

DEEP YELLOW LIMITED

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***Deep Yellow Limited and Mount Isa Mines Limited
AGREEMENT
Earn-in Option to Acquire The Uranium Rights
Over Six Tenements at Mt Isa, Queensland***

The Board of **Deep Yellow Ltd (DYL)** is pleased to announce that **DYL** has reached agreement with Mount Isa Mines Limited (a company within the Xstrata Group) (**Xstrata**) whereby **DYL** may (subject to a number of conditions) ultimately acquire 100% of the uranium rights over six (6) tenements held by **Xstrata**. The tenements (see Figure 1 and Schedule 1) cover a total of 504 km² immediately west of the Mt Isa townsite/minesite.

The Earn-In Option Term Sheet (the Agreement) provides **DYL** with four (4) years from the commencement of exploration activities by **DYL** in which to explore the tenements for uranium with an option (subject to **DYL** spending at least \$10 million on exploration in the first four years of the Agreement and a number of other conditions being met) for an Additional Period of five (5) years in which to continue exploration for uranium and/or apply for a mining lease to develop a uranium mine.

The six Exploration Permits for Minerals (EPM's) are known collectively as the Isa West Tenements and importantly they cover extensive basalt and sediment sequences of the prospective Haslingden Group which hosts the Valhalla and Skal (Summit/Paladin) and Queens Gift (**DYL**) uranium deposits.

The tenements contain a number of known uranium occurrences mainly located and explored by Queensland Mines in the 1970's (see Figure 2).

As part of the Agreement **DYL** will be given access to an extensive exploration database over the tenements held by **Xstrata** in their Mt Isa office, including detailed airborne radiometric and magnetic survey data.

