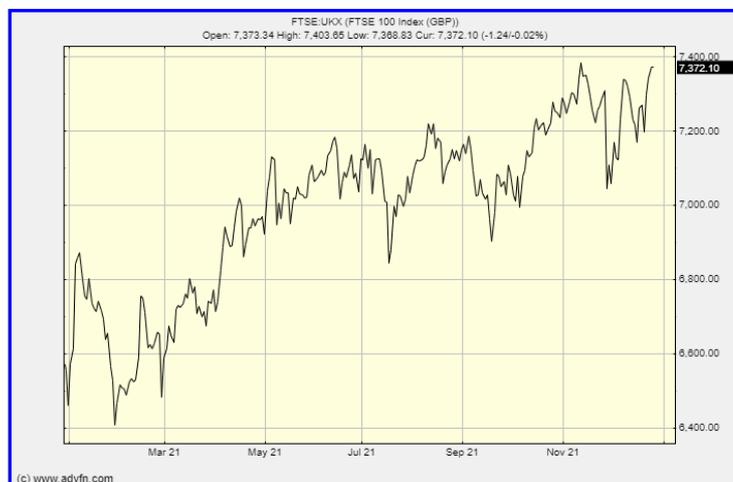


# Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Investment Alert – December 27, 2021

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## Deep Yellow Limited (A\$ 0.95)

ASX : DYL  
OTCQX Best Market : DYLLF

H+L prices (12 months) : A\$ 1.37 – 0.455

Fully paid shares : 381.3 million

Market capitalization : A\$ 350.3 million  
(US\$ 252.8 million)

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

## INVESTMENT ALERT

### ► New potential for basement of uranium discoveries at **Omahola, Namibia**

On 22 December 2021, **Deep Yellow** announced the new potential for basement uranium discoveries at **Omahola, Namibia**, which comprises the **Ongolo, M57** and **Inca Deposits** and provides **Deep Yellow** another significant exploration target for unlock further value across its Namibia portfolio.

#### Highlights:

- **220-hole, 7,426m shallow exploration drilling program completed at the Omahola Project, a Reptile basement exploration target zone**
- **50ppm isopach representing 47% of holes drilled outlines a large, highly prospective zone for follow up**
- **three priority targets identified for immediate drilling Omahola occurs within the highly prospective “Alaskite Alley” corridor, which includes the major uranium deposits of Rössing, Husab, Etango and Valencia**

#### Company introduction:

The Company has experienced excellent growth particularly through the organic pillar, exploring and developing the shallow targets occurring within the Tumas palaeochannel (located within EPLs 3496 and 3497). This has resulted in a near four-fold increase in the Mineral Resource, demonstrating similar characteristics to Langer Heinrich-style deposits (see Figure 1).

**The Tumas Project remains the priority focus with calendar year 2022 the continued progression of the DFS, expected to be completed during the latter part of CY2022.**



Figure 1: Location map.

Between 2009 and 2013 previous management also identified significant uranium mineralisation in basement lithologies, associated with alaskite intrusions similar to Rössing/Husab style of mineralisation. **Three discrete deposits were discovered, collectively called the Omahola Project (Omahola) and located on EPL 3496, held by Deep Yellow through its wholly owned subsidiary Reptile Uranium Namibia (Pty).**

Since late 2016, current management of Deep Yellow have focused on the progression of a dual-pillar growth strategy involving organic growth of the Company’s Namibian project portfolio and inorganic growth through targeted merger and acquisitions, to establish a global, multi-platform 5-10Mlb per annum, low-cost, tier one uranium producer.

The most highly anomalous cluster identified is a significant east-west trending anomalous zone identified in six consecutive drill lines approximately 4km west of the MS7 deposit with 17 holes reported greater than 50 ppm eU<sub>3</sub>O<sub>8</sub> over 1m generating a 2km by 1km target of high exploration interest. Within this 50ppm isopach, ten holes intersected mineralisation greater than 100ppm eU<sub>3</sub>O<sub>8</sub> over 1m and these will be the initial focus of follow-up drilling.

