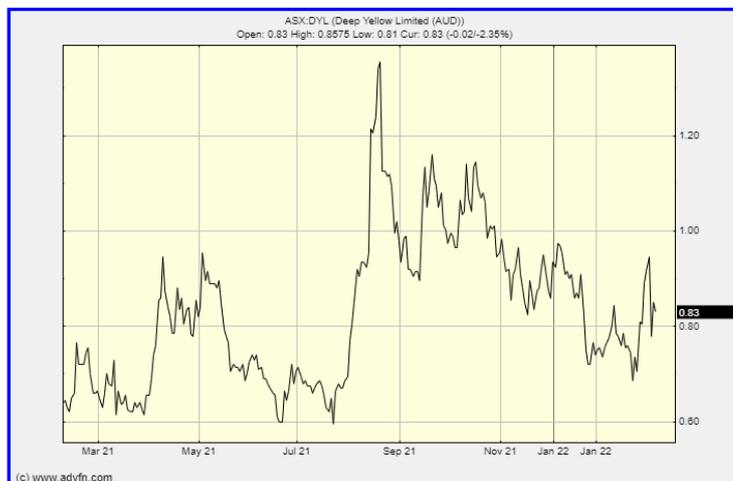


Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

Investment Alert – March 8, 2022

www.deeptyellow.com.au



Deep Yellow Limited (A\$ 0.845)

ASX	:	DYL
OTCQX Best Market	:	DYLLF
H+L prices (12 months)	:	A\$ 1.37 – 0.585
Issued shares	:	387.0 million
Market capitalization	:	A\$ 329.0 million (US\$ 242.6 million)

2022 share price target: A\$ 1.50

INVESTMENT ALERT

► Commencement follow-up drilling **Omahola Project, Namibia**

On 8 March 2022, **Deep Yellow** announced commencement of the follow-up drilling program at the **Omahola Project** and related on **EPL 3496** through its wholly owned subsidiary Reptile Uranium Namibia (Pty) (see Figure One).

Highlights:

- **Omahola Project** is an exciting exploration growth opportunity and currently comprises the Ongolo, MS7 and Inca basement related uranium deposits
- An extensive associated prospective zone is also being delineated and, in combination with the under-evaluated **Omahola** deposits, provides a significant target for the Company to unlock further value across its Namibian portfolio
- A two-stage, 10,000m RC drill program has been developed to follow up the successful shallow drill program completed in late 2021
- Phase 1 drilling has commenced with 39 holes planned for 4,900m. It is expected the full drill program will be completed by June
- Priority targets include drilling for possible extension of the Ongolo deposit, testing anomalous zones west of MS7 and south of Inca and continuing shallow drilling to extend the prospective zone

Omahola occurs in the highly prospective “Alaskite Alley” corridor, which includes major uranium deposits Rössing, Husab, Etango and Valencia (see Figure 1). Collectively, these deposits contain more than 800Mlb U3O8, with the Rössing mine alone having produced in excess of 200Mlb U3O8.

Uranium mineralisation at **Omahola** occurs across the three deposits of Ongolo, MS7 and Inca and is associated with sheeted leucogranites, locally known as alaskites, and hydrothermal skarn formation.

A shallow drilling program completed in late 2021 followed an internal evaluation of historical **Omahola** drill results. The drilling program that resulted was successful in highlighting that basement related deposits may be discovered by systematic shallow drilling. The program also defined the existence of an extensive associated prospective zone together providing another significant exploration target for the Company to unlock further value across its Namibian portfolio.

The drill results from the 2021 program identified three follow-up targets requiring testing for possible extension of the Ongolo deposit and testing anomalous zones west of MS7 and south of Inca. Additional work will also be carried out focussing on extending the shallow drilling along the prospective zone that has been identified.

