

DEEP YELLOW LIMITED

ABN 97 006 391 948

Level 1 329 Hay Street Subiaco WA 6008
PO Box 1770 Subiaco WA 6904
Tel : 61 8 9286 6999
Fax : 61 8 9286 6969
Email: admin@deepyellow.com.au
Website: www.deepyellow.com.au

16 October 2007

QUEENS GIFT DRILLING – UPDATE

The Directors of Deep Yellow (DYL) are pleased to announce that they have now received all outstanding assay results except Hole DQRC-0044 (assays outstanding) from the recently completed RC percussion drill programme on the Queens Gift Prospect, 75 km north of Mt Isa, Queensland.

The Directors consider that these results indicate that Queens Gift has the potential to host an economically viable uranium deposit.

Assay results from unreported holes have outlined significant widths and grade of uranium mineralisation, namely:

• Hole	DQRC-0033	69 m	at	467 ppm	U ₃ O ₈	from	8 m
• Hole	DQRC-0041	14 m	at	517 ppm	U ₃ O ₈	from	117 m
• Hole	DQRC-0043	43 m	at	362 ppm	U ₃ O ₈	from	37 m
• Hole	DQRC-0045	14 m	at	419 ppm	U ₃ O ₈	from	39 m
• Hole	DQRC-0046	6 m	at	552 ppm	U ₃ O ₈	from	74 m
• Hole	DQRC-0047	37 m	at	538 ppm	U ₃ O ₈	from	41 m

The drill programme totalling 47 holes for 4,930 metre was carried out over 800 m strike of the outcropping area of the 1.3 km strike radiometric anomaly with the best results coming from the Central and North anomalies (see Figure 1).

The South anomaly area was only drilled to shallow depth and in the light of the excellent results from the Central and Northern areas it will be tested by deeper drilling at some future date.

Uranium mineralisation is hosted by haematite altered basalts with quartz-breccia zones locally developed through the alteration zone. This style of mineralisation is common within the Mt Isa district with the best example being Summit Resources Ltd's Valhalla uranium deposit (JORC Code 2004 compliant resource estimate – 25,970 tonne U₃O₈).

Intersections greater than 400 ppm U₃O₈ are listed in Table 1. It is important to note that within some of the wider 400 ppm U₃O₈ intercepts, intervals with average grades in excess of 700 ppm U₃O₈ can be achieved which approximates the resource grade of the Valhalla deposit. As illustrated in Figure 2, uranium mineralisation is associated with intense haematite-magnetite alteration with a sharp western and a gradational eastern contact.

Within the North anomaly the deepest intersection is 14 m at 517 ppm U₃O₈ from 117 m downhole (Figure 2) the centre of this intercept is 110 metre below surface with mineralisation being open to depth.

The Company intends to carry out a 3 to 4 hole ~ 1,200 metre HQ core drilling programme in late November in order to provide structural information and confirm down plunge direction and continuity.

Table 1 – Queens Gift Significant Intercepts

Drillhole	From	To	Width	U ₃ O ₈ ppm
DQRC-0006 *	12	14	2	1,050
DQRC-0006 *	35	44	9	818
DQRC-0008	59	62	3	440
DQRC-0009 *	19	25	6	482
DQRC-0010 *	40	44	4	525
DQRC-0013 *	19	23	4	2,225
DQRC-0013 *	58	60	2	665
DQRC-0014 *	41	44	3	1,407
DQRC-0014 *	69	73	4	620
DQRC-0016	41	54	13	438
DQRC-0017	49	52	3	560
DQRC-0018	7	10	3	2,330
DQRC-0020	16	20	4	350
DQRC-0020	33	35	2	767
DQRC-0024	118	123	5	414
DQRC-0028	34	42	8	424
DQRC-0031	89	96	7	441
DQRC-0032 *	1	51	50	400
DQRC-0033	8	77	69	467
DQRC-0035	58	66	8	449
DQRC-0035	81	83	2	565
DQRC-0036	82	86	4	410
DQRC-0036	95	104	9	417
DQRC-0041	110	112	2	405
DQRC-0041	117	131	14	517
DQRC-0043	37	80	43	362
DQRC-0045	39	53	14	419
DQRC_0046	74	80	6	552
DQRC-0047	41	78	37	538

* Previously reported



Dr Leon Pretorius
Managing Director

Further Information:

Mr Martin Kavanagh
Executive Director
(08) 9286 6999

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.

