

# Deep Yellow Limited

ABN 97 006 391 948

ASX Announcement

ASX Code **DYL**

## Namibia - Update on INCA Project Drilling

22 July 2009

Further to the ASX announcements (23/04/09, 29/04/09 and 21/05/09) the following update summarises the status of the **INCA PROJECT**.

Consistent drilling results are being returned above 400 ppm U<sub>3</sub>O<sub>8</sub> grade that is required by in-house modelling to support an open-pit mining operation at INCA. The latest results include:

Hole ID*	Location WGS84		From (m)	To (m)	Interval (m)	eU <sub>3</sub> O <sub>8</sub> (ppm)
	UTM East	UTM North				
INCD9	488695	7476922	212	217	5	1,316
			232	239	7	788
			251	259	8	400
INCRD140	488702	7476804	135	139	4	841
INCRD172	488750	7477000	251	261	10	574
			266	269	3	462
			303	309	6	584
INCRD173	488650	7477000	255	263	8	995
INCR161	488750	7476750	115	118	3	582
			133	136	3	661
			121	126	5	903
INCR162	488800	7476750	97	101	4	622
			151	160	9	531
			195	204	9	496
INCR163	488850	7476750	152	160	8	502
			194	200	6	457
INCR164	488900	7476750	139	155	16	724
			167	170	3	521
			176	181	5	441
INCR178	489000	7476750	159	177	18	573
INCR183	488550	7476800	57	68	11	405
INCR187	489146	7476648	136	147	11	415

\* INCD = HQ DDH from surface; INCRD = RC with HQ DDH tail; and, INCR = RC drillhole



Drilling continues with two or three RC and two diamond drill rigs primarily completing the drill-out of the resource in the roughly 500 by 300 metre detail grid area. Although most holes are 50 metre apart, some infill holes at 25 metre (both vertical and angle) are being drilled for geological, geotechnical and structural purposes.

The status of the drill programme is given in Figure 1. All holes already completed that finished above the marble marker will be deepened to the marble and where the mineralisation has not been intersected on the southern and western margins of the deposit, the hole spacing will be reduced to 25 metre. It is estimated that the grid drilling will be completed during the third quarter.

