

Deep Yellow Limited

ASX Announcement

ASX Code: DYL

Update on Namibian Activities for 2010

13 January 2010

Exploration and development programmes for 2010 will focus on the following:

- Completion of JORC Code resources on the INCA, Tubas Red Sand (TRS) and Aussinanis prospects.
- Omahola Project (INCA and TRS) feasibility studies and Mining Licence applications.
- Ongoing resource extension drilling on the INCA and Tumas/Oryx prospects.
- Ongoing palaeochannel reconnaissance drilling on the Nova JV tenements.
- Targeted reconnaissance drilling for INCA look-a-likes and Rossing South extensions based on airborne geophysical data interpretation.
- Possible mid-year production of ferric iron oxide for sale to Rossing Uranium.

Since commencing exploration in Namibia during 2007, Deep Yellow (DYL) through its wholly owned Namibian operating Company Reptile Uranium Namibia (RUN) has drilled approximately 13,000 holes for around 260,000 metre.

The bulk of the drilling has been aimed at the evaluation of palaeochannel and sheetwash hosted uranium mineralisation discovered and partially outlined by other parties during the 1970/80's uranium boom. RUN's drilling has also been extended to areas outside and between the old prospects based mainly upon airborne electromagnetic data interpretation.

The January start-up of drilling will employ one diamond rig at INCA; one RC rig on deep INCA extension drilling; two RC rigs on the Oryx/Tumas palaeochannel drill-out; and, two RC rigs on the Nova JV reconnaissance palaeochannel drilling in proximity to the Langer Heinrich Mine.

Once the Oryx/Tumas drill-out is complete, the two RC rigs will be replaced with either one or two RC rigs with the capacity to drill +200 metre deep angle holes. This should occur late February/early March and will target additional hardrock resources.



RUN has also flown three extensive airborne geophysical surveys totalling 30,160 line kilometre over its EPLs and the Nova JV tenements comprising radiometric, magnetic and electromagnetic data collection. Reprocessing and interpretation of all the geophysical datasets should be complete by late February and the data will be used to target areas for additional 'INCA-style' primary mineralisation and possible higher-grade alaskite mineralisation such as at Extract Resources' Rossing South discovery within the so-called 'Alaskite Alley' (a term often used by Extract) which extends into both the Nova JV and RUN EPLs.

A detail gravity survey on 200 metre line and 50 metre stations has commenced over a 130 square kilometre area around INCA with the objective of delineating potential deeper targets.

JORC CODE CALCRETE RESOURCES

When DYL management announced a JORC Code resource target of 50,000 tonne U_3O_8 (110 Mlbs) for the RUN EPLs in late 2008, spot uranium prices were at an all time high (US\$138/lb) and Areva had just purchased Uramin's Trekkopje 150 ppm U_3O_8 calcrete resource in Namibia. This led to the belief such low-grade resources could be viable, but as we now know uranium prices, (along with other commodities) dropped dramatically and with spot prices hovering around US\$45/lb and contract/long term prices around US\$65/lb, reality dictates grades required for viable open-pit deposits should be closer to 400 ppm.

Although DYL's announced JORC Code resources (attributable to RUN) of 31,337 tonne at 150 ppm remains short of the 50,000 tonne target, the drilling data from the Aussinanis sheetwash and Tubas/Oryx/Tubas palaeochannels will add to the 31,337 tonne total when received.

