

DEEP YELLOW

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Company Announcements Office
Australian Stock Exchange Limited

By e-Lodgement
3 pages

Dear Sir / Madam

PROSPECTING LICENCES IN TANZANIA – URANIUM POTENTIAL

Deep Yellow Limited (**Deep Yellow** or **Company**) advises that it has received and accepted an Offer to Grant four Prospecting Licences from the Tanzanian Ministry of Energy and Minerals.

The licences cover **2,500km²** of areas identified as prospective for uranium by German company Uranerzbergbau GmbH (Uranerz) during reconnaissance exploration carried out between 1978 and 1982. Three of the licences are located in the Mkuju River area in southern Tanzania, an area identified by Uranerz as being one of the two most important uranium targets in Tanzania. The geology of the Mkuju River area is analogous to Paladin's Kayelekera deposit 200km to the west in Malawi. The licences offered to Deep Yellow will make the Company the largest land holder in the Mkuju River area.

The fourth licence, the Makutapora Prospect, targets uranium in calcrete similar to the Company's Napperby Project in the Northern Territory.

Geology of the Mkuju River Area, Southern Tanzania

The Company's Mkuju River licences cover over 2,000km² of Karroo sediments within the Luwegu and Ruhuhu Basins. Uranerz identified outcropping uranium in the Mkuju River area. Deep Yellow's tenements cover the prospective Karroo sediments along strike to the south from these outcrops as well as analogous positions to the west.

Deep Yellow will be carrying out field work and a geophysical data review aimed at commencing detailed exploration activities on the licences in the second half of the year.

Uranium deposits of the sandstone-type targeted in the Luwegu Basin comprise more than 30% of currently known uranium deposits in Africa, including Paladin's Kayelekera deposit in Malawi 200km to the west. In Africa, these type of deposits host in excess of 300,000 tonnes of U₃O₈ and are principally hosted by geology analogous to that of the Luwegu and Ruhuhu Basins.

