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The Companies Announcement Office
Australian Stock Exchange Limited
Level 10 Exchange Centre
20 Bond Street
SYDNEY NSW 2000

Dear Sir / Madam,

EXPLORATION UPDATE

Deep Yellow's second quarter exploration strategy meeting attended by its six senior uranium geologists has been completed. A synopsis of the outcome is as follows: -

NAPPERBY

The necessary approvals have now been received to complete the drilling of 250 large diameter holes. These holes will be drilled on a 50 metre grid to define the contained mineralisation with a 1,000 by 600 metre area encompassing the 3 trenches recently completed. A tie-line at 25 metre spacing will be drilled to link the trenches. This drilling will enable the Company to complete resource estimation for this block.

Additional orientation holes will also be drilled outside this block as a precursor to later detailed drilling.

This programme will commence early June and all holes will be chemically assayed at 1 metre intervals and no radiometric logging will be done due to disequilibrium problems now known to exist.

QUEENSLAND (Northwest JV Project)

Following the grant of EPM 14196 within the Matrix Metals JV area, the Company will now commence field operations in early June. This work will entail field mapping of known anomalous areas and evaluation of previously drilled areas to outline specific areas for drilling from September onwards.

SOUTH AUSTRALIA (Gawler - Dominion tenements)

The Company has been informed that the Department of Primary Industry and Resources South Australia (PIRSA) plan to undertake the assaying of the Dominion calcrete pulps at their own cost. Timing on this is not known at this stage.

Yours Faithfully

A handwritten signature in black ink, appearing to read 'L Pretorius', with a stylized flourish at the end.

Dr Leon Pretorius
Executive Chairman
Deep Yellow Limited

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Leon Pretorius. Dr Leon Pretorius is a Fellow of the Australasian Institute of Mining and Metallurgy and is an employee of the Company. Dr Pretorius has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which they is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code". Dr Pretorius consents to the inclusion in the report of the matters based on information in the form and context in which it appears.