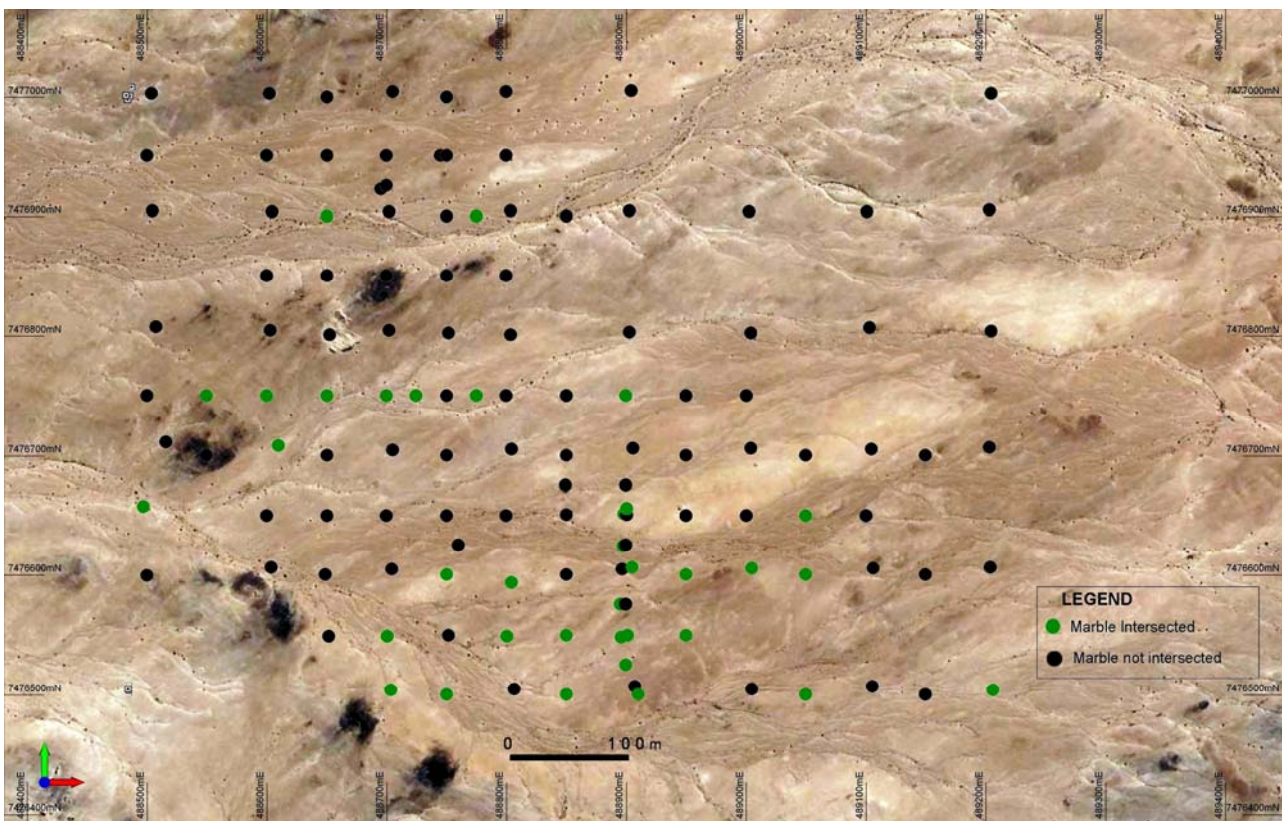


Figure 1: Status of drilling completed within the detailed grid area

Along with the drilling programme the metallurgical and other scoping studies continue and a shortlist of consultants to undertake the detailed investigations leading to a DFS is almost complete. It is anticipated that an announcement with respect to the successful group will be made during the third quarter.

The conceptual/initial mine and production scenario that DYL has modelled is to combine ore from the Tubas Red Sand project with that from INCA to produce around **1,000 tonne per annum of U<sub>3</sub>O<sub>8</sub> at a grade of +400 ppm**. It is estimated that an initial resource of **8,000 to 10,000 tonne** will suffice to fund this development while drilling will continue with a view to increasing the resource as regional holes indicate a much larger zone of alteration and mineralisation is present at INCA.

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Shown in Figure 2 is a south to north section looking west depicting the mineralised envelopes. The main zone which contains extensive +500 ppm  $U_3O_8$  zones will hopefully drive an open-pit down to levels where the high-grade INCA Deeps mineralisation starts.

