



16 June 2010

## Deep Yellow Evaluation of Magnetite Mineralisation in Namibia Yields High-Quality Magnetite Concentrate

### HIGHLIGHTS

- **Diamond drill core from 2008 iron-oxide-copper-gold prospect hole with 340 metre magnetite mineralisation intercept evaluated for magnetite product quality**
  - **Core sample testing yields high-grade magnetite concentrate with very low silica and no deleterious elements**
  - **Uranium content less than 10 ppm U<sub>3</sub>O<sub>8</sub>**
- **Mineralised area located approximately 30 kilometre from the deep-sea port of Walvis Bay**
- **Airborne magnetic survey data suggests continuity along strike of the magnetic unit and potential for satellite area mineralisation**
- **Mapping in sand covered area indicates at least 100 metre outcrop width of magnetite rich units at main prospect area**
- **Follow-up RC drilling is underway to determine true width of the mineralised zone**

**Deep Yellow Limited** (ASX Code: **DYL**), through its wholly-owned subsidiary **Reptile Uranium Namibia Pty Ltd (RUN)**, has, during evaluation of its airborne geophysical data, identified what appears to be a substantial area of magnetite mineralisation within its Exclusive Prospecting Licence (EPL) 3496 'Tubas'.

In February 2008 a 500 metre deep vertical diamond hole was drilled into a magnetic anomaly (M62) which was initially modelled to be a possible iron-oxide-copper-gold (IOCG) target. While no IOCG mineralisation was identified, the hole intersected steeply dipping magnetite gneiss; fine grained magnetite-rich metasediments; granite containing coarse magnetite; and, massive magnetite. This assemblage is essentially the same from just below the sand cover (0.5 metre) to 340 metre, followed by a predominately granite and metasediment sequence. Core photographs of these lithologies are attached.

With the recent evaluation of RUN's uraniferous magnetite INCA project as a possible source of iron for supply to Rossing Uranium Limited, it was decided to further evaluate the potential of the area immediately around the M62 airborne magnetic anomaly (Shiyela Prospect) as shown in Figures 1 and 2.

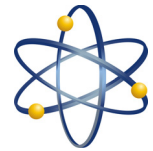
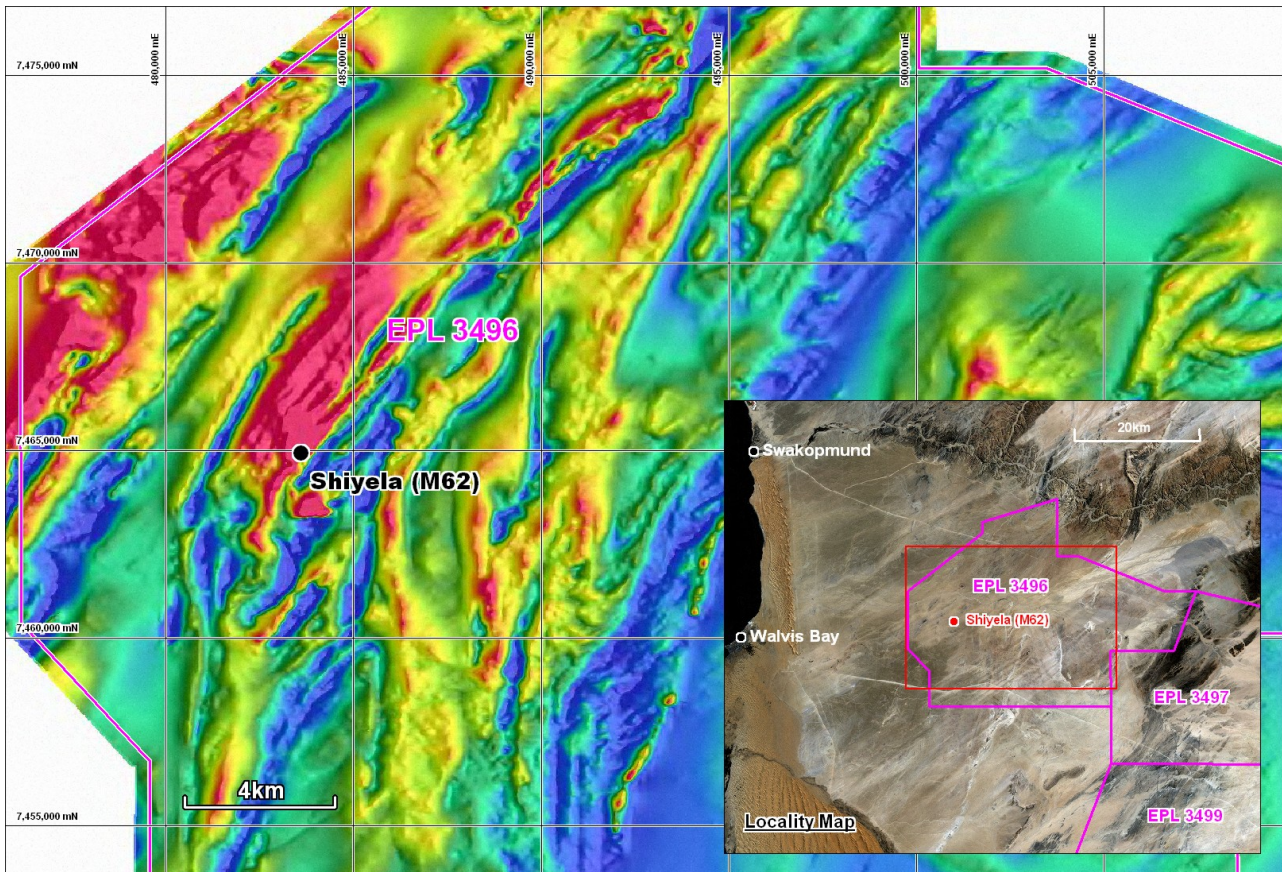


