



DEEP YELLOW LIMITED

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Deep Yellow Ltd and Rum Jungle Uranium Ltd

Establish a Joint Venture on Six Uranium Properties in the Northern Territory

The Boards of Deep Yellow Ltd. (ASX code "DYL") and Rum Jungle Uranium Limited "Rum Jungle" are pleased to announce they have reached agreement on commercial terms for the acquisition by Rum Jungle of a majority interest in six DYL uranium properties located in the Alice Springs area, Northern Territory.

Essentially, the proposal provides Rum Jungle with the opportunity to acquire up to 70% of each of the wholly owned DYL properties (as listed below).

<u>Tenement</u>	<u>Holder</u>
EL 10360	100% DYL
EL 10401	100% DYL
EL 10404	100% DYL
EL 22918	100% DYL
EL 22923	100% DYL
EL 25101	100% DYL

Furthermore Rum Jungle will have the opportunity to maximise its ownership of the properties in the future by paying for the proven in-ground resource on terms referred to below.

Finalisation of the transaction is subject to the proposed admission of Rum Jungle to the official list of the ASX no later than 30 October 2007.

DYL will continue to have exposure to the opportunities provided by the tenements through the shareholding in Rum Jungle. Other than through its share holding and the Joint Venture equity interest, DYL will have no promotion or role in Rum Jungle. Rum Jungle will benefit from the acquisition and the subsequent focused and energetic development of a portfolio of potential uranium exploration opportunities.

The principal commercial terms are as follows:

A. CONDITION PRECEDENT

In addition to normal commercial terms for this type of agreement, completion is conditional on Rum Jungle obtaining approval for admission to the official list of the ASX.

B. CONSIDERATION

Ordinary shares as follows:

The issuance to DYL of 2,000,000 ordinary shares and 2,000,000 options to acquire ordinary shares in Rum Jungle. The options can be exercised on or before the date which is five years from the issue date at a price equal to the IPO issue price.

C. OTHER RELEVANT ITEMS

1. A joint venture agreement (JVA) will be entered into on transfer of the properties from DYL to Rum Jungle. Rum Jungle will be the Manager of that JVA.
2. Rum Jungle will become a participant in the JV with a 50% stake, however it shall be deemed to have acquired a further 20% to move to an interest of 70%, if it sole funds expenditure for the JV of AUD\$2M within four years of the commencement date.
3. From completion Rum Jungle will pay all outgoings and maintain all the tenements and keep any joint venture agreements in good standing. DYL will provide all the administrative and statutory expenditure requirements necessary for this to be achieved until the transaction is completed and ownership can be transferred.
4. Upon completion of a bankable feasibility study each party will have the right to decide whether to participate in mining operations at the area that is the subject of the study. If one party decides not to participate in mining operations then the other party will have the right to acquire the relevant JVA interest for 15% of the in-ground value of the uranium as referenced (defined by JORC Code in lbs and multiplied by the current uranium spot price per lb) in the feasibility study. At election the consideration may be any combination of cash and shares, shares held by either party to be limited to no more than 20% of the issued share capital of the other party at the time.

As previously stated the DYL Board's rationale for the divestment of these projects is to allow DYL to focus on its advanced exploration projects in Namibia, the Mt. Isa district and other priority regional targets close to already established DYL bases and personnel throughout Australia. In addition there will be the opportunity for further benefit to DYL's shareholders through the retention of a significant direct stake in each project and a retained equity interest in Rum Jungle.

"Whilst DYL has a growing team of experienced uranium exploration personnel, the DYL Board recognises that it makes sense for DYL to focus on its' main priority projects and give a new company the opportunity to focus on and aggressively advance these projects that might not otherwise get the levels of attention and funding that they require." Deep Yellow's Managing Director, Dr Leon Pretorius said today.

"Given Rum Jungle's objective of becoming a uranium explorer, DYL and its shareholders will benefit from Rum Jungle's focused efforts as DYL will become a significant shareholder of Rum Jungle once listed and will remain a stakeholder in the projects going forward."

"We are very pleased to be entering into this transaction with DYL and look forward to welcoming DYL as a shareholder and joint venture partner. We are now focused on finalising an IPO prospectus in readiness for listing on the ASX", Rum Jungle Director, Mr. David Muller, said today.

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