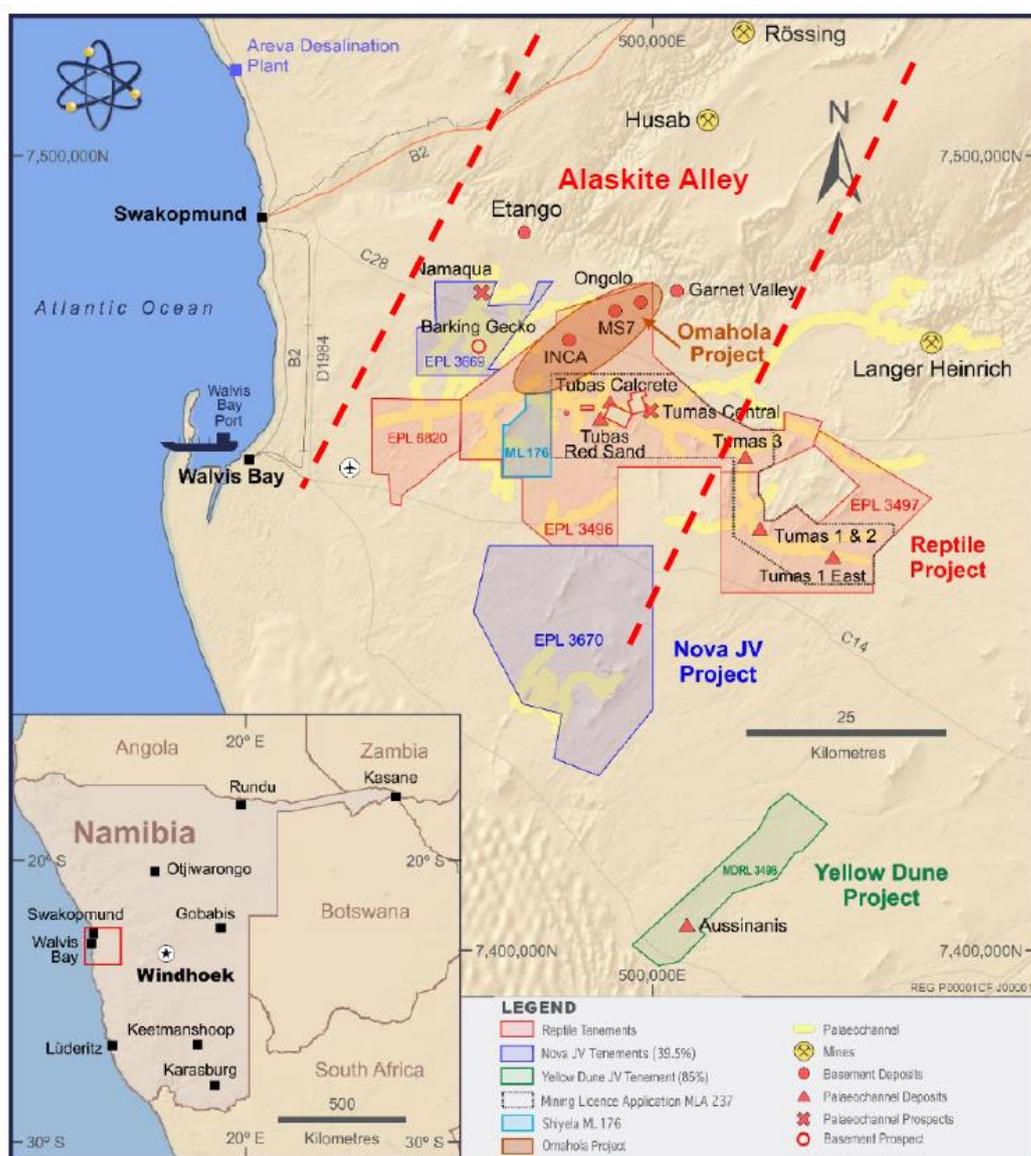
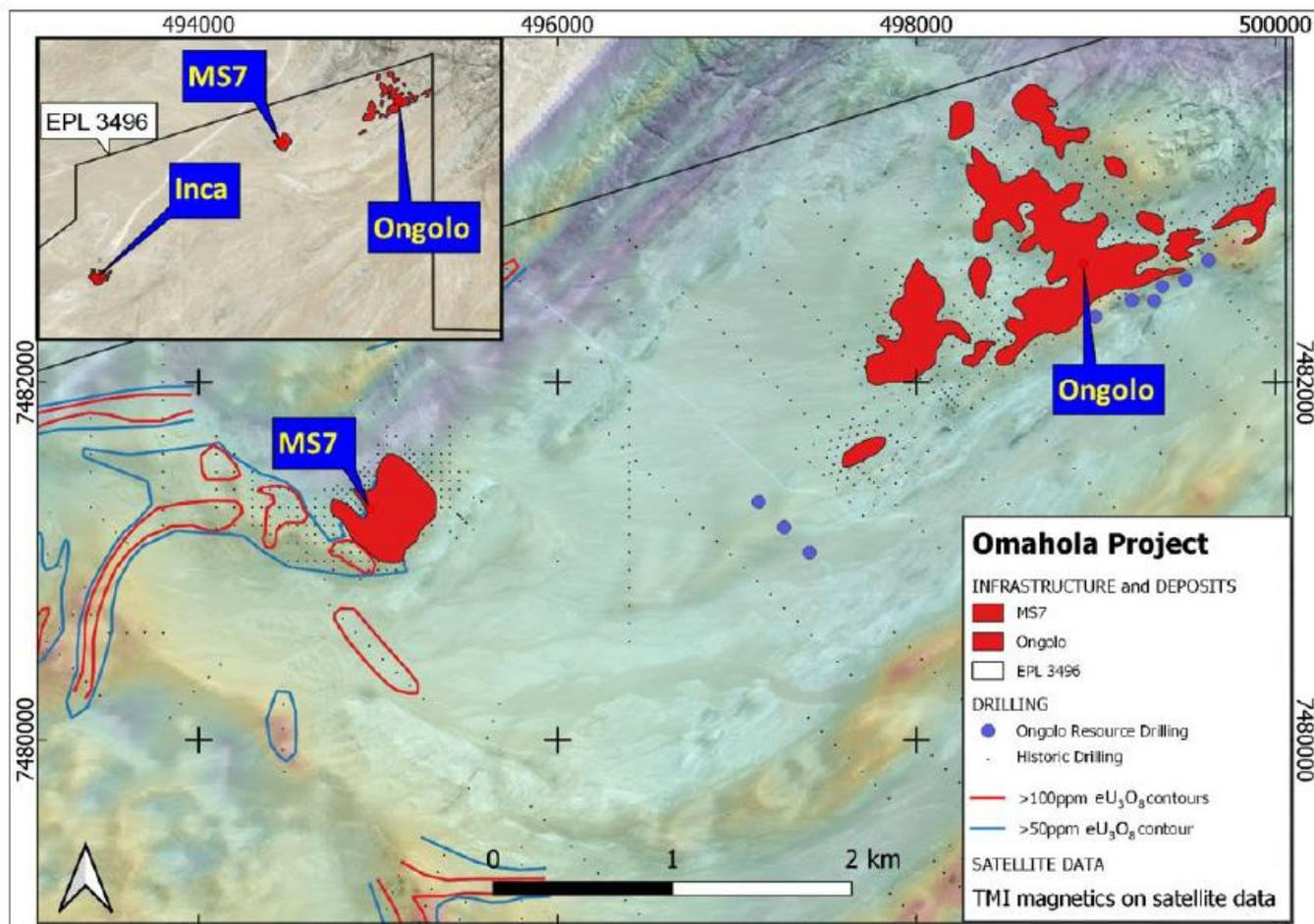


