



29 October 2010

Deep Yellow Revises Resource Estimate at INCA Uranium Deposit in Namibia

HIGHLIGHTS

- Deep Yellow received a Mineral Resource estimate for the INCA uranium deposit in Namibia from Coffey Mining Pty Ltd
 - Coffey's Mineral Resource estimate for the Initial JORC Resources Area previously estimated by MSA in July 2010, has decreased from
 - 17.1 million tonnes at 0.043% (434 ppm) U₃O₈ for 7,429 tonnes or 16.4 million pounds of contained U₃O₈ at a cut-off grade of 200 ppm U₃O₈ by MSA to
 - 15.0 million tonnes at 0.041% (405 ppm) U₃O₈ for 6,077 tonnes or 13.4 million pounds of contained U₃O₈ at a cut-off grade of 250 ppm U₃O₈ by Coffey
 - The lower estimate by Coffey stems from the use of a different resource modelling technique, lower average rock density, the implementation of a top-cut on higher grades and use of an improved geological model
 - Coffey modelling and estimation techniques deemed to be more appropriate for specific INCA geology and for forward planning for project development
 - Mineral Resource estimate for extended area of mineralisation to the east of Initial JORC Resources Area, not included at this time due to wide drill spacing, narrow uranium intercepts, relative complexity of geology and the need for in-fill drilling
 - Deep Yellow remains confident that with additional drilling, analyses and geological interpretation, future Mineral Resource estimates for INCA will continue to increase
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Deep Yellow Limited (DYL) has received a Mineral Resource estimate for its INCA uranium deposit, operated by wholly-owned subsidiary **Reptile Uranium Namibia (Pty) Ltd (RUN)** in Namibia.

Coffey Mining Pty Ltd (Perth) was commissioned to provide a Mineral Resource estimate for the extended area of uranium mineralisation to the east of the Initial JORC Resources Area at INCA (Figure 1). Later, to bring the entire deposit under the control of a single JORC Competent Person, Coffey's scope was expanded to include a re-estimation of the Mineral Resource for the Initial JORC Resources Area that was previously estimated by The MSA Group of South Africa (MSA) in July 2010.