Figure 1 is an aeromagnetic map showing total magnetic intensity (TMI), with red showing the highest intensity of magnetism (such as from magnetite) and blue the lowest intensity. Figure 2 is an aeromagnetic image enhanced with first vertical derivative mathematics (1VD) to capture the most intense magnetic areas highlighted in red. Figure 3 shows the location of the Shiyela Prospect relative to RUN's other project areas.



**Figure 1: Total Magnetic Intensity (TMI) Image from RUN aeromagnetic survey - showing regional extent of interpreted 'high magnetic terrain' (red) within EPL 3496.**

The first step of the evaluation process was to determine the properties and quality of concentrate that could potentially be produced from the magnetite mineralisation intersected at M62. RUN enlisted the services of Promet Engineers (Perth) as a specialist advisor and collected five composite samples of diamond core at 5 metre intervals from the start of the hole to 25 metre depth to represent the distribution of lithologies and mineralisation and dispatched the samples to Australian Laboratory Services (ALS) in Perth for Davis Tube Recovery testing and XRF chemical assay.

In the interim a preliminary geological evaluation of the area around M62 was completed by RUN and outlined a broad zone, approximately 100 metre wide, characterised by SW oriented, narrow lenses of massive magnetite.



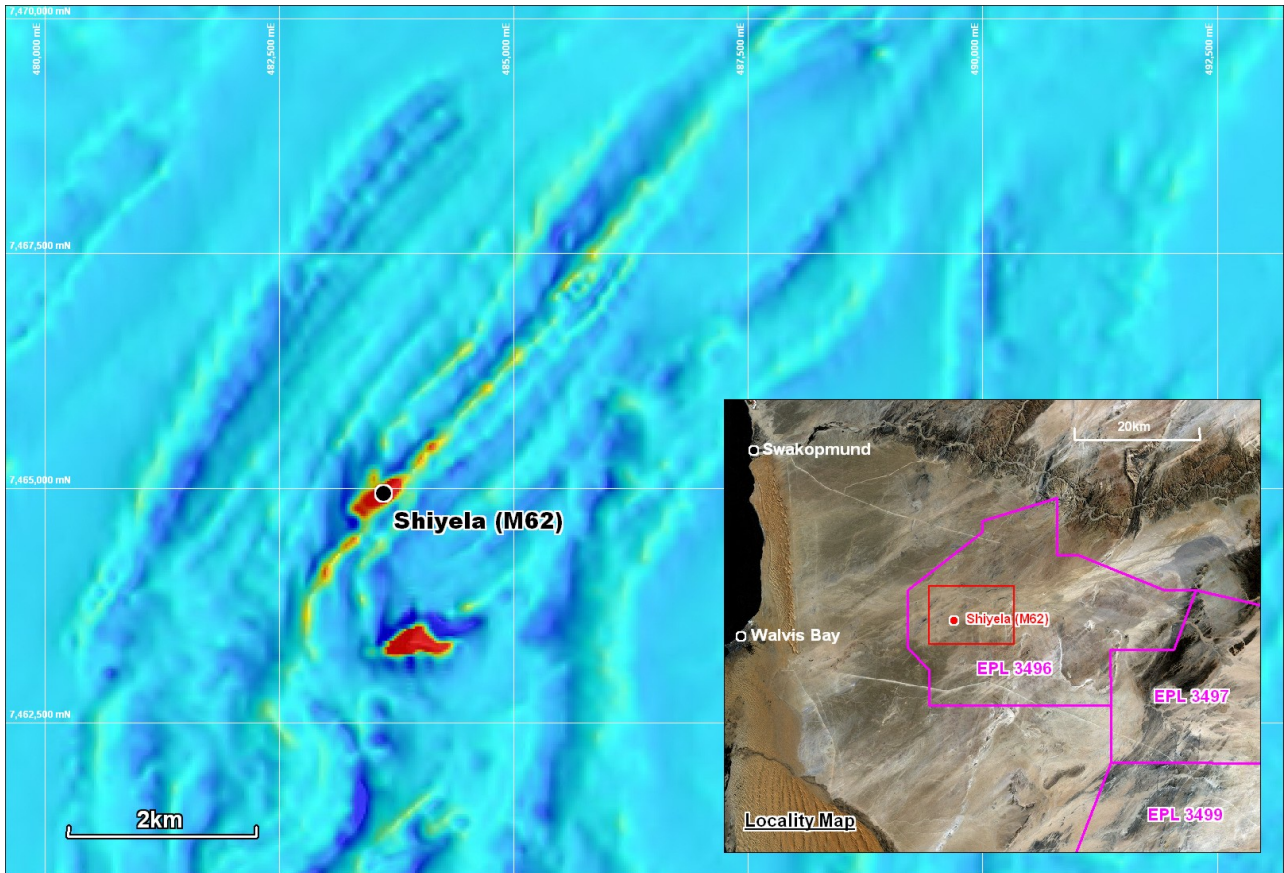
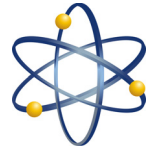


Figure 2: Shiyela Iron Project – TMI over 1<sup>st</sup> Vertical Derivative aeromagnetic image with highest magnetic intensity in red

### Assay Results

The core samples were crushed and then pulverised for Davis Tube Recovery (DTR) tests on various size fractions with the minus 75 micron fraction (equivalent to 80% -40 micron) analyses given in Table 1 below.

Table 1: XRF Analytical Results and Loss on Ignition value

Core Samples	Fe %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	P %	S %	LOI %
0 - 5	70.2	0.33	0.57	0.009	0.004	-2.02
5 - 10	70.2	0.43	0.67	0.005	0.003	-2.42
10 - 15	69.4	0.57	0.72	0.004	0.004	-1.52
15-20	69.9	0.53	0.52	0.002	0.004	-1.92
20 - 25	69.1	0.82	0.62	0.002	0.004	-0.98

