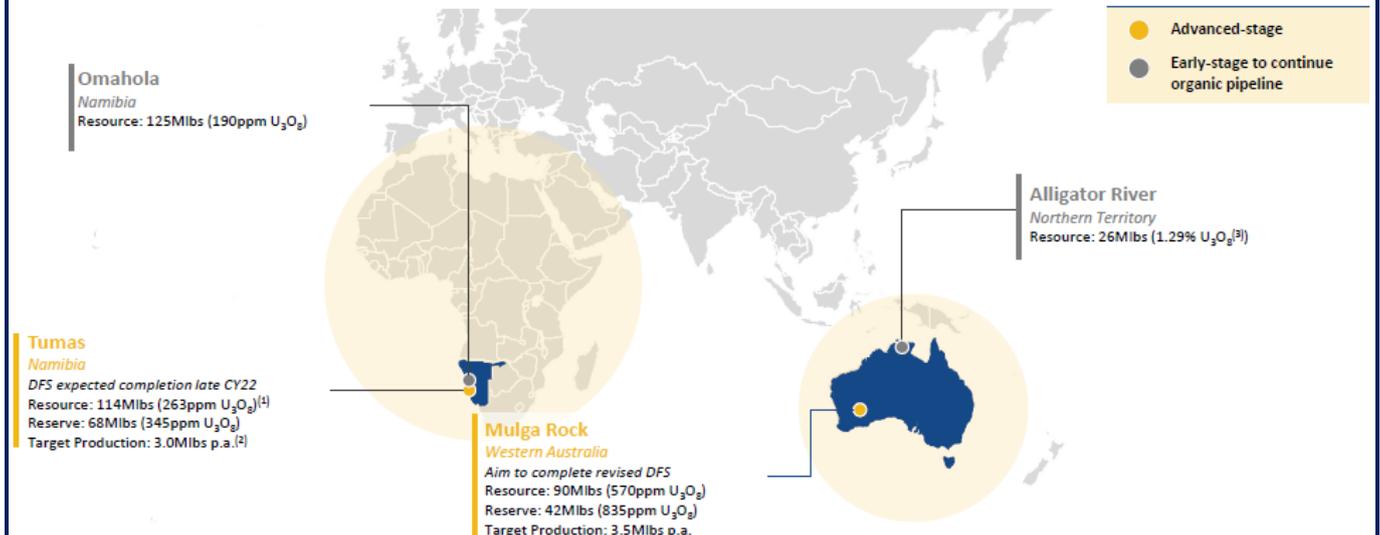


#### Mineral Resource

Deposit / Resource	Classification	Cut-off Grade (% $U_3O_8$ )	Tonnes (Mt)	$U_3O_8$ Grade (%)	$U_3O_8$ (Mlbs)
Angularli	Inferred	0.15	0.91	1.29	25.9

## 2 Globally Diversified, Independent, Advanced-Stage Portfolio

Geographically diversified operations across two Tier-1 uranium mining jurisdictions, distinguishing the Merged Group from other single asset uranium juniors



### Investment Comments:

**Deep Yellow** currently has a two-pronged growth strategy involving the growing of existing uranium resources in **Namibia**, which country 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 **98.7 million pounds U<sub>3</sub>O<sub>8</sub> grading 268 ppm U<sub>3</sub>O<sub>8</sub>**.

**The maiden Indicated Mineral Resource of 19.6 million eU<sub>3</sub>O<sub>8</sub> at 245 ppm is sufficient to support the key objectives of Tumas' DFS to achieve a minimum 20-year Life of Mine.**

Importantly, with the Company's stated Exploration Target, thereby considering that only approximately 65% of the existing **Tumas 1E** Mineral Resource has been tested, 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 agreed **Deep Yellow** and **Vimy Resources** proposed US\$ 493 million merger creates a new global uranium player and two advanced world-class assets in **Australia** and **Namibia** known as Tier-1 uranium mining jurisdictions.

Aiming to sustain up to 10+ million pounds U<sub>3</sub>O<sub>8</sub> per annum with multi-mine capability and funding of the Feasibility Study, supported by a combined cash resource of A\$ 106 million, the anticipated implementation date on 4 August of the merger would offer one of the most prospective investment opportunities among the new generation of major uranium producers.

My 2022/23 share price target is A\$ 1.50.