



DEEP YELLOW

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Company Announcements Office
Australian Stock Exchange Limited

By e-Lodgement
3 pages

Dear Sir / Madam

AUTHORISATION RECEIVED FOR NAPPERBY DRILLING

Deep Yellow Limited is pleased to advise that it has received authorisation from the Department of Business, Industry and Resource Development for its proposed drilling program at the Napperby Project in the Northern Territory. The Company is in discussions with a drilling contractor for the project and is pleased to advise that, despite the severe shortage of rig availability in Australia, current availability suggests that drilling may commence in the first half of July.

The Napperby Project

The Napperby Project is located 150km northwest of Alice Springs in the Northern Territory. It consists of one exploration licence covering 809km². Uranerz Australia Pty Ltd (Uranerz) drilled 820 shallow percussion and auger holes on the Napperby tenement in the late 1970's culminating in resource definition work and a pre-feasibility study. The work delineated a 20km x 4km mineralised palaeodrainage known as the New Well Prospect. Uranerz carried out an economic orientation study on the New Well Prospect based on a range of between 5,700-6,200t contained U₃O₈ within a grade range of 0.036-0.038%*. The mineralised zone is 1-5m thick and occurs between 3m and 10m from surface.

The calculation of a JORC compliant resource estimate for the New Well Prospect is a priority for Deep Yellow. The majority of the existing drilling is wide spaced (300m x 400m) and the Company believes that the higher grade parts of the deposit are controlled by sand filled channels which have only partly been delineated by the previous wide spaced drilling. Deep Yellow plans to carry out infill drilling around these channels to establish the channel boundaries, verify the continuity of the higher grade mineralisation and estimate a new resource for the New Well Prospect.

**It should be noted that the above information has not been prepared in compliance with the JORC Code 2004. The statement is based on estimates made in a report by Uranerz in 1979. The Uranerz report used polygons centred on holes drilled on 300m x 400m, 300m x 200m, 300m x 100m and 100m x 100m grids. The calculations were performed using a 200ppm and 0.5m sample interval cut-off. Two calculations were employed, one using a strict 200ppm cut-off for each assay and the second incorporating values greater than or equal to 100ppm such that the polygon average was still above the 200ppm cut-off. The potential quantity and grade of the above information is conceptual in nature and to date there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.*

U₃O₈ Spot Price

According to the Ux Consulting Company website www.uxc.com/review/uxc_prices.html, on 9 May 2005 the spot price for U₃O₈ had reached US\$29.00/lb. In our announcement of 18 March 2005 we reported the spot price from the same website which stood at US\$21.75/lb meaning that the spot price has increased 33% in the 7 weeks since that announcement. With uranium prices at a 20 year high and shortages of supply forecast for the mid to long term, Deep Yellow sees its involvement in uranium exploration and development as timely with potential to provide significant return to its shareholders.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. Pratt', written in a cursive style.

James Pratt
Managing Director

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Dr Joseph Drake-Brockman who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Drake-Brockman has sufficient experience which is relevant to the style of mineralisation and type of deposit described herein to qualify as a Competent Person for the purposes of the 1999 Australasian Code for Reporting of Exploration Results, Mineral Resources And Ore Reserves. Dr Drake-Brockman is a consultant to Deep Yellow Limited and he consents to the inclusion in the report of the matters based on their information in the form and context in which they appear.

Napperby – Northern Territory