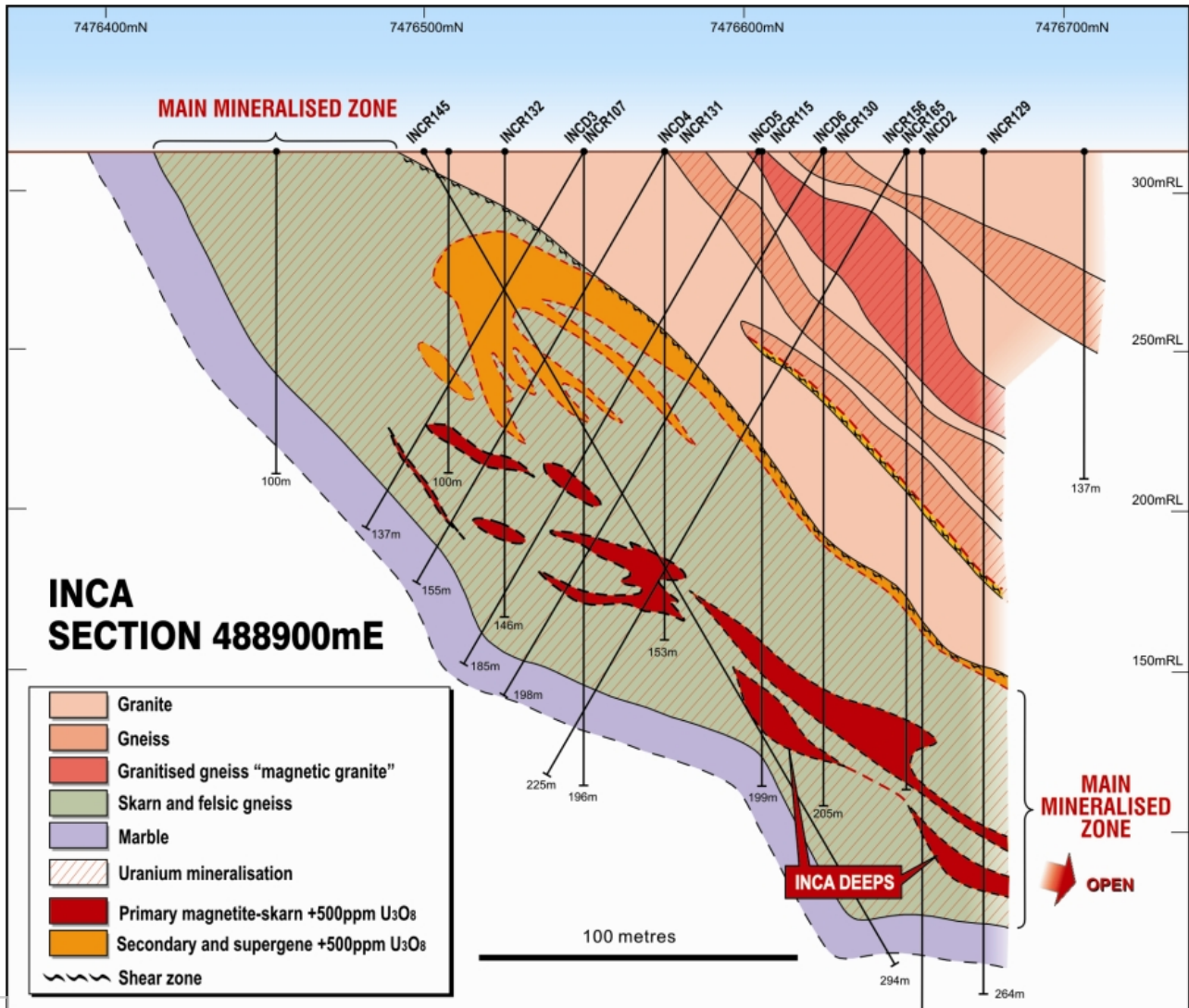


Figure 2: South to north section showing main rock types, alteration and mineralisation.

Taking into consideration that many holes remain to be deepened to the marble 'footwall' marker and others remain to be drilled to infill the grid to the minimum spacing of 50 by 50 metre the model is a 'work in progress', but as information flows the model is becoming more robust.

The outline of a potential **starter open-pit** is shown in Figure 3 and is based upon a grade in **excess of 400 ppm  $eU_3O_8$  over 6 metre** but mostly with a GTM over 5,000 above 120 metre. The INCA Deeps mineralised area is expected to grow as deeper drilling continues, but as can be seen using a grade of **+1,000 ppm  $eU_3O_8$  over 3 metre** (or GTM over 3,000) it appears to form an arcuate zone to the northeast of the potential open-pit that should then be readily accessible from the base of the pit.

