

17 February 2012

SHIYELA ADVISOR APPOINTED

KEY POINTS

- **RMB Namibia (RMB) has been appointed by Deep Yellow Limited to assist with a strategic review of its Shiyela Iron Project.**
- **RMB has also been mandated to help source funding and investors for the Bankable Feasibility Study (BFS) phase of the project.**
- **Various funding options are being considered, including an investment by a joint venture or offtake partner, or from a development finance institution.**
- **The recently completed Scoping Study, by ProMet Engineers Pty Ltd (ProMet), indicated the potential for a financially robust operation.**
- **The study estimated capital costs of US\$467 million and operating costs US\$77.40 per tonne FOB of high quality blast furnace concentrate for a 2 Mtpa operation.**

Advanced uranium explorer, **Deep Yellow Limited** (ASX: **DYL**) has appointed RMB to assist with a strategic review of its Shiyela Iron Project. DYL's wholly-owned Namibian subsidiary, Reptile Uranium Namibia (RUN) discovered Shiyela in 2008 when an IOCGU prospect hole made a 340 metre magnetite rich intercept from surface on its EPL 3496.

A scoping study was recently completed by ProMet Engineers Pty Ltd Perth (ProMet) on the project, which estimated capital costs of US\$467 million and operating costs US\$77.40 per tonne FOB of high quality blast furnace concentrate for a 2 Mtpa operation.

DYL had indicated last year that it would conduct this review once a Scoping Study on the project was completed. The results of the study, which was completed in January this year, demonstrated the potential for a financially robust project.

RMB Namibia is the Namibian representative office of Rand Merchant Bank, the investment banking arm of FirstRand, one of South Africa's largest, listed financial services groups. Rand Merchant Bank is also a leading investment banking operation in Africa, having provided financial solutions to clients across 35 countries on the continent for more than a decade. RMB has also been mandated to assist DYL to source funding and investors for the BFS phase of the project, which may include an investment by a joint venture or offtake partner, or alternatively finance from a development finance institution.

"RMB is ideally positioned to help us through this process with its iron ore knowledge and also, importantly, it's local Namibian knowledge. We are looking forward to working with RMB and aim to be in a position to move rapidly into the next phase of the development of the Shiyela Project," DYL Managing Director Greg Cochran said.

ENDS



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About Deep Yellow Limited

Deep Yellow Limited (DYL) is an ASX-listed, advanced stage uranium exploration Company with extensive operations in the southern African nation of Namibia and in Australia. It also has a listing on the NSX.

DYL's primary focus is in Namibia where its operations are conducted by its 100% owned subsidiary Reptile Uranium Namibia (Pty) Ltd (RUN). Its flagship is the Omahola Project currently under Pre-Feasibility Study with concurrent resource drill-outs on the high grade Ongolo Alaskite – INCA trend. It is also evaluating a stand-alone project for its Tubas Red Sand uranium deposit utilising physical beneficiation techniques it successfully tested in 2011. Additionally, its Shiyela Magnetite deposit, located just 45 kilometres from the Namibian port of Walvis Bay, is the subject of ongoing evaluation.

In Australia the Company is focused on resource delineation of mid to high grade discoveries in the Mount Isa district in Queensland and also owns the Napperby Uranium Project and numerous exploration tenements in the Northern Territory.

About the Shiyela Iron Project

Shiyela was discovered in 2008 when an IOCGU prospect hole made a 340 metre magnetite rich intercept from surface. In 2010 a decision was taken after an internal review of the prospect to drill test two magnetic anomalies (M62 and M63 – see Figure 1) at Shiyela. The review recognised that if these anomalies proved to be significant magnetite deposits a mining operation would have a number of natural competitive advantages, namely:

- Infrastructure ~ 45 km by road from Walvis Bay deep sea port.
- 10 km from the main C14 road that leads to Walvis Bay.
- 10 km from the Kuiseb electricity substation that currently supplies the Langer Heinrich Uranium Mine.
- Potential source of water in the Tubas channel to the north of the project area.
- Exploration upside associated with a regional aeromagnetic anomaly over a 20 km strike length.
- Potential to produce a high-quality concentrate grading above 68% iron (Fe).

