

M O M E N T U M P R

Where Investors Come First

MOMENTUM REPORTS – DEEP SOUTH RESOURCES

Report #1 – April, 2017

“We are delighted,” Says Chairman John Akweyne As Deep-South Resources Seals Deal With Teck For The Largest Copper Porphyry Deposit In Africa.

Goldman Sachs Predicts Copper Shortage During 2017



**“Deep-South President & CEO Pierre Leveille:
“We expect to end up with up to 150-200 M tonnes over 0.50% Cu.”**

On February 14, 2017, junior mining company Deep-South Resources Inc., (TSX-V: DSM) received a Valentine’s Day card from Canadian securities regulator IIROC announcing that it had halted its stock from trading due to pending material changes. The material changes meant that Deep-South was going to add Teck’s 70% in the Haib Copper Deposit to the 30% it already owned giving it a 100% interest in the largest known copper porphyry deposit in Africa. IIROC lifted the trading halt on February 23, 2017.

Deep-South had been working long and hard on an agreement with Canada’s largest diversified mining company, Teck Resources Ltd., (TSX & NYSE: Teck.A and Teck.B) to acquire all of the Haib Copper Deposit in Namibia by buying Teck’s wholly owned subsidiary Haib Minerals (Pty) Ltd. Haib is a copper molybdenum porphyry deposit that is the oldest in the world and which non-NI 43-101 compliant historical estimates indicate may contain up to 1.3 billion tonnes of copper ore at 0.23% Cu.



\$DSM: TSXv

Share Structure

Shares outstanding: 37 M
Fully diluted: 39.5 M
Year high: \$ 0.33
Year low: \$ 0.14
Market Cap: \$ 9.3 M

Significant Shareholders

Board and Management: 25%
Teck Resources: 11%



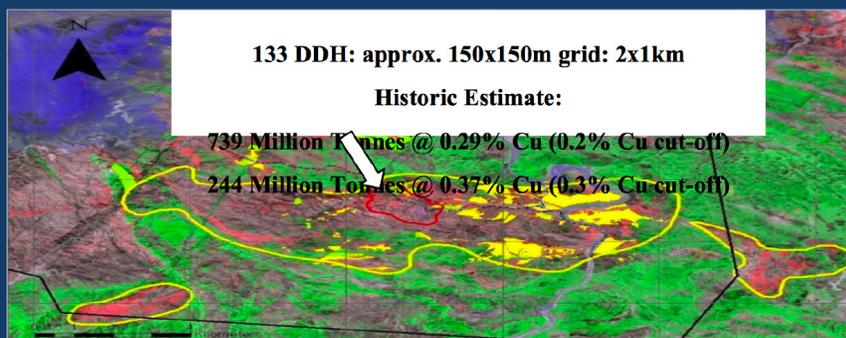
Looking Forward

Once the signed agreement is closed, Teck will become, with 35% of the common shares, Deep-South’s largest shareholder. If exploration proves successful, Deep-South will have many options to develop the mine into production.

RECENT RESULTS

2010	2011	2012	2014
121m @ 0.5% Cu & 0.027% mo	39m @ 0.53% Cu & 0.02% Mo	32m @ 0.79% Cu & 0.01% Mo	25m @ 0.66% Cu & 0.019% Mo
494m @ 0.36% Cu & 0.018% Mo	45m @ 0.53% Cu & 0.002% Mo	30m @ 0.81% Cu & 0.007% Mo	53m @ 0.41% Cu & 0.012% Mo

- Copper-moly intersected below the historic resource;
- Many EDM (early dark micaceous) veins identified with high grade Cu (over 0.5%) near surface and below the historic resource;



Originally discovered in the 1900s by German prospectors the Haib copper-molybdenum deposit has been explored since the 1950s.

Deep-South President & CEO Pierre Leveille says that he had been pursuing the deposit since 2003, when a contact told him that it might be available. “We think we will end up with 150-200 million tonnes over 0.50% copper but at that point even with 0.45% it will be economic.”

Deep-South, with a market cap of C\$9.3 million, has finally reached the point all junior exploration and mining companies strive for. It is taking its first big step into

the majors by having brokered the agreement with Teck, which has a market cap of C\$11.71 billion. Once the signed agreement is closed, Teck will become, with 35% of the common shares, Deep-South’s largest shareholder. If exploration proves successful, Deep-South will have many options to develop the mine into production.

