

18 February 2011

SHIYELA IRON PROJECT

EXPLORATION UPDATE

Deep Yellow Limited (ASX Code: **DYL**) is pleased to present an update on its **Shiyela Iron Project** exploration programme in Namibia which is being conducted by its wholly-owned subsidiary **Reptile Uranium Namibia (Pty) Ltd (RUN)**. This follows the recent release (ASX 14 February 2011) of promising results from testwork that highlighted the potential of the M62 and M63 Shiyela magnetite deposits to support the rapid development of a mining operation 35 kilometres east of the Walvis Bay port.

DYL's Managing Director Greg Cochran is highly satisfied with the progress to date. "In less than a year we have drilled over 25,000 metres to define these two initial magnetite deposits that we believe could underpin the development of a mine. As this first phase of drilling nears completion we are looking forward to the declaration of a maiden JORC compliant resource in the second quarter and will consider further step out drilling to confirm the strike extension and potential scale of this extensive aeromagnetic anomaly."

The first phase of the Shiyela Iron Project exploration programme, which commenced in June 2010, had the objective of identifying an initial resource at M62 of 120 to 150 million tonnes containing 20 to 25% magnetite to 200 metres vertical depth. A total of 140 RC holes for 24,713 metres and 5 diamond holes for 1,446 metres have been drilled at M62 and M63. It is expected that drilling will be completed by the end of February which will allow Golder Associates (Golders) sufficient time to complete a JORC compliant resource estimate in the second quarter. The mineralisation at M63 will add significantly to the initial resource target.

The M62 deposit, which is open in all directions, has been drilled down to a maximum vertical depth of over 300 metres; it has been drilled along strike for a kilometre and over a maximum width of 500 metres.

The M63 deposit, which is open at depth, has a strike length of over 800 metres with a maximum width of 500 metres, down to a maximum vertical depth of approximately 300 metres.

Figure 1 shows a plan of the Shiyela aeromagnetic anomaly, Figure 2 a picture of our drilling operations and Figure 3 a Tilt Derivative (TDR) processed image of the horizontal width and intensity of the magnetic anomaly.

