



ABN 97 006 391 948

Level 1
33 Ord Street
West Perth Western Australia 6005
Telephone: + 61 8 9420 9300
Fax : + 61 8 9481 2690

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Company Announcements Office
Australian Stock Exchange Limited

By e-Lodgement
2 pages

Dear Sir / Madam

DRILLING HAS COMMENCED ON NAPPERBY PROJECT

The Directors of Deep Yellow Limited (**Deep Yellow** or **Company**) are pleased to announce that the resource definition drilling on its 100% owned Napperby Project has commenced on Sunday, 24 July 2005.

The drilling programme is anticipated to take approximately 3-4 weeks to complete and will be followed by the generation of a new resource estimate for Napperby. This estimate will be undertaken by geological consultants Hellman & Schofield. Deep Yellow aims to have the new resource estimate completed by the end of the September quarter.

Details of the drilling programme are as follows:

- Approximately 600 holes with each hole being about 10 metres (m) deep.
- The aim is to define mineralisation in excess of 6,000t (~ 13 million lbs) of contained U_3O_8 . At 15 July 2005, the spot price of U_3O_8 was US\$29.50/lb.
- This target is based on the historical results of 9,000m of drilling carried out by Uranerz Australia Pty Ltd (Uranerz) and reported in 1979. The economic orientation study indicated between 5,700-6,200t of contained U_3O_8 within a grade range of 0.036-0.038%*.
- The historical drilling was carried out on drill hole spacings of 300m x 400m. A trial area drilled by Uranerz at spacings of 100m x 100m showed a 40% increase in grade but only a 10% tonnage decrease compared to the wider spaced drilling.
- The mineralised horizon occurs between 3 and 10 m from surface and is approximately 1-5 m thick.
- Samples will be submitted for chemical analyses as drilling progresses. Although radiometric logging of the holes will be done disequilibrium factors require chemical verification.

For further information contact:

James Pratt
Managing Director

Gary Steinepreis
Director

Ph: +61 8 9420 9300
Fax: + 61 8 9481 2690

* It should be noted that the above information describing mineralisation 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. The purpose of the drilling programme is to define a JORC compliant resource.*

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves 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 is employed by Drake-Brockman Geoinfo Pty Ltd. Dr Drake-Brockman has 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 Drake-Brockman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.