Geology of Makutapora, Central Tanzania

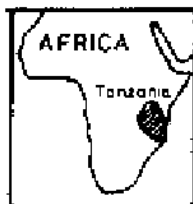
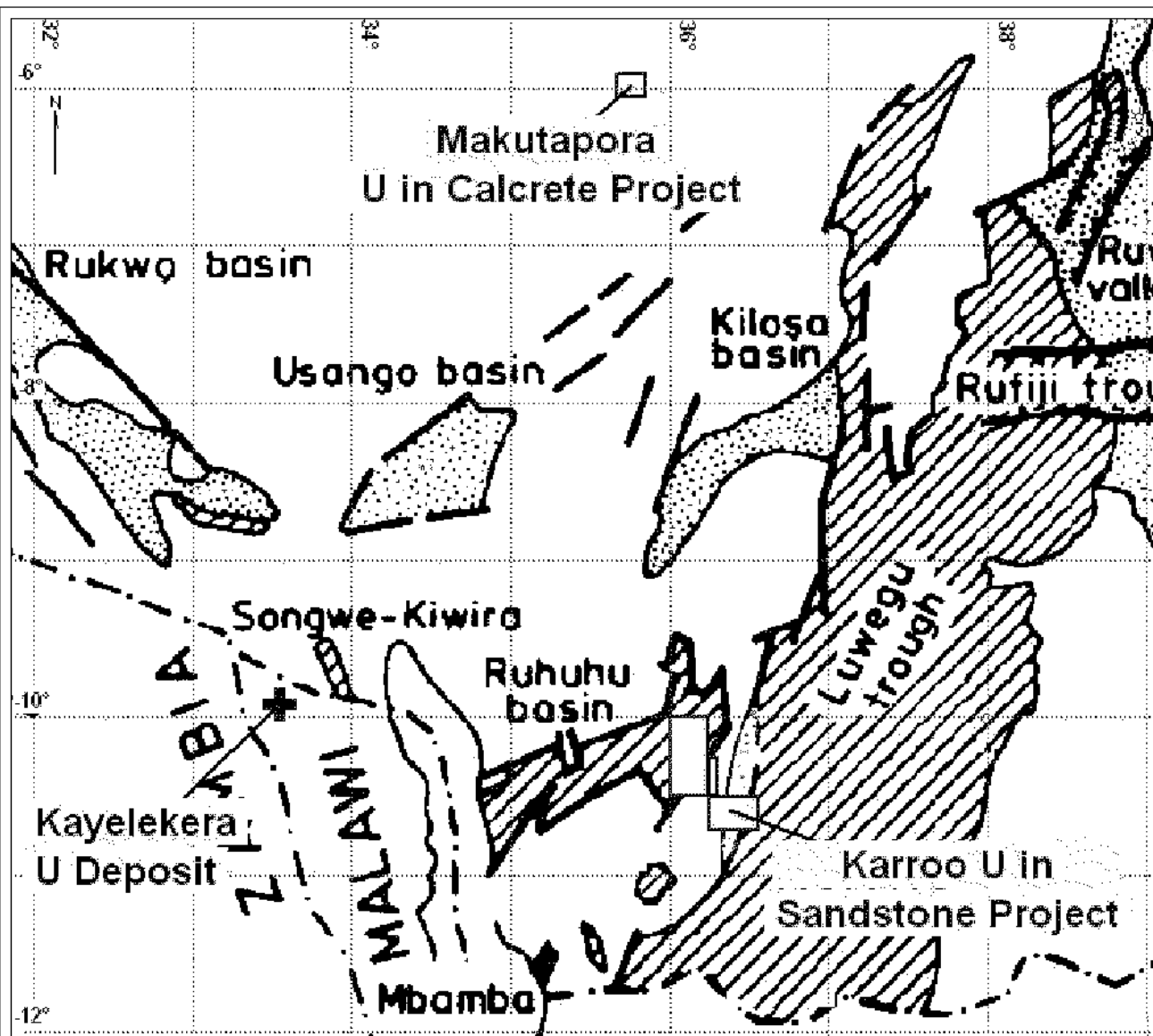
The Makutapora licence covers a palaeo-channel that contains sediments and calcrete. Previous explorers reviewed samples from water bores in the Makutapora area and identified a 500ppm U_3O_8 assay in calcrete associated with a groundwater uranium anomaly. Additional assays up to 285 ppm U_3O_8 have been reported from shallow trenches within calcrete layers in the Mbuga muds at Makutapora and in adjacent areas. None of these anomalies were followed-up by drilling. The Company considers that the area contains significant potential for calcrete-style uranium mineralization.

Tanzania Uranium – Highly Prospective, Barely Explored

To date uranium exploration in Tanzania has literally only scratched the surface. Despite the favourable geology for uranium deposits the average historical expenditure on uranium exploration in the country has been US\$4 per km^2 compared to US\$16 per km^2 in the western part of the African continent and US\$224 per km^2 in the United States. Given the favourable conditions for exploration in Tanzania, as evidenced by the boom in its gold mining sector in the last 10 years as well as strong investment in nickel, platinum and coal exploration, Deep Yellow regards the country as one of the most favourable locations for successful uranium exploration available in the world.

The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled by Dr Joe Drake-Brockman who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Drake-Brockman has sufficient experience which is relevant to the style of mineralisation and type of deposit described herein to qualify as a Competent Person for the purposes of the 1999 Australasian Code for Reporting of Exploration Results, Mineral Resources And Ore Reserves. Dr Drake-Brockman is a consultant to the Company and he consents to the inclusion in the report of the matters based on their information in the form and context in which they appear.

Central & South Tanzania Project Map



DYL tenement

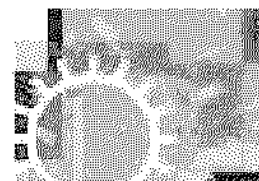
50 km



Karroo Sediments



Post Karroo Sediments



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