Initial metallurgical testwork on the 2008 drill core returned a high-grade magnetite concentrate assaying 70% Fe with very low silica content and no deleterious elements (Al₂O₃, P, S).

The first phase of exploration was completed in mid-2011 and comprised 210 RC and DD holes for 38,473 metres of drilling. Strongly mineralised zones were confirmed in both deposits with a hematite fraction in addition to the main magnetite mineralisation.

The M62 deposit was drilled along strike for almost a kilometre and over a maximum width of 500 metres and to a vertical depth of just over 300 metres. The M63 deposit has a strike length of over 800 metres with a width of 500 metres and has been drilled down to a maximum vertical depth of approximately 300 metres. Both deposits are open to depth and limited reconnaissance drilling has confirmed lateral extensions to M62.

The objective was to prove up sufficient resources to would sustain a 2 Mtpa (product) mine life for 15 years.



Golder Associates Pty Ltd (Perth) has completed a maiden JORC Mineral Resource estimate for Shiyela returning an Inferred Mineral Resource estimate of 78.7 Mt at 18.88% Fe at a 10% (Davis Tube Recovery (DTR) cut-off for the M62 and M63 magnetite deposits with an average DTR magnetite content of 16.17%.

Chemical assays conducted on over 100 concentrate samples produced from DTR testwork confirmed that the Shiyela Iron Project can potentially produce excellent quality magnetite concentrate with exceptionally high iron content and low impurity levels.

Highlights of the Scoping Study results, which were released in January 2012, include:

- The study Estimated capital costs of US\$467 million and operating costs US\$77.40 per tonne of concentrate FOB for a 2 Mtpa operation.
- Concept design includes a hematite circuit to produce a blended magnetite-hematite concentrate.
- Study was based on mining some 8 Mtpa ore to produce 2 Mtpa of concentrate and an assumed 2.5:1 waste to ore stripping ratio.
- Plant capital cost is US\$268 million, the remainder made up of mining-related capex and infrastructure.
- Initial design based on magnetite only; improved by the addition of a hematite flotation circuit which increases recovery and reduces estimated operating costs.

Currently, the resource database is being reassessed to incorporate low magnetite – high hematite material (initially considered waste) as potential ore grade material and a large diameter diamond drilling programme is underway to provide some 16 tonnes of core for additional metallurgical testwork.