Revised Mineral Resource Estimate at INCA in Namibia

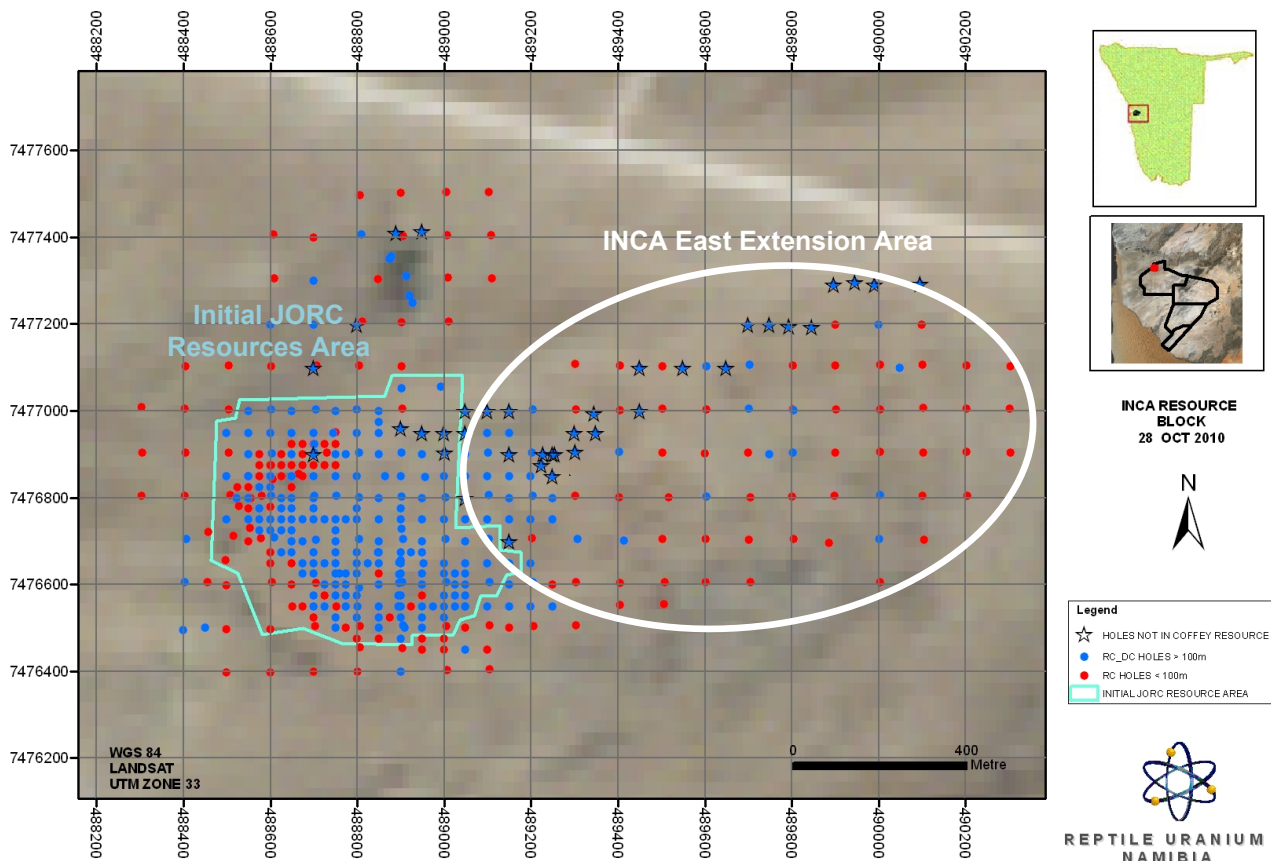


Figure 1: INCA Deposit Drillhole Location Map in Namibia

MSA’s Mineral Resource estimate was limited to the Initial JORC Resources Area and totalled 17.1 million tonnes at 0.043% (434 ppm) U₃O₈ for 7,429 tonnes or 16.4 million pounds of contained U₃O₈ at a cut-off grade of 200 ppm U₃O₈ (Table 1).

Table 1: Resource estimate by MSA on Initial JORC Resources Area at INCA – July 2010

Mineral Resource Estimates in accordance with the JORC Code							
Deposit	Category	Cut-off (ppm U ₃ O ₈)	Tonnes (M)	eU ₃ O ₈ (ppm)	U ₃ O ₈ (%)	U ₃ O ₈ (t)	U ₃ O ₈ (Mlb)
INCA	Inferred	200	6.2	469	0.047	2,913	6.4
INCA	Indicated	200	10.9	414	0.041	4,516	10.0
INCA Total			17.1	434	0.043	7,429	16.4

Coffey’s Mineral Resource estimate for the Initial JORC Resources Area was lower and totalled 15.0 million tonnes at 0.041% (405 ppm) U₃O₈ for 6,077 tonnes or 13.4 million pounds of contained U₃O₈ at a cut-off grade of 250 ppm U₃O₈ (Table 2). Coffey’s revised estimate decreases total uranium resources in the Initial JORC Resources Area by 3.0 million pounds (-18%) but the grade remains above 400 ppm U₃O₈. Using 200 ppm cut-off results in a very minor change in total uranium resources, but the grade decreases by 18% to 355 ppm U₃O₈.



Table 2: Revised resource estimate by Coffey on Initial JORC Resources Area at INCA

Mineral Resource Estimates in accordance with the JORC Code							
Deposit	Category	Cut-off (ppm U ₃ O ₈)	Tonnes (M)	eU ₃ O ₈ (ppm)	U ₃ O ₈ (%)	U ₃ O ₈ (t)	U ₃ O ₈ (Mlb)
INCA	Inferred	200	7.2	395	0.040	2,857	6.3
INCA	Indicated	200	13.4	335	0.034	4,490	9.9
INCA Total			20.6	355	0.036	7,347	16.2
INCA	Inferred	250	5.5	445	0.044	2,449	5.4
INCA	Indicated	250	9.4	385	0.039	3,628	8.0
INCA Total			15.0	405	0.041	6,077	13.4

Reasons for the differences in estimated resources include the following:

1. MSA estimated the resource using a grade shell approach and block modelled their estimated grade by the 'Inverse Distance to the power of two' method. Coffey used indicator modelling to develop initial boundaries and block modelled using Ordinary Kriging, which is deemed to be more appropriate for INCA geological structures and deposit orientation.
2. MSA used a higher average density than Coffey, resulting in higher tonnage reported by MSA.
3. Coffey utilised a top-cut on higher intercept grades, which tends to lower overall grade.
4. Coffey utilised RUN's refined geological model which should improve the accuracy of the resource estimation.

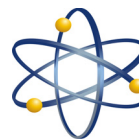
Coffey also attempted to estimate the Mineral Resources for the extended area of mineralisation to the east of Initial JORC Resources Area. However, due to wide drill spacing (generally 100 metres by 100 metres), narrow uranium intercepts and the complexity of the geology in this area, Coffey recommended that infill drilling; additional geological interpretation; and increased chemical assay work and density measurements should be conducted in this area to facilitate a meaningful resource estimate. A detailed work plan and timeline is being formulated to provide this additional information to Coffey.

