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MT ISA EXPLORATION UPDATE

HIGH GRADE URANIUM ROCK SAMPLE ASSAYS

HIGHLIGHTS

- Rockchip samples from a second helicopter supported checking of airborne radiometric anomalies returned high grade to highly anomalous uranium assays of up to 1.17% U_3O_8 at 10 prospects on the following tenements:
 - EPM 14282 1 prospect
 - EPM 11025 1 prospect
 - EPM 4317 2 prospects
 - EPM 14148 4 prospects
 - EPM 14772 2 prospect
- RC percussion drilling on the Miranda Prospect is in progress with 9 holes completed to date.
- An exploration camp has been established at Eastern Creek ahead of the RC percussion drill programme on the Ewen Project.

The Directors of Deep Yellow Limited (DYL) are pleased to announce that assay results received from a **second phase** of ground truthing of uranium anomalies outlined by a recent airborne radiometric survey has greatly increased the uranium prospectivity of a number of tenements which form part of the NW Queensland Joint Venture with Matrix Metals Ltd (Matrix).

MT ISA REGIONAL PROGRAMME

In May 2007 DYL contracted UTS Geophysics to fly 5,470 line kilometre of low level radiometrics and magnetics over nine selected target areas within its tenement holdings in the Mt Isa district.

The 100 metre line spaced data greatly enhanced the definition and delineation of uranium anomalous zones within DYL's original 400 metre line spaced data set. The newly acquired data was processed in-house and a series of targets developed for ground checking/reconnaissance mapping. A total of 109 anomalies deemed worthy of ground follow-up were identified after a first-pass review of the data.

On 5th October 2007 DYL reported to the ASX assay results on high grade rockchip samples from the first phase of helicopter supported mapping and sampling of 56 of the 109 uranium anomalies being evaluated mainly to the north and northeast of Mt Isa.

The second phase of mapping and sampling reported here was based mainly out of Cloncurry covering the White Range Project area. A further three days was spent evaluating ground to the north of Matrix's Mt Cuthbert copper mine. All of the 109 anomalies identified through the initial interpretation of the airborne survey data have now been visited with only a few of the sites being in terrain too rugged to land the helicopter, remaining for ground checking at a later date.