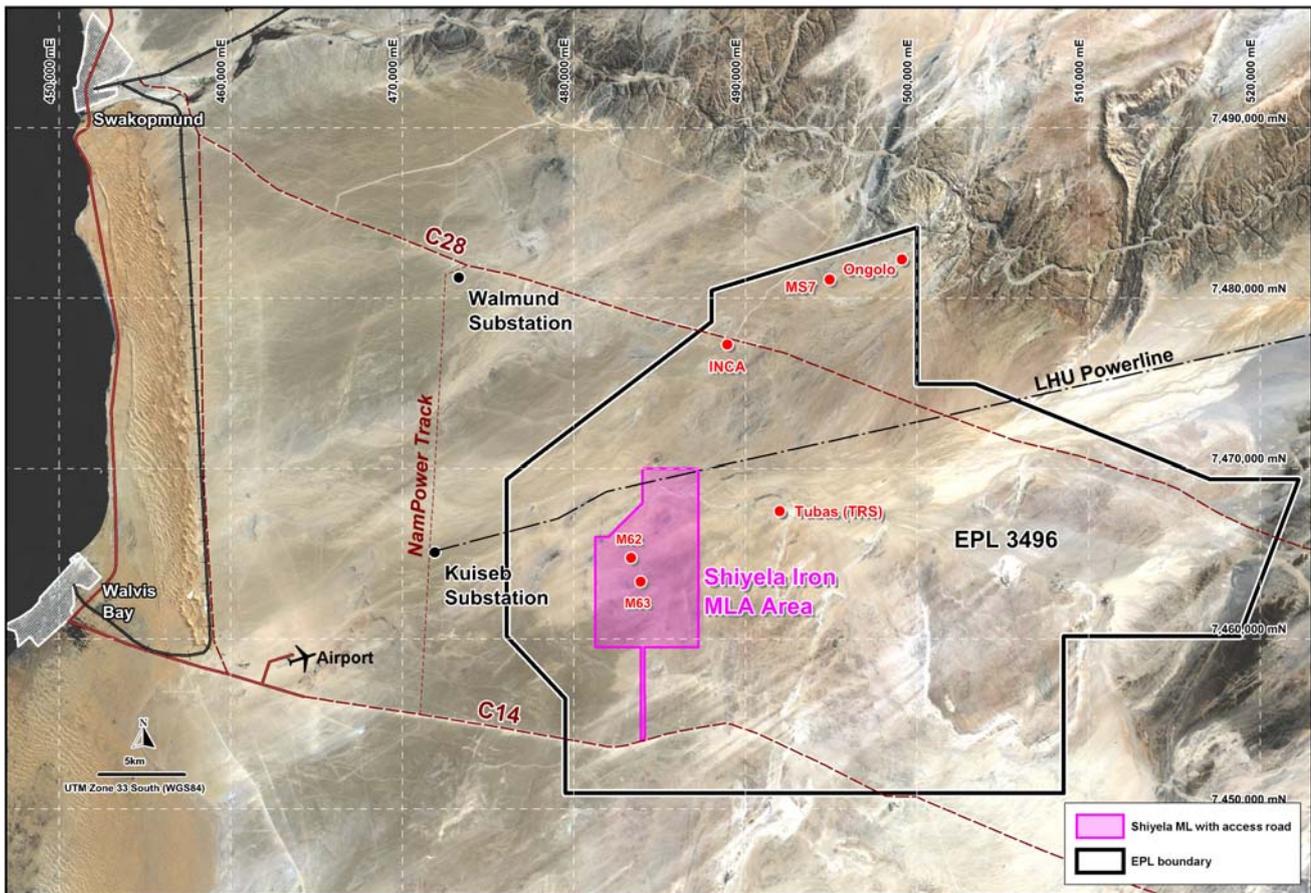


Figure 1: Shiyela Iron Project – MLA and Local and Infrastructure Plan



JORC Mineral Resource Estimate Shiyela - December 2011

Deposit	Category	Cut-off (DTR%)	Tonnes (M)	DTR (%)	Fe (%)
REPTILE URANIUM NAMIBIA (NAMIBIA)					
M62 - Fresh	Inferred	10	40.2	17.12	17.02
M62 - Oxide	Inferred	10	3.5	15.46	18.13
	Total		43.7	16.99	17.11
M63 - Fresh	Inferred	10	34.8	15.15	21.10
M63 - Oxide	Inferred	10	0.2	16.16	18.87
	Total		35	15.16	21.09
SHIYELA TOTAL			78.7	16.17	18.88
TOTAL FRESH			75.0	16.21	18.91
TOTAL OXIDE			3.7	15.50	18.17
TOTAL SHIYELA RESOURCES			78.7	16.17	18.88

Notes: Figures have been rounded and totals may reflect small rounding errors
Resource Estimation using a 10% DTR Wt% cut-off.
Fe% - head assay of composited drill samples

Compliance Statement

Namibia

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, Managing Director of Reptile Uranium Namibia (Pty) Ltd 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 Pretorius consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resource is based on information compiled by Mr Alan Miller who is a full-time employee of Golder Associates Pty Ltd and a Member and chartered Professional of the Australasian Institute of Mining and Metallurgy. Mr Miller has sufficient experience 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 JORC Code (2004).