DEEP YELLOW

ASX RELEASE
24 February 2004

GOLD PRODUCTION TO START AT MIKADO

- **$17 million revenue to be generated in six months**
- **Reserves increased 29% to 32,179 ounces**
- **Estimated operating profit raised 50% to $6 million**
- **Contractors mobilised and site works beginning**
- **First gold sales expected mid March**
- **All statutory approvals in place**

Decision to Mine

The Board of Deep Yellow Limited (DYL) has today given approval for mining to start at the 100% owned Mikado Gold Mine. Gold production is expected in early March and the project will provide revenues of approximately $17 million. This is expected to provide an operating profit of approximately $6 million at gold prices of A$550 per ounce.

Deep Yellow Managing Director, Dr Alistair Cowden, said that Mikado is a great example of why gold is a good business to be in and the goldfields of Western Australia are the best location for exploration and production.

"For a very modest $400,000 in capital investment we can generate a profit of approximately $6 million for shareholders."

"The high open pit grades at Mikado together with the established infrastructure of the region makes a low cost and rapid start up possible", said Dr Cowden.

"We have also structured the mining operation to finish after six months so that it essentially provides a pure play on the gold price for the balance of 2004".

"We are unencumbered by banking or financing arrangements and the recent placement through Patersons Securities and DJ Carmichael has provided the necessary funding to commence mining".

Mining at Mikado marks the fulfilment of the Boards goal to turn Deep Yellow from explorer to producer in less than a year. The Company aims to exploit its producer status at Laverton by expanding its exploration effort and 270km^2 tenement position in the region and acquiring a key asset utilising the substantial profits from Mikado to further drive the growth of Deep Yellow.

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Reserves

Following a 37% upward revision of resources to 71,000 ounces announced on January 28th 2004, a revised estimate of fully diluted and recoverable reserves has been made of:

177,395t at 6.03g/t for 32,155 recovered ounces.

Reserve Estimates are included in Resources and are as follows:

Category	Tonnes	Grade (g/t)	Contained Ounces	Recovered Ounces
Proven	141,454	6.16	28,018	26,197
Probable	35,941	5.54	6,402	5,986
Total	177,395	6.03	34,416	32,179

* Reserve estimates are made on Resource Estimates cut to 50g/t.
Recovered ounces are calculated using a mill recovery factor of 93.5%.

This is a 29% increase on the initial 26,700 contained ounce Reserve Estimate made in July 2003.

Financials

Reserve estimates were calculated on the basis of an Australian dollar gold price of A$550 per ounce and toll treatment at Tarmoola processing facility. Capital costs are estimated at $400,000, a mill recovery factor of 93.5% was assumed and the strip ratio on the final pit design was approximately 10:1.

A financial analysis of all operating and rehabilitation costs gives a total cash operating cost of approximately A$360/oz and **a net cash flow of $6.0 million** compared to an estimate of $4 million in July, an increase of 50%.

The increase in forecast profitability is due to actual mining and milling costs at Mikado being significantly lower than the preliminary rates assumed for the July Reserve Estimate. The increase in the resource resulting from the positive drilling results announced in December 2003 has also had a favourable impact on the Reserve Estimate.

Metallurgical testwork at Mikado has consistently returned more ounces than drill-indicated head grades due to abundant free gold and the Company believes there is a significant possibility of grade outperformance at Mikado.

The Company is also investigating the use of articulated trucks to optimise pit slopes at the base of the pit allowing the recovery of additional high grade tonnes.

Operations

The Company has awarded the mining and haulage contract to Clune Plant Hire of Kalgoorlie. Clune is an experienced Goldfields open pit operator with the principal previously having been involved in the mining of several small deposits similar to Mikado.

The toll treatment contract has been awarded to the Sons of Gwalia Tarmoola Mill near Leonora. Tarmoola Mill is experienced in toll treatment and provides the flexibility that DYL require for the Mikado Project. Tarmoola is 180km from Mikado, largely on sealed highway.

All statutory approvals have now been received.

Site works will commence immediately with the contractor already mobilised to site and first gold production expected by the end of March 2004. The workforce will be based in the Apollo Gold camp at Laverton. Mining and rehabilitation is expected to be completed by August-September 2004.

- END -

PLEASE DIRECT ENQUIRIES TO:

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Competent Persons Statement

Resources

The resource estimates reported above have been compiled from reports prepared by Mr Don Horn, B.Sc, M.Aus.I.M.M. and audited by Dr Alistair Cowden B.Sc (Hons), Ph.D, M.A.I.G., M.Aus.I.M.M. and Mr Terry Peachey B.Sc (Hons), M.A.I.G., all employees of Deep Yellow Limited. Dr Cowden, Mr Horn and Mr Peachey qualify as Competent Persons as defined in the 1999 release of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Horn, Dr Cowden and Mr Peachey consent to the inclusion of the information in the report in the form and context in which it appears.

Reserves

The information in this report that relates to open pit optimisation, mine design and ore reserve estimates is based on open pit mining studies completed by Mr Iain Wearing of IRWearing Mine Consulting. Mr Iain Wearing is a corporate member of the Australasian Institute of Mining and Metallurgy and Chartered Professional in Mining. He qualifies as a Competent Person as defined in the 1999 release of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Iain Wearing consents to the inclusion of the information in the report in the form and context in which it appears.