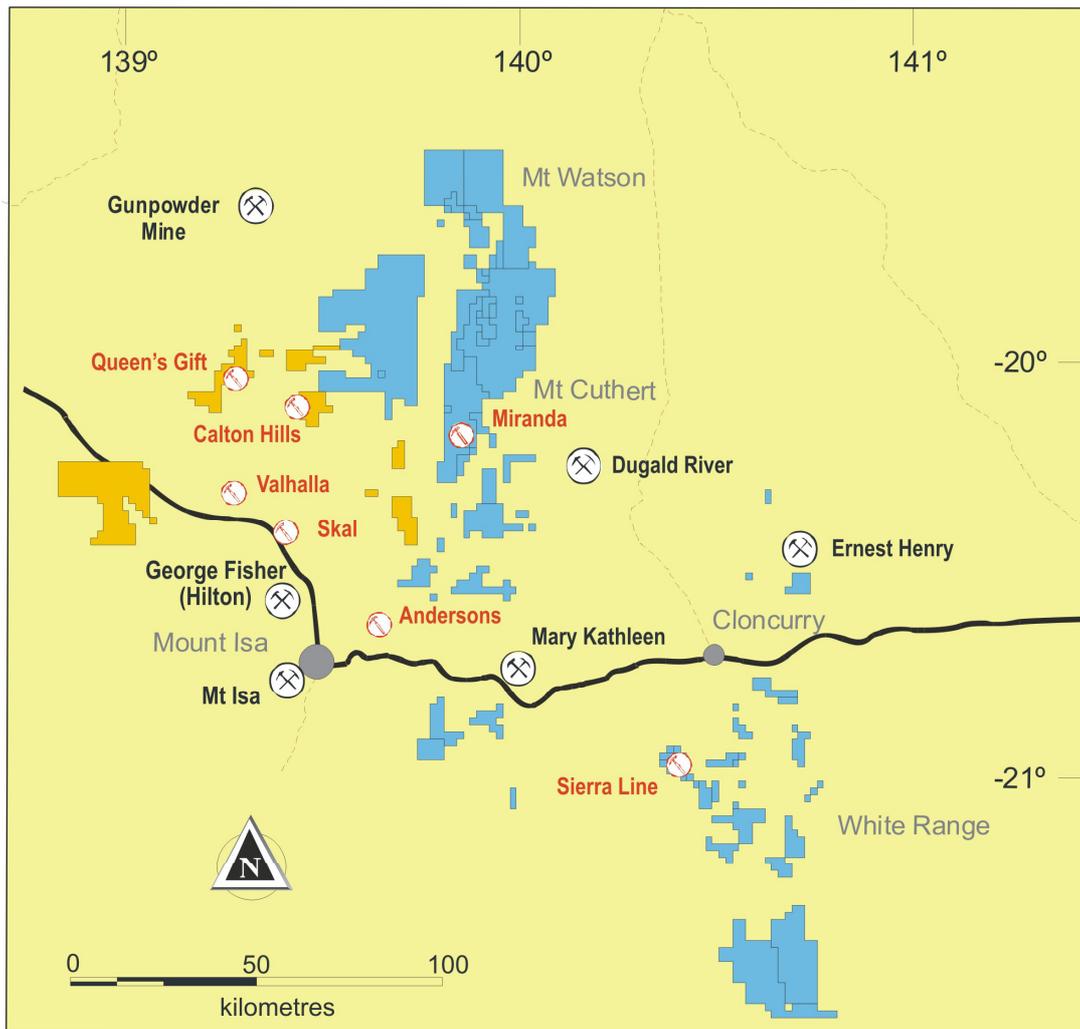


Figure1. Mt Isa District Tenements – NW Queensland JV (blue)

Sampling Procedure

At each anomaly, the centre of the airborne uranium anomaly was targeted as an initial GPS datum. Rapid ground traversing with a hand held scintillometer (or spectrometer) was undertaken in order to identify peak outcrop values and possible visible mineralisation. Samples for assay were collected at and around the peak uranium anomalous site. These samples are positively biased and not representative of the entire outcrop/anomaly area however, they are being used as a 'driver' to identify potential scout drill sections.

In the Mt Cuthbert area within EPMs 14282 and 11025 uranium mineralisation is associated with granitic rocks and felsic intrusives. At **Anomaly 78 – Warwick** - highgrade samples assaying up to 1.17% U_3O_8 were collected over 80 m strike and are associated with narrow chlorite-sericite schist zones and more 'mafic' layers within the felsic rock similar to the mineralisation at the Miranda Prospect to the south (see Figure 2). At **Anomaly 77 – Six Mile** - 950 ppm U_3O_8 was returned from a massive granite outcrop with red porphyritic phases returning high background counts. Elsewhere in the district granitic outcrops have returned anomalous uranium values and have been designated for follow-up in 2008. **Anomaly 94** (ASX 5 October, 2007) was revisited ahead of planned drilling with further sampling returning an assay of 0.645% U_3O_8 against a previously reported high of 0.285% U_3O_8 .

The Company's drilling contractor has confirmed 15 December as the date for demobilising. An attempt will be made to schedule drilling at Anomaly 78 prior the shut down. It is now doubtful that a diamond drilling rig for Queens Gift Prospect will be sourced this year.

Table 1. Anomalous Rockchip Samples

Sample No.	EPM	Helicopter Anomaly No.	Prospect	U_3O_8 Ppm	U_3O_8 %
DH 040	14282	H078	Warwick	11,300	1.13%
DH 041	14282	H078	Warwick	5,700	0.57%
DH 042	14282	H078	Warwick	3,950	0.395%
DH 043	14282	H078	Warwick	11,700	1.170%
DH 045	11025	H077	Six Mile	950	0.095%
DH 046	14916	H094	Crystal – 1	6,450	0.645%
WR 004	4317	H131	Toby Barty	11,400	1.14%
WR 005	14148	H133	Eight Mile	600	0.06%
WR 008	4317	n/a	Sierra Line	350	0.035%
WR 013	14148	H138	Happy Valley	550	0.055%
WR 014	14148	H139	Happy Valley	600	0.06%
WR 018	4317	H131	Toby Barty	400	0.04%
WR 024	14772	H154	Chopper Ridge	380	0.038%
WR 028	14772	H165	Dodgy East	950	0.095%
WR 034	14148	H160	Southend	250	0.025%