Figure 1: Location map

Phase 1 of the program commenced 7 March and will comprise of 39 holes for 4,900m, with focus areas and drill hole locations. Key **Phase 1 program** details are outlined below:

- 13 holes for 2,500m to undercut targets identified by the 2021 shallow drilling program;
- 9 holes for 1,900m to explore for south-western extensions of the Ongolo deposit;
- 17 holes for 500m to extend anomalous zones identified and left open by the 2021 shallow drilling program

Phase 1 of the drilling program is anticipated to be completed by end of April, with Phase 2 expected to commence in May.



- *Omahola area showing MS7 and Ongolo ore bodies and planned Ongolo extension drill hole locations*

► **Barking Gecko prospect – Nova Joint Venture with JOGMEC of Japan**

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; **Deep Yellow** and **JOGMEC** each holding 39.5%, **Nova Energy** (subsidiary of Toro Energy) 15% and **Sixzone Investments, Namibia** 6%.

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

Investment Comments:

Deep Yellow has a two-pronged growth strategy involving the growing of existing uranium resources in **Namibia**, which country is ranked 4th 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 U₃O₈ grading 268 ppm U₃O₈**.

The maiden Indicated Mineral Resource of 19.6 million eU₃O₈ 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 U₃O₈ in the grade range of 300 to 500 ppm U₃O₈**.

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** has already been featured by me as a **Special Situation** since October 2018 and included in my Shortlist of uranium investment recommendations.

Having eight-folded from a 2020 low of A\$ 0.11 to a current price of A\$ 0.845, representing a current market valuation of approximately US\$ 242.6 million, including a cash position of A\$ 71.98 million, **Deep Yellow**, in my view, is substantially undervalued, thereby considering a Definitive Feasibility Study to be expected in the 2022 December quarter based on the outcomes underpinning the favourite PFS model assumptions.

I maintain my 2022 upgraded share price target of A\$ 1.50.