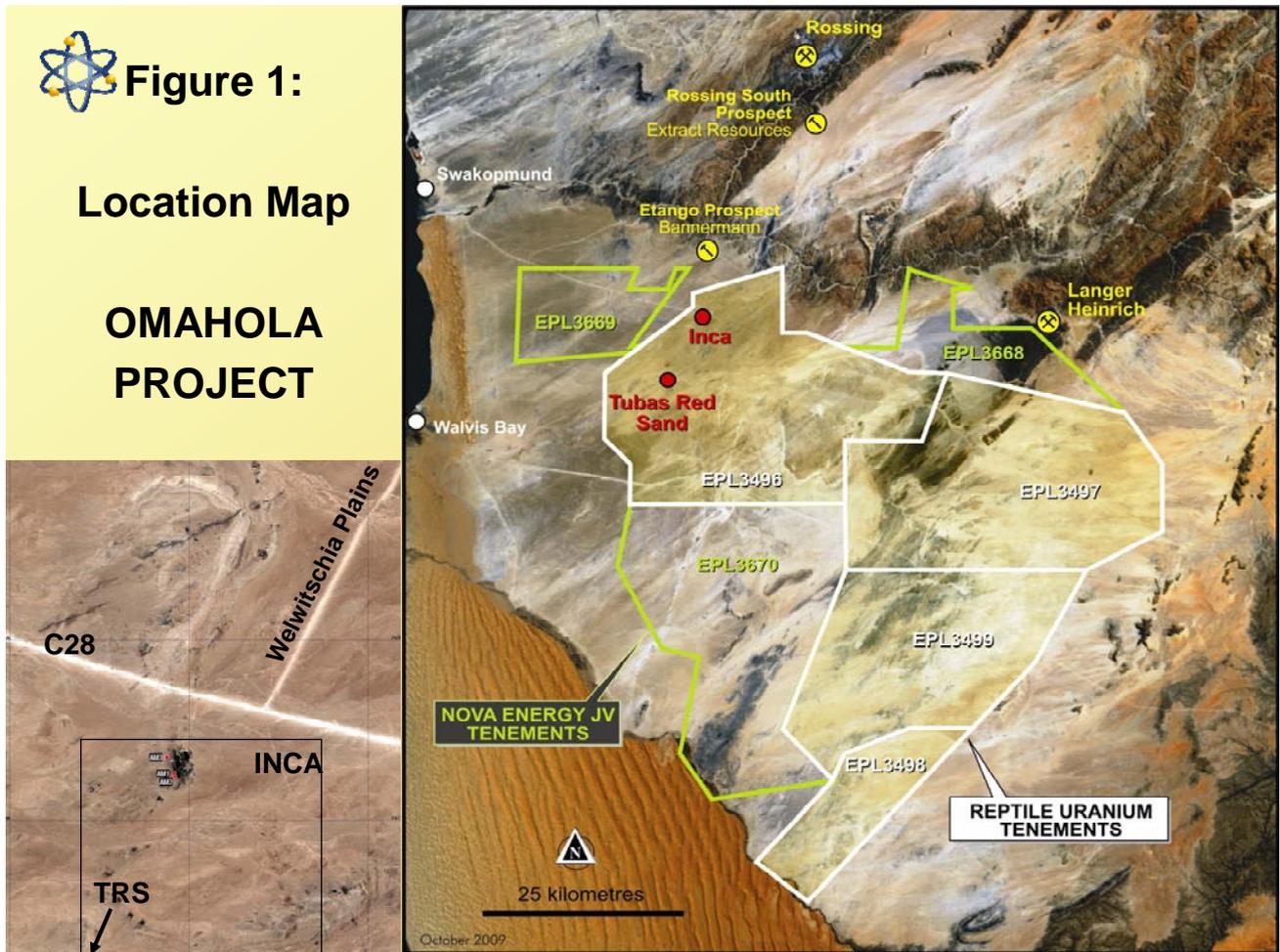
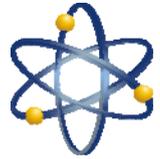
Fortunately within RUN's low-grade calcrete resource areas there are contiguous areas of higher grade mineralisation such as the JORC Code resource defined at Tumas of 3,450 tonne U_3O_8 at 345 ppm (as previously announced). Although this resource and other portions of the Tumas/Oryx/Tubas palaeochannel that contain similar grades of mineralisation could form the nucleus for a viable alkali leach plant similar to that of Paladin Energy's Langer Heinrich Mine, however the discovery of INCA led DYL/RUN to focus its immediate project development efforts on it instead. Additional resources for a plant at INCA will come from free digging secondary mineralised sand and sediments within trucking distance such as occurs at TRS.

Notwithstanding the INCA discovery, reconnaissance and detail JORC Code resource RC drilling will continue on the calcretes both in RUN's EPLs and the Nova JV EPLs.

OMAHOLA PROJECT

The Omahola Project comprises the INCA uraniferous iron oxide (magnetite) and Tubas Red Sand (TRS) uranium deposits.

