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UPDATE - MT ISA EXPLORATION

- The Directors of Deep Yellow Limited (DYL) are pleased to announce that RC percussion drilling commenced yesterday at the Queen's Gift Prospect in the Mt Isa district.

Mt Isa District Drill Programme

Yesterday DYL commenced a 10,000 m RC percussion drill campaign in the Mt Isa district. The initial programme comprises:

- **Queen's Gift Prospect** - 3,000 m in 40 holes with hole depths ranging from 35 to 130 m.
- **Calton Hills Prospect** - 1,000 m in 10 holes with hole depths ranging from 35 to 130 m.
- **Miranda / Foxhole Prospects*** - 2,000 m in 20 holes depths ranging from 50 to 150 m.

* Drilling on EPM 14281 (NW Queensland JV with Matrix Metals Ltd)

All drill holes will be logged radiometrically by downhole probe to determine anomalous zones that will be sent for assay. Until disequilibrium ratios are determined, eU₃O₈ values will not be released.

A recently flown low-level radiometric and magnetic survey (see below) has returned a number of other anomalies within 100% owned tenements which will be 'scout drilled' prior to follow-up infill and deeper drilling within the main prospect areas.

Queens Gift Prospect

At the Queen's Gift Prospect surface mapping and sampling has outlined a uranium mineralised zone up to 50 m wide over 1,300 m strike with a best surface composite rockchip sample assaying **2.86% U₃O₈** (ASX 22 May 2007). Previous diamond drilling by Queensland Mines Ltd (QML) in 1969 and by Agip Nucleare Australia Pty Ltd (Agip) in 1974 was all above 50 m vertical depth. Some significant intercepts include:

- QML 2 – **4.57 m at 5,840 ppm (0.584%) U₃O₈** from 71.63 m
- QML 3 – **6.10 m at 830 ppm (0.083%) U₃O₈** from 32.31 m
- Agip 1 – **21.0 m at 470 ppm (0.047%) U₃O₈** from 41.00 m
- Agip 2 – **4.00 m at 1,020 ppm (0.102%) U₃O₈** from 72.25 m
- Agip 3 – **3.00 m at 900 ppm (0.090%) U₃O₈** from 61.80 m

Surface mapping of the mineralised zones undercut by the previous drilling indicates that in most cases the mineralised zones are sub-vertical so simplifying the targeted drilling programme.

Notwithstanding the above excellent drill results, field mapping in conjunction with examination of the available historical data, indicates that the previous drilling did not adequately test the observed surface radiometric highs or the mapped extent of the mineralisation.



Figure 1. Queen's Gift Metatorbernite uranium mineralisation

Calton Hills Prospect

The Calton Hills Prospect covers a prominent airborne uranium radiometric anomaly 3 km to the north of the Watta and Warwai Uranium prospects (held by Summit Resources). The deposit consists of a low hill composed of massive ironstone faulted against clean well-developed quartzites. Previous surface sampling by DYL returned rockchip assays up to 3,300 ppm U_3O_8 .

The ironstone outcrop is best developed to the east where a large blanket of ironstone scree and rubbly subcrop extends to the north and east of the access road where it disappears under cover. The highly prospective Calton Hills airborne radiometric anomaly has a greater intensity and aerial extent than the drill proven Watta prospect and has potential for strike continuity under shallow cover to the northeast of the prospect. Fault repetitions of the anomaly have the potential to occur in the northwest.

Miranda Prospect - EPM 14281 – NW Queensland JV

The Miranda Prospect was targeted in an initial RC drilling campaign by DYL during 2006. Unfortunately the drilling programme was terminated early due to bush fires in the prospect area.

The prospect comprises an outcrop of variably chlorite-magnetite altered, weakly pyritic granitoid, and contains inclusions of (magnetite)-(quartz)-chlorite-schist occurring either strongly foliated or as structurally deformed zones.

Previous assay and drilling results outlined a **broad zone of uranium mineralisation** with a strong iron oxide association including significant intersections of **12 m at 960 ppm U₃O₈** from 9 m in hole DMRC-001 and **3 m at 730 ppm U₃O₈** from 43 m in hole DMRC-002. Previous drilling at Miranda by CRAE in 1982 returned **18 m at 810 ppm U₃O₈** from 30 m depth and surface rock chips collected by Matrix Metals Ltd 100 m NNE of the drill holes assayed up to 1.18% U₃O₈.

RC percussion drilling comprising 8 holes for 1,000 m will test the strike and depth extensions to the mineralised zone. The recently flown low-level radiometric and magnetic survey over the Miranda Prospect has returned a number of outlying uranium anomalies in the area which will be 'scout drilled'. Two targets, Miranda North and Foxhole are similar magnitude uranium anomalies to Miranda. In addition an interpreted deep magnetic halo to the uranium mineralisation will also be drill tested in the light of the strong iron oxide (magnetite) and pyrite association with uranium mineralisation at Miranda and Queen's Gift.

Detail Airborne Radiometric and Magnetic Survey

Preliminary data has been received for a 5,470 line kilometre low-level airborne radiometric and magnetic survey flown over nine selected target areas in the Mt Isa district. The 100 m line spaced data has greatly enhanced the resolution of uranium anomalies associated with basement structures seen in the previous regional datasets. Further processing and interpretation of the new data is underway with the objective of identifying targets for the scout drilling programme.

The commencement of targeted RC percussion drilling in the Mt Isa district is a milestone in DYL's strategic plan for the region. From a logistical base in Mt Isa the Company has the resources in place to carry out both regional and detail exploration programmes on its existing tenements and to actively seek out other opportunities.



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The information in this report that relates to Exploration Results is based on information compiled by Mr Rudy Vooy's, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Vooy's is an independent geological consultant employed by Ravex Pty Ltd and 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'. Mr Vooy's consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.