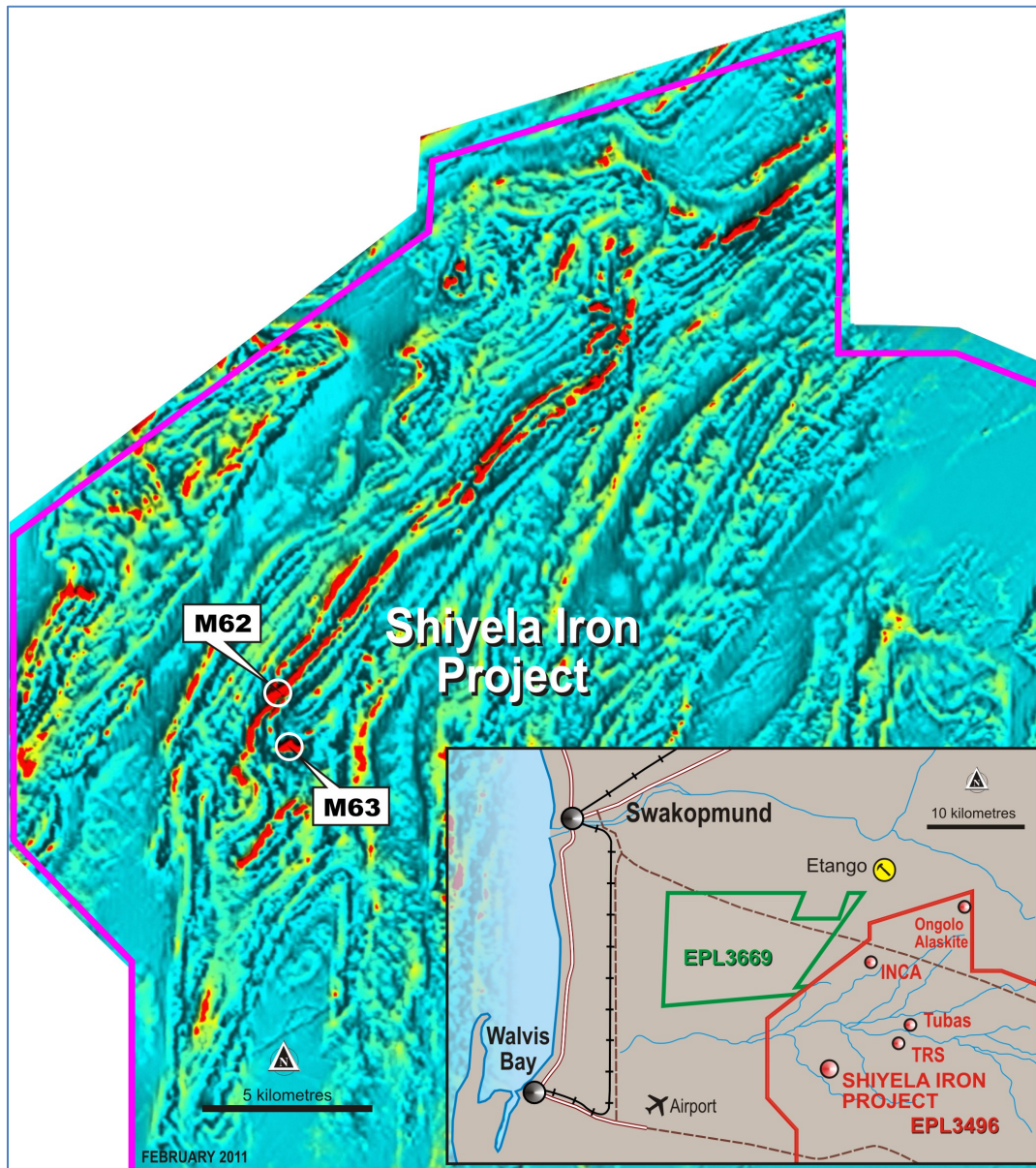
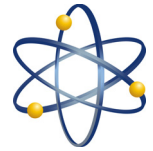


Figure 1: Aeromagnetic map showing TMI/1VD, with red indicating the highest intensity of magnetism (such as from magnetite) and blue the lowest intensity.

As can be seen in Figure 1 above, similar geophysical signatures abound in the area and the main zone of magnetic anomalism that hosts M62 is some 20 kilometres long but has yet to be drill tested for continuity.

GEOLOGY AND MAGNETITE MINERALISATION–STYLE

The main mineralised zone at both deposits consist of a mixture of coarse grained magnetite-quartz rock and fine grained quartz-biotite gneiss with smaller lower grade mineralised zones of fine grained magnetic granitised gneiss. Quarter core from a completed HQ diamond hole from each deposit has been sampled to supply continuous sample data through each deposit for additional testwork including Davis Tube recoveries and product analyses.



