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24 July 2006

The Companies Announcement Office
Australian Stock Exchange Limited
Level 10 Exchange Centre
20 Bond Street
SYDNEY NSW 2000

Dear Sir / Madam,

- **Further positive assay results returned from resource drilling at Napperby in the Northern Territory**
- **Numerous one metre intersections from the next 33 holes returned XRF chemical assay values of over 1,000 ppm (0.1%) U_3O_8**
- **Best composite result of 1,100 ppm U_3O_8 over 4 metres from 2 m depth**

As reported on 7 June 2006 drilling at the Napperby Project to follow up the previously announced successful trenching programme (ASX 27th April 2006) commenced on 7 June 2006.

The results from the first 35 holes of the 250-hole detailed drilling programme were released to the ASX on 10 July.

A Piling / Auger Rig drilling large (60 cm) diameter holes to maximum 10 m depth is being used to ensure perfect sample recovery and visual evaluation of the host lithologies and distribution of carnotite mineralisation. The holes are being drilled on 50 x 50 m centres within an area of 1,000 x 600 m

Assay Results

Assay results from the second batch of samples from the next 33 holes completed further substantiate the grade and distribution of carnotite mineralisation found in the trenches and reported for the first 35 holes (ASX 10th July 2006).

The following table lists composite results for 1 m XRF chemical assays averaging over **500 ppm U_3O_8** with depth and intervals noted: -

Hole	From (m)	To (m)	Interval (m)	U ₃ O ₈ (ppm)
36	5	7	2	978
37	3	5	2	688
40	4	7	3	509
43	5	8	3	682
45	4	7	3	520
47	4	7	3	735
48	4	7	3	647
52	3	5	2	807
54	4	6	2	628
55	3	7	4	1,088
56	2	6	4	1,110
57	5	7	2	518
60	3	7	4	546
63	3	7	4	901
65	3	6	3	694
68	4	6	2	750

The results from all 68 holes received to date will be set out in more detail in the June quarterly report.

Synopsis

The Directors conclude that these results further confirm the existence of a near surface higher grade mineralised channel within the broad envelope of low-grade uranium mineralisation outlined by previous explorers over an area of 14 by 4 km at Napperby.

Yours faithfully,



Dr Leon Pretorius
Executive Chairman
Deep Yellow Limited

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 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.