► **Omahola Basement Project**

**Omahola** occurs in the highly prospective “Alaskite Alley” corridor which includes major uranium deposits Rössing, Husab, Etango and Valencia as shown in Figure 1. These deposits contain more than 800Mlb  $U_3O_8$ , with the Rössing mine alone having produced in excess of 200Mlb  $U_3O_8$ .

Uranium mineralisation at **Omahola** occurs across three deposits including **Ongolo**, **MS7** and **Inca** (Figures 1 & 2). It is associated with sheeted leucogranites, locally known as alaskites, and hydrothermal skarn formation.

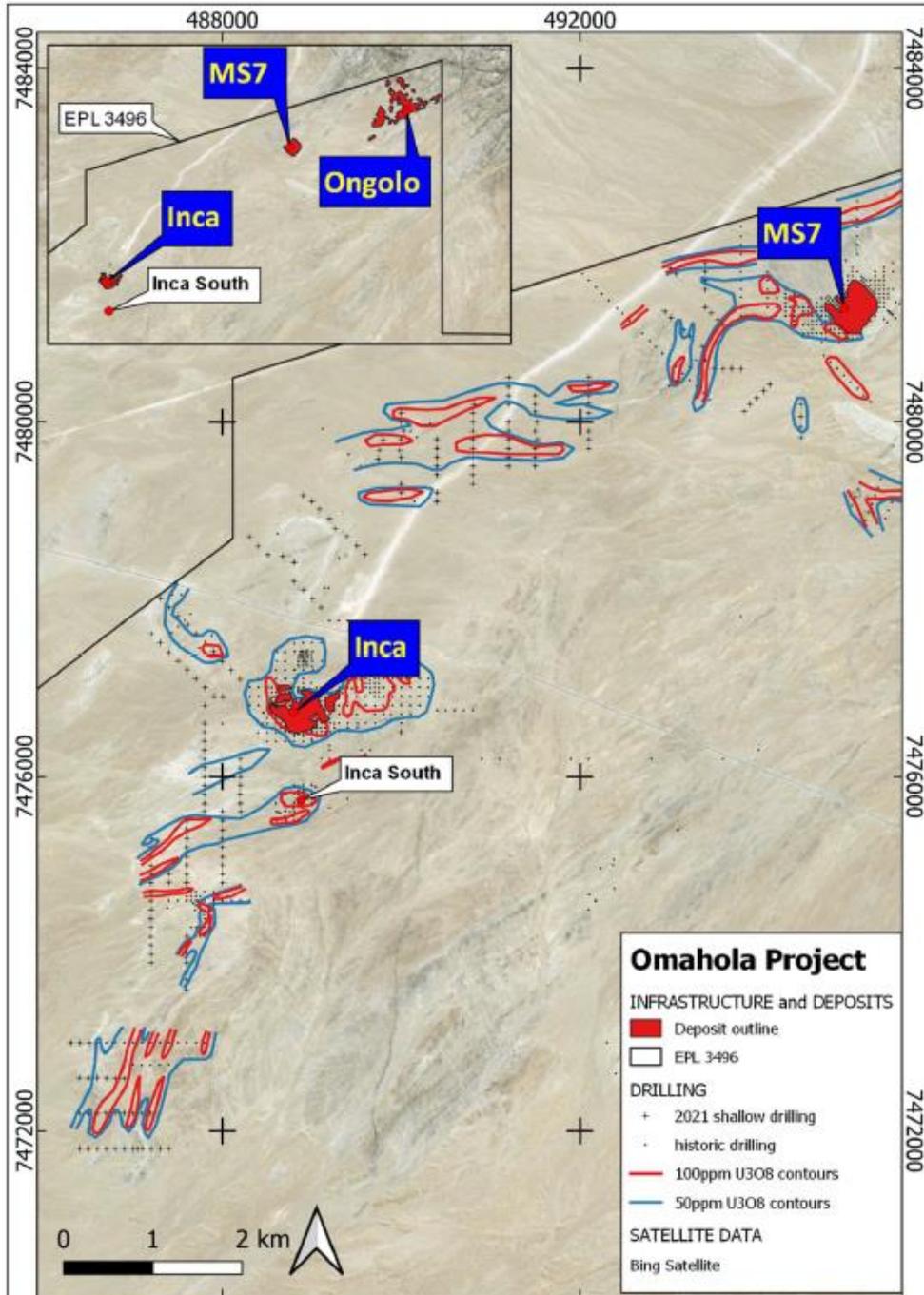


Figure 2: Omahola area showing existing deposits and the extensive 50ppm and 100ppm  $eU_3O_8$  over 1m contours of the mineralisation identified from the 2021 drilling program.

**Omahola** provides **Deep Yellow** with another significant exploration target type to unlock further value, with potential for resource expansion considering the substantial accumulation of uranium and the underexplored nature of this extensive prospective Alaskite Alley.

**Omahola** occupies a structural zone with favourable lithological contacts extending 35km by 14km and trending northeast-southwest within the Alaskite Alley. Only a small section of this favourable zone has been adequately drilled in the past.

A comprehensive review of existing Alaskite Alley Page 3 of 23 data showed that both alaskite- and skarn-hosted uranium mineralisation, are primarily structurally controlled. Identifying the presence of structurally weak zones, e.g., lithological contacts of marble and gneiss as well as the proximity to a fold hinge will be a key criterion guiding delineation of new targets.

A study of historical **Omahola** drill results carried out over the existing deposits of **Ongolo**, **MS7**, and **Inca**, clearly showed that the deposits are generally detectable at an average drilling depth of 25m using the 100ppm  $U_3O_8$  bottom hole result. In addition, previous extensive studies of the discoveries of large nearby uranium deposits showed, from the early reconnaissance drilling the explorers applied, that the 50ppm  $U_3O_8$  marker was also a strong indicator of significant underlying mineralisation.

