Deep Yellow Limited: December Quarterly Activities Report

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Perth, Australia - Deep Yellow Ltd. (ASX:DYL) (FRA:JMI) (OTCMKTS:DYLLF) completed the second phase of the September/October RC drilling program at the Tumas 3 deposit, located on EPL3496 (Figure 1*) in October (ASX announcement 29 October 2020). The project is held by Deep Yellow through its wholly owned subsidiary Reptile Uranium Namibia (Pty) Ltd (RUN).

The second phase of the drilling program targeted the peripheral zones of the Tumas 3 deposit, to clearly define the edges of the uranium mineralisation along and across the palaeochannel to assist reserve estimation.

Drill results along the margins of the deposit exceeded expectations, with 57% of the 53 holes completed returning uranium mineralisation greater than 100ppm eU3O8 over 1m, and 34% returning uranium mineralisation greater than 200ppm eU3O8 over 1m.

These excellent results are reflected in Figure 2*, which outlines GT (grade x thickness) in colour code, comparing previous drilling results against most recent results. The GT intervals of the latest drill holes confirm grade continuity along the periphery of the Tumas 3 deposit, with the possibility of locally extending the existing resource base in selected areas.

The Tumas 3 uranium mineralisation is of the calcrete-type, located within an extensive, mainly east-west trending, palaeochannel system. Uranium mineralisation occurs in association with calcium carbonate precipitations (calcrete) in sediment-filled palaeovalleys. The Tumas 3 mineralisation occurs as a discrete mineralised deposit, occurring separately from the other uranium deposits within this fertile palaeochannel system, namely Tumas 1 (which also includes Tumas1 East) and 2 as well as Tubas Red Sands/Calcrete deposits (see Figure 1*).

Optical televiewer down-hole technology imagery in support of the Tumas PFS was produced from all Phase 1 drill holes (ASX announcement 24 September 2020), using the optical borehole scanner technology (OPTV) to investigate grain size distribution in the Tumas 3 mineralisation.

Note: All equivalent uranium values (eU3O8) in this announcement are based on down-hole radiometric gamma logging carried out by a fully calibrated Aus-Log gamma logging system.

Tubas Drilling

The Tubas RC drilling program, located on EPL3496 (Figure 1*), commenced in mid-October and was shut down for the Christmas break after completing 70 holes for 1,831m.

The Tubas area includes the Tubas Red Sand and Tubas Calcrete deposits and is located within the extensive, mainly east-west trending Tumas palaeochannel system, approximately 10km to the west of the Tumas 3 deposit (see previous ASX releases).

Uranium mineralisation in the Tubas Calcrete deposit occurs in association with calcium carbonate precipitations (calcrete) in palaeovalley-fill sediments. In places, the calcrete is overlain by transported reddish aeolian sand which shows carnotite uranium mineralisation and is also referred to as Tubas Red Sand deposit.

Drilling targeted sections of the Tubas Red Sand and Calcrete deposits to confirm the widespaced historical drilling data and provide information to define further follow-up drilling programs to determine the full potential in terms of future resource enhancements.

Forty-two (60%) of the 70 holes in this scouting program returned uranium mineralisation greater than 100ppm eU3O8 over 1m, with 30% returning uranium mineralisation greater than 200ppm eU3O8 over 1m.

These positive results are reflected in Figure 3*, which outlines GT (grade x thickness) in colour code, comparing previous drilling results against most recent results. The GT intervals of the latest drill holes largely confirm the historical drill data and grade continuity within the Tubas deposits and in part extended

the mineralisation along the periphery areas. Results further suggest that the mineralisation located in the eastern part of the Tubas area connects to the Tumas Central mineralisation, highlighting the possibility of future resource definition in that combined area.

The palaeochannels occurring west of Tumas 3, Tubas Red Sand and Calcrete deposits have only been sparsely drilled along widely spaced regional lines, with large sections remaining completely untested. With only 60% of the known regional Tumas palaeochannel system drilled, significant upside potential remains to further increase the resource base that is associated with this highly prospective target, with 50km of channels remaining to be tested.

Tumas PFS

The Tumas PFS has been finalised and is currently in the final stages of review by the board. The PFS outcomes are in accordance with the assumptions of the Tumas Scoping Study.

The PFS is being undertaken in parallel with the development of the Environmental Impact Assessment (EIA) for the Project. The EIA and subsequent Environmental Clearance Certificate (ECC) are necessary elements of the Mining Licence Application (MLA), a key milestone in the pre-development activities for Tumas, which the Company intends to submit in March/April 2021.

A range of studies have continued as part of the EIA work program, to complete baseline studies in the key areas of groundwater, flora, fauna, air quality, meteorology, and radiology. Focus group meetings with various stakeholder parties were held in November 2020.

