

ASX ANNOUNCEMENT

ASX CODE: DYL

Namibia: INCA Project - Discovery of Substantial Uranium Mineralisation at Depth

SUMMARY

23 April 2009

Drilling by Deep Yellow Ltd's (DYL) wholly owned subsidiary Reptile Uranium Namibia PTY Ltd (Reptile) at the INCA Project located near to Swakopmund in Namibia has returned wide intersections of **uranium mineralisation of around one pound (450 ppm) U₃O₈ or better** at ±200 metre depth including **exceptionally high grades of up to 3.2% U₃O₈ over 2 metre** in hole INCR150.

The style of mineralisation at INCA is being classified as **a metasomatic – magnetite skarn type** which is distinct and different from the known lower grade alaskite hosted uranium mineralisation and the recently announced higher grade Rossing South discovery controlled by other companies in the district.

Reptile has been drilling out a portion of the INCA project area since January 2009 as follow-up to its limited initial drilling around the historic Von Stryk iron ore pit (ASX March 2008) which returned 115 metre at 229 ppm eU₃O₈ from 14 metre in diamond drill hole ADM 02. Results from the successful follow-up in the nominally 100 metre deep RC drill programme on 100 by 100 metre centres over an area in excess of four square kilometre in conjunction with Airborne Electromagnetic (AEM) data led to the interpretation of depth potential for the uranium and magnetite mineralised zone as well as an appreciation of the discovery of a new style of uranium mineralisation for the area.

The drill holes testing this theory have returned early success indicating a zone of mineralisation towards the north that is ten's of metre thick located approximately 200 metre below surface. XRF chemical assay results (see Table 1 for details) from three of the six holes completed to date or in progress include:

10 m of 7,293 ppm (or 0.73%) U₃O₈ from 228 m;

59 m of 604 ppm U₃O₈ from 204 m; and,

20 m of 1,734 ppm U₃O₈ from 206 m.

The extent of the INCA Deeps mineralisation which is open in all directions (Figure 1) will be tested within the restricted 500 by 350 metre resource block grid area and Reptile estimates the drill-out of this area will be completed by end May. Planned ongoing drilling including diamond drilling will later fully test the areal and depth extent of the mineralisation. The DYL Board has approved the use of a yet to be appointed consultant group to carry out a scoping study on INCA which in the early phase could also include ore from the Tubas Red Sand deposit 10 kilometre to the south. Importantly the INCA magnetic and AEM anomaly associated with the uranium and magnetite mineralisation at depth (without any surface radiometric response) is one of many similar recognised anomalies within Reptile's Tubas tenement area which remain to be drill tested.

Early indications are that extraction of the uranium from the host rock is rapid and efficient using sulphuric acid and suggests +90% recovery of uranium should be possible.

INCA DEEPS DRILL RESULTS

Interpretation of intercepts returned from the nominally 100 metre deep vertical RC drill holes within the Inca project area together with data from an AEM survey resulted in the deepening of a 2008 hole which has led to the **discovery of substantial uranium mineralisation associated with intense metasomatic alteration and magnetite emplacement at depth** as listed below in Table 1.

Table 1: INCA RC Dill Intersections

Drillhole INCR*	Location – WGS84 (m E) (m N)		INC	TD	From (m)	To (m)	Width (m)	eU ₃ O ₈ ppm	cU ₃ O ₈ ppm
139	488700	7476900	Vert	229	206	226	20	1,829	1,734
147	488800	7476900	Vert	249	210	234	24	697	544
150	488750	7476950	Vert	240**	228	238	10	NA	7,293
152	488700	7476950	Vert	270	204	263	59	867	604
156	488750	7476900	Vert	270	209	252	43	530	424
167	488750	7476850	Vert	249	195	210	15	540	NA

Note: * All holes ended in mineralisation or magnetite and metasomatic alteration associated with the uranium mineralisation.

