



DEEP YELLOW

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Company Announcements Office
Australian Stock Exchange Limited

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Dear Sir / Madam

NAPPERBY DRILLING TO COMMENCE MID-JULY

Deep Yellow Limited is pleased to advise that its Napperby drilling program is scheduled to commence around 15 July 2005 following the appointment of Challenge Drilling as drilling contractor.

The program will consist of approximately 600 short (~10m) air core drill holes and is aimed at closing the current 400m x 300m spacing down to 100m x 100m. The program is expected to be completed by mid August.

Following the completion of the program and receipt of all assays a new JORC compliant resource estimate will be undertaken. Geological consultants Hellman & Schofield have been appointed to carry out the resource estimate. Hellman & Schofield recently carried out the Langer Heinrich resource estimate for Paladin Resources Limited.

The Company expects that a resource estimate for the New Well Prospect will be available by the end of September. In the interim, results will be released to the market as they become available.

Summary

- Drilling planned for the New Well Prospect at Napperby will target mineralisation in excess of 6,000t (~ 13 million lbs) of contained U_3O_8 . At 23 May 2005 the spot price for U_3O_8 was US\$29.00/lb.
- The targeted mineralisation is based on the historical results of more than 800 drill holes from which Uranerz Australia Pty Ltd (Uranerz) carried out an economic orientation study. The study was based on an estimate of contained U_3O_8 falling within a range of between 5,700-6,200t and within a grade range of 0.036-0.038% U_3O_8 .
- The historical drilling was carried out on drill hole spacings of 400m x 300m. A 1.2km x 0.6km trial area drilled at spacings of 100m x 100m showed a 40% increase in grade and a 10% decrease in tonnes compared to the broader spaced drilling.

- The mineralised horizon is shallow and occurs between 3 and 10 metres from surface.

Please note that the potential quantity and grade of the above information is conceptual in nature and to date there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

The Napperby Project

Location

The Napperby Project is located 150km northwest of Alice Springs in the Northern Territory of Australia and consists of one exploration licence covering 809km².

New Well Prospect

In the late 1970's Uranerz Australia Pty Ltd (Uranerz) drilled 820 shallow percussion and auger holes at Napperby culminating in resource definition work and a pre-feasibility study. That work delineated a 20km x 4km mineralised palaeodrainage known as the New Well Prospect. On the back of that drilling Uranerz carried out an economic orientation study on the New Well Prospect based on a range of between 5,700-6,200t contained U₃O₈ within a grade range of 0.036-0.038%*. The mineralised zone is 1-5m thick and occurs between 3m and 10m from surface.

Sand Hosted

The New Well Prospect mineralisation is reported by Uranerz to occur predominantly in the reduced carbonate sand and sandy clay of channel sediments. This mineralisation is very similar to other prominent deposits, such as Langer-Heinrich and Manyingee, at which alkaline leaching is proposed as the best extraction method. Deep Yellow believes that test work will show the New Well Prospect mineralisation to be amenable to alkaline leaching.

The Planned Drilling Program

The majority of the existing drilling is wide spaced (400m x 300m) and the Company believes that the higher grade parts of the deposit are controlled by sand filled channels which have only partly been delineated by the previous wide spaced drilling. Deep Yellow plans to carry out infill drilling around these channels to establish the channel boundaries, verify the continuity of the higher grade mineralisation and estimate a new resource for the New Well Prospect.

**It should be noted that the above information has not been prepared in compliance with the JORC Code 2004. The statement is based on estimates made in a report by Uranerz in 1979. The Uranerz report used polygons centred on holes drilled on 300m x 400m, 300m x 200m, 300m x 100m and 100m x 100m grids. The calculations were performed using a 200ppm and 0.5m sample interval cut-off. Two calculations were employed, one using a strict 200ppm cut-off for each assay and the second incorporating values greater than or equal to 100ppm such that the polygon average was still above the 200ppm cut-off. The potential quantity and grade of the above information is conceptual in nature and to date there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.*

Focussed On Uranium

Deep Yellow Limited is focussed on discovering uranium deposits and bringing them into production, commencing with its Napperby Project in the Northern Territory of Australia.

Many countries are seeking a solution to the problems of meeting increasing electricity demand while at the same time reducing the global warming effects from greenhouse gas emissions. Following two decades during which the industry has established an arguably unmatched safety record, zero-emissions nuclear electricity generation is increasingly being seen as the answer. Every 26 tonnes of U_3O_8 used for generating electricity saves about one million tonnes of CO_2 relative to coal. *(Source: Uranium Information Centre – Uranium & Nuclear Energy Fact Sheet)*

The result is a rapidly increasing demand for uranium, the fuel of nuclear electricity. However existing resources are currently well short of meeting the projected demand and new deposits are required. Deep Yellow is committed to becoming part of the solution by exploring for and developing uranium deposits.

Yours sincerely

James Pratt
Managing Director

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Dr Joseph Drake-Brockman who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Drake-Brockman has sufficient experience which is relevant to the style of mineralisation and type of deposit described herein to qualify as a Competent Person for the purposes of the 1999 Australasian Code for Reporting of Exploration Results, Mineral Resources And Ore Reserves. Dr Drake-Brockman is a consultant to Deep Yellow Limited and he consents to the inclusion in the report of the matters based on their information in the form and context in which they appear.