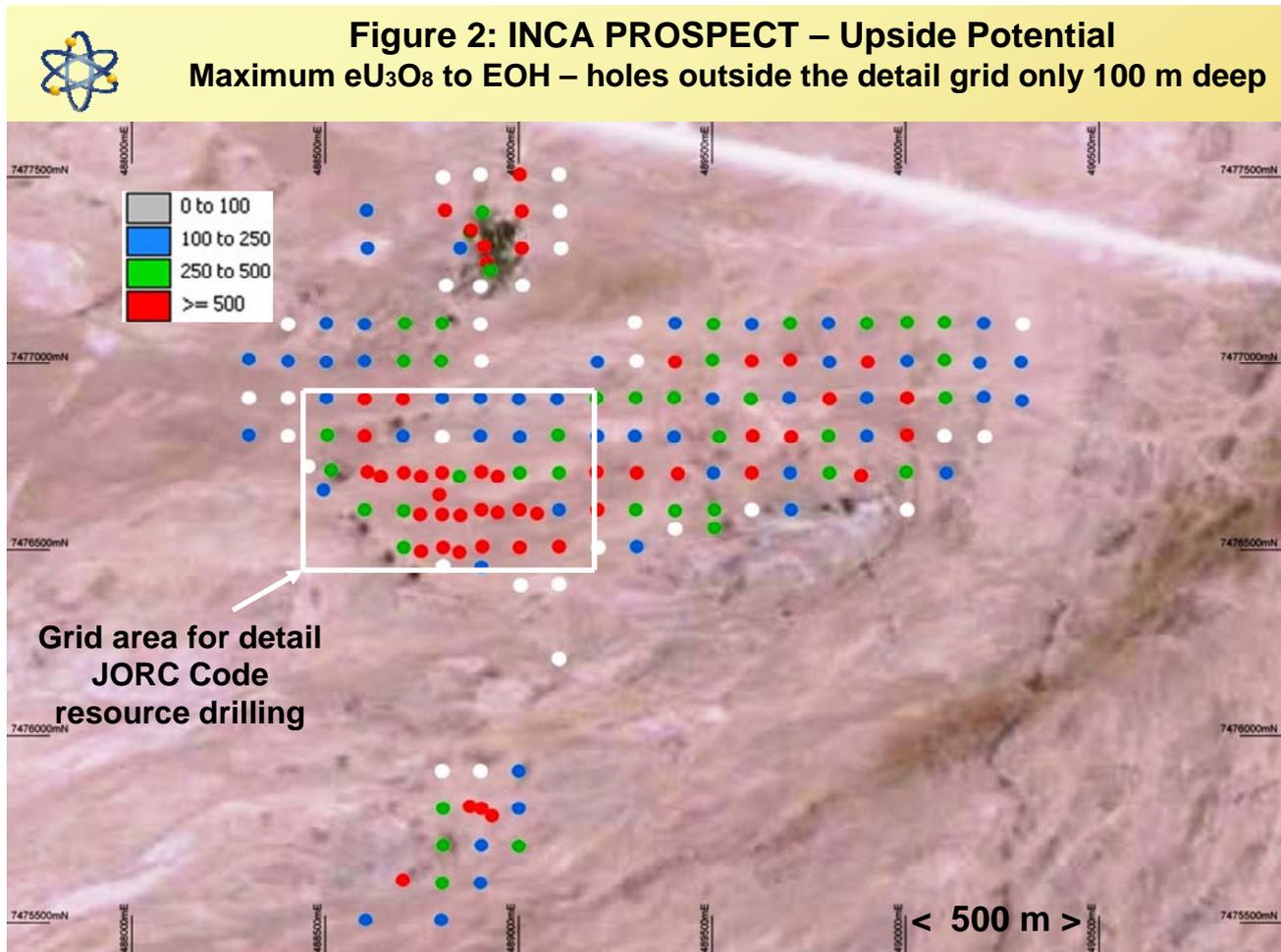
The INCA Prospect is located approximately 35 kilometre east of the coastal township of Swakopmund (Figure 1) and consists of uranium and iron mineralisation associated with a large metasomatic alteration zone within a complex synclinal fold structure.



To date 482 holes (both RC and diamond) have been drilled for 68,716 metre within an area roughly 2 by 2 km, the bulk of which is within a detail grid of about 700 by 450 metre (Figure 2). This detail grid area was selected based upon the highest number of holes containing in excess of 500 ppm U₃O₈ above 100 metre depth.