** Hole INCR150 failed due to the RC hammer shearing off in the hole at 240 metre. The hole is being redrilled as INCR150R, 5 metre to the west, but due to its exceptionally high chemical assays is reported here although incomplete.

The results from these six vertical RC holes confirm a ten's of metre thick zone of around one pound (450 ppm U₃O₈) or better per metre from about 200 metre below surface. The discovery in hole INCR139 was made by deepening a previously drilled 100 metre deep hole to test a deep-seated AEM anomaly. Hole INCR156 is 50 metre east of INCR139 and INCR147 a further 50 metre east. Hole INCR152 is 50 metre north of INCR139 and hole INCR150 a further 50 metre east. Hole INCR167 is 50 metre south of hole INCR156 (the locality of the holes is depicted on the map in Figure 1).

The mineralisation is open in all directions and at depth as none of the holes intersected the footwall marble marker horizon within the syncline with all being abandoned beforehand due to ingress of excess water causing lack of RC hammer penetration. A HQ diamond drill hole (INCD7 at 488775 7476900) has commenced between holes INCR156 and INCR147 which will hopefully test the depth extent of the mineralisation.

These six holes are in the northwest portion of the 500 x 300 metre area being drilled out at 50 by 50 metre and INCR139 was one of the initial regional 100 metre deep holes drilled on the 100 by 100 metre grid within the roughly 2.5 by 2 kilometre area tested as previously reported. Deep RC drilling on line 7476950 and southwards will continue as part of the detailed grid drill-out, but drilling to the north will take place at a later date.

Mineralisation is now known to occur within a northeast trending syncline (the rim of which is approximately demarcated by the black magnetite rubble patches visible in Figure 1) in an intercalated granite and metasedimentary package and is closely associated with skarn-type metasomatic alteration. An approximately 50 metre thick mostly unaltered marble unit within this package outcrops in the south and west and is now being used as a footwall marker horizon to the drilling although it is known from deeper drilling that uranium mineralisation also occurs below the marble.