Originally discovered in the 1900s by German prospectors the Haib copper-

molybdenum deposit has been explored since the 1950s. From 2010 on Teck Namibia has drilled over 14,000 metres and some of the higher values have come in at 30 MT @ 0.81% Cu, 32 MT @ 79%, 25 MT @ 0.66 % and 84 MT @ 0.53%. Non compliant historic estimates using a GFM model include 1,350 million tonnes @ 0.23% Cu, 730 million tonnes @ 0.28% Cu and 230 million tonnes @ 0.37. Teck has intercepted high grade ore both near the surface and deeper in the deposit.



During 2017 and 2018 Deep-South intends to launch detailed drilling campaigns in the high grade zone to estimate the tonnage and grade and map the high grade zone as well as completing a NI 43-101 resource estimate and produce a new economic assessment.

Leveille says that the immediate milestones the company intends to reach include completing the agreement with Teck which he thinks will be signed by the end of March or the beginning of April 2017. Exploration



programs have been conducted at Haib for a considerable amount of time by Teck and the companies that preceded it, Falconbridge to name one, and there is plenty of available data. “The milestone on the exploration side will be to put all that data together and create the model which will give us drilling targets and then to start drilling,” said Leveille.

Deep-South also has to raise funds and Leveille says that he doesn’t see any big problems at this point, “We have a very tight



and supportive shareholder group.”

“The milestone on the exploration side will be to put all that data together and create the model which will give us drilling targets and then to start drilling,” said Leveille.

◆

**Teck will now become
Deep-South's largest
shareholder with a
guaranteed 35% stake
in the company.**

◆

Leveille believes the future is bright for Deep-South. The company intends to continue to look for base and precious metal projects in Africa. As for the price of Deep-South's shares, Leveille expressed confidence that DSM shareholder value should increase upon completion of successful exploration programs. Given the large amount of data from drilling and metallurgical reports from past exploration campaigns the company is also confident that if the new drilling campaigns are successful a profitable mine will result. "We have a very good idea of what kind of process we could use to start a

profitable mine with a low capex." The Haib License permitting exploration and development covers 37,000 hectares. The deposit is located 8 km from the Orange River and South African border, 3 km from the main road and the main power lines from South Africa. It is 100 km from major railroad lines. The deposit is approximately 1 km by 2 km and extends from the surface to a depth of 800 metres. So far, only the top 350 metres have been explored.



EXPLORATION FOCUS

Focus for 2017 & 2018:

- ◆ Compilation of all the **data available** from the 1960's period to today;
- ◆ Create a new **Geological and resources model**;
- ◆ **Detailed drilling** (4,000 m) in the high grade zones in order to estimate the tonnage and grade of the zones;
- ◆ **Detailed mapping** of the high grade zones;
- ◆ **Metallurgy and process technology testing** to define the best extraction method;
- ◆ Complete a **new economic assessment** and 43-101 resource estimation report.



Teck already has 11% of Deep-South and holds a \$379,000 convertible debenture at \$0.14 per share until September 2020. In return for the property Teck will receive an initial payment of C\$200,000 on the first and second anniversaries of the deal for a total of C\$400,000 and bonus payments based on development milestones totalling C\$25 million. Teck will also receive 13.6 million common shares. At closing Teck's shares may be topped up to ensure it has a 35% ownership position. As well, Teck will receive a 1.5% net smelter royalty and a pre-emptive right to participate in a Deep-South financing for as long as Teck holds over 5% of the company.

If Deep-South decides to sell or option the property within 24 months of closing, Teck

will receive 30% of the sale gross proceeds and if the sale takes place between the 24th and 36th month, 20% of the gross proceeds.

"We are delighted with this transaction," said John Akwenye, Deep-South's chairman, in a press release. Teck will now become Deep-South's largest shareholder with a guaranteed 35% stake in the company. "Teck is a strong shareholder to have in support of the company." Deep-South board members and management hold 25% of the company.

The Haib Copper Deposit is the largest known copper porphyry in Africa. Non-NI 43-101 compliant estimates based on historical work carried out at Haib indicate that it might contain as much as 1.3 billion tonnes of copper ore grading 22%Cu.