Figure 2: RC Drilling at the M63 deposit, January 2011

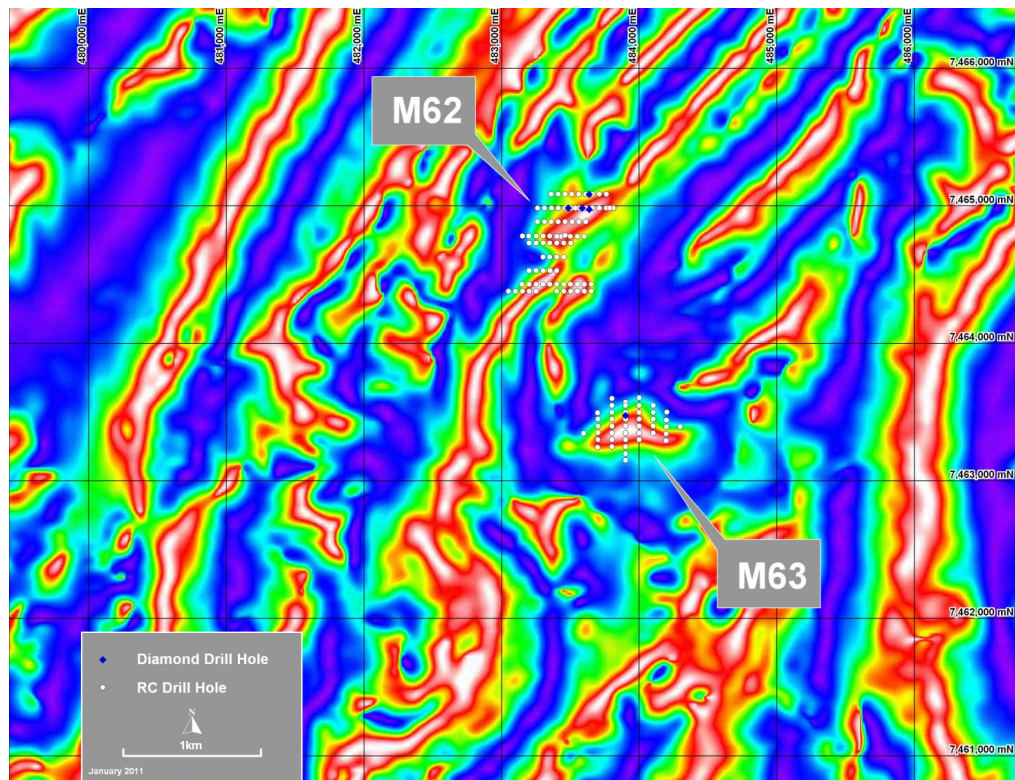


Figure 3: Drilling Status at the M62 and M63 Deposits. The background image is a Tilt Derivative (TDR) processed image which shows the horizontal width of the magnetic zones as well as their intensity using a convention of white-red as high to dark blue-purple as low.



Figure 4: Magnetite Outcrop at the M62 Deposit

The following interpretations and descriptions are based on present RC and limited diamond drilling and on the scant outcrop:

- The magnetite / iron mineralisation is of syn-sedimentary origin, i.e. not introduced;
- Massive magnetite (magnetite-quartz rock) is spatially related to remobilisation by contact metamorphism close to granite / pegmatite intrusives;
- Fine-grained magnetite in migmatitic quartz-biotite-magnetite gneiss probably represents original deposits that have been subjected to lower grade metamorphism;
- Three types of magnetite ore have been identified:
 - Sporadic shallow oxidisation is observed in some drill holes that has resulted in hematization of both the fine and coarse grained low to medium grade magnetite mineralisation. This alteration rarely occurs below 25 metres vertical depth;
 - Fine grained quartz-biotite-magnetite gneiss containing low to medium grade mineralisation;
 - Coarse grained massive magnetite-quartz rock containing high grade mineralisation.
- Mineralisation resides in tectonic layering – steeply dipping and regionally (and locally) folded (Figures 5 and 6). At M62 layering dips at about 45° to the west and strikes approximately 030°. At M63 layering is sub-vertical and strikes approximately east-west although modified by steep plunging folds in part. Lack of outcrop will necessitate extensive drilling including orientated diamond core to unravel the structure over time.

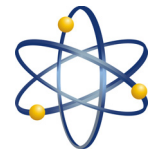


Figure 5: M63 – Medium to coarse-grained dark grey magnetite bands at 23 metres depth (Hole SHID4)



Figure 6: M63 – Fine-medium grained dark grey magnetite bands in folded gneiss 235 metres depth (Hole SHID4)



MINING POTENTIAL

Cross-sections have been presented below in Figures 7 and 9 for both the M62 and M63 deposits. They show the estimated percentage magnetite by physical separation and the magnetic susceptibility on a metre by metre basis as logged by RUN geologists for each drill hole. Schematics showing cross-sections with the estimated average (physical) magnetite content for M62 and M63 have also been presented in Figures 8 and 10 showing the potential for bulk mining with minimal internal waste.