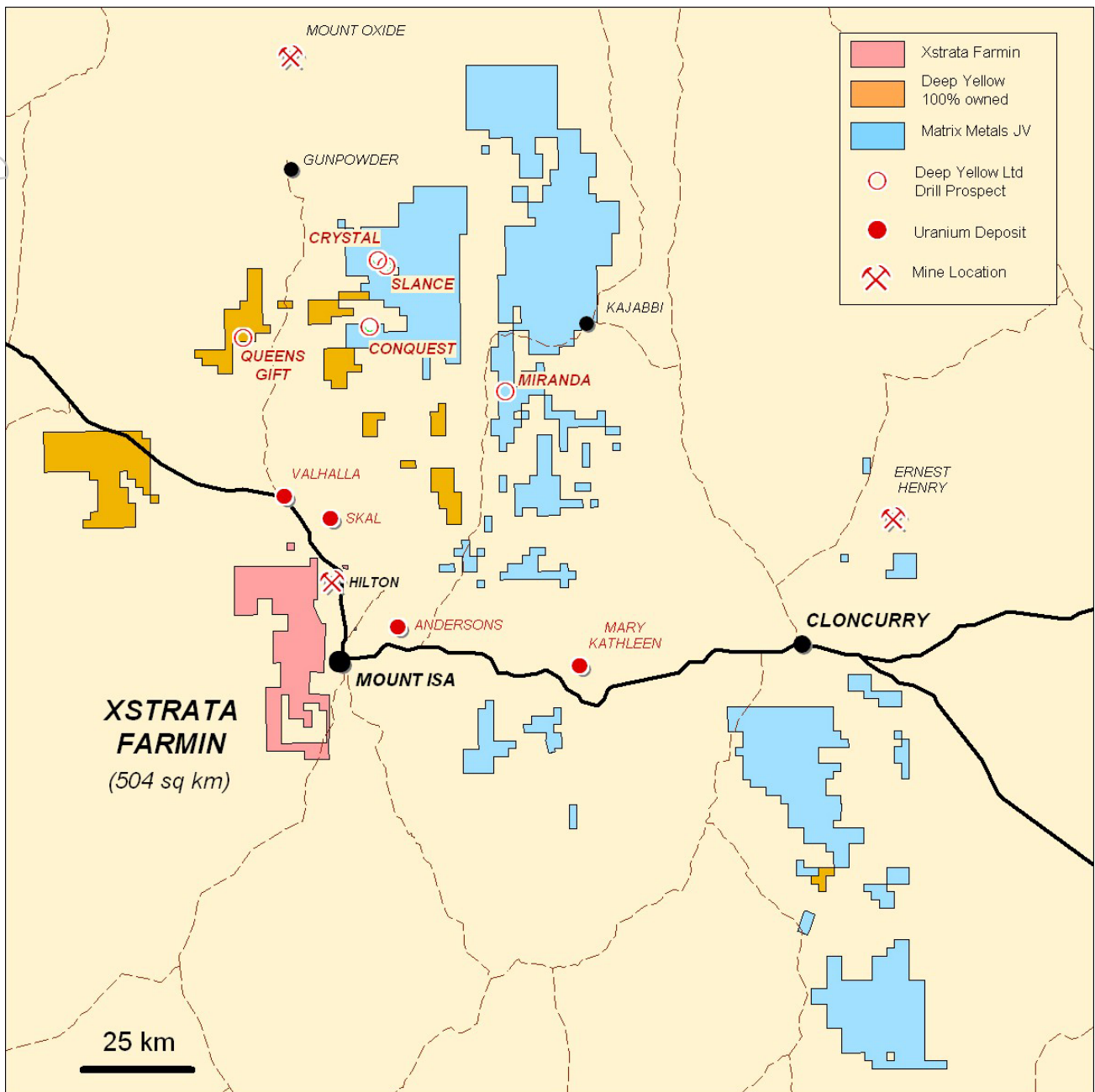


Figure 1: Xstrata Isa West Tenements

The principal commercial terms are as follows:

A. Consideration

1. During the four year Earn-In Period **Xstrata** will grant **DYL** the exclusive right to carry out uranium exploration programmes on the Isa West Tenements.

2. During the Earn-In Period **Xstrata** has also granted **DYL** an option (subject to a number of conditions being met) to have an Additional Period (5 years) in which to continue to have exclusive exploration rights for uranium on the Isa West Tenements and to apply for and have severed from the Isa West Tenements any land as necessary for the grant of a mining lease for the mining of uranium, subject to a number of conditions.
3. If **DYL** satisfies the conditions, exercises the option for an Additional Period and is granted a mining lease for the mining of uranium then **Xstrata** will, amongst other retained rights, have the rights to a royalty of 1.5% of net profits from any production of uranium.
4. **Xstrata** will retain all rights in respect of other resources/minerals on the Isa West Tenements and in particular any copper resource or mineralisation discovered on the Isa West Tenements.
5. Initial Expenditure is to be \$1 million within the first year of the Earn-In Period.
6. **DYL** to incur and pay for exploration activity expenditure on the Isa West Tenements of at least \$10 million during the four year Earn-In Period including but not limited to ground-based mapping, sampling, geophysical surveys, drilling and any other work of a technical and commercial nature deemed necessary to fully evaluate the Isa West Tenements (including incurring and spending the Initial Expenditure of \$1 million within the first year of the Earn-in Period).

B. Other Relevant Items

7. During the Earn-In Period, **Xstrata** will retain the rights to any and all resources/minerals other than uranium and in particular, in consultation with **DYL**, to explore and develop copper and/or other resources/minerals (other than uranium) on the Isa West Tenements. Each party agrees to use all reasonable endeavours to conduct their respective operations in a cooperative manner with the aim to optimise the value of both uranium and other mineral exploration and production but in the event of any conflict between their respective exploration operations during the Earn-In Period and the Additional Period, **DYL**'s operations shall have priority.
8. In the event that **DYL** has exercised the Earn-In Option to an Additional Period and in addition to a commercially viable discovery of uranium, another resource/mineral such as copper has also been discovered on the Isa West Tenements (whether as part of the same deposit or otherwise), the Parties agree to work in good faith to discuss how to efficiently maximise the production of each resource/mineral on the Isa West Tenements.

C. Proposed Exploration Programme

9. The Isa West Tenements lie immediately west of **Xstrata**'s minesite and plant site. Numerous tracks have been developed through the tenements providing good vehicle access. Exploration programmes will be run out of **DYL**'s Mt Isa office.

10. Following an initial assessment and work-up of the existing data it is envisaged that an RC percussion drill programme will commence in late April/May. **DYL** has contracted a Townsville based drilling company to carry out an initial +15,000 m of RC percussion drilling in the Mt Isa district commencing in April 2008.

The Agreement with **Xstrata** highlights **DYL's** ongoing commitment to the Mt Isa district with a focus on basement hosted primary-style of uranium mineralisation.



Dr Leon Pretorius
Managing Director

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 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.