A schematic S-N section of the geology and mineralisation at INCA is given in Figure 3 and shows the typical development of thick envelopes of alteration and mineralisation. JORC Code resource estimations are being undertaken at present, however, due to excess water at depth some diamond holes remain to be completed and will be incorporated in the resource estimate at a later date.

Rössing Uranium presently imports ferric iron to use in their processing plant and has expressed written interest in acquiring iron oxide from the INCA prospect should it be suitable. RUN has commissioned studies on its iron oxide product and early indications are it will meet Rössing's specifications. RUN has held two formal meetings with the Namibian Ministry of Mines and Energy (MME) and Ministry of Environment and Tourism (MET) to introduce the concept of early stage Mining Licences in order to allow extraction and production of low-uranium bearing iron oxide.



RUN will simultaneously expand the environmental studies (EIA and EMP processes) required for the iron oxide production to cover the additional impacts of a metallurgical plant and tailings facility required at INCA to produce uranium and iron.

Management have set a benchmark target of ~8,000 tonne of U₃O₈ at + 400 ppm to allow for a production profile of ~1,000 to 1,500 tonne of U₃O₈ per year and it is presumed the resource contained within the detail grid area will allow for this to occur. Exploration to expand the initial resource will continue based upon the existing known mineralised holes outside the INCA detail grid (Figure 2). The gravity and airborne electromagnetic surveys will possibly further expand the area of mineralisation as well.

A processing plant at INCA will be supplied with supplementary feed from free-digging secondary mineralised aeolian sand and gravel such as occurs at TRS. A number of these occurrences have been noted during the palaeochannel drilling and will be investigated thoroughly over time. The advantage with this style of mineralisation is their physical removal will be inexpensive by using a simple dig-and-load mining method with no crushing costs. Tests into attritioning and beneficiation (possibly flotation) are being undertaken and if successful will reduce transport costs significantly. Their low carbonate content makes these deposits suitable for either acid or alkaline processing.