NB: 1,000 ppm = 0.1%, 10,000 ppm = 1%

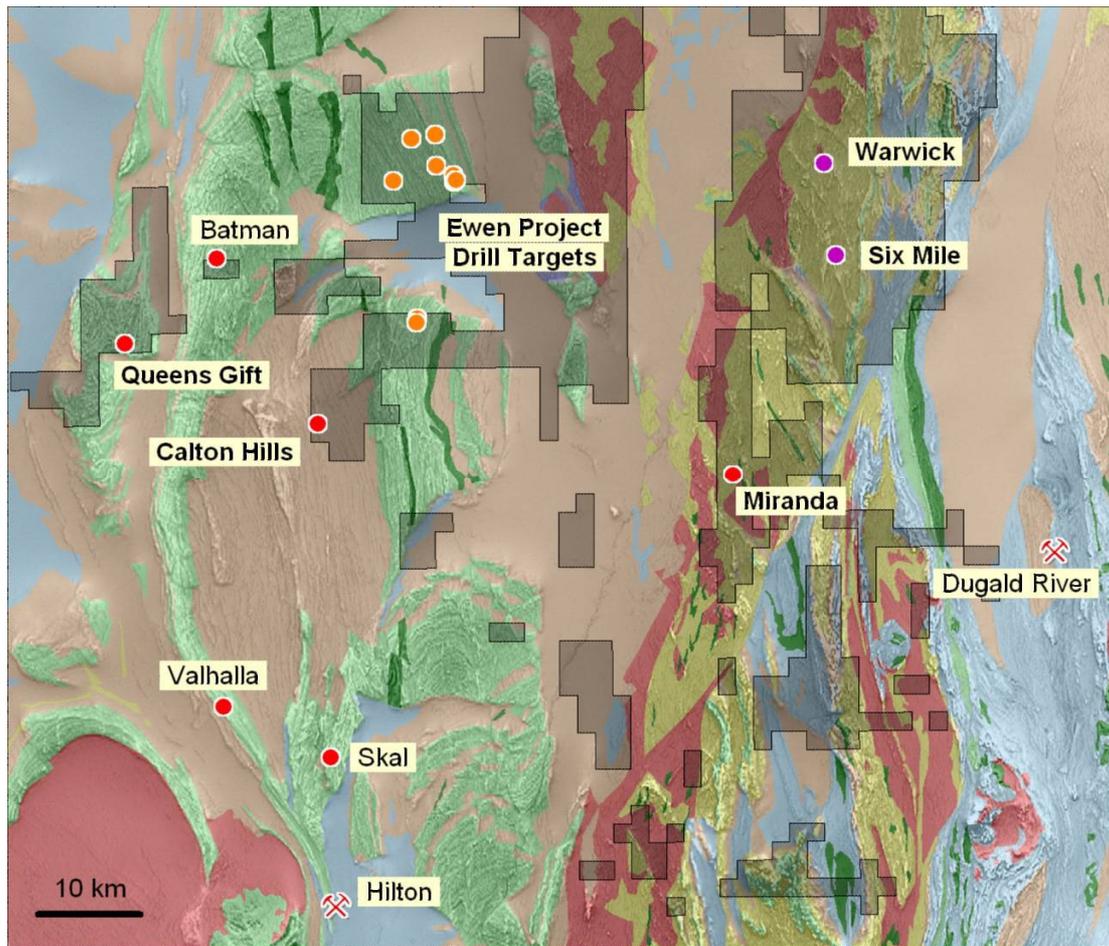


Figure 2. Mt Isa North Anomalies

To the south of Cloncurry rockchip sampling of airborne radiometric anomalies on the White Range JV tenements returned numerous elevated uranium assays. Most of these anomalies lie along linear northwest trending fractures and lithologic contacts within pelitic sediments. Typically these features form ferruginous/siliceous ridge tops and are often coincident with small copper shows. Several of these structural linears or corridors have recently been drill-tested for copper-gold mineralisation by Matrix, particularly along the Sierra, Greenmount and Leopard Lines.

Most of the uranium anomalous samples comprise highly leached ferruginous/gossanous lode material, registering as only modestly radioactive with hand-held scintillometers. Some anomalies occur in sheared metasediment adjacent to siliceous/ferruginous ridgetops. The exception is sample WR 004 -Toby Barty, taken from a small copper working, which exposed visible torbernite in relatively fresh siltstone. This sample returned 1.14% U_3O_8 . A percussion hole drilled directly beneath this site, (TBRC 01) returned 400 ppm U_3O_8 from a one metre sample registering only 2 x background. Although rather spotty and discontinuous, many of these ground-checked anomalies warrant follow-up radiometric surveying and downhole probing of available percussion drillholes.