Schedule 1: Isa West Tenements

No.	EPM No.	EPM Name	Present Size (No. of Sub-Blocks)
1	9585	Slaughter Yard	5
2	11524	Slaughter Yard North	4
3	12886	Ding Dong	63
4	13098	North Branch Creek	29
5	14657	Mosses Bore	53
6	15411	Pinch	21

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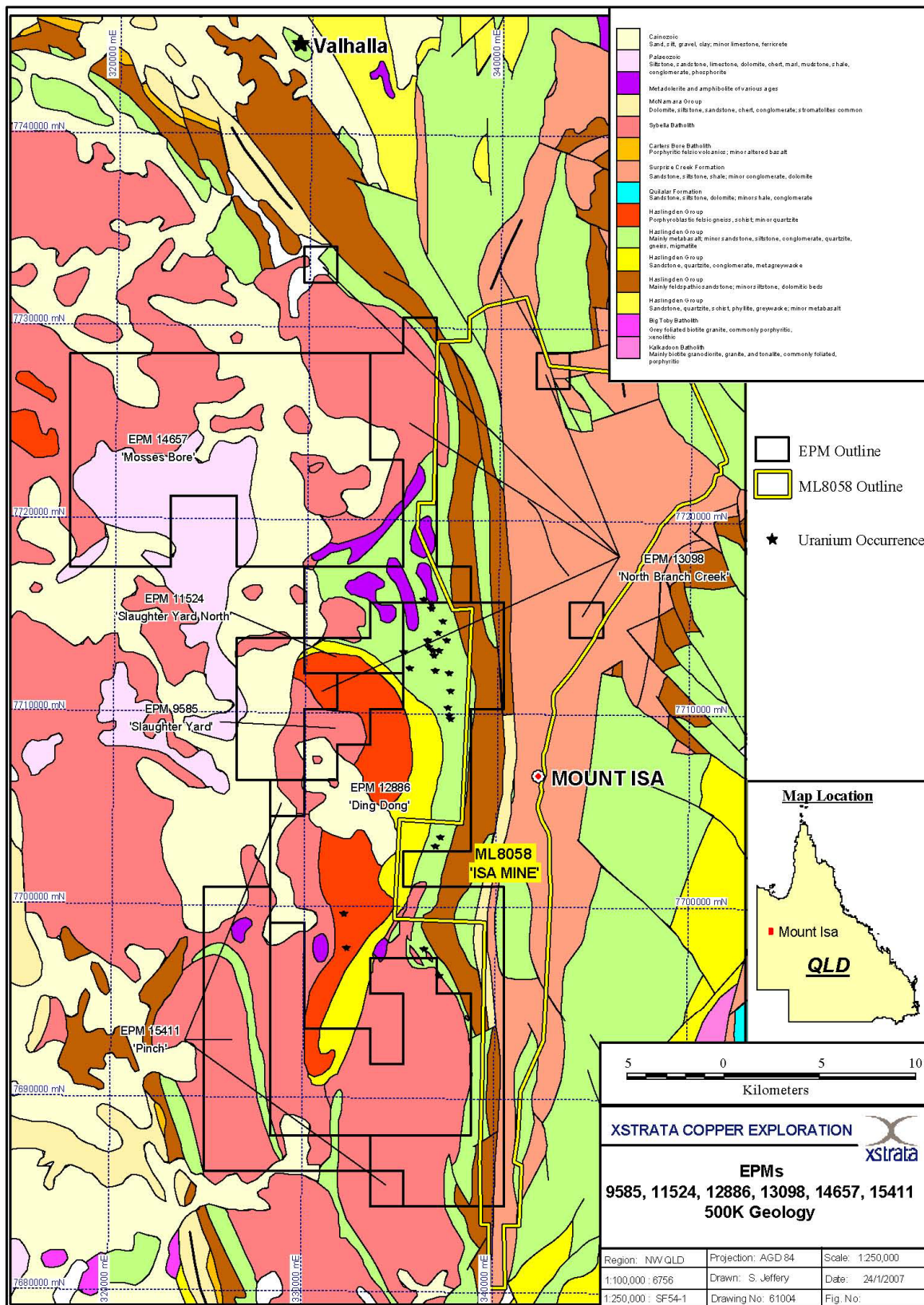


Figure 2: Isa West Geology and Uranium Occurrences