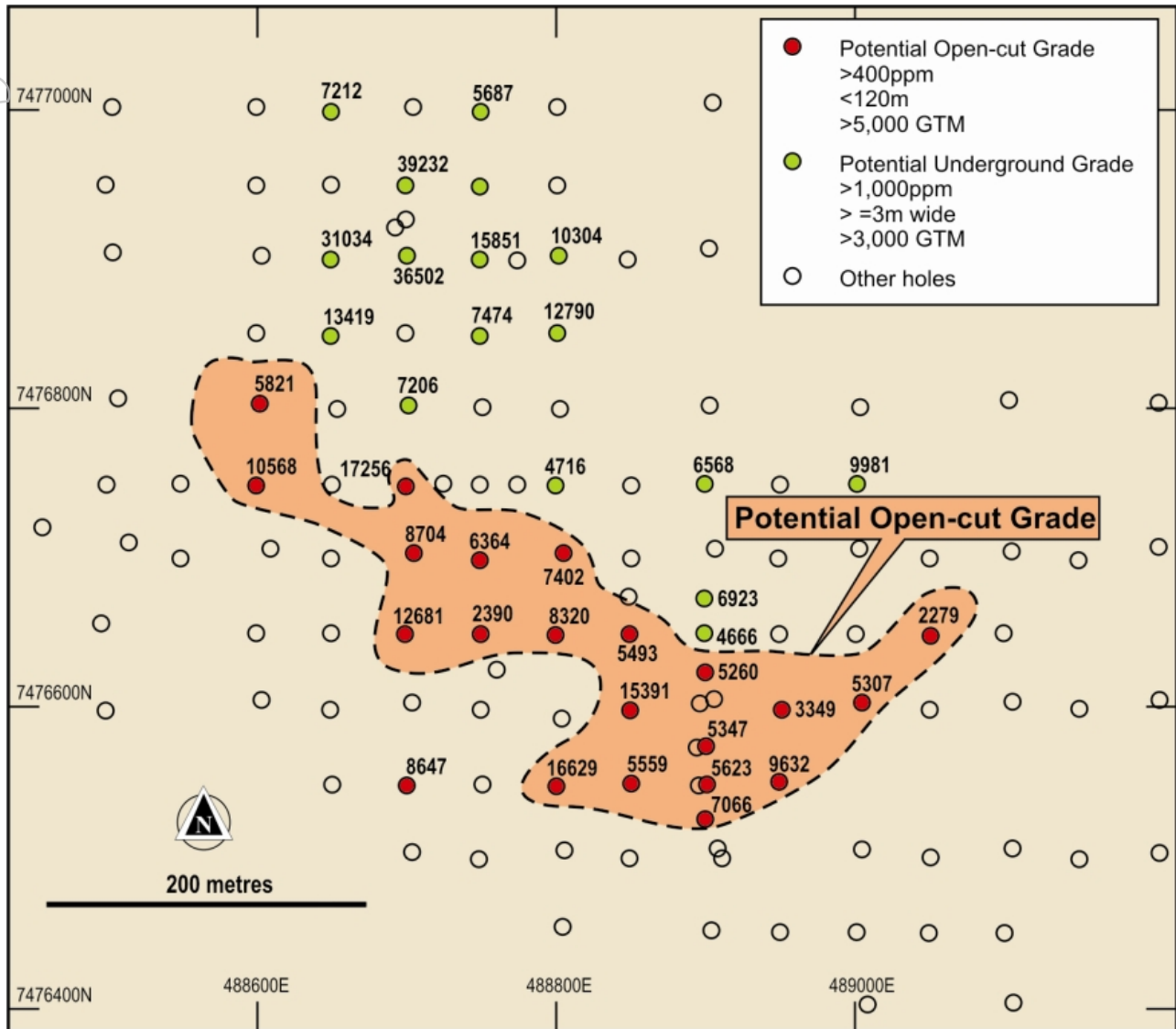


Figure 3: Outline of areas with potential open-cut and underground grade based on drilling to date.

Some of the GTM values are quite phenomenal (up to almost 40,000) and when the higher than normal densities of the host rock due to the abundant presence of iron (magnetite), is taken into consideration, it can be expected that the tonnages of metal present once the JORC Code resource work is complete will be favourable towards an early development schedule.

A **conceptual flow-sheet and plant design** is portrayed in Figures 4 and 5 based upon the testwork completed to date. The recovery of iron has important economic implications as existing and potential new uranium plants in the area require iron during the oxidation process.