Based on both these studies it was decided that the most effective way to isolate potential within the large prospective **Omahola** corridor was to carry out a shallow 25m-35m deep drilling program and use the 50ppm and 100ppm geochemical isopachs to isolate the high priority follow-up areas for further drilling investigation.

This recent re-interpretation of available geological data has highlighted significant potential for both expansion of existing deposits and discovery of new deposits in the remaining untested area.

**In anticipation of moving exploration focus toward Omahola, on 4 November 2021 Deep Yellow announced a review of the Omahola resource status with the mineral resources upgraded from JORC 2004 to JORC 2012 category. This work reported a combined Measured, Indicated and Inferred Resource base of 125.3Mlb at 190ppm  $U_3O_8$  at a 100ppm  $U_3O_8$  cut-off grade (Appendix 1).**

On 5 October 2021 **Deep Yellow** announced the commencement of exploration activities at **Omahola** through a shallow reverse circulation (RC) drilling program, targeting extensions of the known deposits testing for new uranium mineralisation along an extensive prospective zone. The program aimed at testing the lithological-structural target zone occurring between the three known Omahola deposits, which are largely under cover and extend over a 10km strike length.

**The shallow drilling program was completed on 14 December 2021 involving 220 shallow holes for 7,426m. A drill spacing 400m by 100m hole was applied, with holes drilled 25m into basement lithologies to identify uranium mineralisation.**

**104 holes, or 47% of the holes drilled, returned greater than 50ppm  $eU_3O_8$  over 1m or more, an exceptional result signifying the highly uraniferous nature of the prospective zone targeted. 34 of these holes (15%) intersected uranium mineralisation greater than 100ppm  $U_3O_8$  over 1m (Appendix 2, Table 1).**

**Of these, 26 holes are in basement lithologies with the remaining eight holes intersecting mineralisation within the overlying alluvial cover sediments.**

## 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.**

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\$ 252.8 million, remains substantially undervalued.

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