It is important to note that as indicated in Figure 1, there are a number of drillholes that were not included in the Mineral Resource estimate as they were drilled after the cut-off date for information to be used in the resource estimate. A number of these drillholes intercepted higher grade mineralisation at depths greater than 100 metres. Data from these drillholes will form part of future resource updates.

In addition, while a change to Coffey and a different resource estimation methodology has resulted in a lower overall resource estimate in the short-term, DYL and RUN remain confident that with additional drilling and analytical work, the future INCA deposit Mineral Resource estimates will continue to increase.

Lastly, with the continued positive drilling results at the Ongolo Alaskite Project, there is a real possibility that the Alaskite mineralisation will provide a source of feed, along with INCA, to the proposed processing facility being contemplated in the Omaha Pre-Feasibility Study.

Revised Mineral Resource Estimate at INCA in Namibia



Details of Coffey's Mineral Resource estimate are included as Appendix 1 at the end of this announcement.

For further information regarding this announcement, please contact:

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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 the Mineral Resource estimation for the INCA deposit is based on work completed by Mr Neil Inwood who is a full-time employee of Coffey Mining and a Member of the Australasian Institute of Mining and Metallurgy. Mr Inwood 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 Inwood consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Mineral Resource estimation is based on information compiled by Mr Steve Le Brun, who is a full-time employee of Coffey Mining and a Member of The Australasian Institute of Mining and Metallurgy. Mr Le Brun 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 Mineral Resources and Reserves'. Mr Le Brun consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

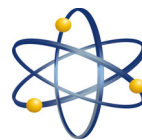
The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Leon Pretorius a Fellow of The Australasian Institute of Mining and Metallurgy. Dr Pretorius is a full-time employee of Deep Yellow Limited and has sufficient experience 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'. 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. All probes are calibrated either at the Pelindaba Calibration facility in South Africa or at the Adelaide Calibration facility in South Australia.

Deep Yellow Limited is an Australian-based uranium focused exploration company with advanced exploration projects in Namibia and in Australia.

In Namibia the Company operates through its wholly-owned subsidiary **Reptile Uranium Namibia P/L** which is focusing on its mid to high grade INCA primary uraniumiferous 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, 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.



Appendix 1

Details of Coffey's Mineral Resource estimate

The Mineral Resource estimate for the Inca Uranium Project completed by Coffey is an Ordinary Kriged (OK) estimate. The principal criteria used in the resource estimation include:

- The drillhole database in the vicinity of the estimation consists of 345 RC drill holes totalling 52,118m, 37 diamond drillholes totalling 5,322m and 34 diamond drillholes with RC precollars totalling 10,591m. The drillholes were drilled typically vertically with 33 drilled at 60° to the various bearings (UTM grid) with a drill spacing ranging from 25m by 25m to 100m by 100m. Only RC and diamond drilling and sampling undertaken by Deep Yellow were used in the estimate.
- The RUN RC samples are collected at 1m intervals in mineralised zones into a three tiered splitter to obtain a 2-3kg final sample. Diamond core is halved with samples taken every metre in mineralisation. Chemical assays are undertaken at RUN's XRF facility in Swakopmund, with regular umpire analysis undertaken by Set Point in Johannesburg and Scientific Services in Capetown.
- Coffey has not reviewed the QAQC in detail. RUN is the responsible entity for the assay database.
- Density data was collected from the diamond core utilising the water immersion method. A total of 774 density readings were available to evaluate the density of the mineralised rock. The density was characterised by rock type and for mineralised/unmineralised material within each rock type.
- Due to the complexity of the mineralisation within the deposit, the mineralisation was defined using an indicator shell defined by material with a 40% or greater probability above 75ppm eU₃O₈. Sectional interpretations were used to define the main lithological contacts.
- The topographic surface was defined using a combination of DGPS pickup of the drillhole collars. A weathering surface was not modelled for the deposits.
- The assay data was composited to 3m downhole with statistical analyses on the 3m composites undertaken. Variography and search neighbourhood analysis were also conducted as input into grade estimation. High grade cutting ranging from 1,000ppm eU₃O₈ to 3000ppm eU₃O₈ was applied to the composites prior to estimation.
- The method used to obtain estimate grade within the mineralised zones for U₃O₈ was block Ordinary Kriging (OK). Density was applied based upon a statistical analysis of the density data by lithology and mineralisation.
- Resource classification was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, sampling, data density and location, grade estimation and the quality of the estimate.
- **The full extent of mineralisation has not been determined for the deposits and further drilling is required to fully delineate the mineralisation.**