The schematics indicate strongly mineralised zones in both deposits with the M62 deposit being open in all directions. M62 has been drilled along strike for almost a kilometre and over a maximum width of 500 metres with a maximum vertical depth of just over 300 metres.

By comparison the M63 deposit is open at depth, has a strike length of over 800 metres with a maximum width of 500 metres, down to a maximum vertical depth of approximately 300 metres.

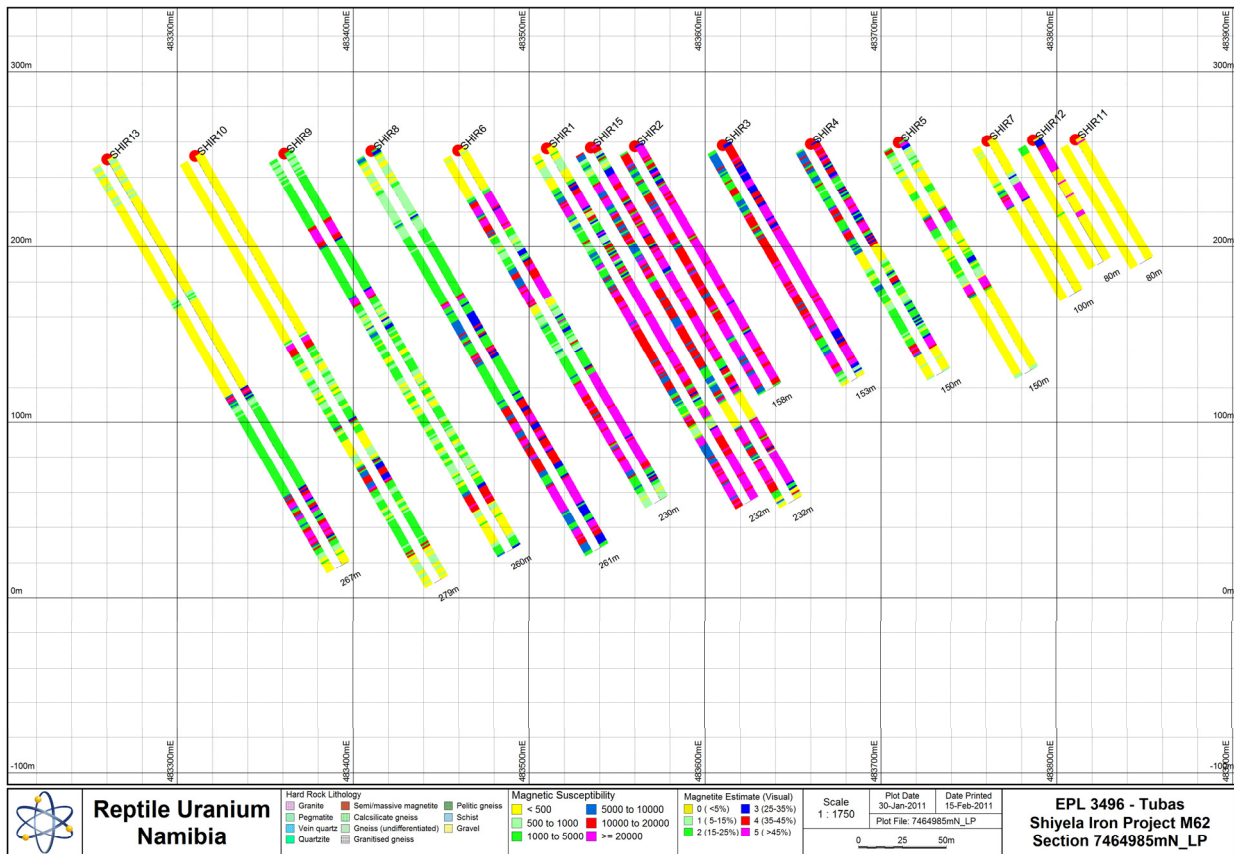


Figure 7: M62 Cross-Section – Physical Magnetite Estimate and Magnetic Susceptibility