The results from the sampling programme in the White Range area compliment Matrix's extensive uranium anomalous database which formed the basis for DYL's initial move into the 'Mt Isa Province'.

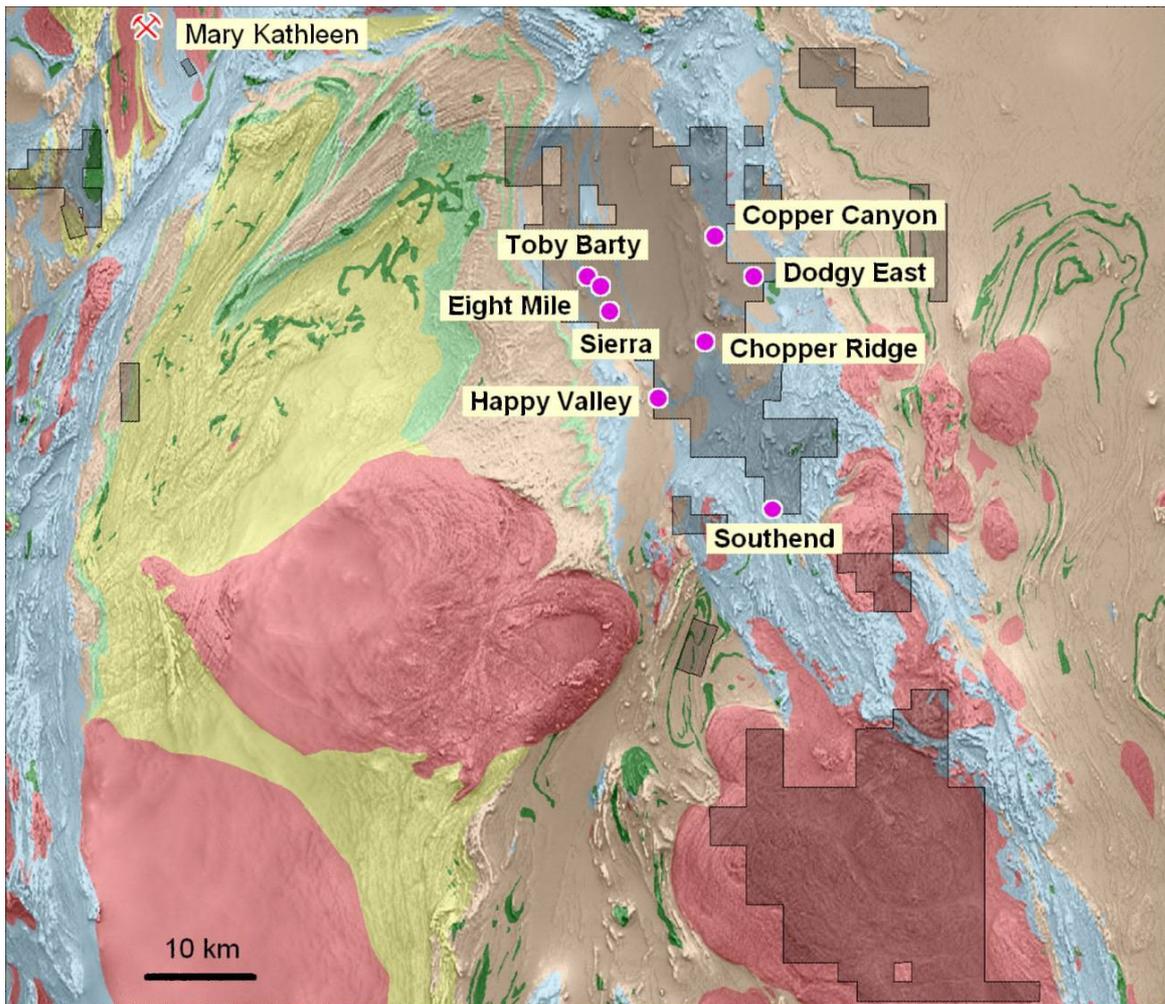


Figure 3. Uranium Anomalies White Range Project Area

The latest assay results together with the results of the previous helicopter supported geological mapping and sampling programme continues to identify priority drill targets for 2008 in ground held by Matrix Metals. Under Agreement with Matrix Metals through the NW Queensland Joint Venture, DYL is earning 80% interest in the uranium rights to these tenements and has the right to 100% by buying out Matrix's retained 20% on each individual deposit (ASX 20 February 2006).

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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 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.