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Company Announcements Office  
Australian Stock Exchange Limited

**By e-Lodgement**  
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Dear Sir / Madam

**Re: Napperby Results**

Further to the ASX announcement made this morning, the Directors wish to advise that due to the discrepancies outlined below it is not possible to complete resource calculations that comply with JORC (2004) Code. As a result, only the following purely statistical data can be released:

The resource estimate dataset currently contains a total of 2,991 samples with an average grade of 111ppm  $U_3O_8$ , this comprises 2,013 Deep Yellow Ltd (DYL) samples with an average grade of 89ppm and 978 Uranerz samples with an average grade of 145ppm. These values clearly demonstrate the discrepancies between the two datasets.

There are only a limited number of likely reasons for the differences between the two datasets now that the assaying of the DYL samples has been confirmed. These differences relate primarily to the sampling of the DYL drill holes and its appropriateness to the mineralisation style. DYL collected drill sample recovery data for 186 samples and these returned an average recovery of 49.44%. An average recovery of less than 50% is unacceptable under the JORC (2004) Code.

It is evident that it is necessary to take steps to confirm both sets of data by drilling twinned holes alongside both the original Uranerz drilling and the more recent DYL drilling. It appears auger drilling (as was used by Uranerz) would be better suited to evaluate the Napperby mineralisation. The aircore drilling method that was used by DYL resulted in considerable loss of sample mass and possibly also potential loss of mineralisation due to dust loss. Furthermore, sampling should have been carried out on a 0.5m basis and not on 1m as this may have resulted in significant grade loss due to dilution as the bands of mineralisation are very narrow. Ten holes drilled alongside each generation of existing holes (20 in total) should be sufficient to make a valid comparison and determine if there is significant bias in either of the two generations of drilling. Drill holes with grade intercepts greater than 150 ppm will be selected for this comparison. It may later be beneficial to dig a small number of test pits alongside some of these twinned holes to further aid in the determination of actual grade. This work will be undertaken as soon as the necessary access is granted and the weather permits.

Notwithstanding the uncertainties surrounding the results received from the recent drill programme the current Board would still sanction the acquisition of the Napperby Project from Paladin Resources Ltd with a view to building a future resource base for the Company.

The Company also has an extensive land package in the Tanami-Arunta area. Evaluation of historical data from these areas and associated airborne geophysical data is underway in order to generate prospective targets. The personnel complement is being geared up and negotiations to allow for drilling at the Siccus Project in South Australia are underway.

If the confirmatory drilling programme indicates that the DYL drilling campaign results are incorrect it is most likely that the entire DYL programme of drilling will have to be repeated. If this is the case, it may be as late as May 2006 before this is complete and a new JORC (2004) resource statement can be made.

The Directors look forward to now building the Company around all its assets which are currently focussed on the Northern Territory, South Australia and Western Australia and offer shareholders access to extensive prospective ground.

Yours faithfully  
Deep yellow Limited



**LEON PRETORIUS**  
Chairman

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Leon Pretorius who is a Fellow of The Australasian Institute of Mining and Metallurgy. Dr Leon Pretorius is employed by Deep Yellow Limited. 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.*