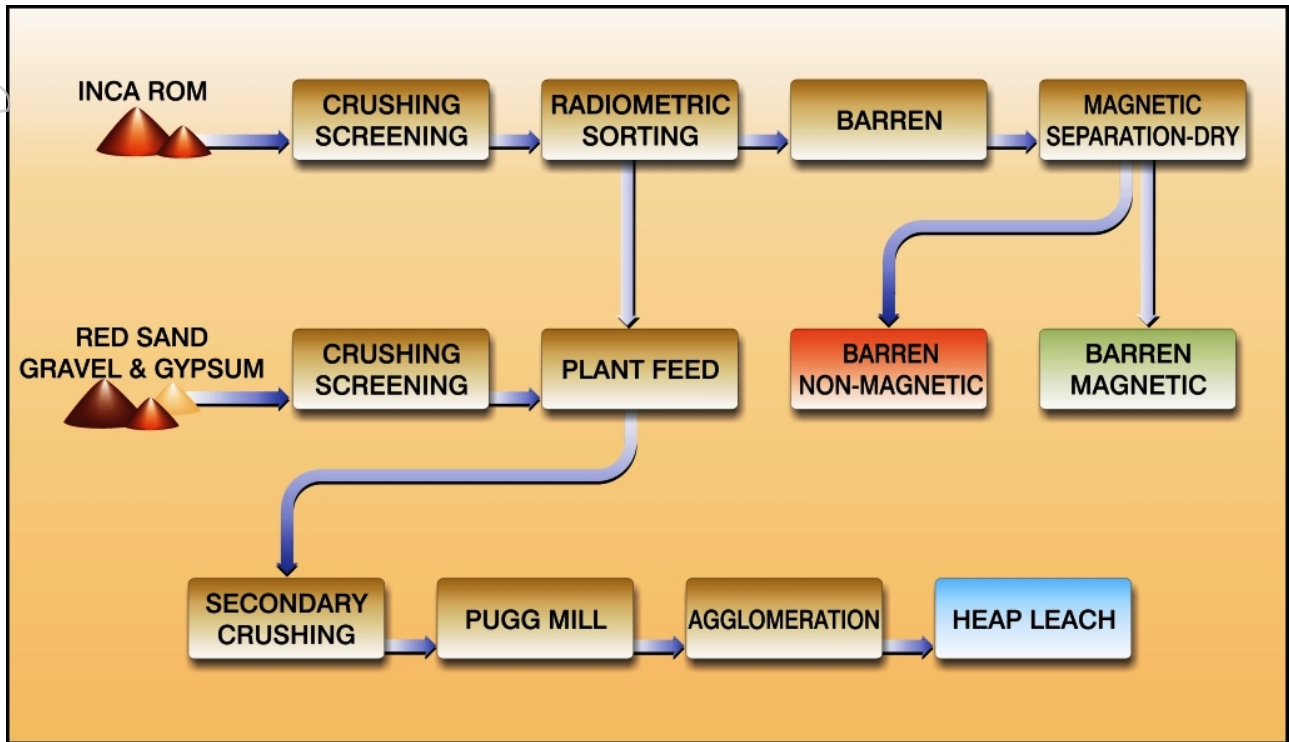


Figure 4: Front-end flow-sheet assuming heap leach extraction of uranium and iron.