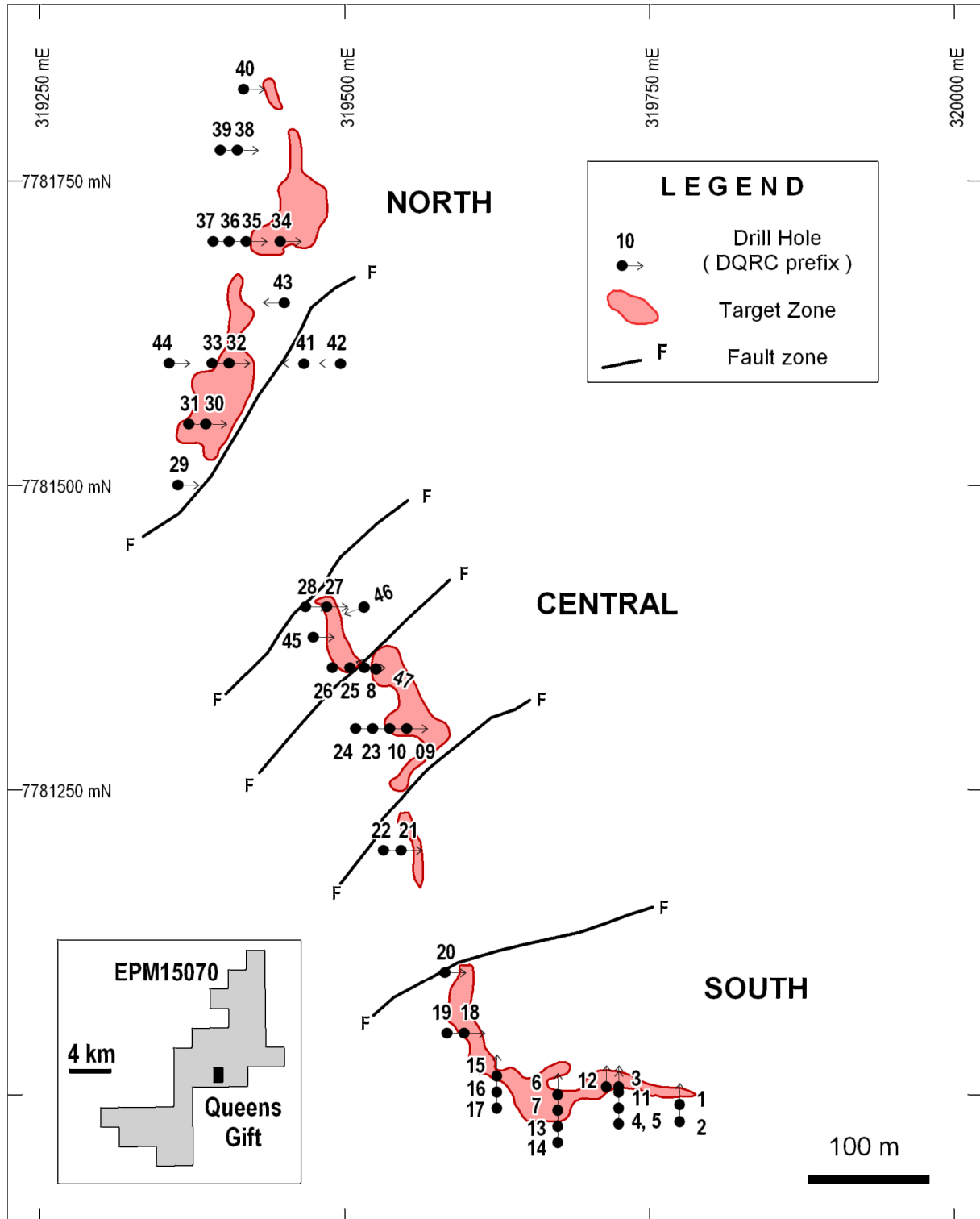


Figure 1: Queens Gift, Mt Isa District, Queensland – Drill Hole Locations

For personal use only