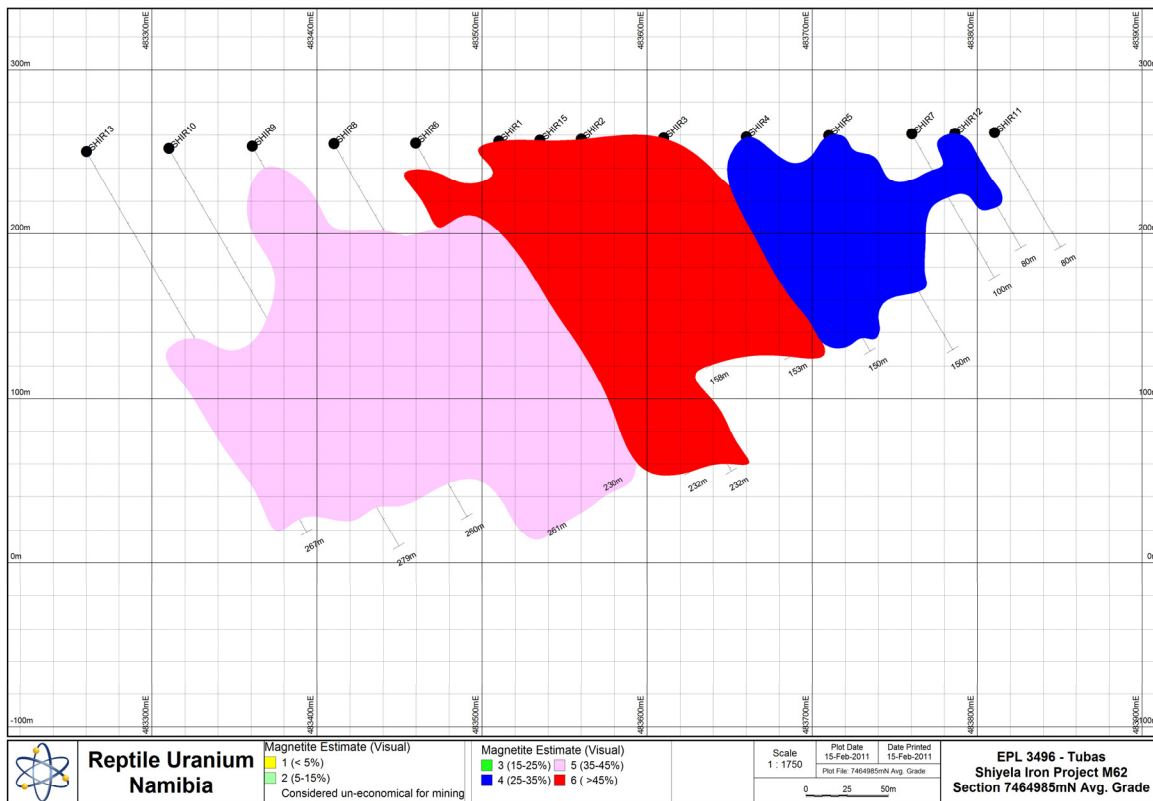
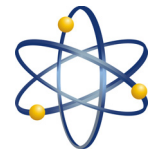


Figure 8: M62 Cross-Section – Schematic Estimated Average (Physical) Magnetite Content