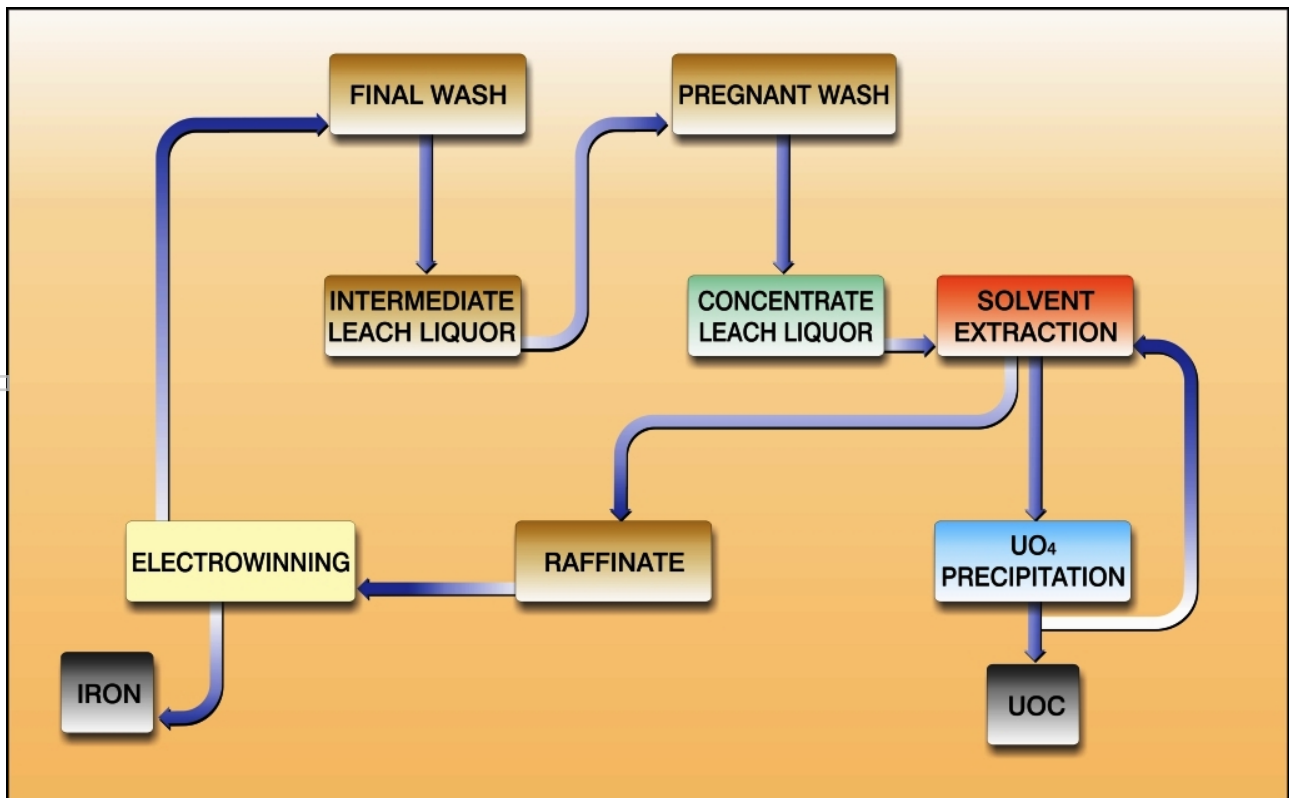