For personal use only

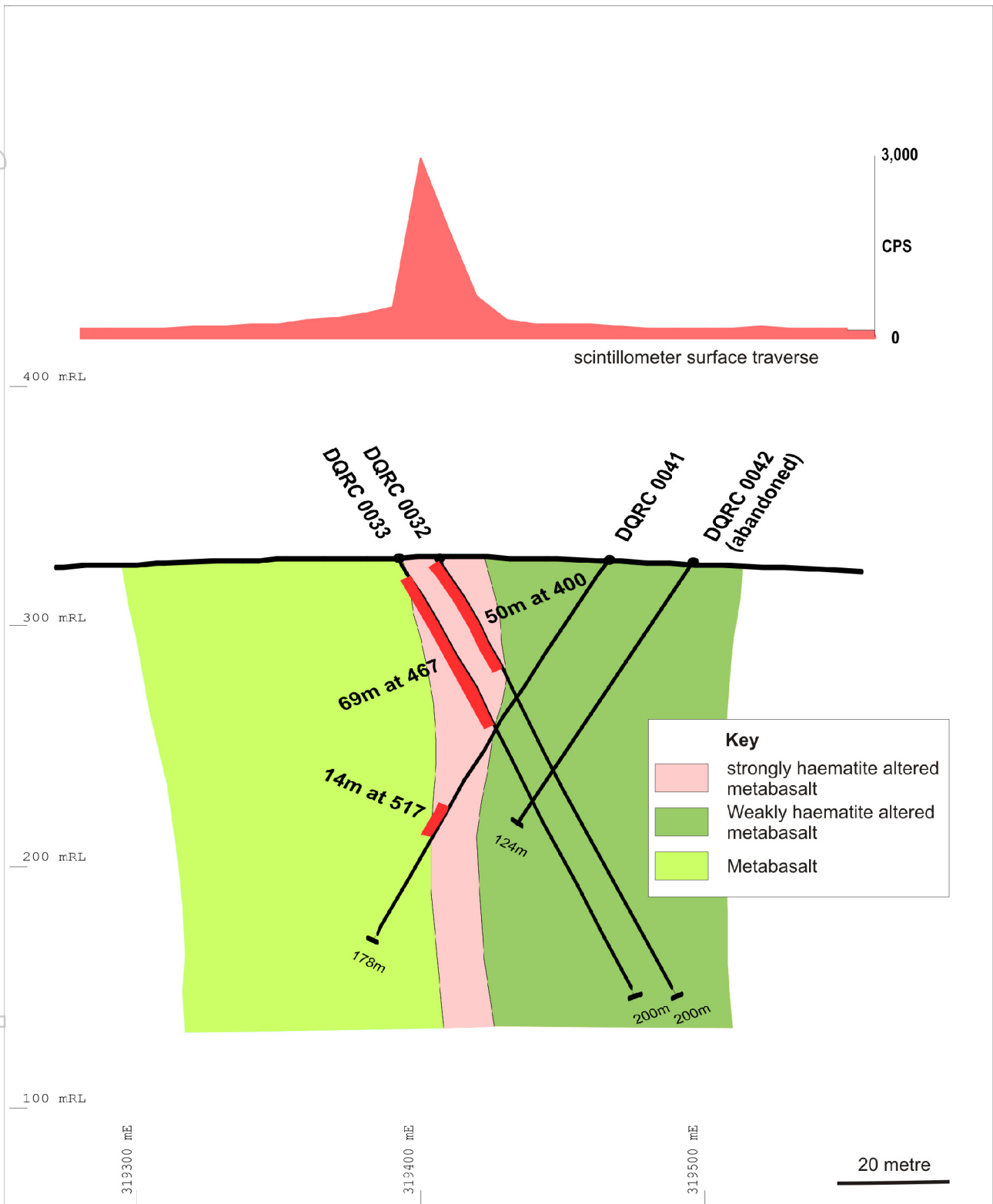


Figure 2: Queens Gift Prospect Drill Section 7781600 mN Drill Intersections in ppm U₃O₈