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DEEP YELLOW LIMITED - MT ISA UPDATE

Deep Yellow Ltd / Matrix Metals Ltd – NW Queensland Joint Venture

The Directors of Deep Yellow Limited (DYL) are pleased to announce that DYL will take up its right to acquire a 51% interest in the NW Queensland Joint Venture (JV) from Matrix Metals Ltd (Matrix).

Under the terms of the Heads of Agreement between DYL and Matrix (ASX 20 February 2006) DYL will issue to Matrix 21,459,541 fully paid ordinary shares in DYL on or before 28 February 2007. In accordance with Listing Rule 3.10 DYL makes the following additional disclosures; the issue price of the shares will be the closing market price on the day immediately prior to the day of issue; the share issue forms part of the consideration for acquiring a 51% interest in the NW Queensland Joint Venture; and DYL will not seek shareholder approval for the proposed issue.

DYL must then spend a further \$2.6 million on exploration by 28 February 2009 to acquire a 51% interest in the Joint Venture. DYL will then have the option to acquire a further 29% in the JV by payment of \$3 million to Matrix and can ultimately go on to purchase 100% of the uranium rights of each declared project area.

The decision to proceed to the next stage of the initial earn-in of 51% interest in the Joint Venture was in part driven by the excellent assay results returned from the recent drill programme at the Miranda Prospect (ASX 12 February 2007) which outlined a **broad zone of uranium mineralisation** with a strong iron oxide association including significant intersections of **12 m at 960 ppm U_3O_8** from 9 m in hole DMRC-001 and **3 m at 730 ppm U_3O_8** from 43 m in hole DMRC-002. Previous drilling at Miranda by CRAE in 1982 returned **18 m at 810 ppm U_3O_8** from 30 m depth and surface rock chips collected by Matrix 100 m NNE of the drill holes assayed up to 1.18% U_3O_8 .

In addition to a planned follow-up detailed drill programme at the Miranda Prospect and further regional exploration in the Mt Cuthbert tenements (see Figure 1) there are numerous uranium anomalies within Matrix's White Range project area to the south of Cloncurry which require follow-up mapping, sampling and drilling in order to fully evaluate their uranium potential.

The NW Queensland Joint Venture will now be run by a Queensland based exploration team from DYL's permanent base in Mt Isa. The NW Queensland JV tenements (4,436 km²) together with the recently acquired Superior Uranium Pty Ltd's tenements (1,060 km²) now provide DYL with a broad range of uranium deposit styles in the this highly prospective uranium province.


Dr Leon Pretorius
Executive Chairman

Further Information:

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The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Leon Pretorius a Fellow of The Australasian Institute of Mining and Metallurgy. Dr Pretorius sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he 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'. Dr Pretorius consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

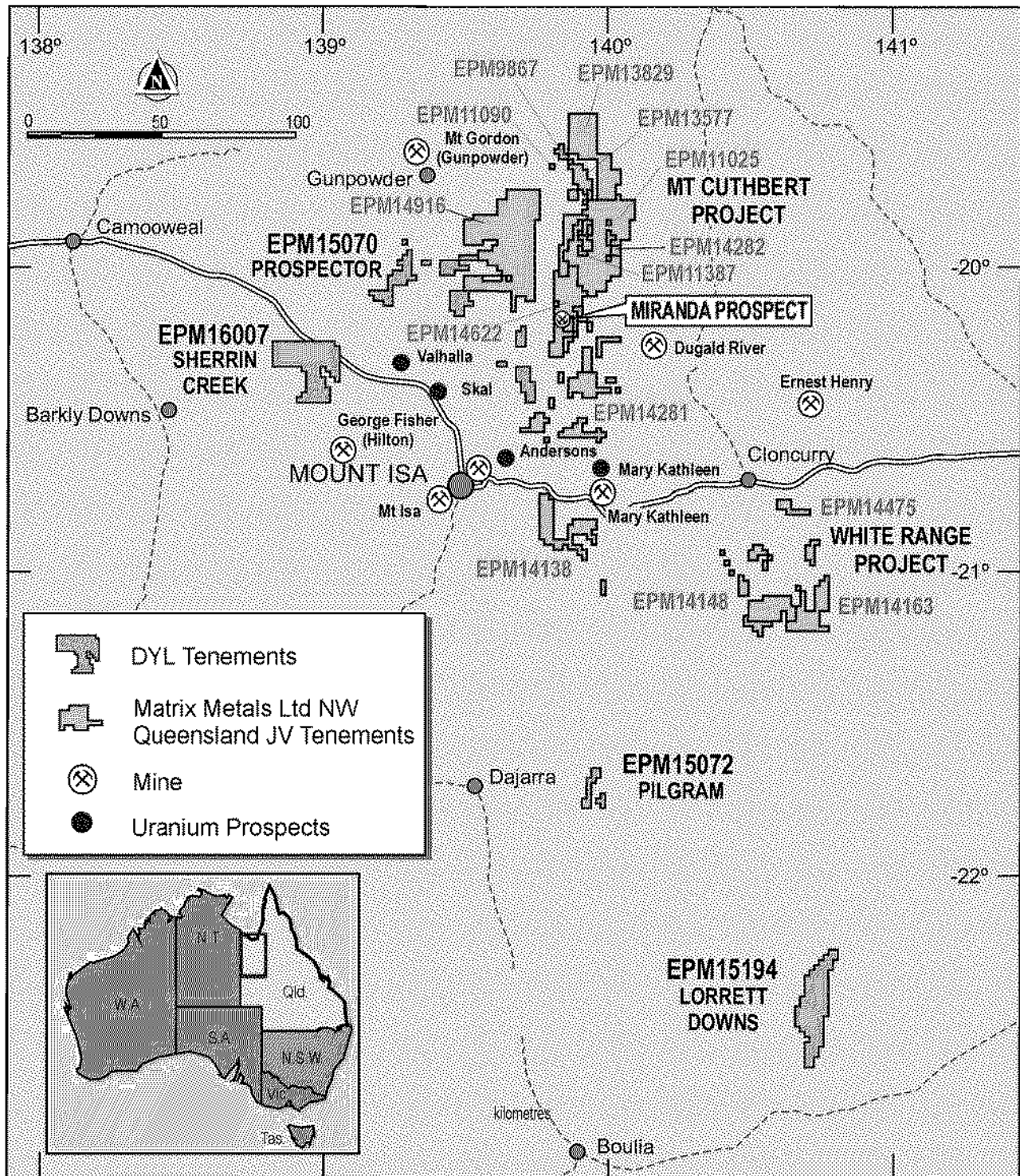


Figure 1 NW Queensland JV Tenements