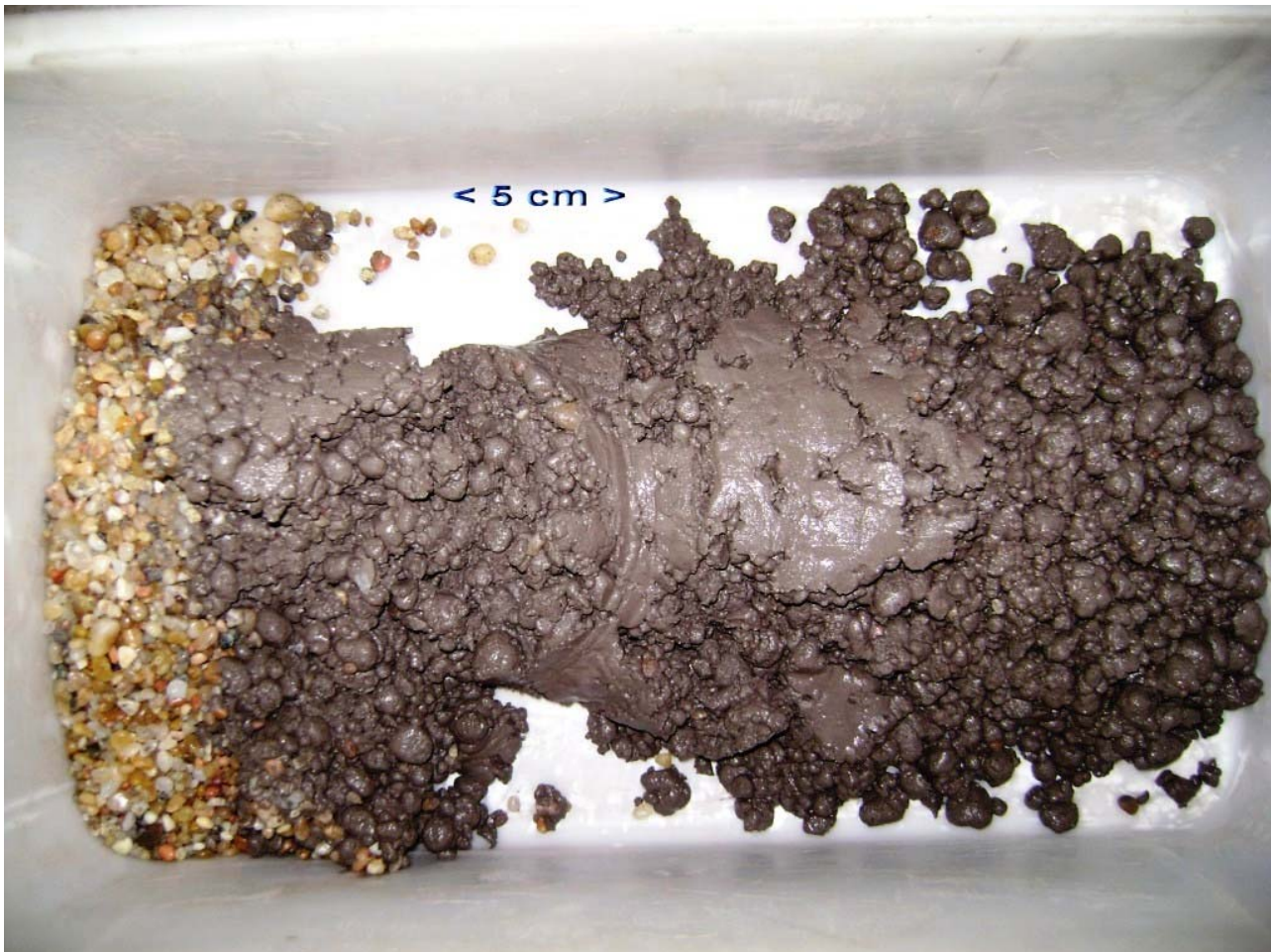