While commodities in general have been prosperous, a Bloomberg story written on February 13, 2017, by Mark Burton noted that copper was off to its best start since 2012 and that on February 13, 2017 it reached US\$6,112.50 a ton, a price that hasn't been seen since May 2015.

Copper prices have been pushed higher by problems at two major mining sites, BHP Billiton Plc's Escondida mine in Chile which is on strike and at Freeport-McMoRan's Grasberg operation in Indonesia where production has been suspended while the company renegotiates the conditions of its mining permit with the government.

That, however, may be inconsequential. Goldman Sachs which was previously bear-

ish on copper is now looking bullish. It has forecast a copper shortage in the range of 180,000 tons for 2017. But that may just be the beginning. In a Bloomberg story published on May 26, 2016, BHP Billiton has estimated a 4 million ton deficit by 2023.

Namibia ranked fourth in the Fraser Institute's 2016 Mining Investment Attractiveness Index-Africa, after Morocco, Burkina Faso and Ghana. The difference between first and fourth place is 4 percentage points. Major miners with interests in Namibia include global heavyweights Teck, Rio Tinto, De Beers, Anglo Gold, Glencore and others based in South Africa, Australia and China. Gold, diamonds, zinc copper and lead are mined in Namibia as well as rare earths and in 2017, Namibia expects to become the third largest producer of uranium in the world.

Deep-South started life as Jet Gold Inc., founded in 1987. As Jet Gold the company had precious mineral exploration and development projects in the United States and Canada. Jet Gold changed its name in 2016 to become Deep-South Resources.

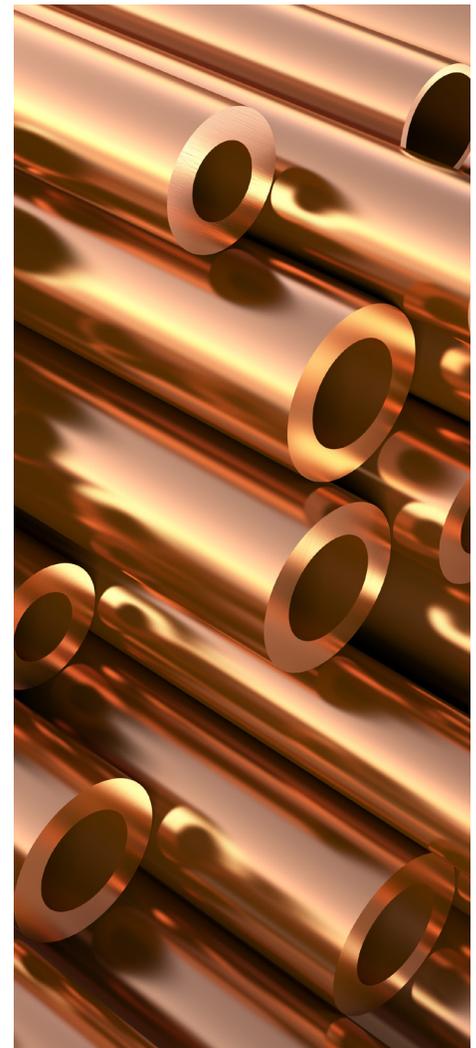
Deep-South is a Canadian company listed on the TSX Venture exchange under the symbol DSM. When trading halted the shares were at \$0.22. According to Bloomberg Markets, Deep-South has a market cap of

C\$8,169,000 and a 52 week range of C \$0.14 to C\$0.39. The company's strategy is to actively acquire and explore major precious and base metal projects in established mining camps, close to water, power and roads in stable countries.

Company chairman John H. Akwenye is a retired lawyer with 30 years of experience in Namibian business development. He is a former chairman of the Namibian Airports Company and sits on the boards of Areva Resources and PE Minerals. Management and board hold 25% of Deep-South.



***Namibia ranked fourth
in the Fraser Institute's 2016
Mining Investment
Attractiveness Index-Africa,
after Morocco,
Burkina Faso and Ghana.***



DISCLAIMER - Momentum PR provides information only. This report does not constitute investment advice and should not be interpreted as such.

MOMENTUM PR | T: +1 450 332 6939 | E: INFO@MOMENTUMPR.COM | WWW.MOMENTUMPR.COM



TECHNOLOGY AND LIFE SCIENCE

MINING AND MINERAL EXPLORATION

OIL AND GAS, AND ENERGY SERVICES