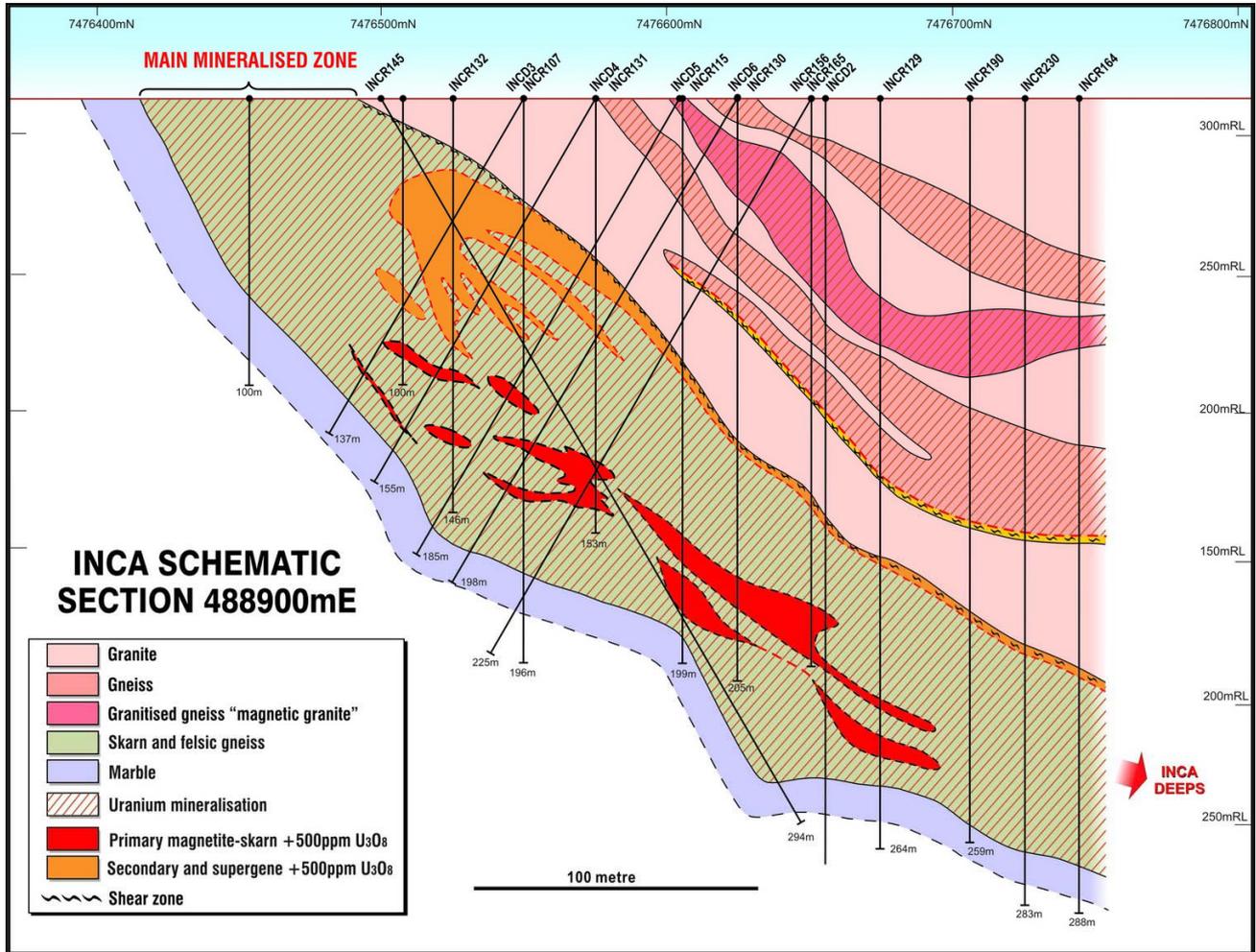


Figure 3: Schematic S-N section showing geology and mineralisation

To meet its 'producer-status' aspirations RUN has appointed consultants who have commenced the environmental baseline studies; selected engineers for the feasibility studies (to be announced once contracts are signed); and, commenced extensive mineral beneficiation and metallurgical studies (some of which have been completed.) In-house, the Company also has highly experienced uranium specialists including a project manager who is an ex-Rossing and Olympic Dam metallurgical engineer.

GENERAL IRON POTENTIAL

As previously reported RUN carried out reconnaissance drilling on magnetic anomalies along the roughly 18 kilometre belt within which the INCA prospect lies and in particular on one anomaly which appeared to have iron oxide-copper-gold (IOCG) affinities. The anomaly was investigated with a 500 metre deep vertical diamond hole. Although the core was not analysed as it contained only minor visible sulphides, it does however contain numerous zones of iron oxide and magnetite over its complete length. As this hole is within a substantial magnetic anomaly which is only about 25 kilometre due east of the deep sea port of Walvis Bay, it warrants detail investigation and DYL/RUN will be inviting interested parties to study it with the view to progressing it through an 'iron ore' JV arrangement.



SUMMARY

2010 promises to bring together the culmination of all RUN's efforts and will result in:

- Fast tracking Omahola Project feasibility studies, Mining Licence applications and resource extensions.
- Additional JORC Code resources on the palaeochannels.
- Possible discovery of additional 'INCAs'.
- Possible discovery of higher grade alaskite mineralisation such as occurs at 'Rossing South'.

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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.

Deep Yellow Limited (DYL) is an Australian based pure uranium exploration company with extensive operations in Namibia and Australia.

DYL's principal development focus is in Namibia through its 100% owned subsidiary **Reptile Uranium Namibia P/L** (Reptile) at the mid to high grade Omahola Project and the extensive secondary calcrete deposits contained in the Tumas-Oryx-Tubas palaeochannel and fluvialite sheetwash systems.

The Omahola Project comprises the INCA uranium and iron and Tubas Red Sand (TRS) uranium deposits. JORC Code resource estimates for Omahola are being completed and management are confident it will underpin the stated objective of becoming a producer of 1,000 to 1,500 tonne of U₃O₈ per year at a grade of 400 ppm or better from the combined deposits.

As part of the transition from explorer to producer DYL and Reptile have been building a team of in-house expertise and consultants to complete the required studies and various reports and permit applications.

The Australian focus is on resource delineation in the Mount Isa district of Queensland and greenfields exploration in the Northern Territory. A pipeline of other projects in both countries are continually being examined and there is extensive exploration potential for new discoveries.