



DEEP YELLOW

ABN 97 006 391 948

Level 1
33 Ord Street
West Perth Western Australia 6005
Telephone: + 61 8 9420 9300
Fax : + 61 8 9481 2690

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Company Announcements Office
Australian Stock Exchange Limited

***By e-Lodgement
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Dear Sir / Madam

New Acquisitions Consolidate Focus On Australian Uranium Assets

Summary

The Directors of Deep Yellow Limited (**Deep Yellow** or **Company**) are pleased to announce that the Company has entered into conditional agreements with Paladin Resources Ltd and A1 Minerals Ltd to acquire two uranium properties. These acquisitions complete a major objective of the Company to establish itself as a key player in the Australian uranium sector having now extended its exploration interests beyond the Northern Territory to include prospective properties in both South Australia and Western Australia.

Key elements of the conditional agreements are as follows:-

1. Acquisition from Paladin Resources Ltd (**Paladin**) of its 90% interest in the Siccus joint venture in the Frome Basin of South Australia;
2. Acquisition of an exclusive licence to exploit Paladin's database over the highly prospective Frome Basin in South Australia;

3. Acquisition of tenements containing prospective palaeochannels in the Ponton region of Western Australia, a region considered geologically analogous to the Frome Basin;
4. Sale of the Company's prospecting licences in Tanzania whilst retaining exposure through a shareholding in the purchasing company; and
5. The sale of the Company's interest in the Mikado gold mining lease.

As a consequence of the sale of the Mikado gold mining lease, Deep Yellow completes the transition to a 100% focused uranium player.

The completion of these acquisitions will allow Deep Yellow to focus on developing its asset base. These include carrying out resource definition drilling on its 100% owned Napperby Project commencing on or about 22 July 2005, exploration drilling at Northeast Arunta and exploration work on the new projects.

DETAILS

Frome Uranium Project & Frome Basin Database Acquisition, South Australia

The acquisition of Paladin's 90% interest in the Siccus Joint Venture in the Frome Basin of South Australia is the Company's first foray into the South Australian uranium exploration province. This acquisition coupled with the acquisition of an exclusive licence to Paladin's Frome Basin database is expected to deliver to Deep Yellow a strong competitive advantage in this uranium province.

The Frome Basin of South Australia is located 500km north of Adelaide and is roughly 50,000 km² in size. Uranium exploration commenced in 1968 and continued until the early 1980's, focusing on targets occurring within Tertiary palaeochannel systems. Two substantial uranium deposits, Beverley and Honeymoon were discovered in this period. Beverley is the third operating uranium mine in Australia and is successfully utilizing In-Situ Leach (ISL) mining technology.

To acquire the 90% interest in the Siccus Joint Venture and an exclusive licence to the database Deep Yellow has agreed to issue Paladin 7,500,000 ordinary shares and 12,500,000 options exercisable at 12 cents each on or before 31 July 2008.

Previous work undertaken by Paladin has indicated that the region contains numerous radiometric downhole anomalies and other prospective targets that remain untested.

Ponton North Uranium Project Acquisition

The Ponton North acquisition will deliver to Deep Yellow Exploration Licence Applications (**ELA's**) covering approximately 1,150 km². The ELA's contain Tertiary palaeochannels considered highly prospective for uranium and which connect the Mulga Rocks Uranium Deposit discovered by PNC Exploration to the north with the Paladin Ponton Project to the south.

Uranerz drilled the area in the 1980's and outlined a well defined Tertiary palaeochannel drainage system. This work outlined the Driller's Corner Prospect which detected uranium mineralisation up to 0.14% from widespaced drilling. In addition, two 2km x 0.5km anomalous areas having greater than 0.02% U₃O₈ were delineated during this work confirming highly uraniferous waters flowed through these channel systems. The directors believe that the ground has the potential for roll-front type uranium deposits suitable for in-situ leaching.

In consideration for the acquisition of the ELA's, Deep Yellow has agreed to sell its 50% interest in the Mikado Gold Project to A1 Minerals Ltd and will issue 3,000,000 ordinary shares in Deep Yellow. The ordinary shares will be subject to a voluntary escrow for 12 months. The transaction is subject to shareholder approval and the approval of the trustee of creditors of the Deep Yellow Creditors Trust.

Exposure Retained to Tanzanian Assets

As part of the Company's change of focus on developing its Australian assets, Deep Yellow has agreed to sell its Tanzanian prospecting licences to Uranium Resources plc (**Uranium Resources**), a company listed on the London Stock Exchange's AIM market,

in consideration for £50,000 in cash and 6,000,000 shares valued at approximately £180,000 (a total consideration of approximately A\$575,000). Completion of the transaction is conditional upon Deep Yellow obtaining shareholder approval and compliance with the Listing Rules of the ASX.

Corporate Strategy and Change in Deep Yellow Board

The Directors advise that Hugh Warner has retired as a director of the Company. Mr Warner's retirement follows the appointment of Dr Leon Pretorius as director (announced 7 June 2005) and is in line with the Company's focus to consolidate its exploration and development activities on its Australian Uranium projects.

Conclusion

With the Company's previous acquisition of the Napperby and Northeast Arunta Projects and the recently announced acquisition of the uranium rights to 60,000km² in the Tanami-Arunta Province and the acquisitions and project rationalisation advised in this announcement the Board of Deep Yellow has moved to consolidate its activities and focus on the exploration and development of uranium projects across Australia, specifically in the Northern Territory, South Australia and Western Australia. This places the Company in a strong position to maximize opportunities now available with its extensive portfolio of uranium properties and database.

Notice of General Meeting

The Company is preparing a Notice of General Meeting which will include the ratification of the placement completed on 3 June 2005 and issued and allotted on 7 June 2005, the issue and allotment of the incentive options to Dr Leon Pretorius as announced on 7 June 2005, the acquisition of the Uranium Rights from Tanami Gold NL as announced on 29 June 2005 and the issue and allotment of shares to A1 Minerals Ltd and Paladin as described in this announcement.

The approval relating to the disposal of the Tanzanian interests will be subject to a further meeting as the Company is required to prepare an independent expert's report to shareholders for consideration of this transaction.

For further information contact:

James Pratt
Managing Director

Gary Steinepreis
Director

Ph: +61 8 9420 9300
Fax: + 61 8 9481 2690

Note:

The Company is commencing resource definition drilling on the Napperby Project based on the 5,700-6,200t (~ 13 million lbs) of contained U_3O_8 defined by previous work of Uranerz within a grade range of 0.036-0.038%*. The mineralised zone is approximately 1-5m thick and occurs between 3m and 10m from surface. At 15 July 2005, the spot price of U_3O_8 was US\$29.50. This drilling program is scheduled to commence on or about 22 July 2005.

* It should be noted that the above information describing mineralisation has not been prepared in compliance with the JORC Code 2004. The statement is based on estimates made in a report by Uranerz in 1979. The Uranerz report used polygons centred on holes drilled on 300m x 400m, 300m x 200m, 300m x 100m and 100m x 100m grids. The calculations were performed using a 200ppm and 0.5m sample interval cut-off. Two calculations were employed, one using a strict 200ppm cut-off for each assay and the second incorporating values greater than or equal to 100ppm such that the polygon average was still above the 200ppm cut-off. The potential quantity and grade of the above information is conceptual in nature and to date there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Dr Joseph Drake-Brockman who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Drake-Brockman is employed by Drake-Brockman Geoinfo Pty Ltd. Dr Drake-Brockman 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 Drake-Brockman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.