The PFS indicates that the key findings of the Tumas Scoping Study were well-founded.

NOVA JOINT VENTURE

Post completion of the JOGMEC earn-in, all parties in the Nova Joint Venture (NJV) agreed to a six-month budget of A$570,000 to 31 March 2021, to fund the next drilling campaign at the Barking Gecko prospect, which commenced on 23 November 2020.

The drill program initially targeted follow-up areas where thick intersections of uranium were identified, analogous to that occurring in the Rossing and Husab uranium deposits.

The program included 13 RC holes totalling 3,200m, to test in the vicinity of the positive holes that were drilled in the previous program and establish a better understanding of the 4km by 1km prospective zone that has been delineated.

By 4 December, two holes undercutting the main previously identified mineralisation 100m north and south respectively were completed for 502m. Both holes were surveyed using optical televiewer down-hole technology (OPTV) to collate litho-structural information. The data was interpreted by the contractor Terratec Geoservices. Their interpretation allows for a better definition of the prospective corridor and understanding of the structural setting of the previously encountered mineralised leucogranites.

Best eU3O8 intersections above 100ppm from the two holes include TN243RC: 2m@171ppm eU3O8 from 63m, TN244RC: 1m@114ppm eU3O8 from 37m and 1m @105ppm eU3O8 from 181m.

The results of the first 2 holes did not intersect the expected up-dip and down-dip extensions of the previously identified thick mineralisation. Subsequently, the geology was re-evaluated based on the new structural findings as determined from the OPTV down-hole logging structural analysis, indicating NNE orientation for the Barking Gecko mineralisation (rather than WSW) and a revised drilling program is currently being developed to intersect the mineralisation in an optimal manner.

The results are shown in the cross-section in Figure 5*.

Although the initial drill results were not as expected due to incorrect orientation of the follow up holes, Deep Yellow remains confident that a mineralised system of significance has been identified at Barking Gecko and the identification of the new structural parameters controlling this blind uranium mineralisation should improve drill targeting.

The second phase of the drill program will commence after a full analysis is completed and is planned to start 1 February 2021.

URANIUM OUTLOOK

The long-awaited revaluation of uranium equities essentially commenced during the quarter and more

specifically from the beginning of December.

According to research by Uraniumletter International, of the 56 publicly listed uranium companies monitored (excluding Kazatomprom), the market capitalisation (as a collective) increased from US$7.3Bn (30 September 2020) to US$11.4Bn (30 December 2020), an overall increase of 56%.

The top 20 listed companies (of which Deep Yellow is part), where 86% of the market capitalisation value resides (excluding Kazatomprom), experienced an overall increase of 60% from a base of US$6.6Bn (30 September 2020) to US$10.5Bn (30 December 2020). Importantly, it should be highlighted that these gains have continued into January 2021.

Looking at the underlying uranium supply/demand dynamics, there is little to suggest why this revival has occurred. The uranium price has remained largely static during this period, maintaining a narrow range of US$29.20/lb to US$30.75/lb (currently at US$30.00/lb) and the significant increase in market capitalisation is not being affected nor has affected the lacklustre performance of the price of uranium.

Nevertheless, this readjustment of value is regarded as a positive and essential development, indicating that the sentiment is positively changing for the uranium sector and that some of the revaluation has been justified in the eyes of the investor world, independent of uranium price increase and is similar to what is occurring in the lithium sector where comparable dynamics are occurring.

The medium-to-long term uranium outlook remains extremely positive, even though nuclear utilities remain complacent regarding the looming supply shortage predicted to occur from 2023/24. This shortage will likely be exacerbated by a lack of incentive pricing to encourage development of new mines and a sector that has been diminished and ravaged in capability by the consequences of the downturn caused by Fukushima.

*To view the quarterly report, please visit:
https://abnnewswire.net/lnk/8O0R7M35

About Deep Yellow Limited:

Deep Yellow Ltd. (ASX:DYL) (OTCMKTS:DYLLF) (Namibian Stock Exchange:DYL) is a specialist differentiated uranium company implementing a new contrarian strategy to grow shareholder wealth. This strategy is founded upon growing the existing uranium resources across the Company's uranium projects in Namibia and the pursuit of accretive, counter-cyclical acquisitions to build a global, geographically diverse asset portfolio. The Company's cornerstone suite of projects in Namibia is situated within a top-ranked African mining destination in a jurisdiction that has a long, well regarded history of safely and effectively developing and regulating its considerable uranium mining industry.

Source:
Deep Yellow Ltd.

Contact:

John Borshoff Managing Director/CEO T: +61-8-9286-6999 Email: john.borshoff@deepyellow.com.au
www.deepyellow.com.au