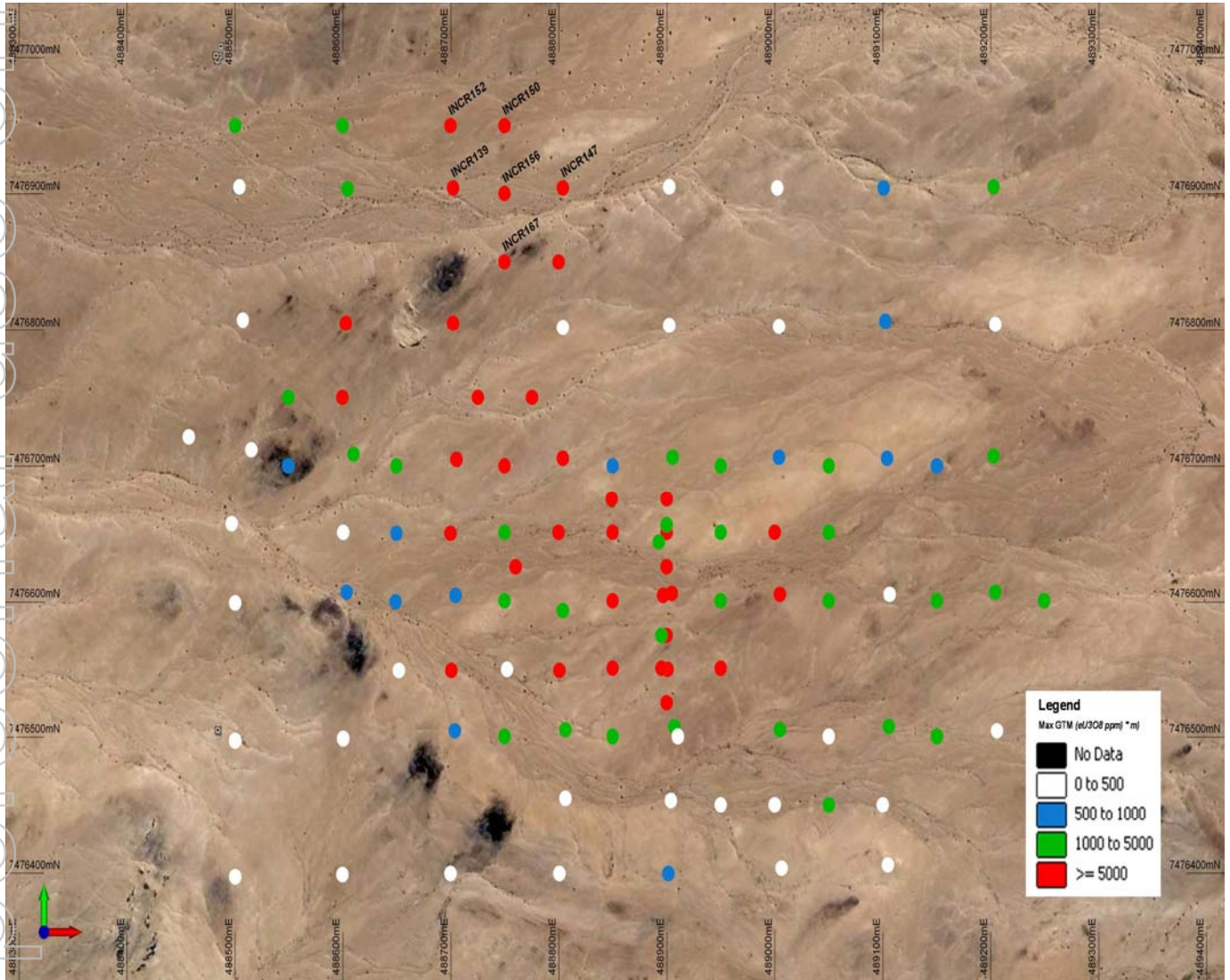


Figure 1: Locality map and maximum GTM for holes (mostly still only 100 metre deep) in Table 1

Presently there are 3 RC rigs with deep drilling capacity and one diamond rig (large diameter HQ core) drilling on site. Although most of the drilling is vertical, some infill angle holes have been completed to allow a better understanding of the style and distribution of mineralisation and ultimately a JORC Code resource estimation. Although the discovery of the deep mineralisation reported herein will require deepening of a number of earlier holes where possible, it is estimated that drilling within the 500 by 300 metre area will be completed by late May or early June pending the ongoing presence of excess water which is slowing drilling progress and may require completion of the programme by diamond drilling.

Selected downhole video tapes recorded simultaneously with downhole logging and directional surveying is returning excellent three-dimensional images for structural and alteration interpretations.

As can be seen from Table 1 the average XRF chemical assay (cU_3O_8) values are lower than the equivalent (eU_3O_8) ppm values determined from the downhole gamma logging. Thorium values are rarely above 50 ppm, but may contribute to the overall higher gamma values seen from the logging results. There is no disequilibrium present. Sample recovery is not 100% throughout due to the amount of water present, so it is possible the chemical values are not totally representative. The diamond drilling will resolve all these questions.



Figure 2: INCA Deeps RC and Diamond Drilling

Early indications are that there is no refractory uranium minerals present in the primary mineralisation and extraction is rapid and efficient using sulphuric acid which indicates a high recovery of uranium from the ore may be expected.



Figure 3: HQ diamond drillcore – altered granitic host rock with black magnetite, dull green skarn minerals and yellow-green secondary uranium mineralisation (uranophane and beta-uranophane).

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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.

Where eU_3O_8 is reported it relates to values attained from radiometrically logging boreholes with Auslog equipment using an A675 – slimline gamma ray tool. The probe has been calibrated at the Pelindaba Calibration facility in South Africa with calibration certification provided by Geotron Systems (Pty) Ltd a geophysical consultancy based in South Africa. All eU_3O_8 results reported are affected by issues pertaining to possible disequilibrium and uranium mobility which should be taken into account when interpreting those pending confirmatory chemical analyses.