



ABN 97 006 391 948

L 1, 329 Hay St, Subiaco WA 6008
PO Box 1770 Subiaco WA 6990

Tel : 08 9286 6999

Fax : 08 9286 6969

admin@deepyellow.com.au

www.deepyellow.com.au

10 July 2006

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

Dear Sir / Madam,

- **Positive assay results from resource drilling at Napperby in the Northern Territory**
- **Best assay over 1 metre of 3,170 ppm (0.3%) U₃O₈**
- **Best composite result of 893 ppm U₃O₈ over 5 metre from 3 m depth at 150 ppm U₃O₈ cut-off (including 1,580 ppm U₃O₈ over 2 metre)**

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

The 250 hole detail drilling programme is being done on 50 x 50 m centres within an area of 1,000 x 600 m covering the main western zone of mineralisation as previously outlined by wide spaced drilling. This area also encompasses the three sets of trenches referred to above.

A Piling / Auger Rig drilling large diameter holes (60 cm) to 10 m depth is being used. This drilling method is giving 100% recoveries and allowing for good visual evaluation of the host lithologies and distribution of carnotite mineralisation. However it is an expensive and time consuming exercise with only five holes on average completed daily.

Assay Results

Assay results from the first 35 holes completed have been received and substantiate the grade and distribution of carnotite mineralisation found in the trenches.

Samples are collected each 50 cm from surface and a composite for each metre is submitted for XRF powder analysis. Duplicates are being kept in the Company's warehouse in Alice Springs for later metallurgical or other tests.

The following table lists average values and thicknesses for the groupings of holes in each thickness category using a 100 ppm U₃O₈ cut-off.

No of holes	Thickness	Average ppm U ₃ O ₈ value
3	1	269
7	2	208
10	3	475
9	4	271
5	5	436

The above plus any additional assay results received in the interim will be detailed in the June quarterly report.

Aircore trial

The 1,000 by 600 m grid area being drilled affords the Company the opportunity to trial other drilling methods to test the mineralisation given the reliable knowledge built up from the trenching and large diameter drill programmes within it.

Already one such trial of 6 holes using a slim hole aircore rig with low air pressure has been completed that unfortunately also only returned lower than acceptable recoveries within the clay rich lower zone of mineralisation, reinforcing this as an unacceptable method of drilling.

Synopsis

The Directors are happy to conclude that Napperby is back on track as a substantial asset after the setback last year following the poorly conducted drilling campaign.

Further trials will be conducted to find a suitable quicker and cheaper drilling method to evaluate the project along its entire known length of 14 km and beyond. In the interim the large diameter drilling will continue at least within the 1,000 by 600 m area.

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.