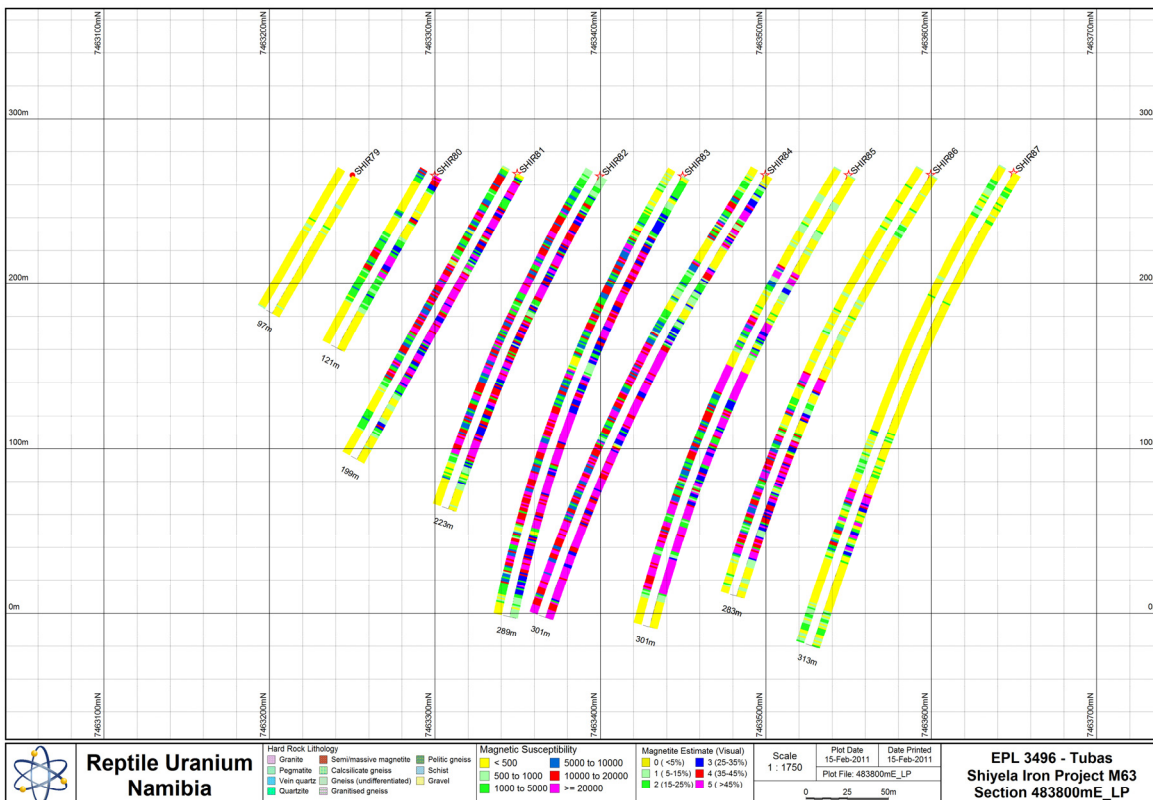


Figure 9: M63 Cross-Section – Physical Magnetite Estimate and Magnetic Susceptibility