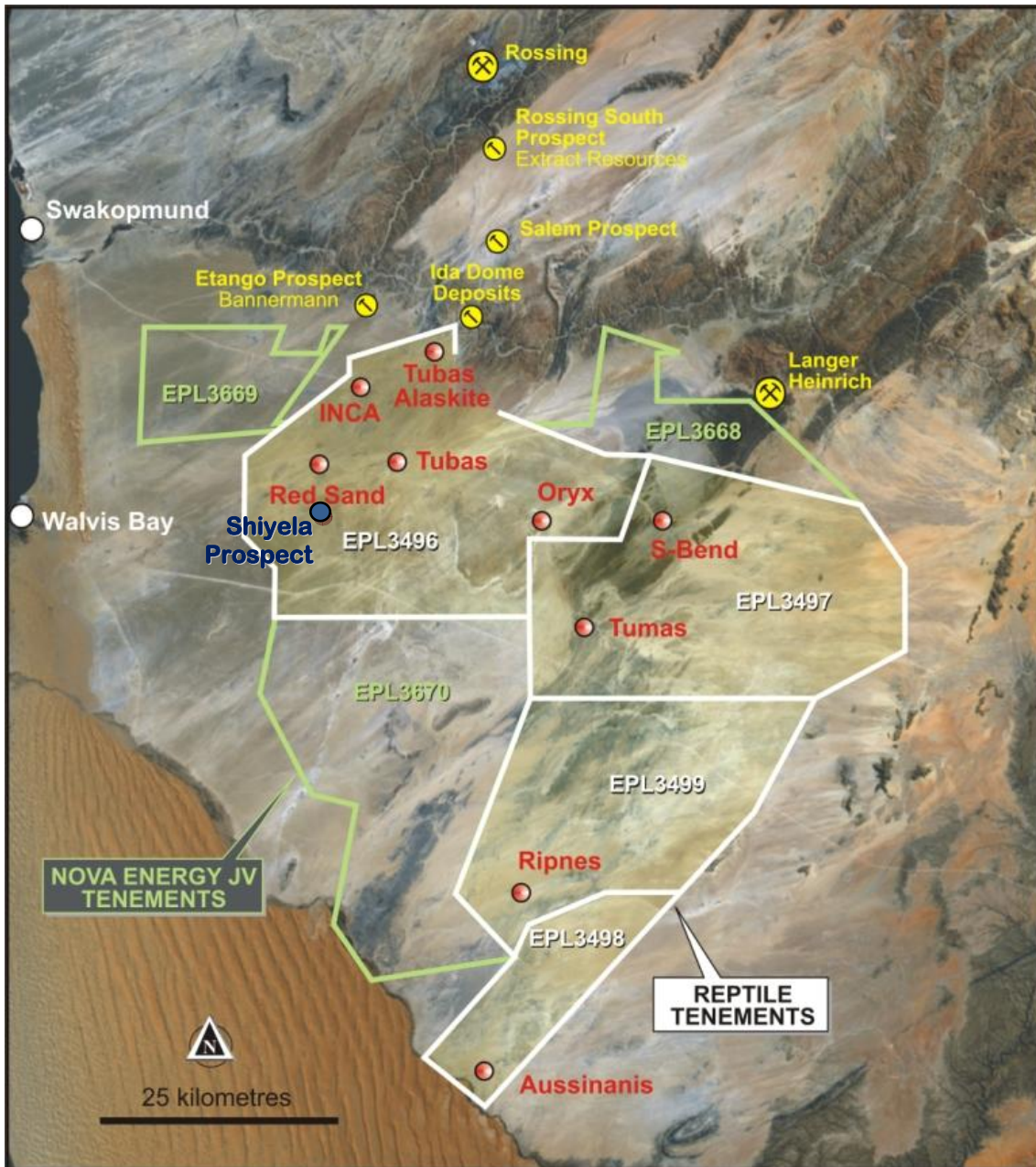


Figure 3: RUN Tenement and Project Location Map

DTR test results indicate:

1. The DTR product is of high quality containing around 70% iron (Fe)
2. Silica content (SiO<sub>2</sub>) very low at significantly below 1%
3. Alkali metals are low and within accepted levels
4. No other deleterious elements of concern present in the 22 element assay suite



## Evaluation of Magnetite Mineralisation in Namibia

5. LOI (loss of weight on ignition) between 1% and 2.4% is slightly low and should be closer to 3%; could be related to weathering/oxidation
6. Weight recovery approximately 16%; should preferably be 20-25%

As follow-up to these positive test results, RUN has commenced drilling an E-W line of RC holes angled to the East, through the plane of the diamond hole to determine width across the strike of the magnetic anomaly and follow-up with HQ diamond drilling in order to provide material for further testwork on dry and wet magnetic separation samples at various grind sizes. Separately crushing tests and indices will be determined on whole core. This work will be completed by AMMTEC International in Perth.

The aeromagnetic data suggests good strike potential as indicated in Figures 1 and 2 and the possibility for finding other satellite areas enriched in magnetite. This project area has been dubbed the **Shiyela Iron Prospect**.

Magnetite is an iron ore that while lower in iron concentration than typical direct shipping hematite ore, is gaining recognition today as it can readily be upgraded using magnetic separation to produce a high-quality concentrate grading 68-69% iron (Fe).

While one drilling rig is conducting follow-up drilling at M62, RUN's focus on uranium resource and reconnaissance drilling is not being compromised as the possibility for uranium mineralisation still exists in this area.

For further information regarding this announcement, contact:

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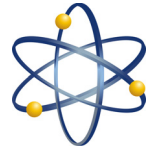
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Further information relating to the Company and its various exploration projects can be found on the Company's website at [www.deepyellow.com.au](http://www.deepyellow.com.au).

### Compliance Statements

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Martin Kavanagh, a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Kavanagh is an Executive Director 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'. Mr Kavanagh 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** 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 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, 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.

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.

### Shiyela Iron Project - Core Photographs