Figure 5: Back-end uranium extraction and ammonium diuranate (ADU) precipitation.



Heap leach trials have been carried out in columns using a blend of 20% Tubas Red Sand and 80% INCA uraniferous magnetite which was acid cured and then agglomerated. As can be seen in Figure 6 the agglomerate essentially remained intact after 17 days of leaching and washing. All testwork has been completed on unscreened and uncrushed RC drill chips with excellent recoveries of above 80%. This would appear to indicate that milling which is a highly energy intensive and expensive step may not be required.



**Figure 6:** Agglomerate from column leach trials to test suitability for heap leach extraction of uranium and iron. The column was emptied into a plastic container with the drainage material on the left.

Mineralogical and microprobe investigations on the massive uraniferous magnetite (with lesser hematite) as seen in the core photo in Figure 7 shows the primary uranium mineral to be coarse uraninite with minor pitchblende as can be seen in the microprobe photograph in Figure 8. The secondary minerals present are uranophane and beta-uranophane. No refractory uranium minerals have been identified to date.



Figure 7: Well-mineralised uraniferous magnetite in HQ diamond core from INCA Deeps

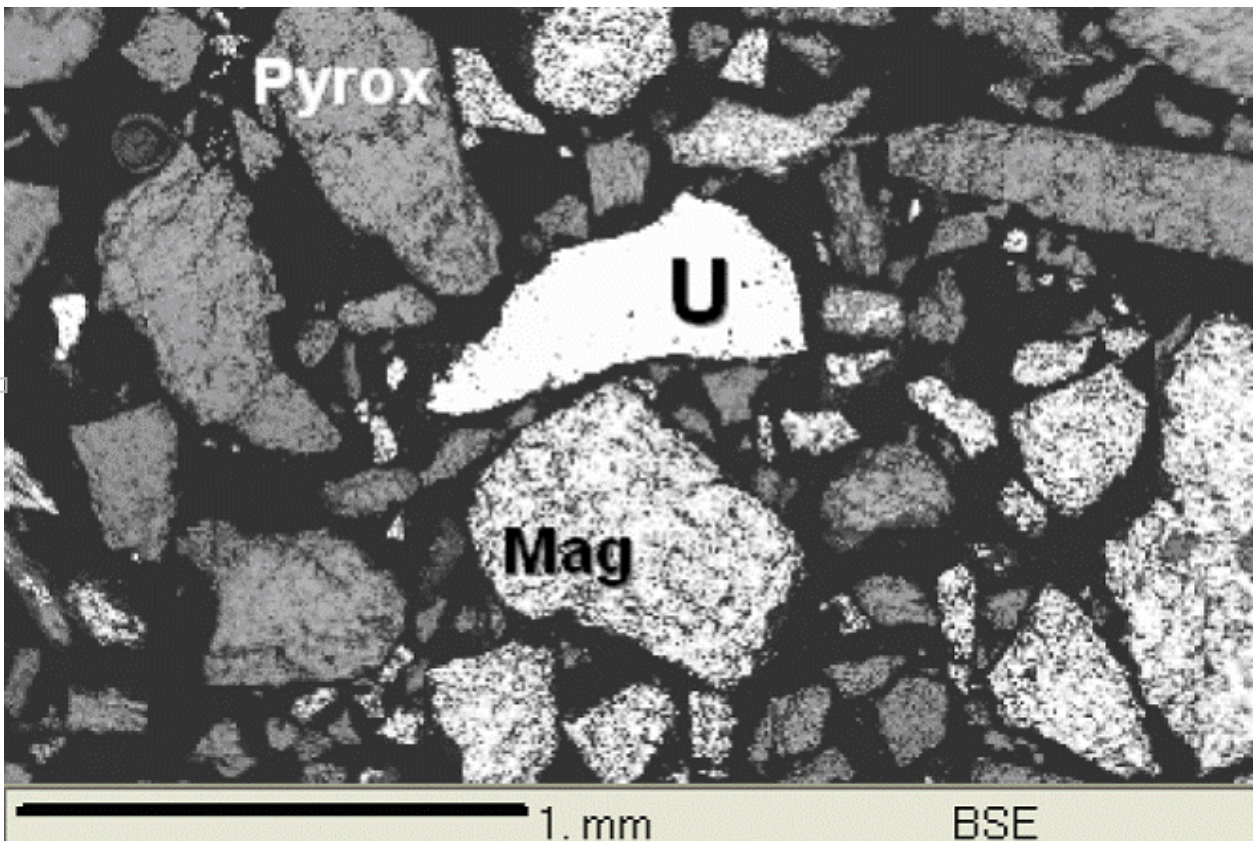


Figure 8: Microprobe photo showing coarse uraninite.

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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.*

*Where  $eU_3O_8$  is reported it relates to values attained from radiometrically logging boreholes with Auslog equipment using an A675 – slimline gamma ray tool. The probe has been calibrated at the Adelaide Calibration facility in South Australia with calibration certification provided by Geotron Systems (Pty) Ltd a geophysical consultancy based in South Africa. All  $eU_3O_8$  results reported are affected by issues pertaining to possible disequilibrium and uranium mobility which should be taken into account when interpreting those pending confirmatory chemical analyses.*

**Deep Yellow Limited** is an Australian-based pure uranium exploration company with extensive advanced operations in Namibia and in Australia.

In Namibia the Company's principal development focus is through its 100% owned subsidiary **Reptile Uranium Namibia P/L** at the mid to high grade INCA primary uraniferous magnetite and secondary Red Sand projects and the extensive secondary calcrete deposits contained in the Tumas-Oryx-Tubas palaeochannel and fluvial sheetwash systems.

In Australia the Company is focused on resource delineation of mid to high grade discoveries in the Mt Isa district - Queensland, these include the Queens Gift, Conquest, Slance, Eldorado, Thanksgiving, Bambino and Turpentine Prospects.

A pipeline of other projects and discoveries in both countries are continually being examined and there is extensive exploration potential for new, additional uranium discoveries in both Namibia and Australia.