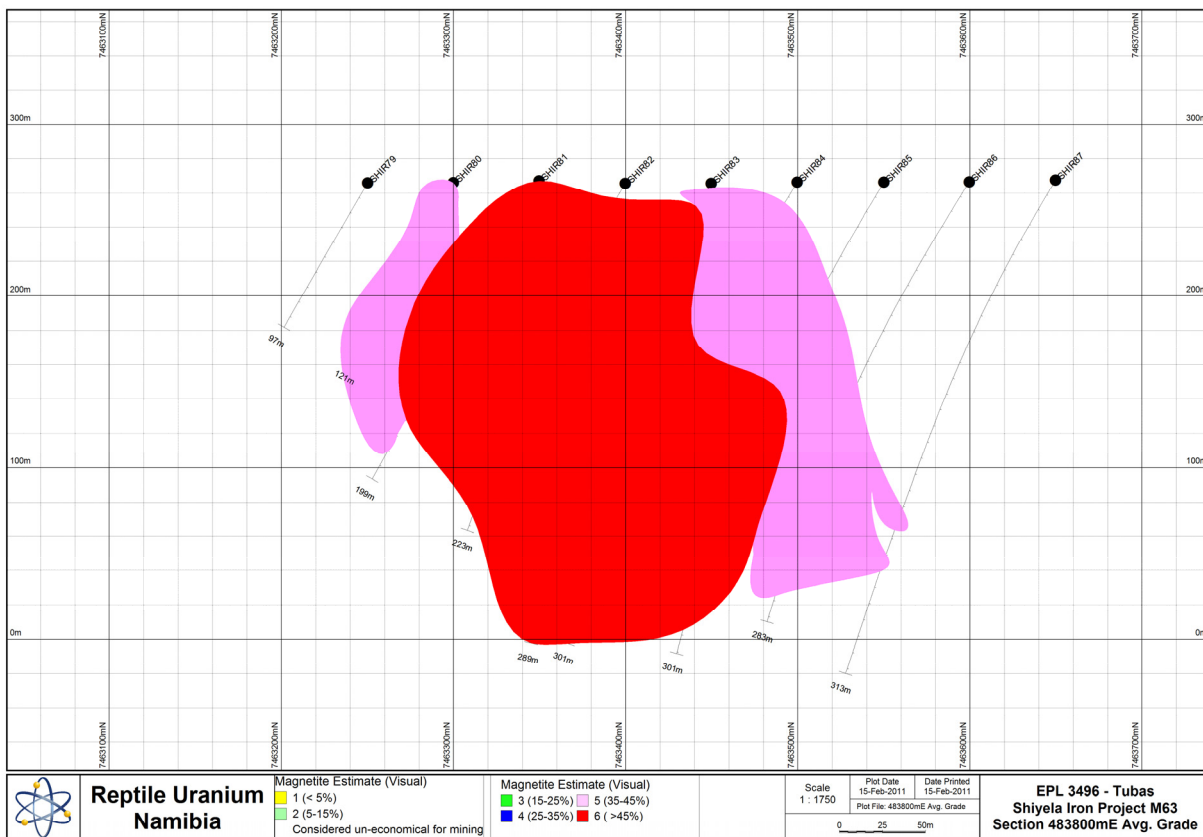
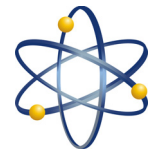


Figure 10: M63 Cross-Section – Schematic Estimated Average (Physical) Magnetite Content

PROGRAMME

- Complete the drill out of the M63 deposit and selected grid area at M62 by end February 2011.
- Complete Davis Tube Recovery (DTR) testwork and analysis of five metre composites from a representative diamond drill hole and two RC holes from each deposit in March 2011.
- Conduct head-grade XRF analyses of all mineralised core by end March 2011.
- Compile sufficient DTR data to complete magnetite recovery and product grade estimates for both M62 and M63 deposits by May 2011.
- Provide a JORC Compliant Mineral Resource Estimate (by Golder Associates) in the second quarter 2011, followed by delivery of a Scoping Study report from ProMet.
- Consider further step out drilling along strike to determine the full extent and potential scale and distribution of magnetite mineralisation of the airborne magnetic anomalism.



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Further information relating to the Company and its various exploration projects can be found on the Company's website at www.deepyellow.com.au.

Compliance Statement:

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 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.

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 flag ship is the Omahola Project currently under Pre-Feasibility Study with concurrent resource drill-outs on the high grade Ongolo Alaskite project and on secondary uranium mineralisation in the Tumas-Tubas palaeochannel/fluviatile sheetwash systems.

In **Australia** the Company is focused on resource delineation of mid to high grade discoveries in the Mount Isa district in Queensland, including the Queens Gift, Conquest, Slance, Eldorado, Thanksgiving, Bambino and Turpentine Prospects. The Company also owns the Napperby Uranium Project and numerous exploration tenements in the Northern Territory.